Guardian Group

Guardian Holdings Limited

2021 ANNUAL REPORT

CARIBBEAN AT HEART | GLOBAL IN VISION

Being Caribbean gives us a perspective of the world that is uniquely optimistic and positively hopeful.

It is this intrinsic quality that has no doubt been essential in helping us navigate the way forward for our customers and ourselves.

As resilient as the hummingbird, Guardian Group is ready to take flight and respond to new opportunities regionally and internationally, always motivated by a desire to grow the possibilities for those we are so privileged to serve.

CARIBBEAN AT HEART | GLOBAL IN VISION

Guardian Holdings Limited
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Trinidad and Tobago
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Email: shareholder@myguardiangroup.com
Website: www.myguardiangroup.com

myguardiangroup.com

CONTENTS

Business Segments

LIFE, HEALTH AND PENSIONS

- Guardian Life of The Caribbean Limited (100%)
- Guardian Life Limited (100%)
- Fatum Life Insurance N.V. (100%)
- Fatum Life Aruba N.V. (100%)
- Fatum Health N.V. (100%)
- Guardian Life (OECS) Limited (100%)

PROPERTY AND CASUALTY

- Guardian General Insurance Limited (100%)
- Guardian General Insurance Jamaica Limited (100%)
- Fatum General Insurance N.V. (100%)
- Fatum General Insurance Aruba N.V. (100%)
- Fatum Brokers Holding B.V. (100%)
- Thoma Exploitatie B.V. (100%)
- Kruit en Venema Assuradeuren B.V. (100%)
- Guardian Re (S.A.C.) Limited (100%)
- Guardian General Insurance (OECS) Limited (100%)
- RoyalStar Assurance Limited (26%)
- Vanguard Risk Solutions Limited (67.74%)
- Almi Holdings Limited (100%)

ASSET MANAGEMENT

- Guardian Group Trust Limited (100%)
- Guardian Asset Management and Investment Services Limited (100%)

STRATEGIC ALTERNATIVE INVESTMENTS

- Laevulose Inc Limited (100%)
- RGM Limited (33.33%)
- Tobago Plantations Limited (25%)

Corporate Information

Board of Directors

Mr. Patrick Hylton (Chairman)
Mr. Henry Peter Ganteaume (Deputy Chairman)
Mr. Ravi Tewari (Group CEO)
Mr. Imtiaz Ahamad
Mr. Robert Almeida
Mr. Dennis Cohen
Ms. Patricia Ghany
Mr. David Philip Hamel-Smith
Mr. Antony Lancaster
Mr. Michael Lee-Chin
Mr. Nicholas Lok Jack
Mr. Charles Percy
Mr. Maxim Rochester

Secretary

Mr. Richard Avey

Assistant Secretary

Ms. Krystal Baynes

Registered Office

1 Guardian Drive
Westmoorings
Trinidad and Tobago

Registrar and Transfer Office

Trinidad and Tobago Central Depository Limited
10th Floor Nicholas Tower
63-65 Independence Square
Port of Spain
Trinidad and Tobago

Auditors

PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain
Trinidad and Tobago

Standing Committees

Audit Committee

Mr. Maxim Rochester (Chairman)
Mr. Imtiaz Ahamad
Mr. Dennis Cohen
Mr. Henry Peter Ganteaume
Mr. Antony Lancaster
Mr. Charles Percy

Corporate Governance Committee

Mr. David Philip Hamel-Smith (Chairman)
Mr. Henry Peter Ganteaume
Mr. Antony Lancaster
Mr. Charles Percy

Risk and Compliance Committee

Mr. Dennis Cohen (Chairman)
Mr. Robert Almeida
Mr. Antony Lancaster
Mr. Charles Percy
Mr. Maxim Rochester
Mr. Ravi Tewari

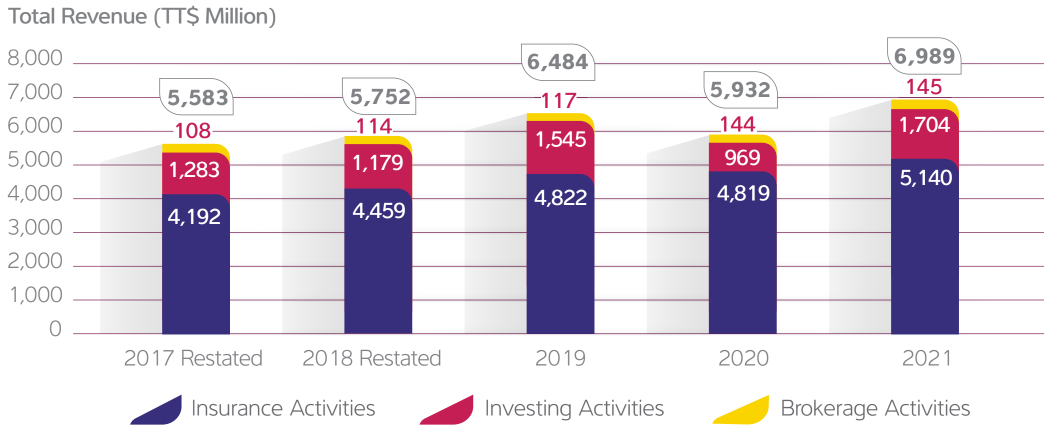
Talent Development and Compensation Committee

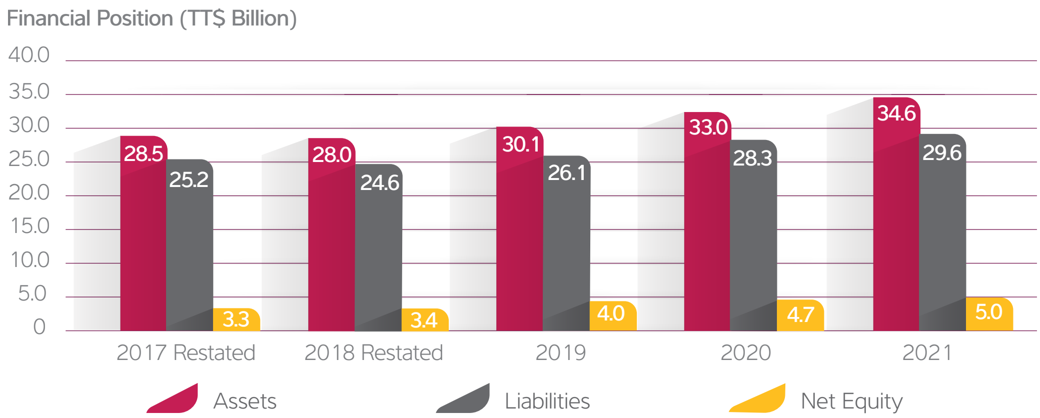
Mr. Henry Peter Ganteaume (Chairman)
Mr. Dennis Cohen
Ms. Patricia Ghany
Mr. David Philip Hamel-Smith
Mr. Patrick Hylton
Mr. Antony Lancaster
Mr. Charles Percy

Consolidated Financial Highlights

Revenue	2021	2020
Life, Health and Pensions business net written premiums	$3,815 million	$3,493 million
Property and Casualty business net written premiums	$811 million	$889 million
Revenue from insurance operations	$5,140 million	$4,819 million
Revenue from investment activities	$1,704 million	$969 million
Revenue from brokerage activities	$145 million	$144 million
Total revenue	$6,989 million	$5,932 million
Results		
Profit attributable to equity holders of the company	$782 million	$774 million
Earnings per ordinary share	$3.37	$3.34
Financial position as at December 31		
Total capital & reserves	$4,983 million	$4,676 million
Shareholders' equity	$4,974 million	$4,670 million
Net asset value per share	21.44	20.13
Dividend		
Total dividend for the year per ordinary share	70 cents	Nil
Dividend cover	4.81	N/A

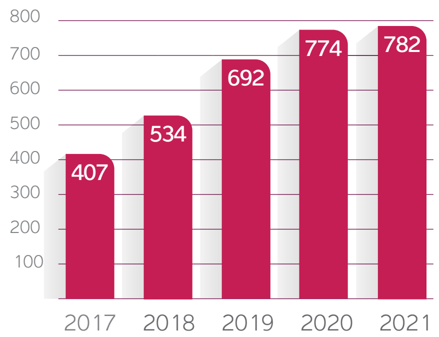
Conversion Rates	2021 Average rate	2021 Year end rate
Trinidad and Tobago dollar to one US Dollar	6.7538	6.7625
Trinidad and Tobago dollar to one British Pound	9.5568	9.0525
Trinidad and Tobago dollar to one Euro	8.2821	7.8679
Trinidad and Tobago dollar to one Jamaican Dollar	0.0440	0.0433
Trinidad and Tobago dollar to one Netherlands Antillean Guilder	3.7731	3.7779



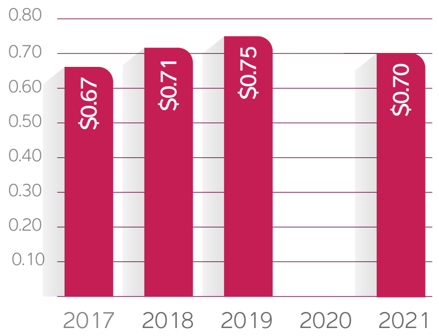


Consolidated Financial Highlights (cont´d)

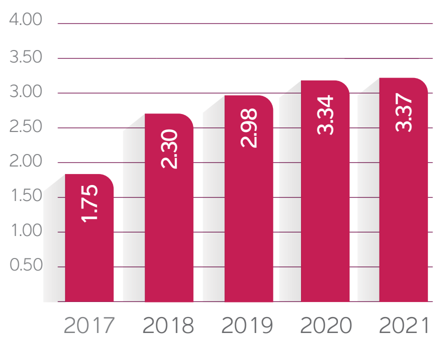
Reported Profit Attributable To Equity Holders Of The Company (TT$ Million)



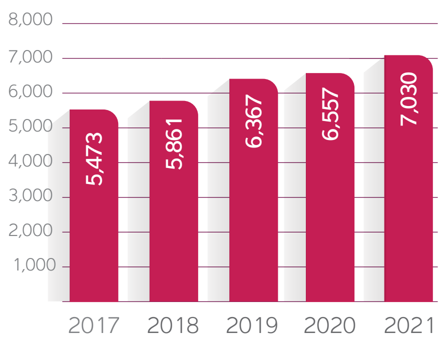
Dividends Per Share (TT$)



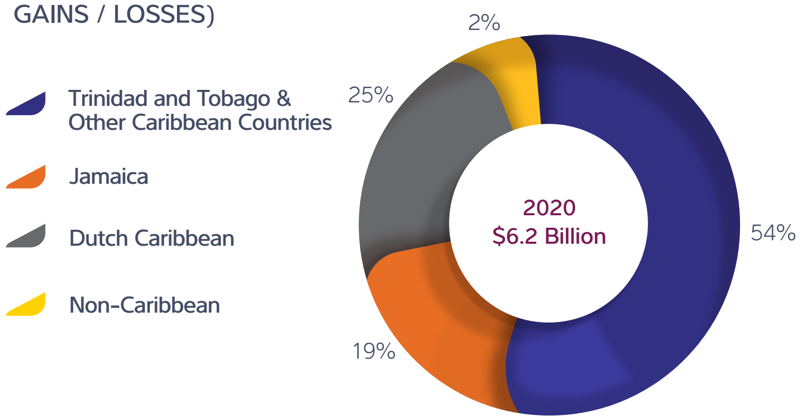
Reported Earnings Per Share (TT$)

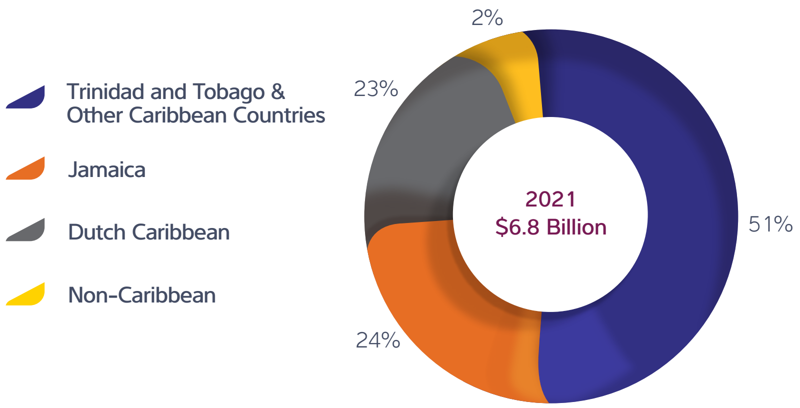


Gross Written Premiums (TT$ Million)

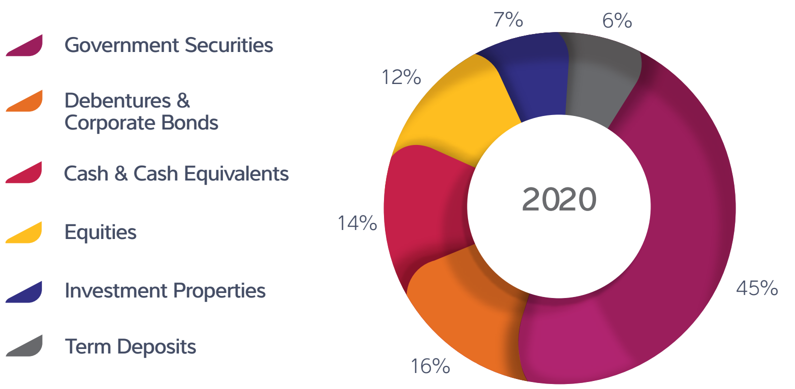


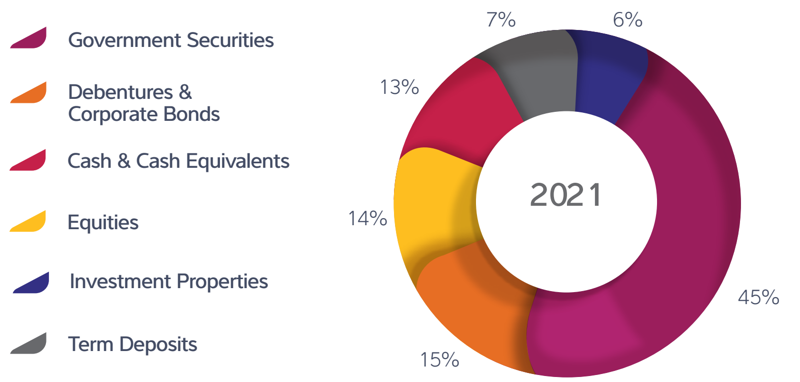
GEOGRAPHIC DISTRIBUTION OF REVENUE (EXCLUDING REALISED AND UNREALISED GAINS / LOSSES)





CONSOLIDATED INVESTMENT MIX





Patrick Hylton
CHAIRMAN

Chairman and CEO's Statement

Dear Shareholder,

Introduction

As 2021 dawned it became clear that our hope for a speedy abatement of the pandemic would not come to pass. To the contrary, in our region, the adverse impact of the pandemic further intensified as compared to 2020. Economic activity in our core home markets declined even further. This was particularly manifested in the sharp increase in the number of our policyholders who discontinued their life and pension policies as they could no longer afford the premiums. While in 2020 our region was blessed by only a moderate increase in COVID-related deaths, this did not last into 2021. The pandemic triggered a significant escalation in deaths which was reflected in our death claims. On a positive note, all of these adverse environmental factors are temporary and have already started to abate in 2022.

While in 2021 the Caribbean was spared from catastrophic losses from major hurricanes, in St. Vincent, the La Soufrière volcano erupted, which had an adverse impact on our property book of business. Through our Bermuda-based reinsurance company, we hold an international book of property risk. This portfolio has been profitable over many years, however, in 2021 it incurred a major loss of US$10 million arising from flooding in Germany. While, even with this loss, over the years this portfolio has demonstrated long-term profitability. We have concluded that the volatility of the profits is inconsistent with our strategy of producing stable and growing operating profits, therefore we have exited this portfolio as of 2022.

While 2021 has been a challenging year from environmental factors it has also contained many positive developments within our business. Despite the difficult economic conditions, life insurance and pension sales have been robust in both Trinidad and Tobago and Jamaica. This has been in part driven by the deployment of machine learning algorithms into our sales process which bodes extremely well for future successes out of the significant upgrade to our technology that we have invested in over the past few years. In general, we are very satisfied by the maturity of the many projects designed to transform the efficiency and competitiveness of our Group.

Building on the success of 2020, in 2021 we again significantly upgraded the digitisation of our business. Movement restrictions as a result of the pandemic has hastened the process as it made our market amenable to and demanding for digital services. It is clear that one of the permanent outcomes of the pandemic will be a materially greater acceptance of digital services. We have leveraged this to improve our efficiencies.

Given the environmental challenges, the year ended 31st December 2021, represents a strong performance for the Group. Profit Attributable to Equity Holders amounted to $782 million which is a 1% improvement above the $774 million recorded in 2020. It demonstrates the ability of the Group to produce a stable stream of earnings even in difficult environmental circumstances.

Financial Highlights

We are very pleased that our Gross Written Premiums has shown strong growth of 7.2% increasing from $6,557 million in 2020 to $7,030 million in 2021. This is of significance given the economic headwinds caused by the pandemic. It is also of significance that both of our core areas of insurance have shown strong premium growth. As mentioned, our Life, Health and Pensions business has benefitted in particular from our investment in data science. This has contributed to this line increasing by 8.6% from Premium Income in 2020 of $3,701 million to $4,019 million in 2021. Our Property and Casualty business grew by 5.5% from $2,856 million in 2020 to $3,012 million in 2021. As we continue the process of activating the technology that we have developed over the past few years, we expect that the impact on revenue will continue to increase. We are particularly excited about the impact of data science, digital sales, and redesigned customer-service technology.

Given that the Caribbean is exposed to hurricanes and earthquakes, we continue to proactively reduce our exposure to such catastrophic losses on our Property and Casualty line of business. In 2021 we accordingly made significant changes to the structure of our reinsurance programme. While this increased our reinsurance cost, it also reduced our financial exposure to catastrophic losses. Despite this increase in reinsurance costs, our growth in Gross Premiums was of such strength that our Net Premium Income also registered a creditable 5.6% growth from $4,382 million in 2020 to $4,626 million in 2021.

As mentioned previously, during 2021 our business was significantly affected by high death claims, high health claims, and an inordinately large number of policy lapses. The impact of these factors on our claim payouts and reserves outweighed the positive impact of our excellent increase in premium income. In addition, our property insurance book of business incurred a US$10 million loss arising from flooding in Germany. As a consequence, Net Results from Insurance Activities were reduced by 25% from $1,413 million in 2020 to $1,061 million in 2021.

The impact of the above was partially offset by a strong 63% increase in Net Income from Investing Activities as stock markets recovered globally following a dip in 2020 as a result of the inception of the pandemic. Net Income from Investing Activities was $1,611 million in 2021 as compared to $989 million in 2020.

Net Impairment Losses increased from $15.7 million in 2020 to $136 million in 2021 mainly due to the establishment of additional provisions on premium receivables for life insurance policies.

Operating Expenses increased by 9.4% from $1,372 million in 2020 to $1,501 million in 2021, reflecting our continued heavy investment in the transformation of our organisation structure, technology and human capital. This is consistent with our vision to be a Caribbean-based insurer with a global perspective and to gain the significant advantages, which we will monetise in the near future, of being able to efficiently assimilate new insurance portfolios and compete selectively in global markets. Due to the mandatory adoption of IFRS 17 by insurers in most parts of the world, we have had to make significant investments in our accounting and financial systems over the past few years including 2021. Of note, by the end of 2022, we expect that the period of major investment in both our transformation activities and IFRS 17 will come to an end.

Our Finance Charges increased from $154 million in 2020 to $200 million in 2021. This arose as 2021 incorporated twelve months of interest payments on the debt raised for the 30th September 2020 acquisition of the NCB Insurance Company Limited Portfolio. Due to the timing of the acquisition, only three months of interest payments were incorporated in the 2020 results. This portfolio has performed satisfactorily in its initial year and we expect that its contribution will continue to grow.

Our Strategic Direction

We are of the strong view that Guardian Group is poised for an era of renewed dynamic growth. Over the past few years, we have embarked on a systematic programme of activities so as to place us in this advantageous position.

We have divested our loss-making UK operations and have made our Pt. Simon project in Martinique economically viable. While doing these activities, we have

Henry Peter Ganteaume

DEPUTY CHAIRMAN

re-engineered our reinsurance structure so as to mitigate our exposure to catastrophic hurricanes and earthquakes. We also significantly upgraded our capabilities to match our asset cashflows to those of our insurance liabilities. The net result of all of these activities has been to transform Guardian Group so that, despite the inherent volatility of our core insurance business, we are able to provide a stable and growing stream of profits to our shareholders which has been demonstrated in practice over the past decade.

Over this time, we have also invested heavily in modernising every aspect of our technology. We were a regional pioneer in adopting cloud-based technology as we realised that it would level the playing field among financial service providers globally and confer to us the capability to compete on a global scale. Apart from core-technology, we have also pioneered ancillary technological advancements regionally. We have developed advanced capabilities in artificial intelligence, software robotics, data analytics and machine learning and in doing so we have created unsurpassed job opportunities based in the Caribbean. We continue to accelerate the deployment of such technology to enhance our sales, loss mitigation and customer service.

Our focus and investments have not only been limited to our technology. Over the past few years, we have also committed significant investment to upgrading our human capital, operating processes and the degree of operational integration between our business units. The result has been the creation of a significantly more efficient organisation. We expect another material boost to integration to occur during 2022 as a number of projects in this area approach completion.

All of the above aligns with our open ambition to become a world-class insurance group domiciled in the Caribbean and in doing so achieve premiere status in profitability and job opportunities while becoming a source of inspiration for Caribbean entrepreneurs. We are excited that we are very far along in realising this vision and are now poised to leverage the investments that we have made to embark on a process of enhanced organic and inorganic growth.

Major Change in Accounting Policy Effective 2023

As consistently discussed in this report over the past few years, from 1st January 2023, most of the world will adopt a new accounting standard for the insurance business. This standard is called IFRS 17 and has been issued by the International Accounting Standards Board. As a result, there will be many major changes in the presentation of the financial information of insurers. These changes will also precipitate changes in how insurance companies are managed. Conforming to IFRS 17 has been a massive undertaking requiring significant investment over many years. I am pleased to report that our exercise continues to progress on schedule. We will communicate more on the matter over 2022.

Social Responsibility

Over the past two years, Guardian Group contributed in several ways to the ever-evolving and emerging needs of the region during the pandemic. From donations to regional health institutions, support to the police service, our One Way One World and We Got This initiatives, contribution to the World Happiness Foundation, the Guardian Group Global Leadership Scholarship and our Pandemic of Performance workshop series, the Group was able to touch the lives of many Caribbean citizens.

In March 2022, as the pandemic continued to impact us globally, we launched a regional initiative coined Happytalism. This three-month programme which addresses the key areas of mental health and financial well-being, gave bits of advice, tips and profound insights into becoming more emotionally resilient, happier and as a bonus, how to become better, both in business and brand development. It featured the science behind how we can rise to challenges and create a happier outlook on life.

In 2021, Guardian Group supported the region through several initiatives. The Group joined the Stronger Together movement, a coalition seconded and sanctioned by Dr. The Honourable Ralph Gonsalves to address the recovery and relief efforts for those persons displaced by the eruption of the La Soufrière volcano in St. Vincent and The Grenadines.

Guardian Group in collaboration with NCB contributed US$25,000 to help Vincentians rebuild their lives and restore their beautiful island.

In April 2021, we gifted yet another regional initiative, in collaboration with the University for Peace established by the General Assembly of the United Nations, led by iconic thinkers in innovation, inspiration, and entrepreneurial development. Pandemic of Performance, a four-week virtual workshop programme, brought together participants from all areas of the Caribbean, giving them the opportunity to learn from and engage with several experts on the topics of emotional resilience, entrepreneurship, and branding. Aimed at providing broad-based support to those individuals and small businesses most affected by the pandemic, this programme attracted over 300 attendees who walked away with a multitude of lessons and life tools. Additionally , the Group became a Presenting Partner of the World Happiness Awards in the category of the COVID-19 Solutions Award, which recognised individuals or communities that provided a creative solution to reduce the spread of COVID-19 and/or are promoting ways to live harmoniously.

As a result of the restrictions associated with the pandemic, our customary 5K and 10K races could not be hosted in Trinidad and Tobago, Jamaica, or the Dutch Caribbean. Our commitment to our various beneficiaries remained and in the absence of the physical events, we continued our support to several children's charities, elderly homes, hospitals, and schools throughout the region. In addition, the Group's Shoebox Project, a regional employee volunteerism programme that takes place during the Christmas season, was yet another success having distributed over 1,000 gifts regionally to various children's charities.

In Trinidad and Tobago, for the fourth consecutive year, Guardian Group was a proud sponsor of the National Secondary School Entrepreneurship Competition (NSSEC). The competition which involved students from seventy-five secondary schools throughout Trinidad and Tobago, provided practical entrepreneurial training through gamification, simulating real-world situations and hands-on opportunities to experience entrepreneurship, executed using the Innovative Market Solutions Marketplace Live simulation software. Furthermore, in its commitment to promoting innovation and entrepreneurship in the Caribbean at all levels, Guardian Group also became a strategic partner of the Planting Seeds Digital Market Place, which provides entrepreneurs the ability to collaborate, promote, distribute and sell their goods and services.

In Jamaica, the Guardian Group Jamaica Foundation donated over J$5 million in scholarships, grants, bursaries, and book vouchers to 65 students across the island. In 2021, scholarships were awarded to the National PEP top boy and girl who received the highest scores in the PEP exam for the entire island, selected by the Ministry of Education. As customary, both recipients received disbursements for their five years at the secondary school level. With health and wellness being another important focus for the Group, the Foundation also handed over a Mindray Portable Ultrasound M7 Premium machine to the University Hospital of the West Indies to aid with the fight against the COVID-19 pandemic as well as a touch-screen infant incubator, a radiant warmer and a patient monitor to the Victoria Jubilee Hospital's Neonatal Care Unit.

In the Dutch Caribbean, like many of our other territories, we continued to harness and promote the importance of entrepreneurship and innovation, by supporting the Entrepreneurship World Cup. This event offered entrepreneurs access to networks, and for some, the capital they needed to start and scale their company.

In the area of academic development, Guardian General Insurance Limited in Barbados, supported the 'In The Winners' Circle' programme for the eighth consecutive year, an initiative for empowering juveniles and providing an adequate counselling framework to sensitise parents and guardians in preparation for their children's transition to secondary school. Students who completed the Barbados Secondary School Entrance Examination were exposed to skills and life lessons with an aim to equip them for their new academic journey.

Guardian Group remains resolute to being Caribbean at Heart and Global in Vision. We are ready to take flight and respond to the needs of our region as we all grow together.

Outlook and Dividends

As mentioned in the previous version of this report, during 2020, in reaction to the uncertainty caused by the emergence of the pandemic, a number of jurisdictions placed restrictions on the flow of dividends out of the country. This impacted our free cash during 2020 and as a consequence, the Board decided not to pay a dividend for the financial year 2020. I am pleased to report that these restrictions have now been removed. As a consequence, we resumed our practice of dividend payments during 2021 and have paid an interim dividend of 18 cents per share. We continue to be encouraged by our robust financial performance and positive outlook based on the maturity of our organisation transformation and the abatement of the pandemic. Based upon these factors, Directors have proposed a final dividend per share of 52 cents which will bring the total dividends for the 2021 financial year to 70 cents. This dividend will be paid to shareholders on record as of 10th March 2022, when the register of members will be closed for this purpose.

On behalf of the Board and management, I would like to express my gratitude to all of our stakeholders who have made our success possible. We are grateful to our shareholders who have chosen to allocate their capital to Guardian Group. We remain totally committed to ensuring that our business is managed to deliver a superior return on this capital. In particular, I would like to express my appreciation to our staff who have demonstrated resolve in overcoming the challenges of the pandemic and in supporting the transformation of our Group.

The Directors have fixed a date for our Annual General Meeting of 5th May 2022 at 1:30 p.m. This will be held at The Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. The format of the meeting; whether physical or virtual-only will be determined by national regulations and best practices closer to the date of the meeting.

Ravi Tewari

GROUP CHIEF EXECUTIVE OFFICER

CARIBBEAN AT HEART...

CORPORATE SOCIAL RESPONSIBILITY

Putting the needs of others first, is in our nature.

...GLOBAL IN VISION

Corporate Social Responsibility

Group Activities

Happytalism

As part of our commitment to developing and supporting the Caribbean region during one of its most challenging times, Guardian Group launched Happytalism, a regional initiative focused on the key issues of mental health and financial well-being. The objective of this 3-month programme was to bring to the fore, the science behind how people rise to challenges and create happier outlooks on life, in spite of negative or unfavourable circumstances.

Participants in this initiative received advice, tips and profound insights into becoming more emotionally resilient, happier and as a bonus, even how to become financially better disposed, both in business and brand development.

Speakers included best-selling author Dr. Tal Ben Shahar, who brought forth the Happy part of the initiative. His life-changing insights were condensed into short 30-second sound bites, made available on radio and social media. For persons who wanted a deeper dive, any member of the public could view and listen to a series of 10-minute talks or register for a 45-minute workshop.

Happytalism also offered participants insights into the award-winning branding and business development methodology of Ross | ReThink called INTANGIENCE™. Developed by Ernie Ross, founder of Ross | ReThink, the transformative branding and business development methodology offered participants the opportunity to learn about the breakthrough thinking applied by the most successful global brands.

This is the basis upon which Happytalism was developed - a comprehensive programme for creating both emotional and financial well-being, which will be of significant benefit to all sectors of the Caribbean.

World Happiness Awards

Guardian Group proudly became a Presenting Partner of the World Happiness Awards in the COVID-19 Solutions Awards category, which recognised individuals or communities that provided a creative solution to reduce the spread of the virus and/or are promoting ways to live harmoniously amidst these trying times.

World Happiness Awards received nominations from all over the world, with the COVID-19 One Way, One World Award, sponsored by Guardian Group, attracting 28 nominees. The winner, Christina Williams hailed from Jamaica, making the Caribbean proud.

Pandemic of Performance

Guardian Group and Ross Advertising | ReThink, in collaboration with the University for Peace established by the General Assembly of the United Nations, hosted "Pandemic of Performance", a series of entrepreneurial, branding and inspirational webinars from 21st April through 12th May, 2021, as part of a regional initiative aimed at providing broad-based support to individuals and small businesses most affected by the COVID-19 pandemic.

The campaign was freely accessible to the public via online registration that allowed participants to access the various courses live. Participating countries included Trinidad and Tobago, Jamaica, Barbados, the Dutch Caribbean, Grenada, Guyana and St. Lucia.

Led by iconic thinkers in innovation, inspiration and entrepreneurial development, Pandemic of Performance provided insights into the unique ways in which individuals can explore how to turn adversity into personal and professional advancement.

Over the 4-week programme, participants had the opportunity to learn from and engage with best-selling author and global icon on Positivity and Happiness, Dr. Tal Ben Shahar; UNESCO Artist for Peace and certified Harvard University Coach, Dr. Guila Kessous, on the topic of Inspiration; Mr. Ernie Ross on INTANGIENCE™, an entrepreneurial and branding workshop series based upon a trademarked methodology validated and taught through the University for Peace established by the General Assembly of the United Nations; Stanford University's Professor Rich Braden, who

Pandemic of Performance *(cont'd)*

conducts innovative thinking sessions with leaders globally and is the developer of workshops titled Innovationish, in the area of Innovation and Creativity; and Mohit Mukherjee, leading proponent in the field of Appreciative Inquiry.

Global Leadership Diploma Scholarship 2021

For the second consecutive year, Guardian Group partnered with the University for Peace (UPEACE) established by the General Assembly of the United Nations, in offering ten Global Leadership Diploma Scholarships across the region. In 2020, the historic collaboration drew nearly four hundred (400) applications from across the region. Applicants indicated through an essay, ways the scholarship would help them in contributing to the region. An independent panel of judges at UPEACE determined the ten deserving winners. Scholarships were offered in 12 areas including Leadership, Entrepreneurship, Innovation and Social Change, Negotiations, Design Thinking, and Happiness.

Candidates selected to receive scholarships were required to complete five online courses within 18 months, beginning in September 2021, to earn the diploma. The scholarships were open to anyone resident in the Caribbean.

Stronger Together

Guardian Group proudly stood with the Organisation of Eastern Caribbean States (OECS) to bring aid and relief to St. Vincent and The Grenadines, benefitting over 20,000 displaced persons and thousands of others who were negatively impacted by the 2021 eruption of La Soufrière volcano. Guardian Group in collaboration with National Commercial Bank joined the Stronger Together movement, an OECS regional initiative, and donated US$25,000.00 to the effort to help the people of St. Vincent and The Grenadines rebuild their lives and restore their beautiful islands.

Guardian Group and National Commercial Bank (NCB) brought Joy to over 1,000 children across the region

Since its inception in 2012, the annual Shoebox Project continues to be a cherished tradition within our Guardian Group and NCB families. In the spirit of giving and under the theme "Wrapped Up In Joy", staff and advisors generously gave from their hearts, purchasing gifts and creatively wrapping them in shoeboxes to be distributed to underprivileged children during the Christmas season, bringing some joy to over 1,000 children across the region.

Trinidad and Tobago

In Photos:

(1) Representative from left "Allison's Children's Home" and Lisa Mahabir, Corporate Communications Manager

(2) (Left) Representative from the El Shaddai Restoration Home for Children received Shoebox gifts from (right) Lisa Mahabir, Corporate Communications Manager

Jamaica

Guardian Life Limited's Montego Bay branch team members donated beautifully wrapped gifts, books and personal care items to the Granville Place of Safety located in Granville, Trelawny which houses girls from ages 8-18 years.

In Photo: Leroye Morrison (left), Assistant Branch Manager, Guardian Life Limited, Montego Bay Branch, makes the donation to Sherika Burton (right), Assistant Manager, Granville Place of Safety.

Guardian General Jamaica brings Christmas Cheer to My Father's House

The Guardian General Insurance Jamaica Limited (GGJ) team presents Shoebox gifts to My Father's House, a Mustard Seed Community in Kingston that houses children and adults with physical and mental disabilities.

In photo: (left to right): Moniesha Bryan, Customer Experience & Marketing Assistant (Temp); Sheraley Bridgeman, Group VP - Customer Experience & Marketing; Camille Ellis Bromfield, Senior Supervisor, My Father's House; Evlyn McKenzie, Administrator, My Father's House; Treves Allen, Records Associate, GGJ; and Blossom McAnuff, HR Officer, GGJ. The GGJ team presented 55 packages to the Home as part of a regional effort of Guardian Group.

Barbados

In Photo:

(1) Staff of the Child Care Board graciously accepting the gifts on behalf of the little ones at the Nightengale Children's Village, a compound which houses 5 residences which provide care for orphaned children,

In Photo:

(2) Guardian Group Barbados delivery team

Grenada

In Photo:

Members of Team Grenada along with Mr. Ronald Hughes (right), Managing Director, Guardian General Insurance (OECS) Limited with their gifts of love for children at the SMILES Centre.

Trinidad and Tobago

SHINE 2021

SHINE (Securing Hope for those in Need) 5K and 10K Charity Walk and Run event is Guardian Group's flagship charity fundraiser in Trinidad and Tobago and usually attracts over 5,000 runners and walkers. Since its inception in 2015, all proceeds from the race have been donated to children's charitable foundations and homes throughout the nation. As a result of the COVID-19 pandemic and being unable to host the races in person, Guardian Group shined differently in 2021. Honouring our commitment to our beneficiaries, and in partnership with One Caribbean Media Limited (OCM), Cable & Wireless Business (C&W) and SM Jaleel (OASIS), over TT$250,000.00 was donated to 45 children's charities. In 2021, Guardian Group also presented tokens of appreciation in the form of gift baskets, to the caregivers of these homes for their hard work and dedication to the underprivileged children in their care.

In Photo:
(Left) Mark Peters, Express Children's Fund, receives cheque from (right) Ayesha Boucaud-Claxton, Head – Branding and Communications, Guardian Group

In Photo:
Colin Mitchell - The Shelter receives token from Lisa Mahabir - Manager, Corporate Communications - Guardian Group

In Photo:
(Left) Representative from Living Water Community
(Right) Nicola-Marie Mc Lean Davis, Corporate Communications Officer- Guardian Group

In Photo:
Jeneive Simmons-Jaya Lakshmi Children's Home, Sintra Surjbally and Nicola-Marie Mc Lean Davis, Corporate Communications Officers - Guardian Group

In Photo:
(Left) Margaret Mahabir - Amica House and Ayesha Boucaud-Claxton - Head Group Branding and Communications - Guardian Group

Sponsorship of National Secondary School Entrepreneurship Competition (NSSEC)

For the fourth consecutive year, Guardian Group was a proud sponsor of the National Secondary School Entrepreneurship Competition (NSSEC). The competition which involved students from 75 schools throughout Trinidad and Tobago pushes students to make challenging and complex decisions, encouraging them to adopt critical and strategic-thinking mindsets.

NSSEC2021
NATIONAL SECONDARY SCHOOL ENTREPRENEURSHIP COMPETITION

NSSEC provides practical entrepreneurial training to secondary school students through gamification, simulating real-world situations and giving students the hands-on opportunity to experience entrepreneurship. The competition is executed using the Innovative Market Solutions' Marketplace Live simulation software. Since its inception in 2017, over 2,500 secondary students from across Trinidad and Tobago have participated in the competition so far.

Guardian Group continues to support NSSEC as part of our corporate social commitment, with the goal of empowering our future leaders with the early acquisition of the skills they will need to make important professional and entrepreneurial decisions.

Trinidad and Tobago *(cont´d)*

UPTICK Podcast Season 2

Guardian Life of The Caribbean Limited participated in the Uptick Caribbean Innovators Podcast – Season 2. The discussions were centred on challenges faced by Caribbean businesses and entrepreneurs, especially the ones encountered through the COVID-19 pandemic.

Episodes featured interviews with:

- Jane Wight – CEO, The Business Supply Group
- Scofield Thomas - Managing Director, 800-Tech and Southern Technology Limited
- Lauri Ann – CEO, Branson Centre

Guardian Group continues to support Health and Wellness of our communities

The Group continues its focus on health and wellness through our support of the Keep Moving Family and Fitness Sundays.

The Keep Moving Family and Fitness Sundays takes place every Sunday from 6:00 a.m. to 9:00 a.m. along the Diego Martin Highway.

Throughout the year, this fun and free initiative provides the opportunity for persons from the community to get involved in activities such as walking, jogging, cycling and other forms of physical fitness.

Guardian Group partnered with Planting Seeds to promote entrepreneurship and innovation

Guardian Group through its business units, formed an alliance with Planting Seeds by becoming a strategic partner of the Planting Seeds Digital Marketplace. Planting Seeds provides a digital market space for entrepreneurs to collaborate, promote, distribute and sell their goods and services. They also act as a distributor by providing their members´ products world-wide. Within our strategic partnership, the products of Guardian General and Guardian Life were exclusively offered to the entrepreneurs on special terms. Guardian Group remains a strong advocate for innovation and leadership and believes that continuous support would further advance the Caribbean economy.

Trinidad and Tobago *(cont'd)*

Eye on Dependency

Guardian Life of The Caribbean Limited invested in the health and well-being of the nation through the sponsorship of the Eye on Dependency television broadcast during the period July – October 2021. Eye on Dependency is a registered NGO, focused on various societal issues such as drug and sexual abuse, as well as major mental and physical health issues. Additionally, Eye on Dependency channels this education through a radio programme which was aired live on Facebook, hosted by Garth St. Clair and Natasha Nunez.

Guardian Group supports Innovation through the Virtual Tech Hub Island Summit (t.h.i.s.)

Guardian Group was a proud Gold Sponsor of AMCHAM's 3rd edition of the Tech Hub Island Summit. The summit took place in July 2021 and brought together tech companies, business leaders and decision-makers who engaged in dialogue on digital transformation. The aim of the summit, was to help to create a launchpad from which a globally competitive tech ecosystem can be birthed. Among those who contributed to the discussions, was Group CEO, Ravi Tewari who participated on the Digital ROI panel.

Jamaica

Guardian Life Limited Primary Exit Profile (PEP) & Tertiary Scholarship Awards for Clients and Employees

Guardian Group Jamaica Foundation donated over J$5 million in scholarships, grants, bursaries and book vouchers to 65 students across the island, as part of the Foundation's thrust to positively impact communities and contribute to the education system. The scholarship programme began in 2018 and for the 3rd consecutive year, the Foundation was able to reward the National PEP Top Boy and Girl. These scholarships are awarded to two students who receive the highest scores in the PEP exam and are selected by the Ministry of Education. Both recipients will receive disbursements annually for their five years at the secondary school level.

Jamaica *(cont'd)*

Guardian Group pledged support to the Device for A Child Initiative

As part of the initiative to support schools in the delivery of quality education, Guardian Life Limited and Guardian Group Jamaica Foundation pledged J$5 million towards the purchase of laptops and tablets for students in need. A total of 137 tablets and 30 laptops were handed over to beneficiary schools islandwide.

In Photo: From left Julian Robinson, Member of Parliament for St. Andrew South Eastern, Minister of Education and Youth, Hon. Fayval Williams and Eric Hosin, President Guardian Life Limited at the handover of tablets and laptops to beneficiary schools.

In Photo: Mrs. Kamisha Frith-Burrell (centre), Principal of Lottery Primary receives tablets from Glendon Gordon (right), Vice President, Individual Life Sales, Guardian Life Limited.

Guardian Life Limited Donates Life Saving Equipment

Guardian Life Limited through the Guardian Group Jamaica Foundation presented a Mindray Portable Ultrasound M7 Premium machine to the University Hospital of the West Indies (UHWI) to aid with the fight against the COVID-19 pandemic. Valued at approximately US$44,000.00, the equipment was a mid-range portable ultrasound machine used in cardiology or intensive care.

While commending the Guardian Group Jamaica Foundation for its donation, Dr. Metalor also took the opportunity to emphasise how this well-needed lifesaving equipment would allow the hospital to diagnose and treat patients on the spot because of the portable nature of the machine.

In photo: Present at the handover ceremony (from left): Nadine Pottinger, Assistant Vice President, Employee Benefits Administration Sales, GLL; Dr. Kevin Metalor, Head of Department, Anaesthesia & Intensive Care Unit, UHWI; Dr. Carl Bruce, Medical Chief of Staff, UHWI; Oneil Clarke, Vice President, Employee Benefits Administration, GLL; and Dr. Hyacinth Harding-Goldson, Consultant Anaesthesiologist, UHWI.

Guardian Group Donates Touchscreen Incubator & Multifunctional Radiant Warmer

Guardian Life Limited and the Guardian Group Jamaica Foundation donated a touchscreen infant incubator, a radiant warmer or resuscitaire and a patient monitor to the Victoria Jubilee Hospital's Neonatal Care Unit, valued at over J$2.5 million.

In photo: Dr. Yanique Brown (front centre), Head of the Neonatal Care Unit at the Victoria Jubilee Hospital, explains the use of the machine to Oneil Clarke, Vice President, Individual Life Sales at Guardian Life Limited, while other members of staff at the hospital look on.

Guardian Group Jamaica Foundation supports Rotary Club of St. Andrew

The Guardian Group Jamaica Foundation donated funds toward the Rotary Club of St. Andrew's 2021 major outreach project, for the refurbishment of the Boys' Town Multipurpose Building. The building, once completed, will be used by the Infant Department of the Boys' Town Infant and Primary School, as an additional facility for Homework and Special Classes, as well as a venue to host meetings and special events.

In Photo: Rotary Club of St. Andrew President, Audley Deidrick (left) joined by Past President Eugene Folkes (centre) to accept Guardian Group Foundation donation from Insurance Advisor, Clinton McClennon, Guardian Life Limited.

Curphey Home receives support from Guardian Group Jamaica Foundation

The Guardian Group Jamaica Foundation provided support in the sum of J$450,000.00 to the Curphey Home in Manchester – the residence for Jamaica's military veterans. The funds were used to purchase a medical bed and walkers for residents of the home as part of the St. Andrew's Justices of the Peace fundraising efforts to support Jamaica's military veterans. The Guardian Group Jamaica Foundation, in support of the Poppy Appeal initiative handed over a well-needed medical bed and wheelchairs in November 2021.

In Photo: Nadine Pottinger (right), Assistant Vice President, Employee Benefits Sales, presents a symbolic cheque valued at J$450,000.00 to Hon. Dr. Patricia Dunwell CD, JP, Custos Rotulorum of St. Andrew (left) and Michelle Henry, Chairperson, St. Andrew Justices of the Peace Committee.

In photo: Presentation of medical bed and wheelchairs: (back row, left to right) are Michelle Henry JP, Chairperson for St. Andrew Poppy Appeal; Karen Brown, Assistant Branch Manager, Trafalgar Financial Centre 6, Guardian Life Limited; Dr. Hon. Patricia Dunwell CD, J.P., Custos Rotulorum of St. Andrew; Retired Jamaica Defense Force (JDF) Sergeant Martin Spaldings and Lieutenant Colonel Warmington Dixon, Chairman for the Poppy Appeal. Seated at front, are Guardian Life Insurance Advisor, Sheleena Williams (left) and Retired JDF Sergeant Peter Xavier Williams.

Guardian Group Jamaica Foundation brings summer fun to the Winsome Wishes for Kids Summer Reading Programme.

In July and August 2021, Winsome Wishes for Kids Summer Fun Reading Programme received a boost from Guardian Group Jamaica Foundation to continue its efforts to promote reading.The charity displayed books written by a local author at the handover ceremony, from which the children in the programme benefitted.

In photo: Guardian Group Jamaica Foundation Representative, Jacqueline McLeod (right), Vice President, Individual Life Operations discussing the programme with Angela Chaplin (left), Winsome Wishes for Kids liaison and Ann Dawn Young Sang (centre) advisor to the charity and principal of AYS Global Consult Limited.

Jamaica *(cont'd)*

Guardian General supports Vets for Vets

Lieutenant Colonel Warrenton Dixon (right), Chairman, National Poppy Appeal, recently received a boost of J$200,000.00 for the Vets for Vets initiative, from Sheraley Bridgeman, Vice President, Customer Experience & Marketing, Guardian General Insurance Jamaica Limited. The Vets for Vets initiative is a virtual concert, where funds raised will be used to support one of the main beneficiaries of the event, Curphey Home. The home is an infirmary established to provide shelter, meals, health and wellness care, as well as other social needs to indigent military veterans.

Guardian Life Limited lends support to Candle in the Dark

Guardian Life Limited donated to Candle in the Dark to assist with continuing the work they do in empowering the homeless with social and independent living skills. Anlyn Nembhard (right), Assistant Branch Manager, Guardian Life's Mandeville Branch, made the presentation to Wendy Freckleton, Chairman of Candle in the Dark. Funds donated were from several staff initiatives matched by the company.

Guardian Life Limited supports Breast and Prostate Cancer and Mental Health

October was observed as Breast Cancer Awareness Month and Guardian Life celebrated its team members and clients who fought valiantly against the ravages of the disease. As part of efforts to promote early detection, Guardian Life gifted 64 female staff members and four followers of its social media pages with mammograms.

Support was also provided to clients who utilised our Critical Illness Plans in their fight, by highlighting two 'soldiers' on The Susan Show and presented goodies and self-care baskets to another six clients across the island.

Guardian Life Limited supports Breast and Prostate Cancer and Mental Health *(cont´d)*

In photo: Anlyn Nembhard (left) Assistant Branch Manager and Julius Norman (right) Insurance Advisor, Guardian Life´s Mandeville Branch, made the presentation of gifts to client and breast cancer survivor, Jacqueline Tomlin-Brooks at the Company´s Mandeville office.

In photo: Tracy Malcom (left) is all smiles as she is presented with gift packages from friend and Insurance Advisor, Simone Henry, Branch Manager at Guardian Life´s Trafalgar Financial Centre 5 Branch.

Guardian Life Limited partnered with the Ministry of Health & Wellness for Living Your Best Life Series

With Jamaica´s pervasive mental health issues, which undoubtedly have been exacerbated by the impact of the COVID-19 crisis, Guardian Life´s Living Your Best Life Series focused on challenging the stigma and shone the light on mental illness. This initiative enabled information and experience sharing to improve and save lives.

Guardian Life acknowledges Mental Health Wellness as significant and urgently attempted to find solutions to Jamaica´s mental health epidemic. This need to act, has influenced the company´s decision to partner with The Ministry of Health and Wellness, to host discussions themed: A Renewed Mindset: Mental Health & Wellbeing during/after COVID-19.

The objective of this collaboration was to build ´cultures of health´ in order to reduce the burden of poor mental health among the population.

Guardian Life partnered with the Ministry of Health and Wellness in the fight against Prostate Cancer

As part of its endeavour to bring awareness to Prostate Cancer month observed in the month of September, Guardian Life Limited partnered with the Ministry of Health and Wellness to stage a virtual event dubbed, ´Boss-Man Reasonings-Big People Tings´.

This initiative was especially designed for couples, with guest presenters Consultant Urologist Dr. Belinda Morrison and supported by Jamaica´s leading Marriage & Sex Therapist and Motivational Speaker Rev. Dr. Carla Dunbar. The discussion specifically dealt with ´Erectile Dysfunction´ after Prostate Cancer and targeted mainly couples, men 40 years and over and married women from a wide cross-section representing different social strata.

Dutch Caribbean

Guardian Group Fatum continued their support of Youth and Sport Development

Guardian Group Fatum, through the support of various sporting teams, continued its commitment in encouraging youth and sport development and well-being among the youth across the Dutch Caribbean islands. Among those who received support were RCA, one of Fatum's longest standing team sponsorship in Aruba and C-Stars Soccer Club, who were added to the list of teams receiving support in Curaçao.

In photo: RCA's U7 team

In photo: Guardian Group Fatum Patrick Wagner receiving a commemorative jersey as token of C-Stars' appreciation

Guardian Group Fatum supports Art and Culture

Guardian Group Fatum sponsored the admission of 50 students to attend the Art Saves Lives programme. The students were exposed to art and culture as a means of learning and observing the beauty and power art provides and to inspire the youth into the life of art within society.

In photo: The Art Saves Lives dance expressions performance during the event closing

Guardian Group Fatum supported Ronald McDonald House Charities Curaçao Golf tournament

Guardian Group Fatum (GGF) through participation in the Ronald McDonald House Charities (RMHC) golf tournament provided support to the charitable organisation in its effort to assist sick children and their families who were in need of financial and professional support.

In photo: RMHC GGF Golf team representing

Guardian Group Fatum supports Entrepreneurship World Cup

In our continued drive to foster entrepreneurship and innovation, Guardian Group Fatum supported the Entrepreneurship World Cup. The Entrepreneurship World Cup offered entrepreneurs at all stages, who entered, access to the knowledge, networks and for some; the capital they needed to start and scale their company. This competition assisted companies in taking their next big step.

Barbados

Guardian Group Sponsors 'In the Winners' Circle' for an Eight Consecutive Year

Guardian Group Barbados through its property and casualty arm, Guardian General Insurance Limited, reaffirmed its support of the `In The Winners' Circle' programme for the eighth consecutive year. This sponsorship exemplified the Group's passion to actively support initiatives which promote positive academic and social youth development.

`In The Winners' Circle' is an initiative with a penchant for empowering juveniles and providing an adequate counselling framework to sensitise parents and guardians in preparation for their children's transition to secondary school. Students who completed the Barbados Secondary School Entrance Examination were exposed to skills and life lessons with an aim to equip them for their new academic journey.

Through the sponsorship of Guardian Group and other corporate donors and in keeping with the current health protocols, the orgainisers achieved their objectives via the hosting of a tri-part webinar series. The webinars covered 3 key topics:

- **Transitioning to Secondary School**
- **The Challenges of Online School – The Parent/Child Perspectives and**
- **You, Your Child and Online Safety – The Computer Misuse Act**

Over the years, the programme continues to show an increase in the number of children and parents who attend these webinars and benefit from the wealth of information shared by experienced professionals.

Guardian Life of The Caribbean Limited donated Sanitiser Units and Digital Non-Touch Thermometers

Guardian Life of The Caribbean Limited continued to go the extra mile to offer assistance in the midst of the ongoing COVID-19 pandemic. The business unit donated four sanitiser-dispensing units and four digital non-touch thermometers to the Barbados Fire Academy, the community arm of the Barbados Fire Service. The organisation's representatives expressed their deep appreciation to Guardian Life for the meaningful donation which not only benefits the academy, but by extension the members of the Barbados Fire Service. In addition, as the organisation also provides training services for a wider cross-section of Barbados, the additional hand sanitiser stations, will serve to assist in keeping a healthy environment. Guardian Life viewed the donation as part of the Group's corporate social responsibility to spearhead initiatives that promote the health, well-being and peace of mind to the communities it serves especially during these times.

In photo:
Mrs. Nesha Mayers, Trainee Unit Manager at Guardian Life of The Caribbean Limited presenting the sanitiser dispensers and temperature units to Mr. Henderson Patrick, Chief Fire Officer (Ag.), Barbados Fire Service, and Mr. Tremelle Perch, Training Officer at the Barbados Fire Academy

Grenada

Guardian General Insurance (OECS) Limited Sponsors 27th Annual Youth Tennis Tournament

In December 2021, Guardian General Insurance (OECS) Limited reaffirmed its pledge to the Grenada Tennis Association's Junior Tennis Tournament by hosting its annual competition. For the past 27 years, Guardian General has been the proud title sponsor of the annual event and has demonstrated that even in light of the ongoing pandemic, the tournament ensured that participants were able to practice camaraderie safely, while showcasing their skill and engaging in a sport they love.

There were a total of 30 players who delighted with their enthusiasm and sportsmanship. For the third year, the tournament welcomed a player contingent from Carriacou, a mixed team of 6 girls and 4 boys, their 10-member group growing in representatives from previous years.

Grenada *(con't)*

Guardian General Insurance (OECS) Limited Sponsors 27th Annual Youth Tennis Tournament *(cont'd)*

In photo: (Left to Right) Mr. Bernard Wilson, Representative for Guardian General Insurance (OECS) Limited presenting the sponsors' cheque to Mr. Richard "Richie" Hughes, retired national tennis coach

In photo: Winners in the Boys Categories celebrating their achievements with Guardian General Representative, Omar Hughes

In photo: Winners in the Girls Categories celebrating their achievements with Guardian General Representative, Omar Hughes

Guardian General Insurance (OECS) Limited brought Christmas cheer to 11 charities for another year

Guardian General Insurance (OECS) Limited once again spread Christmas cheer to 11 charities as part of its annual commitment to uplift the less fortunate as Grenada continued to navigate the global pandemic. These organisations benefitted from donations amounting to XC$22,000.00. For the past 23 years, Guardian General has continually demonstrated its support for the most vulnerable in their society by making significant benevolent donations to ensure that a Christmas to remember is realised.

The company views their annual giveback to these organisations as a part of who we are as a responsible corporate citizen. These donations spanned decades and generations of the company which highlights our continued commitment to supporting our communities.

In photo: (Left to Right) Mrs. Noni Francis, Representative for Stewards of the Poor accepting the donation cheque from Mr. Ronald Hughes, Managing Director, Guardian General Insurance (OECS) Limited

Guardian General Insurance (OECS) Limited

In photo: Ms. Christel Alexander receiving her award from Dr. Ronald Brunton, Principal, T.A. Marryshow Community College

Guardian General Insurance (OECS) Limited continued to offer its financial support to initiatives which promote academic excellence and advocate the development of technical and vocational training among Grenadian youth.

For the past 10 years, Guardian General has been the proud sponsor of the top award for the General Office Administration programme at the T.A. Marryshow Community College. For 2021, the 32nd Annual Graduation Ceremony was done virtually and saw Christel Alexander emerging as the most outstanding student who received the highest Grade Point Average (GPA) in the programme.

T.A. Marryshow Community College is a local educational institution which provides first-class training for students in disciplines such as electrical installation, plumbing and carpentry, with the intention of promoting entrepreneurship and sharpening proficiency in skill trades.

CARIBBEAN AT HEART...

LEADERSHIP

The ability to spot the potential in others and nurture purpose into reality.


2021 ANNUAL REPORT

...GLOBAL IN VISION

Leadership

Directors & Senior Management

Board of Directors

Ravi Tewari
GROUP CHIEF EXECUTIVE OFFICER / EXECUTIVE DIRECTOR

Patrick Hylton
CHAIRMAN

Henry Peter Ganteaume
DEPUTY CHAIRMAN

Imtiaz Ahamad

Robert Almeida

Dennis Cohen

Patricia Ghany

David Philip Hamel-Smith

Antony Lancaster

Michael Lee-Chin

Nicholas Lok Jack

Charles Percy

Maxim Rochester

Directors & Senior Management (con't)

Group Executives


Ravi Tewari
Group Chief Executive Officer


David Maraj
Group Chief Financial Officer


Richard Avey
Group General Counsel/Corporate Secretary


Brent Ford
Group Chief Investment Officer/ Group President, Asset Management


Alan Sadler
Group Vice President, Insurance Operations


Paul Traboulay
Group Chief Risk Officer


Sasha Ali
Group Head, Internal Audit


Anand Pascal
President, Guardian Life of The Caribbean Limited


Dean Romany
President, Guardian General Insurance Limited


Eric Hosin
President, Guardian Life Limited


Karen Bhoorasingh
President, Guardian General Insurance Jamaica Limited


Diego Frankel
President, Fatum

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report for the year ended 31st December, 2021.

The Directors acknowledge their responsibility for the preparation and fair presentation of the financial statements and other financial information contained in this Annual Report. The Directors confirm that to the best of their information and belief the accompanying financial statements have been prepared in conformity with International Financial Reporting Standards and present a true and fair view of the financial affairs of the Company. Where amounts are based on estimates and judgments, these represent the best estimate and judgment of the Directors.

Financial Highlights	2021 $'000	2020 $'000
Net income from insurance underwriting activities	1,061,357	1,413,229
Net income from investing activities	1,610,506	988,637
Fee and commission income from brokerage activities	144,658	144,325
Net income from all activities	2,816,521	2,546,191
Operating profit	979,345	1,004,393
Profit before taxation	1,013,365	1,022,098
Taxation	(215,018)	(243,844)
Profit for the year	785,801	780,292
Profit attributable to equity holders of the company	782,332	774,458
Total assets	34,577,681	33,024,932
Insurance contract liabilities	19,503,373	18,823,849
Equity attributable to owners of the company	4,974,381	4,670,365

Dividends

An interim dividend of TT$0.18 per share was paid in 2021. At their meeting on 24th February, 2022 the Directors declared a Final Dividend of TT$0.52 per share which will be paid on 1st April 2022 to Shareholders on the Register as at 14th March, 2022. The total dividend for 2021 therefore amounts to TT$0.70 per share.

Directors

Messrs. Antony Lancaster, Henry Peter Ganteaume, David Philip Hamel-Smith and Maxim Rochester having attained the age of 70 years have been elected for terms expiring at this Annual Meeting, retire, and Messrs. Henry Peter Ganteaume and Maxim Rochester offer themselves for re-election.

Mr. Charles Percy and Mrs. Patricia Ghany also having been elected for terms expiring at this Annual Meeting offer themselves for re-election.

The Board of Directors have recommended Mr. Michael L. Gerrard for appointment to the Board at this Annual Meeting, for a term of three (3) years in accordance with By Law No.1 of the Company.

The biographies of the directors proposed for election and re-election are contained in Appendix 2 to the Corporate Governance Report.

Directors and Significant Interests

These are shown on page 38 and should be read as part of this report.

Auditors

The Auditors, PricewaterhouseCoopers, retire and being eligible, offer themselves for re-appointment.

By Order of the Board

R Avey.

Richard Avey
Corporate Secretary
Date: 24th February, 2022

Interest in Shares of the Company

DIRECTORS' AND SENIOR MANAGERS' INTERESTS

Name	Position	Ordinary Shares as at December 31, 2021	Ordinary Shares as at January 24, 2022
Mr. Patrick Hylton	Chairman	0	0
Mr. Henry Peter Ganteaume	Deputy Chairman	412,064	412,064
Mr. Ravi Tewari	Director/Senior Manager (CEO)	240,416	240,416
Mr. Imtiaz Ahamad	Director	9,358,621	9,358,621
Mr. Robert Almeida	Director	0	0
Mr. Dennis Cohen	Director	0	0
Mrs. Patricia Ghany	Director	1,761	1,761
Mr. David Philip Hamel-Smith	Director	295,124	295,124
Mr. Antony Lancaster	Director	3,517	3,517
Mr. Michael Lee-Chin	Director	143,335,673	143,335,673
Mr. Nicholas Lok Jack	Director	9,426,638	9,426,638
Mr. Charles Percy	Director	0	0
Mr. Maxim Rochester	Director	0	0
Mr. Richard Avey	Senior Manager	68,586	68,586
Mr. Brent Ford	Senior Manager	436,070	436,070
Mrs. Karen Kelshall Lee	Senior Manager	4,971	4,971
Mr. Paul Traboulay	Senior Manager	313,081	313,081
Mr. Alan Sadler	Senior Manager	12,363	12,363
Mr. David Maraj	Senior Manager	0	0
Mrs. Sasha Ali	Senior Manager	0	0

TOP TEN SHAREHOLDERS

	Shareholder Name	December 31, 2021 Ordinary Shares	%	January 24, 2022 Ordinary Shares	%
1	NCB Global Holdings Limited	143,326,379	61.77%	143,326,379	61.77%
2	Tenetic Limited	14,257,681	5.62%	14,257,681	5.62%
3	RBC Trust (Trinidad and Tobago) Limited	6,979,311	3.01%	6,979,311	3.01%
4	Guardian Holdings ESOP Nominee Limited	4,943,257	2.13%	4,939,742	2.13%
5	First Citizens Asset Management Limited	4,486,898	1.93%	4,486,898	1.93%
6	Trinidad and Tobago Unit Trust Corporation	3,238,306	1.40%	3,238,306	1.40%
7	National Insurance Board	2,440,000	0.99%	2,440,000	0.99%
8	FirstCaribbean Barbados C1191	2,059,850	0.83%	2,059,850	0.89%
9	Michael D. Moses & Helen M. Moses	1,300,000	0.56%	1,300,000	0.56%
10	John Edward Robert Gammon	1,167,000	0.47%	1,167,000	0.47%

Interest In Shares of the Company (Cont'd)

SUBSTANTIAL SHAREHOLDER

Shareholder Name	December 31, 2021 Ordinary Shares	%	January 24, 2022 Ordinary Shares	%
NCB Global Holdings Limited	143,326,379	61.77%	143,326,379	61.77%

EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

	December 31, 2021	January 24, 2022
Ordinary Shares held	4,943,257	4,939,742

NOTES:

Note 1: The interests of Directors and Senior Managers include the interests of "connected persons." Persons deemed to be connected with a director/senior manager are:

A. The Director's/Senior Manager's husband or wife.

B. The Director's/Senior Manager's minor children (these include stepchildren and adopted children) and dependents, and their spouses.

C. The Director's/Senior Manager's partners.

D. Bodies corporate of which the Director/Senior Manager and/or persons connected with him/her together have control. Control of a corporation is the holding of shares which carry 50% or more of the voting rights in the corporation.

Note 2: There are no non-beneficial interests held by the Directors or Senior Managers other than the interests of Messrs. Brent Ford and David Philip Hamel-Smith as trustee/s of the Guardian Holdings Limited Employee Share Ownership Plan (ESOP). The holdings of the ESOP are shown above.

Note 3: A substantial interest means one-tenth or more of the issued share capital of the Company.

Note 4: Michael Lee-Chin is the ultimate controlling shareholder (100%) of NCB Financial Group Limited which is the holding company for NCB Global Holdings Limited.

Note 5: Tenetic Limited's holding includes the holding of Lofty Trees Limited of 9,790,554 shares. Tenetic Limited is owned 50-50 between Associated Brands (Investments) Limited (ABIL) and Universal Investments Limited (UIL).

Note 6: Imtiaz Ahamad has a 1/3 interest in UIL.

CARIBBEAN AT HEART...

MANAGEMENT DISCUSSION & ANALYSIS

Achieving best solutions through engaging, collaborative and meaningful work

2021 ANNUAL REPORT

...GLOBAL IN VISION

Mangement Discussion and Analysis

Figures are quoted in Trinidad and Tobago Dollars unless otherwise stated.

This Management Discussion and Analysis contains detailed information important to understanding the Group's results and financial condition and should therefore be read in its entirety.

FORWARD LOOKING STATEMENTS – CAUTIONARY LANGUAGE

The report reviews the Group's financial condition and results of operations including its liquidity and capital resources. Historical information is presented and discussed. Where appropriate, factors that may affect future financial performance are also identified and discussed. Certain statements made in this report include "forward-looking statements". Forward-looking statements include any statement that may predict, forecast, indicate or imply future results, performance or achievements instead of historical facts and may contain words like "believe", "expect", "estimate", "project", "budget", "forecast", "anticipate", "plan", "will", "shall", "may" and other words, phrases or expressions with similar meaning. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements and the Company cannot give assurances that such statements will prove to be correct. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

GROUP OVERVIEW

Summary Consolidated Statement of Income - $ million	2021	2020
Gross written premiums	7,030	6,557
Net written premiums	4,626	4,382
Net result from insurance activities	1,061	1,413
Net income from investing activities	1,611	989
Fee and commission income from brokerage activities	145	144
Total net income from all activities	**2,817**	**2,546**
Net impairment losses on financial assets	(136)	(16)
Operating expenses	(1,501)	(1,372)
Finance charges	(200)	(154)
Taxation and other	(198)	(230)
Profit attributable to equity holders of the company	**782**	**774**

Profit attributable to equity holders of the company amounted to $782 million, an increase of $8 million or 1% over 2020. Correspondingly, earnings per share increased to $3.37 from $3.34. These results reflect a strong performance of the Group, in the face of ongoing economic challenges in all of our major operating jurisdictions and was driven mostly by a positive net fair value movement in the regional equity market, an increase in investment and other income, partially offset by a decrease in net results from insurance activities, higher net impairment losses on financial assets and higher operating expenses. These and other influencing factors are further explained below.

Gross written premiums increased from $6,557 million in 2020 to $7,030 million in 2021, an increase of $473 million or 7%. This growth was led by the Life, Health and Pensions (LHP) segment with a $318 million or 9% increase over 2020, with increases in both the Jamaica and Trinidad and Tobago companies. The Jamaica life subsidiary contributed a significant portion of the increase resulting from the NCB Insurance Company Limited (NCBIC) life and annuity portfolio acquisition at the end of September 2020 which had a full year's impact in 2021 as opposed to three months in 2020, augmented by a large single premium annuity purchase in December 2021. The Property and Casualty (P&C) segment also experienced an increase of $156 million or 5% over 2020, principally from organic growth in all territories, mainly in the Property and Marine business classes.

GROUP OVERVIEW (cont´d)

Net written premiums increased from $4,382 million in 2020 to $4,626 million in 2021, an increase of $244 million or 6%. This was due to the LHP segment increasing by $322 million offset by the P&C segment decreasing by $78 million. For the P&C segment, the decrease in Net written premiums when compared to the increase in Gross written premiums is mainly as a result of higher reinsurance.

Net results from insurance activities decreased from $1,413 million in 2020 to $1,061 million in 2021, a decrease of $352 million or 25%. The LHP business segment recorded a 28% decrease over the prior year, driven by the life insurance entities which were affected by higher policy lapses largely attributed to the challenging economic environment. The P&C business segment also recorded a decrease over the prior year by 22% due to higher claims experience for Property and Marine resulting from several large losses in 2021 and higher catastrophic experience, from flooding in Europe of US$10 million in Guardian Re, our Bermuda based reinsurance company. A more in-depth analysis of these segments is presented in their respective sections of this report.

Net income from investing activities increased from $989 million in 2020 to $1,611 million in 2021, an increase of $622 million or 63%. This increase was primarily on account of net fair value gains/losses which recorded a favourable movement of $440 million, from a loss of $277 million in 2020 to a gain of $163 million in 2021, driven by substantial positive movements in the Group´s regional equity portfolios. Investment income increased by $171 million primarily from additional income earned on the financial assets transferred with the NCBIC portfolio in Guardian Life Limited and higher dividend income in 2021. Other income increased by $152 million mainly due to the recognition of termination of certain lapsed policies, increased rental income from investment properties and an increase in foreign exchange gains.

Net impairment losses on financial assets increased by $120 million mainly due to additional provisions on premium receivables for traditional life and unit-linked business as prescribed by IFRS 9 – Financial instruments.

Operating expenses increased from $1,372 million in 2020 to $1,501 million in 2021, an increase of $129 million or 9%. As noted in the prior year, the Group continues to focus on its strategic initiative to develop the tools required to advance our competitive edge through efficiency, commitment to customer ease, product innovation and technological supremacy via a structured transformation programme. Additionally, we continue to incur costs as part of our preparation for implementation of International Financial Reporting Standard 17 `Insurance Contracts´, which shall be applicable from 1st January 2023.

Finance charges increased from $154 million in 2020 to $200 million in 2021, an increase of $46 million or 30%. This increase was mainly due to the J$13.4 billion fixed rate bond taken out in September 2020 which was partially used for the purchase of the NCBIC portfolio by Guardian Life Limited and partially used for balance sheet support within Guardian Life Limited. The finance charges for this bond would have been for a full year in 2021 as compared to 3 months in 2020.

Taxation and other include share of after-tax profits of associated companies, amounts attributable to participating policyholders, profit attributable to non-controlling interests and taxation. Overall, there was a decrease of $32 million or 14% of which taxation contributed $29 million to this decrease. Taxation decreased as a result of lower taxable profits due to the large equity fair value gains which are non-taxable, a reverse of the position experienced in 2020.

Summary Consolidated Statment of Financial Position- $million	2021	2020
Investment securities, investment properties and cash	27,025	25,770
Other assests	7,553	7,255
Total assets	**34,578**	**33,025**
Insurance contracts	19,503	18,824
Financial liabilities	3,522	3,278
Investment contract liabilities	2,646	2,697
Other liabilities	3,924	3,550
Equity	4,983	4,676
Total equity and liabilities	**34,578**	**33,025**

GROUP OVERVIEW (cont'd)

The Group provides financial services through the production, distribution and administration of insurance and investment products, resulting in the Group receiving significant cash inflows that are invested to meet future obligations. As a result, the Group's assets are allocated across different investment classes, the majority of which are debt and equity instruments.

Investable assets increased by $1.2 billion, from $25.8 billion in 2020 to $27 billion in 2021, largely driven by net inflows of premium income from in-force policies, together with the impact of net fair value gains, partially offset by exchange differences.

Other assets increased by $298 million of which the main contributor was an increase in investment securities of mutual fund unit holders of $297 million (see corresponding increase in liability below).

Insurance contracts comprise obligations to holders of long-term insurance and short-term non-life insurance policies, which are estimated using prudent actuarial and accounting principles. Overall, the Group increased Insurance contract liabilities by $0.7 billion from $18.8 billion in 2020 to $19.5 billion in 2021. Insurance contract liabilities associated with the Group's long-term insurance contracts accounted for the majority of this increase and is directly linked to the increased activity in that segment.

Financial liabilities increased by $0.2 billion from $3.3 billion to $3.5 billion as a result of the Group's financing and repayments activities during 2021. The Group's equity and debt as a proportion of total capital ratio is at 59% and 41% respectively.

Other liabilities increased by $374 million of which the main contributors were an increase in third party interests in mutual fund unit holders of $298 million (see corresponding increase in asset above) and increase in reinsurance liabilities of $124 million.

The Group's capital base consists of both shareholders' equity (issued share capital and reserves) and borrowings. The Group increased Equity by $0.3 billion from $4.7 billion in 2020 to $5.0 billion in 2021 driven by its profit attributable to equity holders and other comprehensive income less dividend payments made.

Shareholder Metrics - $million	**2021**	**2020**	**2019**
Profit for the year attributed to equity holders of the Company	782	774	692
Comprehensive income attributed to equity holders of the Company	350	857	706
	2021	**2020**	**2019**
Earnings per share	$3.37	$3.34	$2.98
Dividends per share declared	$0.70	-	$0.75
Book value per share	$21.44	$20.13	$16.98
Market value per share (year-end)	$30.00	$20.90	$21.65

Comprehensive income attributable to equity holders of the company includes the reported profit for the year, together with Other Comprehensive Income (OCI) which are items of income and expense that are not permitted by accounting standards to form part of profit in the Statement of Income. Examples are property revaluation gains, exchange differences on translating foreign operations, fair value differences or impairment provisions for debt securities measured at fair value through OCI, and actuarial reserve movements for post-employment benefits. Similarly, to Insurance contracts, the Group maintains prudent actuarial reserves for future post-employment benefit obligations to employees. These actuarial reserves are mainly impacted by changes to interest rates, mortality and morbidity rates and experience adjustments.

The Group's OCI decreased by $515 million from income of $83 million in 2020 to a loss of $432 million in 2021. This movement was principally due to an increase in net exchange losses in translating foreign operations and a decrease in net gains on debt instruments that are measured at fair value through OCI. The Jamaican Dollar, EURO and Netherlands Antilles Guilder, all depreciated against the Trinidad and Tobago Dollar during 2021.

The Group increased Shareholders' value as earnings per share steadily increased from $2.98 in 2019 to $3.34 in 2020 and then to $3.37 in 2021.

GROUP OVERVIEW (cont'd)

Accounting Developments

There were no new standards or amendments/revisions to published standards and interpretations effective in 2021, which had any significant impact on the consolidated financial statements of the Group. The Group actively monitors developments and changes in accounting standards from the International Accounting Standards Board.

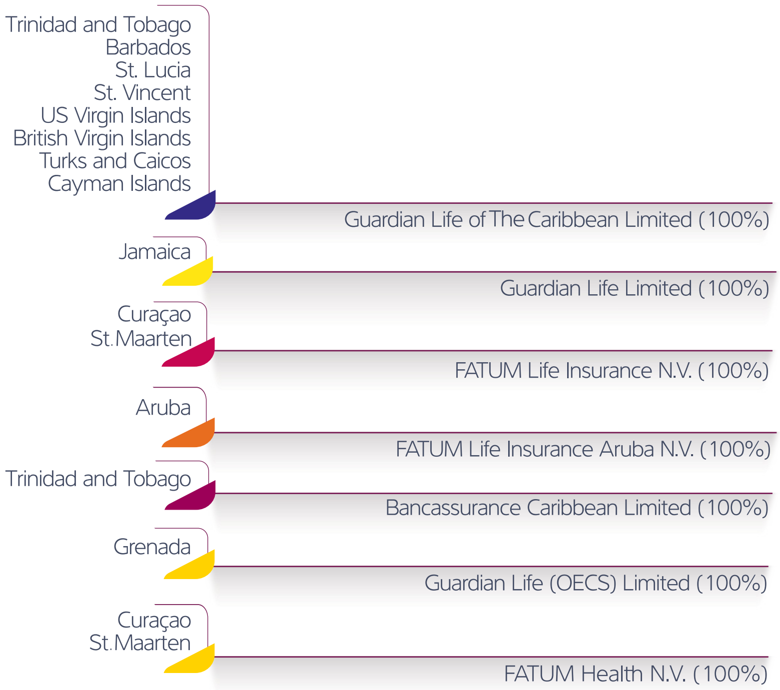
IFRS 17, 'Insurance Contracts'

IFRS 17, which is effective from 1st January 2022, establishes for the first time a comprehensive insurance standard that provides guidance on the recognition, measurement, presentation and disclosures of insurance contracts. The new standard will replace the guidance in IFRS 4, Insurance Contracts and requires insurance contracts to be measured using current fulfilment cash flows and for revenue to be recognised as the service is provided over the coverage period. With this new standard, the IASB aims to achieve increased transparency and consistency of insurance accounting within the insurance industry and across jurisdictions.

The Group is well advanced in the process for implementation of the requirements for IFRS 17 which resulted in modifications to our technological suite, enhancements to existing accounting systems, improvements to data management, and changes to the financial statements close process. This is an enormous and costly undertaking, and the Group is closely managing the process to ensure readiness.

LIFE, HEALTH AND PENSIONS

The Group's Life, Health and Pensions (LHP) segment consists of the following seven entities. Our geographic span includes most of the English-speaking and Dutch Caribbean:



COVID-19

The impact of COVID-19 and the consequent measures to control its spread continued during 2021. In 2020, the Group was able to implement a number of initiatives that expanded our ability to interact with our clients, agents and staff digitally. This platform was further enhanced during 2021, with the introduction of additional features and benefits, mainly through our online portals.

The economic reality of the pandemic was more severely felt in 2021, particularly in Trinidad and Tobago. As a result of rising unemployment and a slowdown of business activities, many of our individual clients were forced to make the difficult decision to cease paying their insurance premiums. This resulted in significantly larger policy lapses and surrenders than normal. The reduced premium receipts were a drag on the profitability of the LHP segment compared to previous years. As COVID-19 public health measures began to relax in the latter part of 2021, there was not a reduction in the number of policy lapses in the later quarters. The continued national vaccination programmes and the spread of, hopefully, milder variants of the virus, will augur well for the return to normal operations during late 2022.

The pandemic continues to not have a material impact on mortality or morbidity of the Guardian Group LHP insured population. Our capital and reserving methodologies are sufficient to address the impacts experienced or anticipated at this point. We continue to share and learn from our reinsurers experiences as well.

Distribution

Our primary distribution channel measured by either Annualised Premium Income (API) or new policy applications is our tied field force. At the end of 2021, the LHP segment had 936 agents, 4% less than 2020. The salesforce complement is broken down as follows:

GLOC	Trinidad and Tobago	583
GLL	Jamaica	267
FATUM	Curaçao	86

Our Salesforce remains a significant component in the success of our operations. New API written increased in 2021 versus 2020 by 18%. This was driven by a few factors. Firstly, the restrictions on movement imposed during 2021 were less onerous than during 2020. This had the double impact of allowing clients to restart their earning capabilities, plus allowing our field force greater opportunities to interact with them. Secondly, clients, whose incomes were not materially impacted by the pandemic, had a greater appreciation for the risks they faced medically and otherwise, thus leading to greater sales opportunities. Thirdly, the practices and systems implemented during 2020 have had a full year of impact. These improvements ranged from performance management systems to technology and data improvements that greatly improved our agents' efficiency.

We have made substantial progress on our roadmap of activities to 2023 that continue to enhance our distribution capabilities.

Products

Life Insurance

Our products mainly consist of Unit Linked Life Insurance,Term Life and Endowments. Also included within this category are products with living benefits, i.e. Critical Illness. There are also Group versions targetted primarily at employer groups.

Health Insurance

Our Health Insurance plans are available for both individuals and groups. These cover both major medical along with customisable vision, dental and medical features, which are mainly offered through a provider network model. However, in Trinidad and Tobago, there is a significant portfolio that uses a reimbursement type plan.

Pension

- Unit Linked Annuities: These products offer growth potential, death benefit features and income protection features. Unit linked annuities are distributed primarily through our tied field force and brokers.

- Fixed Annuities: Products include deferred annuities, immediate annuities and single premium annuities.

- Savings Benefit Pension plan: A Defined Contribution type of pension plan where the employer contributes a percentage of the salary of the employee as premium. This pension plan is sold in the Dutch Caribbean.

- Deposit Administration Contracts and Pension Administration services are also provided to corporate clients.

Business Strategy

There has been little change to the strategic course started a few years ago. The strategy of the LHP segment is consistent with that of the wider Group, that is " To put the customer at the heart of everything that we do." We have completed a further twelve months in our transformation programme, with the introduction of new technology, product and market launches, as we strive to deliver world-leading customer experiences.

The pandemic has also galvanised our commitment to increasing the awareness and education of our Caribbean population on the need for insurance to cover the financial risks assumed in daily life. The region remains one of the most under-insured populations in the world and Guardian Group will play a leading role in changing the impact of that fact on our economic ecosystem.

Competition

The competitive landscape has remained relatively stable over the past twelve months. The region has other Pan-Caribbean life insurers along with local competitors in the respective territories. We have also seen growing competition from banks offering simple issue type products. Given these trends, our strategy outlined previously, will ensure our leadership position in our key markets.

Additionally, our operations in the Eastern Caribbean are also set to expand further through Guardian Life (OECS) Limited based in Grenada.

Outlook and Challenges

The economic challenges posed by the COVID-19 pandemic present a significant operational challenge in the foreseeable future. As measures reduce at varying times and degrees throughout the Caribbean, it will impact our respective operations. The major macro-economic headwinds of the last few years still remain:

1. Lack of access to long-term investment instruments to improve the matching of assets and liabilities.

2. Increasingly complex regulatory environment combined with a lack of harmonisation across the multiple Caribbean jurisdictions in which we operate.

It should be noted that at the time of writing, while interest rates still remain relatively low, there are signs of rising interest rates that would improve investment and operating results. This is also coupled with an increasing, major geo-political risk that is already increasing volatility in international equity and bond markets.

Legislative/Regulatory Changes

The new Insurance Act of 2018 has been proclaimed in Trinidad and Tobago, effective 1st January 2021. Our operating entity, Guardian Life of The Caribbean Limited (GLOC), has been ready for some time in all material respects for the implementation and will continue to manage its portfolios in accordance with all guidelines and regulations. There were no other material legislative adjustments impacting the segment during 2021.

Financial Update

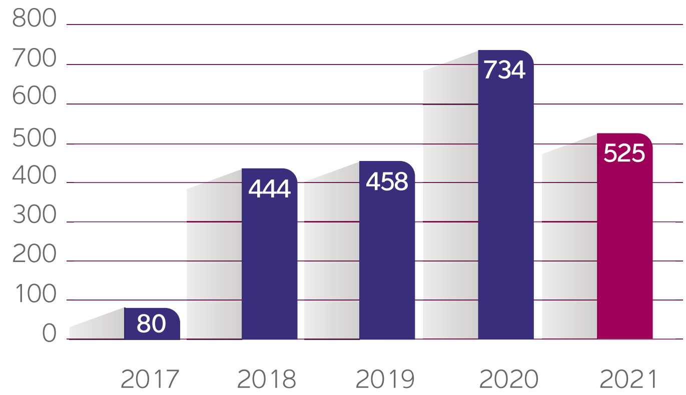
The LHP segment performance improved over the prior year. Profit after tax grew by 14% to $826 million, despite the persistency challenges noted in the collection of premiums.

Net results from insurance activities declined by 28% from 2020 to $525 million. As noted in last year's report, Guardian Life Limited (GLL) acquired the insurance portfolio of the NCB Insurance Company Limited (NCBIC). This acquisition was synergistic to GLL, as the combined insurance portfolios allowed for an improved matching of assets and liabilities, which impacted favourably our reserving assumptions in 2020. This was not expected to repeat in 2021.

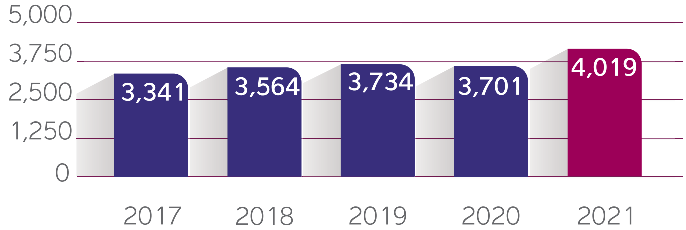
Gross Written Premiums (GWP) increased by approximately 9% to $4.019 billion in 2021. Much of this growth was fuelled by GLL's acquisition of the NCBIC portfolio in 2020 as 2021 was the first full year of reporting results. All other entities also performed creditably, growing GWP despite the economic headwinds.

The net result from investing activities grew by $481 million or 56% to $1.346 billion. The majority of this was due to the improved Caribbean and international equity markets in 2021. Just as pleasing was the improvement in investment income. During 2021, we saw the return of dividend income to more normal levels by a number of companies, particularly financial institutions.

Net results from insurance activities (TT$ million)



Gross written premiums (TT$ million)



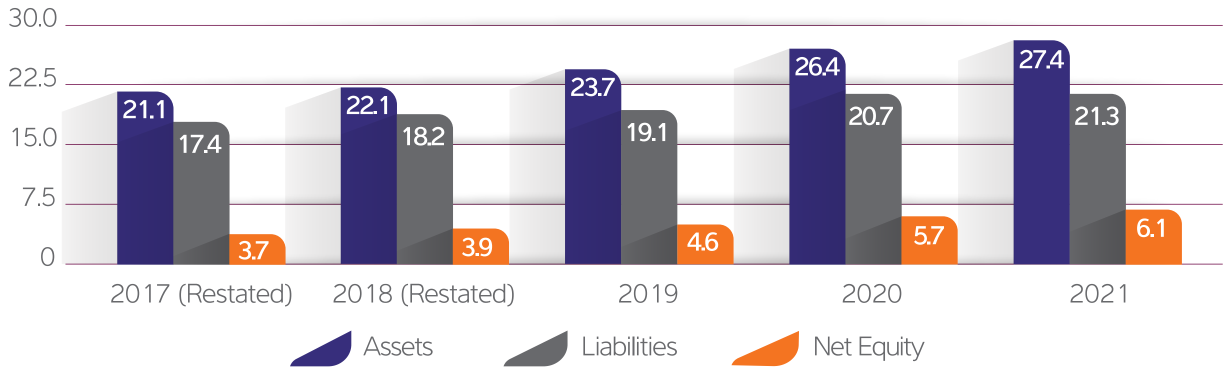
Operating expenses and finance charges increased by 11% over the period to $772 million. This was the result of the return to more normalised operating models post 2020.

Overall, the LHP segment declared net profits after taxes of $826 million, which was an increase of 14% over 2020. The asset base of the LHP group at the close of the year grew to $27.4 billion, a 4% increase over 2020. This was mainly from the growth in investment securities from new cash flows from the insurance portfolios.

Shareholders' equity improved by 8% to $6.1 billion. The LHP group achieved a 14.0% return on average capital employed, in line with the 14.1% in 2020.

The LHP entities' regulatory capital remains well in excess of minimum standards set by their respective regulators. In addition, Guardian Life of The Caribbean Limited's (GLOC) A.M. Best Rating of A- Excellent was reaffirmed during the year for the 19th successive year.

Financial Position (TT$ billion)



PROPERTY AND CASUALTY

Guardian Holdings Limited's Property and Casualty (Group P&C) segment consists of the following entities with operations spanning twenty-four (24) territories collectively.

GHL's Property and Casualty (P&C) segment

Territories	Entity
Anguilla Antigua and Barbuda Bahamas Barbados Belize British Virigin Islands Cayman Islands Guyana Montserrrat St. Kitts and Nevis St. Lucia St. Vincent and The Grenadines Trinidad and Tobago Turks and Caicos Islands United States Virgin Islands	Guardian General Insurance Limited (100%)
Jamaica	Guardian General Insurance Jamaica Limited (100%)
Bonaire Curaçao St. Eustatius St. Maarten Netherlands Saba	Fatum General Insurance N.V. (100%)
Aruba	Fatum General Insurance Aruba N.V. (100%)
Grenada	Guardian General Insurance (OECS) Limited (100%)
Bahamas	RoyalStar Assurance Limited - Bahamas (26%)
Worldwide	Guardian Re (S.A.C.) Limited (100%)

Our geographic span includes the entire English-speaking and Dutch Caribbean, and the Netherlands markets.

Among the traditional products currently offered by Group P&C are Property, Motor, Casualty, Marine, Bonding and Crime and Personal Accident business. However, the companies are well-positioned to secure an insurance solution to any non-traditional business.

Business in the Caribbean is distributed via a growing network of brokers and agents as well as through direct channels. Additionally, Guardian Group Fatum's (GGF)business in the Netherlands is secured by managing general agents.

Business Strategy

Our Strategic Pillars

Focus on Fostering Relationships

Engagement of key stakeholders to develop unique experiences tailored to our clients´ needs

Sustainable and Profitable Growth

Exploration of new and profitable lines of business, geographies and emerging customer segements. Capitalise on inorganic growth opportunities and maximise synergies.

Analytical Insights

Utilise data to enhance risk selection and portfolio assessment, which facilitates robust monitoring standards for the improvement of underwriting returns

Reinsurance Optimisation

Group P&C cultivates strong relationships with quality reinsurers. This protects our balance sheet from losses arising from the increasing number and intensity of catastrophic events, and the resulting severity of individual risk losses.

Claims Excellence

Our business model boasts of an optimised Claims segmentation and an efficient claims management process. This fosters improved claims handling and reduce claims leakages, thus enhancing the experience of our clients.

Technology & Innovation

Group P&C invests our resources into creating innovative products that add value to the lives of our clients and our dedicated team of producers and staff.

Achievements

We are on a solid path to realise our aspiration to be the most customer-centric and profitable general insurance provider within the Caribbean region. We aim to be the employer of choice, able to recruit and retain the brightest and best. Our strategic investment in new technologies (automation, digitisation, predictive analytics and A.I.) will continue to drive significant business value through improvements in our operational efficiencies, employee engagement, customer experience, producer relationships and geographic reach.

In 2021, our Property and Casualty segment maintained stable growth and grew premium income by 5.4% year on year despite the challenges associated with the COVID-19 pandemic. Our Property and Casualty segment maintained good quality, however our investments in our mid-term strategic objectives, coupled with an increased net loss ratio has increased our combined ratio rising by 19.5% year on year to 85.4%. This temporary increase in the combined ratio was largely driven by a comprehensive revision of our reinsurance treaty arrangements which would help us significantly improve our balance sheet volatility. We also experienced shock losses from unprecedented flooding in Europe which affected our international portfolio of business. In the Caribbean, we had some further losses from the volcanic eruption in St. Vincent, Windstorms Elsa and Grace and some single large claims from our marine fleet accounts.

AM Best Rating

AM Best reaffirmed Guardian General Insurance Limited´s rating of A- (Excellent) in July 2021, which demonstrates our commitment to risk management, and focus on delivering business value for our key stakeholders.

Living Our Aspiration

Organisational Structure and Organisational Health

One of our pinnacles of success is ensuring that we are never complacent and that an optimal organisational structure exists to meet our clients' evolving needs. During 2021, we have further re-structured our territory groupings to provide more focus on our customers.

We continued our drive to upskill staff, salesmen and agents through soft-skills and technical/ product training to better support the customer retention drive and new business sales process.

The well-being of our staff is important to us, so our reward and recognition programmes for employees were revamped. Staff were encouraged to engage in several virtual activities that showcased and celebrated them and their unique skills throughout the year. In GGF, we held various "Appreciation Day" functions during Q4 2021 where staff were able to gather and participate in fun-filled activities.

The Power of Service

During Q3 2021, our customer experience strategy was reviewed to better focus on deriving synergies, organisational learning and standardisation, change management, continuous improvement and a Group P&C approach to customer-centricity.

We refocused our efforts to secure greater and continuous customer feedback during 2021 and celebrated our customers during Customer Service Week (CSW) (4th - 8th October 2021), with the theme being "The Power of Service".

Assistance Service for the Deaf and Visually Impaired, a new service of the Caribbean Assistance Service ("CVAS") was launched in Trinidad which allows a deaf and/or visually impaired person, to do business with any organisation via free phone access to a translator. Association of Trinidad and Tobago Insurance Companies (ATTIC) hosted the rollout to insurance companies and Guardian General Insurance Limited (GGIL) plans to fully adopt this programme and will start awareness early 2022.

Digital Distribution Channel and Customer Engagement Center (CEC)

Our digital distribution channel continues to provide our current and prospective clients 24/7 access to our services. We have worked assiduously to expand offerings so that customers can submit their motor and home claims online, in addition to accessing quotes, renewing and paying their homeowners and private motor business.

Clients in the Dutch Caribbean market were encouraged to renew their motor policies via our new 'eVB' (elcetronische verzekeringsbewijs [electronical insurance certificate for motor]) portal which allows them to receive their insurance certificates digitally. We have also introduced an innovative online portal where clients can process their personal lines insurance applications in a simple, secure and efficient manner. The intention is to soon expand this portal to cover light commercial lines insurance products as well.

Analytical Insights

Guardian Group aspires to be the analytics centre of excellence and has already introduced analytical capabilities to focus on mitigating fraud, refining pricing, creating innovative products and using data to inform client behaviour via machine learning and predictive applications.

During 2021, we continued to deploy new dashboards to our self-developed performance management workspace for our underwriting and claims teams to assist in their robust management of our business.

One Caribbean Way - Optimisation of Core Functions

During 2021, we continued to review the practices in underwriting and claims across our respective territories to ensure that our best practices were embedded across our operations. We have identified this as our "One Caribbean" way to ensure seamless and consistently high levels of customer excellence across our footprint.

Suite of Products

We added Pet Insurance to the suite of new products that are in various stages of launch in our various territories: cyber insurance, short-term motor policy, waiver of excess, mechanical repair benefit, windscreen coverage to third party customers and family bundled plans.

Living Our Aspiration (cont'd)

Cross Sales

Guardian Group continued to embed our Group cross sales initiative to ensure we offer comprehensive and complete offerings for the benefit of our customers. We continue to look for various opportunities to cross-sell and offer bundled products in the Dutch Caribbean.

Refining Distribution Channels

Bsure is a strategic alliance with the largest bank Maduro & Curiel Bank (MCB) in Curaçao, which provides bancassurance in the Dutch Caribbean. This concept has been expanded to include Aruba, Bonaire and St. Maarten.

Guardian Group Fatum will further develop applications to facilitate straight-through-processing for new business in the Dutch Caribbean.

In the Netherlands market, we are expanding our reach by strengthening our brokerage network.

Climate Change and Climate Risk Insurance

The adverse weather events associated with climate change continues to be a challenge for general insurers in recent years, spurred by the rising unpredictability of the frequency and severity of catastrophic events and accompanying losses.

Group P&C officially joined the Climate Risk Adaptation and Insurance In The Caribbean (CRAIC) Project Team, with the objective of upscaling Parametric Insurance / Mirco-Insurance in the Caribbean. The CRAIC Project Team consists of international players: The Munich Climate Insurance Initiative (MCII), CCRIF SPC (Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company), International Labour Organization (ILO) Impact Insurance, Munich Re and the Danish Hydraulic Institute (DHI).

The project is supported by the International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and will be piloted in Trinidad and Tobago, Grenada, St. Lucia, Belize and Jamaica.

Competition and Challenges

Guardian Group is at the forefront of the Caribbean insurance industry and we are a top-tier performer in almost every major market.

Top 5 Market Players			Top 10 Market Players	
Anguilla	Antigua and Barbuda	Aruba	Bahamas	Barbados
Belize	British Virgin Islands	Curaçao	Cayman Islands	St. Kitts
Grenada	Jamaica	Montserrat	St. Lucia	St. Vincent
Trinidad and Tobago	Turks & Caicos	United States Virgin Islands		

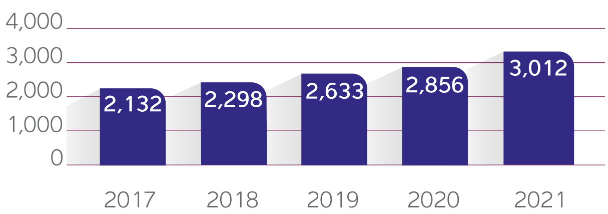
We continue to proactively innovate and employ strategies to further increase our market share. However, although our position in the industry is admirable, the ultimate goal is to bring value to the lives of our clients with excellent customer service and sustainable underwriting practices.

Continuous evolution to strengthen our relationships with our producers and direct clients – that is what drives us to our unwavering position as the region's premier group of insurers.

Financial Performance

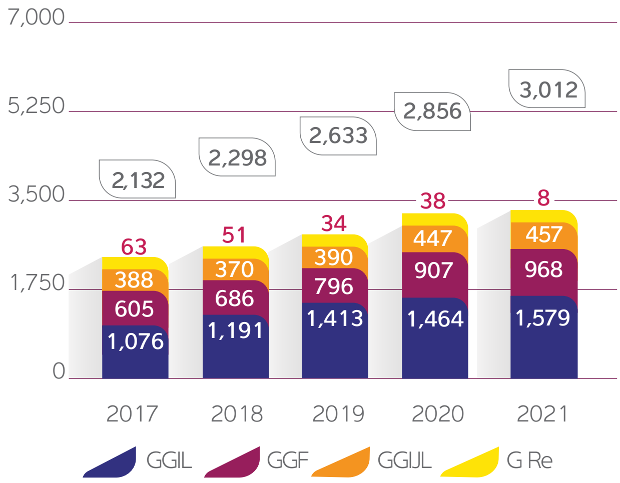
Total Gross Written Premiums (GWP) across Group P&C was $3.012 billion, representing 5% growth or an increase of $156 million compared to $2.856 billion in 2020. Growth was achieved across most primary business classes (Property, Casualty and Marine). Property and Marine have been the most significant areas of increase in the last five years.

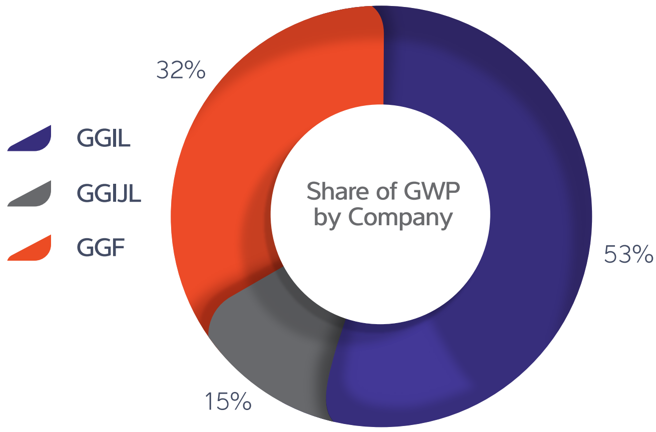
Gross Written Premiums (TT$ million)



Guardian General Insurance Limited contributed the most premium 53% to the Group P&C division, while Guardian Group Fatum garnered 32% and Guardian General Insurance Jamaica Limited 15%.

Group P&C – Gross Written Premiums (TT$ million)





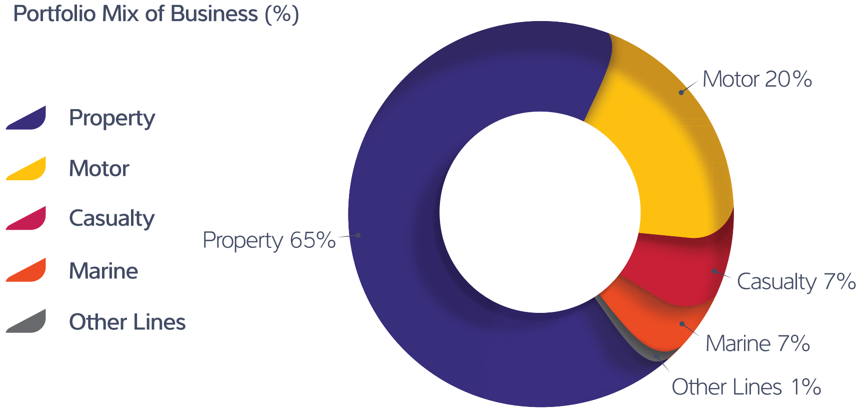
In terms of premium increases between 2020 and 2021, the following table shows the changes:

Company	Dec-20	Dec-21	Increase (TT$M)	Percentage Increase (%)
Guardian General Insurance Limited	1,464	1,579	115	8%
Guardian Group Fatum	907	968	61	7%
Guardian General Insurance Jamaica Limited	447	457	10	2%
Guardian Re	38	8	(30)	(79%)
Total	**2,856**	**3,012**	**156**	**5%**

The main contributors of premium growth in Guardian General Insurance Limited were rate increases in the hurricane-affected areas, continued strengthening of our relationships and improvements in our product offerings. Also, the portfolio mix remains predominantly property and motor business.

As of December 2021, our property business covered close to US$48 billion in aggregates, the majority of which were from Guardian Group Fatum.

Portfolio Mix of Business (%)

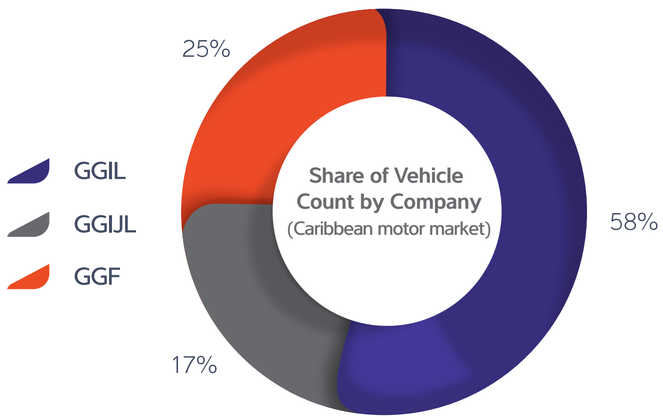


The following table shows the details of the 2021 Gross Premiums split by each company and major lines of business:

TT$M	Property	Motor	Casualty	Marine	Other	Total	Share
Guardian General Insurance Limited	1,062	258	102	146	11	1,579	53%
Guardian Group Fatum	557	261	80	45	25	968	32%
Guardian General Insurance Jamaica Limited	333	78	40	6	0	457	15%
Guardian Re	7	0	0	1	0	8	0%
Total	**1,959**	**597**	**222**	**198**	**36**	**3,012**	**100%**

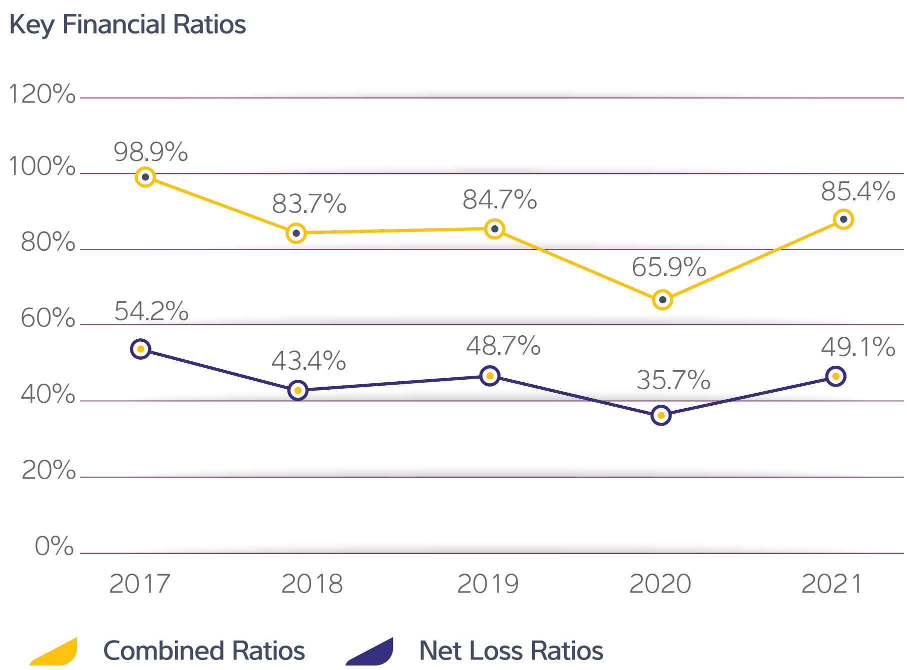
More than half of the premiums for the Guardian Group Fatum business come from the Netherlands portfolio. By providing incentives, we encouraged the growth of quality business by the managing general agents.

At Group P&C, we provide motor insurance coverage to more than 160,000 vehicles in the Caribbean and over 85,000 vehicles in Netherlands. For the Caribbean business, Guardian General Insurance Limited currently controls the largest share of the motor portfolio (58%) while our team at Guardian Group Fatum has scored the second largest portion of the business (25%). Trinidad and Tobago continues to be our leading Caribbean motor market.



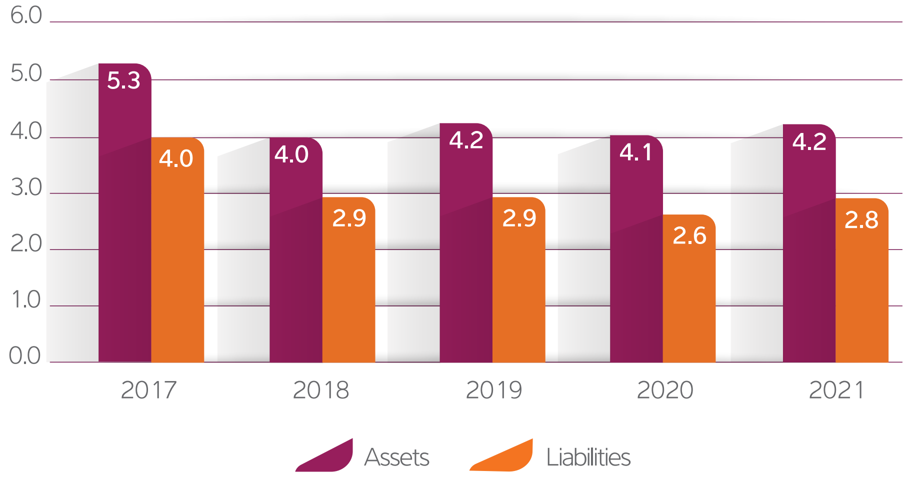
Key Financial Ratios

A review of the key financial ratios show two years after the impact of COVID-19, with some economies slowly removing restrictions, our net loss ratio went up by 13.4% in 2021, the Group P&C's overall combined ratio closed at 85.4%.



The Group P&C Balance Sheet, excluding brokerage, remains stable with $4.2 billion in assets and approximately $2.8 billion in liabilities. Our use of reinsurance allows us to deploy capital in more strategic operational avenues.

Financial Position Excluding Brokerage (TT$ billion)



Outlook

Guardian Group aims to thrive in this new environment where major disruptions are now the norm. Our business is exposed to the unpredictable impact of climate events and it is at these times, clients need us the most. We continue to refine our business continuity preparedness and pay even more attention to our detailed stress and scenario testing to ensure adequate reinsurance protection in more extreme events so that we can quickly pay our clients' claims. Our aim is to support our customers long after the initial occurrence of catastrophes or major events.

Our critical objective is ensuring a positive and world class customer experience. We will continue to seek and action our customers' feedback to drive our business and process changes during 2022 and beyond.

Our People and Processes

Improving organisational health is key to becoming a global insurer and we have focused on creating a more engaging and rewarding experience for all members of staff. As such, we will continue to invest in the development, training of our teams and strategic talent acquisition. We will continue our thrust to improve our work environment which will enable us better to achieve our targets and serve all stakeholders.

In 2021, employees were supported at all levels throughout the organisation as they pursued initiatives to improve our customer service, organisational efficiency and innovation. Whilst we have derived substantial benefits to date in our Underwriting and Claims functions, our journey is that of continuous improvement, for the ultimate benefit of our customers. We are very excited to further build on these advancements and further embed digitisation and automation into our functions.

Business Intelligence and Technology

Guardian Group continues to invest in our analytical capabilities, through our Analytics Centre of Excellence. This investment will be continued in 2022 as we integrate these technology tools to further improve our operational efficiencies and create and/or amend our existing product suite to better please a broader customer base.

In the Dutch Caribbean market, a major campaign, "Take the Next Step," was launched, focusing on gathering client data and client on-boarding to assist with new sales initiatives. There are also plans to optimise, automate and integrate various systems and interfaces into the motor claims process. The result will be a reduction in cost and an increase in customer satisfaction.

ASSET MANAGEMENT

Business Strategy

Guardian Asset Management (GAM), the Group's asset management division, comprising Guardian Asset Management and Investment Services Limited and Guardian Group Trust Limited, aims to create, build and preserve wealth for both retail and corporate clients and be their top choice for financial planning needs and financing solutions. Our products and services have been expanding over the years, with several asset management solutions currently available to build and preserve our customers' wealth, including Private Wealth Executive Services, mutual funds and our online Robo

Advisor platform, Genius. Our Private Wealth Executive Services provide personalised portfolio management based on customers' unique factors and risk appetites. Our mutual funds represent professionally managed collective investment solutions to build and preserve wealth, while our Genius product is an automated wealth-building portfolio management solution via our electronic platform. Other key products and services that we offer include repurchase agreements (repo), merchant banking services and G-Trade.

Our repo product broadens short-term, higher-yielding investment opportunities for clients, whilst our Merchant Banking Unit originates, structures, securitises and trades loans and fixed income instruments for clients and investors. Our G-Trade solution provides customers with the opportunity to trade themselves in international equity and fixed income markets via our self-directed online brokerage platform. We continue to focus on improving operational efficiencies within the company, as such, in-house APIs (Application Programming Interfaces) were developed to update our information systems with client data. This will enable increased capacity as the transactional volumes grow from our various distribution and cross-sell activities.

During 2021, most of our floating-Net Asset Value (NAV) mutual funds did well, some providing clients with double-digit returns, as did some of our managed portfolios. Our top-performing mutual funds were the North American Equity Fund, New Economy Equity Fund and European Equity Fund, which provided returns of 21.46%, 19.45% and 13.74%, respectively. Our TT and US Income Funds, which provide a solid and stable return are ranked amongst the best offered rates in the local market. Our repo portfolio grew to over $260 million during the year as clients embraced the alternative options available at higher yields. Our Merchant Banking Unit continued its growth during 2021, not only in originating and securitising loans and fixed income instruments for clients and investors, but also sourcing, arranging and trading bonds to meet our clients' various needs. The unit successfully raised in excess of $925 million during 2021 and also successfully securitised over $500 million in transactions during the year. Our USD Robo application "Genius" was able to generate returns ranging between 6% and 22% for our clients. GAM's ambitions for the expansion of its current products and services remain unabated. Looking ahead, we have several initiatives on the horizon that will holistically benefit both retail and corporate clients. We intend to launch two new TTD mutual funds which provide exposure to bonds and equities in the local market and aim to capture the full performance of the respective asset classes. The local version of our Genius product is also in the pipeline to provide clients with yet another choice of investment solutions. Additionally, we intend to launch our pension services in early 2022.

Distribution

Guardian Asset Management's direct sales force consist of Investment Advisors, Wealth Managers and Telemarketers. This in-house team supplemented by our alliance with the Guardian Life of The Caribbean cross-sales agents support the distribution of our mutual fund and private wealth investment solutions. During the year we also commenced expanding the outreach of our distribution network via business partners and onboarding additional external referral agents. Our products and services are accessible physically through GAM's three locations in Westmoorings, Chaguanas and San Fernando in addition to our online presence. The customer experience continues to evolve and be driven by necessity as we push to engage with clients digitally. In 2021, we rolled out and plugged into Guardian Group's new C360 (Customer 360) platform which offers the customer an improved customer experience with access to key company and account information as well as transactional services across all business lines within the group.

Competition

GAM's efforts to showcase itself as the premier advisor and provider of investment solutions continued as the Merchant Banking unit further established itself in the market. This significant differentiator brings GAM into a unique space having full broker, advisor, asset management and corporate banking services available under one roof. Synergistic opportunities also exist within the wider Guardian Group which will further establish the Group as a leader in the financial landscape. GAM is also expanding to offer its services to other segments of the market such as pensions in a deliberate way.

Outlook and Challenges

Challenges stemming from the COVID-19 pandemic continued to put pressure on regional economies and as such affected the Group's planned advancements in 2021. GAM's wide base of product offerings, however, has allowed it to continue striving forward amid these headwinds. We remain ready to capitalise on any developing opportunities that arise as the region emerges from the pandemic. Looking forward, rising energy prices are expected to negatively impact some regional economies on top of already trying circumstances. Additionally in the financial market, expected rate increases in the United States will have the dual effect of depressing market values in financial instruments and will also increase the cost of borrowing for those entities and governments who require funding in the coming years. Fortunately, this may also present an opportunity to investors to capture the higher offered rates.

We will continue to build out the structure and capabilities of the Merchant Banking Unit as a major focus of the division. Our efforts are also targetted to move the organisation in the direction of digital solutions to improve organisational efficiencies and delight our customers with innovation and improved service. We have adopted an "Innovation-at-the-edge" mindset regarding our legacy systems.

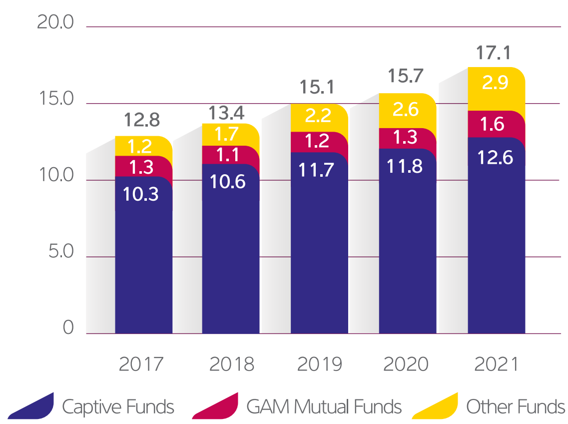
Financial Update

Despite challenges faced in 2021 as the pandemic continued, we are pleased to have increased Assets Under Management (AUM) by 8.57% to $17.1 billion. Revenue also increased over the period closing the year at $148.1 million which represented an increase of 8.34% over 2020.

All three business lines registered growth year on year with the largest increase noted from our Captive assets representing the in-house insurance business which grew $0.8 billion or 6.71%. Growth in GAM's third-party business which is made up of mutual funds and private wealth was also commendable, collectively this line registered an increase of $0.6 billion over 2021.

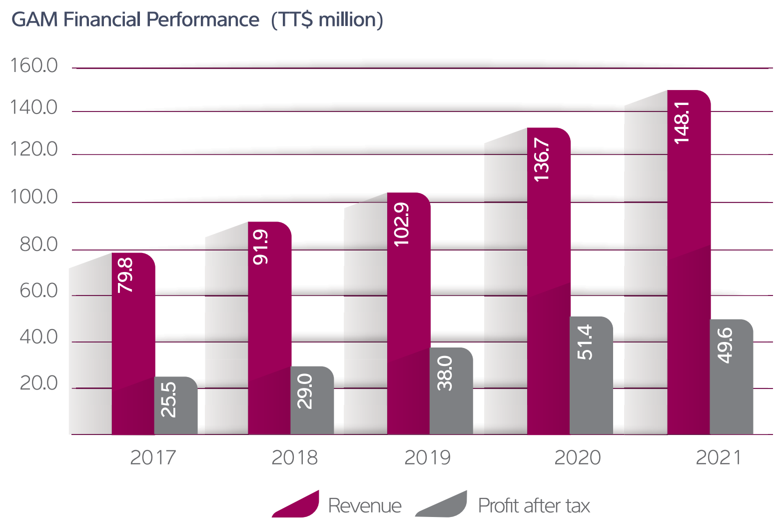
Overall, GAM was able to increase total revenue by $11.4 million or 8.34%. Investment income and other revenue grew by 27.6% and 43.2% respectively. Additionally, fee income increased by 7.63% while net realised and unrealised gains were marginally down for the year. Growth in these revenue lines was achieved as GAM continued to refine its product offerings and services in line with its established strategic plans.

Asset Management Total AUM (TT$ billion)



GAM's Mutual Funds provided attractive returns to clients in 2021, as policy and short-term interest rates remained low and risk assets outperformed. Our TT and US Income Funds delivered returns of 1.60% and 1.80%, respectively, in 2021, while the majority of our 11 other mutual funds produced positive returns. Although long-term interest rates rose in 2021, after beginning the year at depressed levels, short-term interest rates were stable as central banks continued to favour accommodative monetary policy globally. The US Federal Reserve kept its policy Federal Funds rate at a target range of 0.00% – 0.25% throughout 2021, while the Central Bank of Trinidad and Tobago also maintained its repo rate at 3.50% within the year. Equity markets kept their positive momentum from late 2020, with the vast majority providing double-digit returns in 2021. Fiscal stimulus, easy monetary policy, economic re-opening, the rollout of vaccination programmes and strong corporate earnings were all factors that boosted optimism and equity returns in 2021. However, one notable exception was the Chinese equity market, which fell in 2021 as the Chinese Communist Party announced reforms to various industries over the course of the year. The S&P 500 (representing US stocks) returned 28.68% in 2021, while European stocks returned 16.86% and Japanese stocks 7.36%. The Shanghai Shenzhen CSI 300 Index (China) returned -4.91%, while the Hang Seng Index (Hong Kong) returned -13.68%.

Financial Update (cont'd)



In general, fixed income securities did not perform well in 2021. As long-term interest rates rose, bonds declined in value mainly in the first quarter of the year. The positive sentiment emanating from the vaccine news at the end of 2020 resulted in bonds being sold off and yields rising in early 2021. The 10-year US treasury yield rose by over 90% in the first quarter, peaking at over 1.70% at end of March 2021 and remained generally elevated for the year closing at 1.51% versus the 0.91% level at the beginning of the year. Rising government bond yields were also seen in other developed economies such as the U.K. and Germany, whose markets performed similarly. The yield curve in Trinidad and Tobago moved comparably, with long-term bond yields increasing and short-term yields remaining anchored at low levels. The TT yield curve steepened in 2021, negatively impacting TT dollar fixed income instruments, especially long-term bonds.

Despite significantly higher energy prices throughout 2021 and the lifting of a wide array of pandemic restrictions by the Government of Trinidad and Tobago in late 2021, the major rating agencies maintained a dismal view on the Trinidad and Tobago economy. Standard & Poor's did maintain Trinidad and Tobago's investment grade credit rating at BBB-, however, it changed its outlook to negative, with a one-in-three chance of lowering the country's credit rating over the ensuing 1 - 2 years. Furthermore, ratings agency Moody's downgraded Trinidad and Tobago's credit rating to Ba2, which is 2 notches below investment grade status according to its rating scale. Both ratings agencies stated that the Trinidad and Tobago economy will most likely improve in the near-term due to increased hydrocarbon prices and an uptick in energy production but expressed doubt as to the country's ability to sustainably reverse the loss of income per capita that took place over the preceding years.

The Trinidad and Tobago equity market provided a strong return in 2021 recovering from the high single digit decline seen in 2020. The Trinidad and Tobago Composite Index, which is a combination of the All T&T Index (representing stocks issued by local companies) and the Trinidad and Tobago Cross-Listed Sector Index (representing stocks issued by foreign companies, but listed in Trinidad and Tobago), gave a return of 15.09% in 2021. The strong performance came as several companies rebounded from the first year of the pandemic and investors were more optimistic as the economy reopened later in the year. The All T&T Index outperformed the T&T Cross-Listed Sector Index for the 2nd year in a row in 2021 as the Jamaican company-dominated Cross-Listed Sector Index was limited by the positive but low return of Jamaican stocks in 2021.

INSURANCE BROKERAGE

Guardian Group has been building our Insurance Brokerage segment over the last few years, and most recently expanded into the English-speaking market. Our reach includes the following:

Curaçao	Fatum Brokers Holding B.V. (100%) Seguros Brouwer N.V. (100%)
Aruba	Fatum Holding Aruba VBA (100%) Boogaard Assurantiën N.V. (100%)
Sint. Maarten	Caribbean Insurance Brokers N.V. (100%) Boogaard Insurances B.V. (100%)
Bonaire	Boogaard Assurantiën Bonaire B.V. (100%)
Netherlands	Thoma Exploitatie B.V. (100%) Jager Adviesbureau B.V. (100%) Thoma Pensioenadviseurs B.V. (100%) Thoma Assuradeuren B.V. (100%) Thoma Assurantieadviseurs B.V. (100%) Risiko Analyse Buro B.V. (100%) RAB Assuradeuren B.V. (100%) Kruit & Venema Assuradeuren B.V. (100%) Kruit Assurantiën B.V. (100%) Financiele Dienstverlening Snel & Partners B.V. (100%)
Cayman Islands	Vanguard Risk Solutions Limited (67.7%)
Barbados	Almi Holdings Limited (100%)

Business Strategy

Our Brokerage segment offers a diversification component to other divisions of Guardian Group, as it eliminates our exposure to underwriting risk. We therefore see tremendous opportunity in growing this facet of our business. We have set plans to acquire new portfolios in the Netherlands as well as grow our existing base by at least 5% each year.

Transformation initiatives have been implemented in our Dutch Caribbean Brokerage segment to make it more sales oriented. We are confident that this will improve the experience of our customers and our revenue generation. The organisational structure has been aligned to ensure this can be achieved, and we anticipate a dedicated Sales Manager will be assigned to each territory.

Furthermore, we are optimising our expense management which will garner increased returns for the Group as we reduce expenses, grow income and extract synergies.

The strategy for the Netherlands market continues to be growth via acquisition of additional Managing General Agents and/or portfolios.

INSURANCE BROKERAGE (cont'd)

Achievements

The Netherlands:
We have successfully amalgamated the activities of the Snel & Partners and De Boei into the Thoma back-office. We are still in the early stages of amalgamating Heddema and Friso portfolios which were acquired in August 2021 and January 2022, respectively.

The Cayman Islands:
We have successfully rebranded Fidelity Insurance Cayman Limited to Vanguard Risk Solutions Limited and created a renewed focus for growth in this territory.

Barbados:
We have invested in a new digital broker in Barbados and hope that this will be a new way to reach customers.

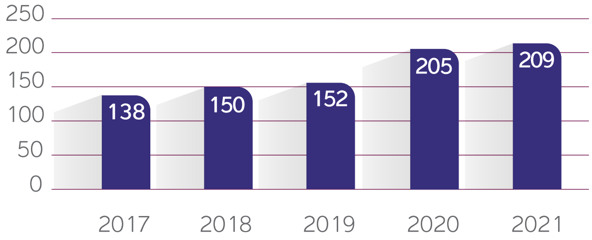
Financial Performance

To be compliant with the rules governing the preparation of Group consolidated financial statements, the Brokerage income disclosed on the face of the Consolidated statement of income is net of fees and commissions earned on business placed with fellow subsidiaries engaged in underwriting business. Gross fees and commissions earned on the brokerage business amounted to $209 million ($2020: $205 million).

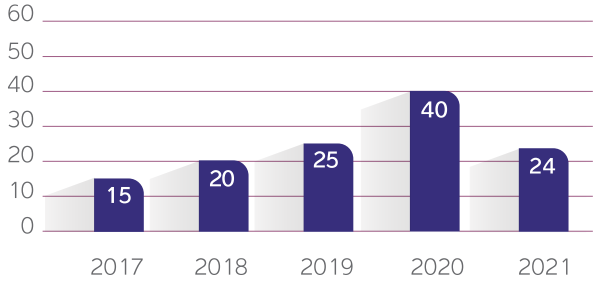
Despite the successful implementation of our strategies, transformation initiatives and cost savings in 2020, this segment earned a Net profit of $24 million in 2021 compared to $40 million in 2020, a decrease of $16 million or 40%. The decrease in net profit resulted from an investment in digitisation.

A main benefit of growing this business segment is that Brokerage, unlike the majority of the Group's business, is not risk-exposed and hence less susceptible to inherent volatility in earnings.

Gross Fee and commission income from brokerage activities (TT$ million)



Net Profit (TT$ million)



Outlook

We are excited to implement our Transformation Initiatives, which will enhance our staffing, IT capabilities, office spacing and branding. The Netherlands business is our fastest-growing distribution channel and is expected to continue expanding.

Further to the transition with Vanguard Risk Solutions and Almi Holdings Ltd we are positioning ourselves to further develop our Broking business in the English-speaking Caribbean. We continue to put procedures in place to successfully operate within stricter regulatory frameworks and adhere to applicable guidelines.

CARIBBEAN AT HEART...

CORPORATE GOVERNANCE

Focus, concentration and movement with purpose.

2021 ANNUAL REPORT

...GLOBAL IN VISION

Corporate Governance Report

During the 2021 financial year, Guardian Holdings Limited ("GHL/the Company") successfully manoeuvred the changes brought about by the COVID-19 global pandemic. The Company continued to uphold the tenets of good corporate governance by ensuring transparent, compliant and sustainable business practices. The transition to virtual meetings in the prior year allowed the Board to continue to provide timely support to management during the waves of outbreaks and restrictions locally and regionally. The robustness of our business continuity plans permitted our businesses to adapt to the rapidly changing work and economic environment.

In addition to the standard quarterly meetings, the Board convened four additional meetings to discuss key organisational, strategic and industry matters, to maintain strong oversight of our operating entities, and to provide relevant direction commensurate with the unique challenges triggered by COVID-19. The Board continued to adhere to high corporate governance standards, fulfil disclosure obligations and stay abreast of key legislative and regulatory changes.

ADHERENCE TO THE TRINIDAD AND TOBAGO CORPORATE GOVERANCE CODE

As a company with public accountability, GHL adheres to the principles of good governance delineated in the Corporate Governance Code of Trinidad and Tobago within the parameters of global governance best practice.

FRAMEWORK FOR EFFECTIVE GOVERNANCE - PRINCIPLE I

Guardian Group's mandate contained in the Corporate Governance policy is discharged by the GHL Board which acknowledges its collective responsibility for the long-term success of the Company and its subsidiaries. In addition to the Group's Corporate Governance Policy, the Company's governance framework is also supported by the following Group policies:

- Securities Trading Policy
- Code of Conduct
- Whistleblowing Policy
- Fraud Policy
- Conflict of Interest Policy
- Anti-Money Laundering Policy
- Compliance Policy
- Disclosure Policy

Specific responsibilities and authorities are delegated by the Board to the Chief Executive Officer ("CEO"). The primary role of the CEO is to lead the management of the Company's business and to lead the implementation of the resolutions and policies of the Board of Directors.

Non-Executive Chairman and Lead Independent Director

The Chairman, Mr. Patrick Hylton, is the President of GHL's parent Company, NCB Financial Group Limited and is therefore a Non-Executive Director in keeping with the Company's independence criteria. Mr. Henry Peter Ganteaume continues in the role as Lead Independent Director.

Board Of Directors

The Board meets at least quarterly to conduct routine business, while additional meetings are convened as necessary for special business such as strategic planning or deliberations on major transactions. All Board meetings were conducted electronically and facilitated the same level of discourse, oversight and leadership, notwithstanding the geographical distance among the members.

Due to the COVID-19 pandemic and the consequent restrictions on travel and congregating, the Board effectively conducted the 2021 Annual Meeting electronically, which allowed Shareholders to attend and participate in the meeting via a live webcast. As in the prior year, Shareholders were able to view the presentations of the Auditors, the Chief Financial Officer and the Chief Executive Officer and ask questions of the Board.

The Corporate Governance Policy sets the standard for the quality of the information provided to the directors. The policy requires that such information be relevant, concise, timely, well organised and supported by the necessary context, which informs directors about the material aspects of the Company's business, performance and prospects. In pursuance of meaningful participation by all directors at board meetings and to allow directors adequate time to review and reflect on the information, directors receive Board papers one week in advance of meetings.

Board Committees

In accordance with recognised principles of corporate governance, the Board has established standing Board Committees to assist with the discharge of its responsibilities. The following standing Committees support the Board in a review and advisory capacity:

- The Corporate Governance Committee (CGC)
- The Audit Committee (AC)
- The Risk and Compliance Committee (RCC)
- The Talent Development and Compensation Committee (TDCC)

Each Committee is governed by a charter which sets out its responsibilities and the requirements for its composition. The composition of Committees is reviewed on an annual basis by the CGC, which makes recommendations to the Board in this regard. Charters are also reviewed biennially by the relevant Committee and the Board. All Committees report to the Board quarterly and the minutes of the Committees' meetings are circulated to all Directors. The authority of the Committees is determined by the Board, subject to any statutory prohibition against delegation. The role and responsibilities of all Committees are considered by GHL to be a key contributor to its robust corporate governance framework and is evidence of the Group's commitment to best practices in corporate governance. Reports of the Board Committees are contained in **Appendix 1**.

STRENGTHENING THE COMPOSITION AND PERFORMANCE OF THE BOARD AND COMMITTEES - PRINCIPLE II

As of 31st December 2021, the Board of Directors of GHL comprised thirteen directors, of whom twelve are Non-Executive Directors and one is Executive. Of the Non-Executive Directors, six are deemed Independent in accordance with the independence criteria contained in By-Law No.1 of the Company.

Directors' Training and Development

High emphasis is placed on ongoing training in keeping with local and global legal, financial and governance trends. During this financial year, GHL Directors participated in the following training and development programmes:

TOPIC	FACILITATOR
ESG and the move to Sustainable Energy in the Caribbean	Caribbean Corporate Governance Institute
IFRS 17 & Corporate Governance	Arthur Lok Jack Global School of Business
Anti-Corruption and the Role of the Board and Compliance	Caribbean Financial Action Task Force
Delivering value through ESG, and the Evolving Role of the Board	McKinsey & Company Consultants
Audit Committee Effectiveness: Practical Tips for the Chairman	PricewaterhouseCoopers
Considerations for Leadership in Developing Measures to Effectively Mitigate, Minimise and Manage ML/TF/PF Risks Associated with Countries	National Commercial Bank Jamaica Limited
Security Awareness Training – Data Privacy and Data Protection	National Commercial Bank Jamaica Limited
Executive Cloud Security Training	National Commercial Bank Jamaica Limited
Insurance Fundamentals and Financials	McKinsey & Company Consultants
Common Reporting Standard for Guardian Group's TT Entities	Regional Compliance Consultants

Directors' Training and Development (cont'd)

Additionally, all directors participate in a formal induction process in accordance with the Company's Induction and Onboarding procedure, alongside standard and personalised training to support the effective discharge of their duties on the Board.

Remuneration

The primary objective of the Company's Remuneration Policy is the provision of competitive remuneration packages to attract, recruit and retain talent, considering market conditions and the long-term interests of the Company. This has been achieved through participation in relevant market compensation surveys, at least every three years, using appropriate comparator organisations.

Non–Executive Directors

Non-Executive Directors are remunerated by means of an annual retainer, the value of which is determined by reference to the anticipated workload, the size and complexity of the Group's operations and prevailing market benchmarks in other publicly traded companies.

Executive Director

Executive remuneration comprises of an annual base salary and benefits, as well as variable components such as long and short-term incentive programmes. The annual base salary considers standards in the market, the desired executive competencies and the needs of the Group from time to time.

REINFORCE LOYALTY AND INDEPENDENCE - PRINCIPLE III

In recognition of the important oversight role of independent directors, the Company has enshrined in its By-Laws the requirement for a minimum of thirty percent independent directorship.

Criteria for Independence

- No direct or indirect material relationship with the Company, its officers, directors or affiliates other than membership on the Board;
- No affiliation with a non-profit organisation that receives significant funding from the Company or any of its affiliates;
- No affiliation with present or former auditors of the Company and;
- Is identified in the annual report of the Company distributed to the Shareholders of the Company as an 'Independent Director'.

The Board therefore annually considers and evaluates the independence of its directors and can confirm that the following six directors, representing forty-six percent of the Board, meet the criteria for Independence:

- Mr. Henry Peter Ganteaume (Lead Independent Director)
- Mr. Antony Lancaster
- Mr. Charles Percy
- Mr. David Philip Hamel-Smith
- Mr. Maxim Rochester
- Ms. Patricia Ghany

Conflicts of Interest

All directors and employees of the Company are subject to the GHL Conflict of Interest Policy which requires full disclosure of any conflict or perceived conflict of interest and describes the process to manage that conflict. Compliance with the policy is monitored by the CGC.

REINFORCE LOYALTY AND INDEPENDENCE - PRINCIPLE III (CONT'D)

Directors' Tenure

Directors are elected for stated terms not exceeding three years except for directors over the age of 70 years whose appointments are for a period of one year, in accordance with the Corporate Governance Policy. Upon the expiration of the term of office, the performance of the director is reviewed by the CGC prior to a recommendation being made on his/her nomination for re-election. The biographies of the directors are contained in **Appendix 2**.

Commitment of Time

Non-Executive Directors are required to sign terms of engagement, under which they commit to attend Board meetings and devote such time and attention as necessary for the proper discharge of his/her duties and responsibilities as a director. The attendance of directors at Board and Committee meetings for the year is outlined below.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS AS AT 31ST DECEMBER, 2021

GHL DIRECTORS	BOARD Eight (8) Meetings	AC Five (5) Meetings	RCC Five (5) Meetings	CGC Four (4) Meetings	TDCC Five (5) Meetings
Antony Lancaster	8	5	5	4	5
Charles Percy	8	5	5	4	5
David Philip Hamel-Smith	8	-	-	4	5
Dennis Cohen[1]	8	5	5	-	2
Henry Peter Ganteaume	8	4	-	4	5
Imtiaz Ahamad	8	4	-	-	-
Maxim Rochester	8	5	5	-	-
Michael Lee-Chin	8	-	-	-	-
Nicholas Lok Jack	7	-	-	-	-
Patricia Ghany	8	-	-	-	5
Patrick Hylton	8	-	-	-	5
Ravi Tewari	8	-	4	-	-
Robert Almeida	8	-	5	-	-

FOSTER ACCOUNTABILITY – PRINCIPLE IV

Material Developments

COVID-19 and Business Continuity

The COVID-19 global crisis resulted in a dramatic change to the mode of business operations within the Guardian Group. In the face of this challenge, the Company innovated mechanisms to ensure that its strategic objectives continued to be met while prioritising the safety of its employees, customers and affiliates. These included strategies for building resilience and preparation for recovery from the financial impact of the pandemic, re-shaping long and short-term strategies and constant communication with stakeholders.

1 Mr. Dennis Cohen's appointment to the TDCC was approved by the GHL Board on May 28, 2021.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS AS AT 31ST DECEMBER, 2021 (CONT'D)

Cross-Listing on the Jamaica Stock Exchange

GHL became the third-largest company by capitalisation on the Main Market of the Jamaica Stock Exchange after its cross-listing on 5th May, 2021. The cross-listing has resulted in over 2,000 Shareholders being added to the registry and the expanded investor base has supported liquidity and price discovery for GHL shares.

International Financial Reporting Standard ("IFRS") 17

In May 2017, the International Accounting Standards Board published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts as well as to certain financial instruments with discretionary participation features. The Board of Directors has followed these developments closely and in 2018 established a centralised Group IFRS 17 Project Committee. That Committee has successfully led all project phases from gap analysis to design, build and implementation with quarterly reporting to the Audit Committee of the Board and regulators, as required. The Board is satisfied that compliance with the standard is assured for all of the Group's insurance entities and will continue to engage in training and communication to all stakeholders as the effective date for compliance of 1st January 2023 draws near.

Disclosure

The Company continues to fulfil its material regulatory disclosure obligations within prescribed statutory timeframes against the highest governance standards of transparency and accountability. The Company has also established a regular and open line of communication with its stakeholders to discuss all material matters.

RELATIONSHIPS WITH SHAREHOLDERS - PRINCIPLE V

The Board adopted a formal Disclosure Policy designed to provide accurate, timely and balanced disclosure of all material matters concerning the Company.

The Board is committed to facilitating the ownership rights of all Shareholder groups, including minority and foreign Shareholders and institutional investors, by fostering open communication with its Shareholders through the office of the Corporate Secretary. Provision is made for Shareholders to have the opportunity to engage with the Company and participate effectively in annual and special meetings through the provision of proxies. External auditors and members of senior management and the Board are available at meetings with Shareholders to respond to Shareholder questions. In addition to the statutory reporting requirements, each quarter's publication is accompanied by a comprehensive report from the Chairman outlining both the strategic and operational aspects of the Group's business.

The Trinidad and Tobago Central Depository, which performs the Registrar function for the Company, continues to lend support as a liaison for Shareholder information and queries.

The Company is committed to managing its lines of business in a socially conscious way, while maintaining ethical corporate governance practices in all territories in which it operates. The Company also considers the legitimate interest and expectations of all Stakeholders particularly its employees, suppliers and the wider communities as outlined in this year's Corporate Social Responsibility report.

Environmental, Social and Governance (ESG) Reporting

The Board is keeping apace with global governance disclosure trends particularly in the area of Environment, Social and Governance reporting. ESG places great emphasis on providing quantitative and qualitative disclosures in the key areas of Environment, Social Impact and Corporate Governance with a view to illustrating the business impact in these three areas for stakeholders. The Board has begun the process of training and education to understand this evolving disclosure landscape and remains committed to ensuring that ESG is comprehensively explored and that where necessary, changes to its disclosure regime are implemented in a timely manner.

Appendix 1 - Committee Reports

REPORT OF THE AUDIT COMMITTEE ("AC")

The purpose of the AC is to assist the Board in fulfilling its oversight responsibilities for:

- The integrity of the Group's financial statements;
- The Group's external auditor's qualifications and independence; and
- The performance of the Group's internal audit function.

Committee Structure

The AC's charter requires that the AC consist of at least three and no more than six members of the Board. The AC is chaired by an independent director who is also the designated "financial expert" and comprises six Non-Executive Directors, four of whom also meet the criteria specified for Independence in the Company's By-laws and all of whom are financially literate. Committee members may not simultaneously serve on the Audit Committee of more than two public companies. The members of the AC are:

- Mr. Maxim Rochester (Chairman)
- Mr. Antony Lancaster
- Mr. Charles Percy
- Mr. Dennis Cohen
- Mr. Henry Peter Ganteaume
- Mr. Imtiaz Ahamad

Meetings

The AC held four meetings for the 2021 financial year. The Group Chief Financial Officer and the Group Head, Internal Audit, attended all meetings of the AC. They provided comprehensive reports on the internal audit and financial reporting matters of the Group and the respective impacts on both the financial and non-financial objectives of the Group.

Private sessions between and among the Chairman, external and internal auditors are standard agenda items at each meeting. Following every meeting of the AC, the Chairman certified to the Board the AC's satisfaction that internal controls were functioning properly in the areas reviewed by Group Internal Audit.

Internal Control and the Internal Audit Function

The ongoing assessment of the adequacy and effectiveness of the Group's internal control system is the primary responsibility of Internal Audit. The Group Head, Internal Audit has unfettered access to the AC and reports administratively to the CEO.

During the year under review, weaknesses in internal controls noted by the internal auditors and management's corrective actions were presented to the Committee at its quarterly meetings.

The AC is satisfied that the Internal Audit function has been discharged in an objective and transparent manner and that the performance of the function is not subject to management's undue influence.

External Audit

The AC assessed whether any circumstance existed that may reasonably affect the external auditor's independence. The external auditor has not been engaged to perform any non-audit-related work that might impair their independence. Further, the AC confirmed with the external auditor that there were no known relationships between the external auditor and the Group or its staff that might impact the external auditor's independence.

The AC reviewed and approved the external auditor's approach to and the scope of their examination of the financial statements for the 2021 financial year. The members are satisfied that the external auditor planned the audit to obtain reasonable assurance that the financial statements are free of material misstatement and present a fair view of the financial position of the Group as at 31st December 2021, and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Finanical Statements

During the 2021 Financial Year, the interim unaudited financial statements were presented to the AC at its quarterly meetings for review and recommended to the Board for adoption. The AC is also satisfied that the audited financial statements contained in this Annual Report are complete, consistent with information known to its members and in conformity with approved accounting principles that have been consistently applied.

REPORT OF THE RISK AND COMPLIANCE COMMITTEE ("RCC")

The purpose of the RCC is to assist the Board in fulfilling its oversight responsibilities for:

- The maintenance of a sound system of risk oversight and management;
- Review of management's recommendations on risk including risk appetite and risk profile;
- Review of policies, programmes and procedures to ensure compliance with all relevant legal and regulatory requirements and other relevant policies, standards and best practices;
- Ensuring the Group meets all legal obligations arising from material agreements and undertakings;
- Review and approval of policies relevant to risk and AML/CFT programmes;
- Establishment of an appropriate AML/CFT risk framework;
- Reviewing and ensuring the adequacy of the Group's AML/CFT training plan;
- Ensuring receipt of the regular and comprehensive reports on compliance risk (including AML/CFT); and
- Ensuring the appropriate structure for reporting on compliance.

Committee Structure

The RCC's charter requires that the RCC consist of at least three members, a majority of whom will be non-executive directors and is led by a Non-Executive Chairman with relevant qualifications and industry knowledge to effectively carry out the functions of the Committee. The members of the RCC are:

- Mr. Dennis Cohen (Chairman)
- Mr. Antony Lancaster
- Mr. Charles Percy
- Mr. Maxim Rochester
- Mr. Ravi Tewari
- Mr. Robert Almeida

Meetings

The RCC held five meetings for the 2021 financial year. The Group Chief Risk Officer and the Group Head of Compliance attended all meetings of the RCC. They provided comprehensive reports on the risk management and compliance activities of the Group and the respective impacts on both the financial and non-financial objectives of the Group.

Following every meeting of the RCC, the Chairman certified to the Board, the RCC's satisfaction that:

- Risk-corrective actions identified by Management were adequate;
- Compliance management issues identified were satisfactorily resolved; and
- Risk management systems were operating effectively and that risk management strategies were consistently applied to minimise exposures to risk.

Group Compliance

The remit of the Group Compliance Unit ("the Unit") is to provide assurance to the Board that the GHL Group of Companies complies with all applicable laws, regulations, internal policies, codes of conduct and standards of good practice, in those jurisdictions in which the Group's businesses are located. The Unit is vested with the authority to formulate and establish procedures to facilitate the implementation and enforcement of the Group's Anti-Money Laundering Compliance Policy and the Group Compliance Policy.

Group Compliance (cont'd)

The Unit has established a compliance reporting framework throughout the Group and receives periodic compliance reports from the business units on compliance with applicable laws and regulations, regulatory developments and compliance issues.

During the year under review, the Unit reported to the RCC on the status of each business unit's compliance, with applicable laws and regulations and regulatory developments. The RCC is satisfied that compliance issues raised during the year were properly monitored and resolved and that there are no material issues remaining unresolved at the year-end.

Risk Management

The primary objective of the Risk Management function is to provide value and protection to the Company by:

- Maintaining comprehensive oversight of all financial and non-financial risk that may create an adverse effect on the Group's earnings and Shareholder value;
- Managing risk and increasing the efficiency and effectiveness through which capital and other resources are allocated by robust assessment of the risk and reward trade-off;
- Building and sustaining the Group's competitive advantage through increasing the knowledge of the risk environments in which we operate and assuring an adequate pricing of risk; and
- Increasing our resistance to financial contagion and resilience to the impact of external events.

During the year under review, the RCC:

- Reviewed the Group's risk appetite based on performance against set targets. The Chief Risk Officer has overall responsibility for monitoring the Group's risk appetite and reporting on performance to the Committee;
- Received regular Key Risk Indicator reports with details of the key risk exposures, the drivers of risk in the Group, emerging and potential risks, and actions taken to mitigate any risk that exceeded pre-established tolerance levels. The RCC also monitored the adequacy of the Group's control framework. In particular, the RCC focused on assessing the Group's capital and liquidity positions, existing and emerging regulatory requirements and dynamic risk-based models;
- Continued its focus on business continuity and IT security risks;
- Maintained oversight of the Group's strategic initiatives and projects, including merger and acquisition activity; and
- Received regular reports on regulatory and other public policy developments. In particular, it monitored the actions being taken by Management in response to risk-based insurance supervisory enquiries, as well as overall readiness for the passage of new legislation.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE ("CGC")

The objectives of the CGC are to develop, implement and periodically review guidelines for robust governance of the GHL Group of Companies. The responsibilities of the CGC include:

- Regularly reviewing the Corporate Governance Policy adopted by the Board and recommending revisions as appropriate;
- Developing and recommending to the Board for its approval, an annual self-evaluation of the Board and its committees and overseeing the annual self-evaluations;
- Developing, implementing and regularly reviewing an induction programme for newly appointed directors to the Board of GHL and Group member companies;
- Developing, implementing and regularly reviewing an ongoing education programme for directors of Group member companies;
- Developing the Group's corporate governance framework in line with governance best practice;

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE ("CGC") (CONT'D)

- Reviewing annually the composition of the GHL Board and Committees and the Boards of all GHL member companies and their committees and making recommendations for director and senior officer appointments to the respective Boards; and
- Ensuring that the membership of the Board collectively provides a balanced mix of experience, diversity and skills to ensure that there is adequate synergy and alignment among the respective business initiatives and the Company's mission, values and long-term strategic plan.

Committee Structure

The CGC comprises four Non-Executive Directors, all of whom meet the criteria specified for Independence in the Company's By-Laws. The members of the CGC are:

- Mr. David Philip Hamel-Smith (Chairman)
- Mr. Antony Lancaster
- Mr. Charles Percy
- Mr. Henry Peter Ganteaume

The Board is satisfied that as currently composed, the CGC demonstrates the required level of independent thought in its deliberations.

Meetings

The CGC held four meetings during 2021, at which the CGC conducted its regular business including:

- Reviewed and made recommendations on the composition of the GHL Board and Committees;
- Consideration of nominations for appointments to all Board of Directors within the Group;
- Conducted succession planning exercises during the year;
- Reviewed and updated key Governance Policies and Procedures of the Group; and
- Supported the evaluation exercises for the GHL Board and Committees.

REPORT OF THE TALENT DEVELOPMENT AND COMPENSATION COMMITTEE ("TDCC")

The TDCC is responsible for making recommendations pertaining to:

- The compensation of the Chairmen and members of the Boards of Directors and Committees of GHL and of all GHL Group companies;
- The remuneration, performance and incentive awards of senior executives of all Group companies as identified from time to time by the Committee; and
- Maintaining strong succession programmes for executives and other key senior positions, including the processes for recruitment, engagement, training and development and promotion of senior executives of the Group, as identified from time to time by the Committee.

Committee Structure

The TDCC, in addition to its responsibility for the oversight of and input in Director and Executive remuneration, is responsible for co-developing the Group Human Resource Strategy and talent development. The TDCC evaluates the responsibilities of senior management in relation to this strategy.

The TDCC comprises seven members of the Board of Directors, five of whom meet the criteria specified for Independence in the Company's By-laws. The members of the TDCC are:

Committee Structure (cont'd)

- Mr. Henry Peter Ganteaume (Chairman)
- Mr. Antony Lancaster
- Mr. Charles Percy
- Mr. David Philip Hamel-Smith
- Mr. Dennis Cohen
- Mr. Patrick Hylton
- Ms. Patricia Ghany

The Board is satisfied that, as currently composed, the TDCC demonstrates the required level of independent thought in its deliberations.

Meetings

During 2021, the TDCC held five meetings to conduct its regular business which included the review of the CEO and senior executives' performance, review of the Remuneration Policy, review and reconfirmation of the TDCC Charter and the review of incentive policies for Executives. In addition, the TDCC reviewed key developments in core human resource functions including talent acquisition, performance management, training and development, talent management, organisational health and human resource technology. Succession planning for the senior executive positions was reviewed.

The TDCC is satisfied that the remuneration of directors and senior management is fair, reasonable and competitive.

Appendix 2 - Directors' Biography

Mr. Antony Lancaster

Mr. Antony Lancaster brings to the Board nearly sixty years' experience in the general insurance field, many of which were in the Caribbean and a number of international jurisdictions and in particular the United Kingdom ("UK"). Prior to his retirement, he served as Chairman and Chief Executive of GAN Insurance Co. Ltd. and the Groupama insurance companies in the UK. He joined the Guardian Holdings Limited Board in 2003.

Mr. Charles Percy

Mr. Charles Percy's distinguished career spans over thirty-seven years in Trinidad and Tobago's Energy Sector, with prior executive leadership positions at BP Trinidad and Tobago LLC, Hydro Agri Trinidad (now Yara Trinidad Ltd.), Atlas Methanol Company and Methanex Trinidad Limited. He is also a current director on the Board of Trinidad Cement Limited and was a past President of the Energy Limited Chamber of Trinidad and Tobago, as well as a past Director of Point Lisas Industrial Port Development Corporation Limited.

Mr. Percy has also been an active member in the financial services sector for the past twenty-five years and was instrumental in the successful merger of two credit unions to form Venture Credit Union.

Mr. David Philip Hamel-Smith

Mr. David Philip Hamel-Smith joined the Guardian Holdings Board in March of 1997. An Attorney-at-Law, he is the Partner Emeritus of M. Hamel-Smith and Company. A former Trinidad and Tobago Senator, Mr. Hamel-Smith has served as Vice President of the Senate and is a member of the Law Association of Trinidad and Tobago, the St. Kitts and Nevis Bar Association, the American Bar Association, the International Bar Association and the Law Society of the United Kingdom.

Mr. Dennis Cohen

Mr. Dennis Cohen provides leadership and oversight for the NCB Financial Group Limited's (NCBFG) financial planning and reporting, investor relations and several key business segments. He started his professional career at PricewaterhouseCoopers before joining Citibank, where he served in a number of roles including Country Treasurer. Mr. Cohen joined NCBFG in 2004 and has served in several key roles within the group, including CEO of NCB Capital Markets Limited. He is the Chairman of NCB Insurance Agency and Fund Managers Limited (formerly called NCB Insurance Company Limited), NCB Capital Markets (Cayman) Limited and NCB Trust Company (Cayman). He also serves as a director of NCB Capital Markets Limited, Guardian Holdings Limited, Guardian Life of The Caribbean Limited, Guardian General Insurance Limited, Guardian Life Limited, Clarien Bank Limited (Bermuda), Clarien Group Limited, Stratus Alternative Funds SCC and TFOB (2021) Limited. He is a member of the Institute of Chartered Accountants of Jamaica (ICAJ) and a fellow of the Association of Chartered Certified Accountants (ACCA).

Mr. Henry Peter Ganteaume

Mr. Henry Peter Ganteaume has had a distinguished career in finance, accounting and auditing since qualifying in June 1969 as a Member of the Institute of Chartered Accountants of England and Wales. He was appointed Chief Executive Officer of Guardian Holdings Limited in July 1999 and served the company in that capacity until 2009.

Mr. Ganteaume is a former Senior Partner of Price Waterhouse, latterly PricewaterhouseCoopers and has presented numerous papers on technical accounting and finance-related subjects. He also served as Chairman of the Accounting Standards Committee of the Institute of Chartered Accountants of Trinidad and Tobago as well as a member of the Board of Directors of the American Chamber of Commerce of Trinidad and Tobago. He is also a member of the Caribbean Corporate Governance Institute and is an adviser to numerous family owned businesses on corporate governance and succession planning. Mr. Ganteaume is currently the Deputy Chairman of Guardian Holdings Limited and Chairman of Guardian Life of The Caribbean Limited.

Mr. Imtiaz Ahamad

Mr. Imtiaz Ahamad joined the Guardian Holdings Limited Board in 2004. He is the Chief Executive Officer of Southern Sales and Service Company Limited and is a director on the Boards of Universal Investments Limited and Evolving Technologies and Enterprise Development Company Limited (eTecK).

Mr. Maxim Rochester

Mr. Maxim Rochester is a current member of the Chartered Association of Certified Accountants (UK) and The Institute of Chartered Accountants of Jamaica. He is also a former member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica and played a significant role in the adoption of International Financial Reporting Standards in Jamaica.

Mr. Rochester was also a former Territory Senior Partner of PricewaterhouseCoopers and was a part of the firm for thirty-eight years. He has extensive experience in the banking and insurance sectors with over thirty years experience in audit services and is quite knowledgeable in financial systems, regulatory environment and reporting requirements.

Mr. Michael Lee-Chin

Mr. Michael Lee-Chin is the President and Chairman of Portland Holdings, a privately held investment company that manages public and private equity. Mr. Lee-Chin has an ownership interest in a collection of diversified businesses operating in sectors that include financial services, insurance, media, tourism, agriculture, real estate development and pharmaceuticals. He holds various board positions and was appointed Chairman of Jamaica's Economic Growth Council in 2016.

Mr. Nicholas Lok Jack

Mr. Nicholas Lok Jack is Deputy Chairman and CEO of the Associated Brands Group of Companies, a geographically diverse and dynamic food group with operations within ten (10) countries and sales to over twenty-five countries worldwide, spanning the Americas, Western Europe, the Middle East and Asia.

Mr. Lok Jack also serves as a Non-Executive Director of Guardian Holdings Limited and its subsidiaries: Guardian Life of the Caribbean Limited, Guardian Asset Management and Investment Services Limited and Guardian General Insurance Limited, all regulated financial services companies. He was a director of the Trinidad and Tobago Manufacturers Association for five years and led the organisation as President for two years.

Mr. Patrick Hylton

Mr. Patrick Hylton has more than three decades of experience in banking and finance. His bold and fearless leadership and achievements have earned him international prominence as an expert in the field. He is an avid reader with an affinity for aphorisms and finds it nearly impossible to select only one favourite book or quote.

Mr. Hylton provides strategic leadership to NCBFG and is responsible for its strategic development, ensuring that its sales, service and risk management goals are appropriately set and achieved.

Today, Mr. Hylton is the Chairman of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited, Clarien Bank Limited and Mona School of Business and sits on the Board of Directors for NCB Financial Group Limited, Massy Holdings Limited and several others. In the mid-1990s, he was appointed by the Government of Jamaica to lead the restructuring of the Jamaican financial sector – a project that earned him the national award of the Order of Distinction (Commander Class) in 2002. In October 2020, he was also conferred with the Order of Jamaica for his distinguished contribution to the financial sector and philanthropy.

Ms. Patricia Ghany

Ms. Patricia Ghany is the Chief Financial Officer at Esau Oilfield Supplies Co. Ltd., a leading supplier of pipes, valves, pipe fittings and gaskets to the petrochemical and oil and gas sectors in Trinidad and Tobago. She has over twenty-five years' experience in various aspects of the oil and gas sector with an emphasis on Procurement, Business Development and Project Management. She currently serves as the Immediate Past President of the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) and has held positions of Vice President and Treasurer during her seven-year tenure on the Board of AMCHAM. Ms. Ghany also serves as Vice President of the Governing Board of the Association of the American Chamber of Commerce in Latin America and the Caribbean.

Mr. Ravi Tewari

Mr. Ravi Tewari is Group Chief Executive Officer of Guardian Group, one of the largest financial services organisations that operates across the English and Dutch Caribbean. An actuary by profession, he has twenty-nine years of experience in the insurance industry. He began his career in actuarial consulting and worked for several insurance clients throughout the Caribbean. On joining Guardian Life of The Caribbean Limited in 1998, he worked as a Valuation Actuary, where he played a pivotal role in several key acquisition projects that drove the rapid expansion of Guardian Group.

In 2005 he was appointed as President of Guardian Life of The Caribbean Limited; in 2011 as Head of the Life Line of Business for the Group; and in 2014 he was appointed Group CEO of Guardian Group. Mr. Ravi Tewari holds directorships on the boards of Guardian Holdings Limited, Guardian Life of The Caribbean Limited and including other Group subsidiaries. He also serves as a Director on the Boards of Advanced Cardiovascular Institute and the Trinidad and Tobago Citizens Alliance Against Crime.

Mr. Robert Almeida

Mr. Robert Almeida B.COMM., CPA, CA, is the Founding Partner of Portland Private Equity and Managing Partner of the AIC Caribbean Fund and Portland Caribbean Fund II. He is a Director, Senior Vice President and Portfolio Manager at Portland Investment Counsel Inc. (Canada).

He currently serves on several Portland group portfolio company boards, including NCB Financial Group Limited, as well as the not-for-profit Canadian Council for the Americas.

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2021 ANNUAL REPORT

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Statement of Management's Responsibilities

Management is responsible for the following :

- Preparing and fairly presenting the accompanying consolidated financial statements of GUARDIAN HOLDINGS LIMITED (the Company) and its subsidiaries (the Group) and which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group´s assets, detection/prevention of fraud;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act and Insurance Act; and
- Using reasonable and prudent judgment in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date.

Management affirms that it has carried out its responsibilities as outlined above.

Ravi Tewari
Group Chief Executive Officer
24 February 2022

David Maraj
Group Chief Financial Officer
24 February 2022

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Independent auditor's report

To the Shareholders of Guardian Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Guardian Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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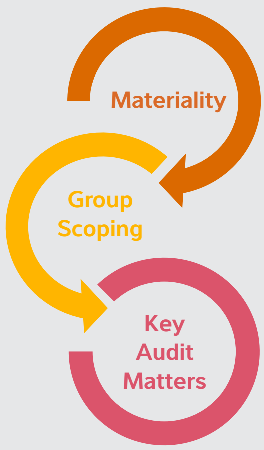
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Our audit approach

Overview



• Overall group materiality: TT$50 million, which represents 5% of profit before taxation.
• We performed full scope audits for 6 components and audits of certain financial statement line items for 5 components. • Our group audit covered 93% of profit before taxation and 97% of total assets.
• Methodologies and assumptions used for determining insurance contract liabilities for life and annuity insurance contracts. • Valuation of unquoted corporate debt and government securities accounted for at fair value through profit and loss and fair value through other comprehensive income. • IFRS 9 'Financial Instruments' - Forward looking information.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Our group scoping was performed at the legal entity level. The following components were considered individually financially significant and were subject to full scope audits for group audit purposes:

- Fatum Holdings N.V.
- Guardian General Insurance Limited
- Guardian General Insurance Jamaica Limited
- Guardian Life of the Caribbean Limited
- Guardian Life Limited
- Guardian Re (SAC) Limited

For five other components, we identified account balances which were considered to be significant in size or audit risk at the financial statement line item level and performed audits over the specified balances. The Group engagement team performed analytical procedures over the remaining components that were not inconsequential. Our group scoping provided coverage of approximately 93% of profit before taxation and 97% of total assets of the Group.

In establishing the overall group audit strategy and plan, we determined the type of work that is needed to be performed at the components by the Group engagement team and by component auditors. Where the work was performed by either PwC or non-PwC network firm component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained. The Group engagement team had regular interaction with the component teams during the audit process.

Our audit approach (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	TT$50 million
How we determined it	5% of profit before taxation
Rationale for the materiality benchmark applied	We chose profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT$2 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Methodologies and assumptions used for determining insurance contract liabilities for life and annuity insurance contracts *Refer to notes 2.15, 3(b), 4.1 and 21 to the consolidated financial statements for disclosures of related accounting policies and balances.* As at 31 December 2021, actuarial reserves for life and annuity contracts accounted for TT$17 billion or 60% of total liabilities of the Group. Economic assumptions such as investment return, associated discount rates and borrowing rates, policy expenses and assumptions such as mortality and persistency are key inputs used to estimate these long term liabilities. Management used internal actuarial experts along with external independent experts to assist in determining these assumptions and in valuing these long term liabilities. We focused on this area because the valuation of the provisions for the settlement of future claims involves complex and subjective judgments about future events, both internal and external to the business, for which small changes in assumptions may result in significant impacts to the valuation of these liabilities.	The approach to addressing the matter, with the assistance of our actuarial specialists, involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data used by management to support the actuarial valuation. We tested a sample of contracts to assess whether contract features and demographic data corresponded to the data file provided by management to its external actuary. • Evaluated the methodologies and assumptions used by management's actuarial experts considering industry and component specific facts and circumstances. Specific areas of focus were economic assumptions such as investment return, associated discount rates and borrowing rates, policy expenses and assumptions such as mortality and persistency, all of which are based on entity experience or publicly available information. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstances.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted corporate debt and government securities accounted for at fair value through profit and loss and fair value through other comprehensive income *Refer to notes 2.9, 2.11 and 10 to the consolidated financial statements for disclosures of related accounting policies and balances.*	
As at 31 December 2021, unquoted corporate debt and government securities classified as fair value through profit or loss and fair value through other comprehensive income accounted for TT$11 billion or 32% of total assets of the Group. To value these securities, management uses valuation techniques which require the application of a market yield curve adjusted by a risk premium to discount the contractual cash flows of the instruments. We focused on this area as the yield curve is an unobservable input requiring management’s judgment and estimation, which is subject to high estimation uncertainty.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Updated our understanding of management’s approach to performing the fair value assessment. This included updating our understanding of the process by which management’s key assumptions and methodologies were developed and assessing their appropriateness. • Tested key data inputs used in the valuation model, including issuance date, maturity date, coupon rate and risk premium at issuance, by performing confirmation procedures and comparison to source documents on a sample basis. • Independently developed territory specific yield curves and compared them to management’s yield curves. • Tested on a sample basis, the contractual cash flows of the underlying securities by comparing to source documentation and evaluated the impact of variations. The results of our procedures indicated that the key assumptions used by management for determining the fair value of unquoted corporate debt and government securities were not unreasonable.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Forward looking information *Refer to notes 2.10, 3(e), 10 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances.*	
As at 31 December 2021, the Group's investment securities and loans and receivables subject to expected credit losses (ECL) were TT$14 billion and TT$2 billion respectively, gross of ECL. The total associated expected credit losses amounted to TT$49 million and TT$352 million respectively. In assessing impairment, IFRS 9 prescribes a forward looking ECL impairment model which takes into account reasonable and supportable forward looking information. Management applies an internally developed credit loss model. The estimation and application of forward looking information requires significant judgment. Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) which most closely correlate with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation incorporates forecasts of the relevant macroeconomic variables. For both investment securities and loans and receivables, management considered forward looking macroeconomic data by examining the future economic outlook of the countries where the instruments originate and adjusting the probability of defaults if necessary. We focused on this area due the complexity of the credit model used and the significant management judgment required in arriving at key assumptions such as those in relation to the forward looking macroeconomic information impacting management's model.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions. • Assessed the reasonableness of the Group's methodology for determining macroeconomic scenarios and the probability weightings applied. • Tested the critical data fields used in the expected credit loss model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to source documents. • Sensitised the probability weightings used in the ECL calculation. • Tested, on a sample basis, the staging of the instruments by evaluating the accuracy of the initial credit risk and the credit risk at the reporting date. The results of our procedures indicated that the assumptions used by management for determining the forward looking information in the ECL model were not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the supplemental information showing the USD translation of the primary statements appended to the consolidated financial statements (but does not include the consolidated financial statements and our auditor´s report thereon), which we obtained prior to the date of this auditor´s report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor´s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group´s financial reporting process.

Auditor´s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sean Ramirez.

PricewaterhouseCoopers

Port of Spain, Trinidad, West Indies
24 February 2022

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

	Notes	2021 $'000	2020 $'000
Assets			
Property, plant and equipment	5	679,813	701,168
Right-of-use assets	6	82,485	93,831
Investment properties	7	1,645,435	1,670,156
Intangible assets	8	808,844	797,794
Investment in associated companies	9	299,491	261,064
Investment securities	10	21,898,990	20,666,164
Investment securities of mutual fund unit holders	10	1,762,312	1,465,074
Loans and receivables	11	1,941,965	2,015,967
Properties for development and sale	12	101,482	117,585
Pension plan assets	13	61,610	76,286
Deferred tax assets	14	95,953	71,227
Reinsurance assets	15	1,100,732	1,071,541
Deferred acquisition costs	16	130,988	129,401
Taxation recoverable		183,007	166,269
Cash and cash equivalents	17	3,480,212	3,433,408
Cash and cash equivalents of mutual fund unit holders	17	304,362	287,997
Total assets		34,577,681	33,024,932
Equity and liabilities			
Share capital	18	1,970,043	1,970,043
Reserves	19	(799,010)	(317,746)
Retained earnings		3,803,348	3,018,068
Equity attributable to owners of the company		4,974,381	4,670,365
Non-controlling interest in subsidiary	20	8,997	5,523
Total equity		4,983,378	4,675,888
Liabilities			
Insurance contracts	21	19,503,373	18,823,849
Financial liabilities	22	3,521,703	3,277,504
Lease liabilities	6	96,245	103,669
Investment contract liabilities	23	2,645,659	2,696,558
Third party interests in mutual funds	24	1,599,412	1,301,361
Pension plan liabilities	13	38,459	92,401
Post-retirement medical benefit obligations	25	123,191	131,425
Deferred tax liabilities	14	467,790	420,017
Provision for taxation		80,032	149,111
Other liabilities	26	1,518,439	1,353,149
Total liabilities		29,594,303	28,349,044
Total equity and liabilities		34,577,681	33,024,932

The accompanying notes form an integral part of these consolidated financial statements.

On 24 February 2022, the Board of Directors of Guardian Holdings Limited authorised these consolidated financial statements for issue.

Director: **Director:**

Consolidated Statement of Income

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

	Notes	2021 $'000	2020 $'000
Insurance activities			
Insurance premium income	27	7,006,913	6,450,820
Insurance premium ceded to reinsurers	27	(2,340,904)	(2,103,322)
Reinsurance commission income		473,963	471,624
Net underwriting revenue		5,139,972	4,819,122
Policy acquisition expenses	28	(768,754)	(737,295)
Net insurance benefits and claims	29	(3,309,861)	(2,668,598)
Underwriting expenses		(4,078,615)	(3,405,893)
Net result from insurance activities		1,061,357	1,413,229
Investing activities			
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	30	829,923	698,390
Investment income from financial assets measured at fair value through profit or loss	30	353,282	313,557
Net realised gains	31	30,068	50,685
Net fair value gains/(losses)	32	162,579	(277,426)
Fee income	33	58,952	65,262
Other income	34	269,827	118,253
Investment contract benefits	23	(94,125)	19,916
Net income from investing activities		1,610,506	988,637
Fee and commission income from brokerage activities		144,658	144,325
Net income from all activities		2,816,521	2,546,191
Net impairment losses on financial assets	35	(136,024)	(15,695)
Operating expenses	36	(1,501,420)	(1,372,256)
Finance charges	37	(199,732)	(153,847)
Operating profit		979,345	1,004,393
Share of after tax profits of associated companies	9	34,020	17,705
Profit before taxation		1,013,365	1,022,098
Taxation	38	(215,018)	(243,844)
Profit after taxation		798,347	778,254
(Surplus)/deficit attributable to participating policyholders	21.1(d)	(12,546)	2,038
Profit for the year		785,801	780,292
Profit attributable to non-controlling interests		(3,469)	(5,834)
Profit attributable to equity holders of the company		782,332	774,458
Earnings per share			
- Basic	39	$ 3.37	$ 3.34

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

	Notes	Other reserves 2021	Other reserves 2020	Retained earnings 2021	Retained earnings 2020	Non-controlling interest 2021	Non-controlling interest 2020	Total 2021	Total 2020
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Profit for the year		–	–	782,332	774,458	3,469	5,834	785,801	780,292
Other comprehensive (loss)/income									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations		(361,295)	(23,230)	–	–	5	257	(361,290)	(22,973)
Net fair value (losses)/gains on debt securities at fair value through other comprehensive income		(135,418)	89,362	–	–	–	–	(135,418)	89,362
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	35	4,776	9,734	–	–	–	–	4,776	9,734
Net losses on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal		(652)	(307)	–	–	–	–	(652)	(307)
Taxation relating to components of other comprehensive income		16,751	(20,061)	–	–	–	–	16,751	(20,061)
Net other comprehensive (loss)/ income that may be reclassified subsequently to profit or loss		(475,838)	55,498	–	–	5	257	(475,833)	55,755
Items that will not be reclassified subsequently to profit or loss:									
Losses on property revaluation		(2,131)	(6,248)	–	–	–	–	(2,131)	(6,248)
Remeasurement of pension plans	13	–	–	29,683	34,259	–	–	29,683	34,259
Remeasurement of post-retirement medical benefit obligations	25	–	–	10,648	6,792	–	–	10,648	6,792
Other reserve movements		–	–	117	111	–	–	117	111
Taxation relating to components of other comprehensive income		(248)	(3,416)	5,516	(4,789)	–	–	5,268	(8,205)
Net other comprehensive income/ (loss) that will not be reclassified subsequently to profit or loss		(2,379)	(9,664)	45,964	36,373	–	–	43,585	26,709
Other comprehensive (loss)/ income for the period, net of tax		(478,217)	45,834	45,964	36,373	5	257	(432,248)	82,464
Total comprehensive income/ (loss) for the period, net of tax		(478,217)	45,834	828,296	810,831	3,474	6,091	353,553	862,756

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

	Share capital	Reserves (Note 19)	Retained earnings	Total attributable to owners of the company	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	1,970,043	(317,746)	3,018,068	4,670,365	5,523	4,675,888
Total comprehensive income/(loss)	–	(478,217)	828,296	350,079	3,474	353,553
Transfer to/from retained earnings	–	1,261	(1,261)	–	–	–
Other reserve movements	–	(4,308)	–	(4,308)	–	(4,308)
Dividends (Note 40)	–	–	(41,755)	(41,755)	–	(41,755)
Balance at 31 December 2021	1,970,043	(799,010)	3,803,348	4,974,381	8,997	4,983,378
Balance at 1 January 2020	1,986,066	(365,034)	2,318,847	3,939,879	24,341	3,964,220
Total comprehensive income	–	45,834	810,831	856,665	6,091	862,756
Transfer to/from retained earnings	–	1,454	(1,454)	–	–	–
Acquisition of non-controlling interests (Note 20)	–	–	(7,848)	(7,848)	(22,517)	(30,365)
Share option scheme:						
- value of lapsed options (Note 18)	(16,023)	–	16,023	–	–	–
Dividends (Note 40)	–	–	(118,331)	(118,331)	(2,392)	(120,723)
Balance at 31 December 2020	1,970,043	(317,746)	3,018,068	4,670,365	5,523	4,675,888

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before taxation		1,013,365	1,022,098
Adjustment for specific items included on the accruals basis:			
- Finance charges		199,732	153,847
- Investment income		(1,210,911)	(1,023,054)
Adjustment for non-cash items	41	(76,215)	322,671
Interest received		1,054,162	985,960
Dividends received		110,029	70,067
Operating profit before changes in operating assets/liabilities		1,090,162	1,531,589
Net increase/(decrease) in insurance liabilities		602,379	(41,252)
Net (increase)/decrease in reinsurance assets		(44,197)	199,411
Net increase in investment contracts		70,733	31,858
Purchase of investment securities		(8,335,358)	(9,472,800)
Proceeds from sale of investment securities		6,769,267	9,208,244
Purchase of/additions to investment properties		(87,446)	(149,324)
Proceeds from sale of investment property		206	570
Additions to properties for development and sale		(104)	(203)
Proceeds from sale of properties for development and sale		–	4,247
Net increase in loans and receivables		(102,187)	(116,168)
Net decrease/(increase) in other operating assets/liabilities		158,355	(16,103)
Cash provided by operating activities		121,810	1,180,069
Interest paid		(218,346)	(181,475)
Net taxation paid		(246,049)	(115,922)
Net cash (used in)/provided by operating activities		(342,585)	882,672
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	46	–	(20,230)
Acquisition of insurance portfolio	46	–	(237,751)
Acquisition of brokerage portfolios	8	(8,596)	–
Acquisition of non-controlling interests in subsidiary	20	–	(30,365)
Investment in associated company	9	(11,300)	–
Purchase of property, plant and equipment	5	(57,768)	(52,589)
Proceeds on sale of property, plant and equipment		2,189	1,311
Purchase of intangible assets	8	(50,014)	(15,507)
Net cash used in investing activities		(125,489)	(355,131)
Cash flows from financing activities			
Proceeds from borrowings and repurchase agreements		1,067,057	1,779,492
Repayments of borrowings and repurchase agreements		(781,193)	(1,018,973)
Payment of principal portion of lease liabilities		(18,455)	(19,192)
Dividends paid to equity holders of the company	40	(41,755)	(118,331)
Dividends paid to non-controlling interests		–	(2,392)
Redemptions from mutual funds		(642,172)	(729,948)
Subscriptions to mutual funds		982,353	809,779
Net cash provided by financing activities		565,835	700,435
Net increase in cash and cash equivalents	17	97,761	1,227,976

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

1. Incorporation and principal activities of the Group

Guardian Holdings Limited (the ´Company´ and ´GHL´) is a public limited liability holding company, which was incorporated in Trinidad and Tobago on 8 November 1982. The address of its registered office is 1 Guardian Drive, Westmoorings S.E., Trinidad and Tobago. Guardian Holdings Limited and its subsidiaries (the ´Group´) constitute a diversified financial services group engaged in underwriting all classes of long-term and short-term insurance business, insurance brokerage operations, the provision of pension and asset management services and property development.

The Company is 61.77% (2020: 61.967%) owned by NCB Global Holdings Limited (´NCBGH´ and the ´Parent´), a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017. NCBGH is 100% owned by NCB Financial Group Limited (´NCBFG´). NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 52.67% (2020: 51.75%) owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., a director of the Company. The NCB Financial Group provides a diversified range of financial services through its subsidiaries and associates.

The ordinary shares of GHL and NCBFG are listed on the Trinidad and Tobago Stock Exchange and the Jamaica Stock Exchange.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS'). They have been prepared under the historical cost convention, except for the following classes of assets which are stated at fair value in compliance with the relevant IFRS: land and buildings, investment properties and financial assets at fair value through profit or loss or other comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group´s accounting policies. Areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(a) New standards and amendments/revisions to published standards and interpretations effective in 2021

The following amendment to published standards took effect for the Group´s accounting periods beginning on or after 1 January 2021:

IFRS 16 Leases – Amendments – COVID-19-Related Rent Concessions

The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
c. there is no substantive change to the other terms and conditions of the lease.

The amendment had no material impact on the consolidated financial statements of the Group.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards and amendments/revisions to published standards and interpretations effective in 2021 but not applicable to the Group

The following new IFRS amendments that have been issued do not apply to the activities of the Group:

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases – Amendments – Interest Rate Benchmark Reform Phase 2

(c) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group

The following is a list of new IFRS standards, interpretations and amendments issued that are not yet effective as at 31 December 2021 and have not been early adopted by the Group. The Group expects to implement these standards when they become effective.

Effective 1 January 2022:

- IFRS 3 Business Combinations – Amendments – Reference to the Conceptual Framework
- IFRS 16 Leases – Amendments – COVID-19-Related Rent Concessions beyond 30 June 2021
- IAS 16 Property, Plant and Equipment – Amendments – Proceeds before intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments – Onerous contract – Cost of fulfilling a contract
- Annual Improvements to IFRSs 2018 – 2020 Cycle:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments – Subsidiary as a first-time adopter
    - IFRS 9 Financial Instruments – Amendments – Fees in the '10 per cent' test for derecognition of financial liabilities
    - IAS 41 Agriculture – Amendments – Taxation in fair value measurements

These amendments are not expected to have a material impact on the Group's financial statements.

Effective 1 January 2023:

- IAS 1 Presentation of Financial Statements – Amendments – Classification of liabilities as current or non-current
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments – Disclosure of accounting policies
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments – Definition of accounting estimates
- IAS 12 Income Taxes – Amendments – Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 Insurance Contracts

  IFRS 17 will replace IFRS 4 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. In June 2020, the IASB released amendments which, among other things, addressed concerns raised on the initial release of the standard, dealt with some implementation challenges and confirmed the deferral of the standard's effective date as 1 January 2023.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group (continued)

Effective 1 January 2023: (continued)

- IFRS 17 Insurance Contracts (continued)

IFRS 17 must be applied retrospectively. However if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard requires entities to measure insurance contract liabilities in the statement of financial position as the total of (a) the fulfilment cash flows – the current estimates of amounts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk for those amounts and (b) the contractual service margin – the future profit for providing insurance coverage.

IFRS 17 will have a significant impact on the Group's consolidated financial statements, tax and regulatory capital positions and other financial metrics that are dependent upon IFRS accounting values. The Group's assessment of the impact of IFRS 17, including work to ensure implementation by the effective date, is ongoing.

Amendments Postponed:

- IFRS 10 and IAS 28 - Amendments - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB deferred the effective date of the amendments until such time it has finalised any amendments that result from its research project on the equity method of accounting.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

2. Significant accounting policies (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.7). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

All intra-group transactions and balances are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A listing of the Group's principal subsidiaries is set out in Note 47.

(b) Associated companies

The Group's investment in associated companies is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. The consolidated statement of income reflects the share of the results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The financial statements of the associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring their accounting policies in line with the Group.

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2. Significant accounting policies (continued)

2.2 Consolidation (continued)

(b) Associated companies (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount in the consolidated statement of income.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

A listing of the Group's associates is set out in Note 47.

(c) Mutual funds

The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. These funds invest mainly in equity securities, debt securities and cash and cash equivalents.

As at the consolidated statement of financial position date, the Group has determined that it controls, as defined in Note 2.2 (a), specific funds. Similar to the Group's consolidation of its subsidiaries, the assets and liabilities of these funds have been consolidated in the financial statements on a line-by-line basis. The carrying value of the total investments and cash held by the funds are recorded as investment securities of mutual fund unit holders and cash and cash equivalents of mutual fund unit holders respectively on the consolidated statement of financial position. Interests held by external parties in the funds that are consolidated are recorded as third party interest in mutual funds on the consolidated statement of financial position.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. For management purposes, the Group is organised into business units based on their products and services and has three main reportable operating segments:

(i) Life, health and pension;

(ii) Property and casualty (including insurance brokerage); and

(iii) Asset management.

All other activities of the Group that do not fall into the segments above are aggregated and reported under 'Other including consolidation adjustments'. These activities include the following: the Group's property development in Martinique, the Group's investments in RGM Limited and EIKM Holdings Limited, the Group's shared services subsidiary and the activities of the Company.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to those with third parties. Segment income, expenses and results include those transfers between segments and are eliminated on consolidation.

2.4 Foreign currency translation

(a) Translation of transactions in foreign currencies

The financial results of Group companies are prepared in the currency in which they conduct their ordinary course of business, which is referred to as functional currency.

Transactions occurring in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

2. Significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(b) Translation to the presentation currency

In preparing the consolidated financial statements, the results and financial position of all the Group entities are translated from their respective functional currencies to Trinidad and Tobago dollars, the presentation currency, as follows:

(i) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for each consolidated statement of income are translated at average exchange rates; and

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, liquidated or wound up, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

2.5 Property, plant and equipment

Freehold properties comprise mainly offices occupied by the Group and are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income. Decreases that offset previous increases of the same asset are charged to the consolidated statement of comprehensive income. All other decreases are charged to the consolidated statement of income.

Land is not depreciated. Depreciation is charged over the estimated useful lives of the assets using the following rates and methods:

Freehold building	-	straight-line method, 2% per annum
Leasehold property	-	over the period of the lease
Air-conditioning equipment	-	straight-line method, 10 - 20% per annum
Motor vehicles	-	straight-line method, 20% per annum
Other plant, machinery, office furniture & equipment	-	straight-line method, 10 - 40% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

Notes to the Consolidated Financial Statements (continued)

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2. Significant accounting policies (continued)

2.6 Investment properties

Freehold or leasehold properties held for long-term rental yields that are not occupied by the Group are classified as investment properties. Investment properties comprise freehold land and buildings. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is based on active market prices, adjusted as necessary, for any difference in the nature, location or condition of the specified asset. Fair value is determined annually by external independent appraisers. Investment properties are not subject to depreciation. Any appreciation or diminution in value is recognised in the consolidated statement of income.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as held for use become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in the consolidated statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

Properties under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values (Note 2.8).

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group´s share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is reported in the consolidated statement of financial position. Goodwill on acquisition of associates is included in investments in associates. Goodwill has an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Customer-related intangibles

Customer-related intangibles comprise renewal rights and relationships when a business is acquired. They are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, customer-related intangibles are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the intangibles over their useful lives. The remaining useful lives of customer-related intangibles range from 1 to 16.5 years.

(c) Brands

Brands acquired through direct purchase are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives. The remaining useful life of brands is 4.5 years.

2. Significant accounting policies (continued)

2.7 Intangible assets (continued)

(d) Computer software and website development costs

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are also recognised as intangible assets. These costs are amortised over their estimated useful lives. The remaining useful lives of computer software and website development costs range from 1 to 7 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

2.8 Properties for development and sale

Properties for sale or under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values. These properties include offices, retail shops and residential units.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. An external valuation specialist was engaged in determining the net realisable value for the office and retail shops, and a discounted cash flow model was used as there is a lack of comparable data because of the nature of the properties. For the residential units, data from binding sales transactions are used to assess the net realisable value.

Impairment losses on properties for development and sale are recognised in the consolidated statement of income when the net realisable value is lower than cost. Subsequently, where cost is lower than the net realisable value, a reversal of any prior impairment losses is recognised in the consolidated statement of income.

Reclassification to investment properties is made when the Group enters into an operating lease with a third party. Transfers are done at fair value.

2.9 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when Group entities become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

The Group's 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.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) Classification and subsequent measurement

Debt instruments

Subsequent to initial recognition, the Group´s debt instruments are measured in accordance with the business models determined by the Group´s respective business units for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classified its debt instruments:

(i) 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. In addition to certain debt securities, the Group´s loans and receivables are carried at amortised cost.

(ii) 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 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.

(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of income in the period in which it arises. The Group may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading, or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

The Group reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

Business model assessment

The Group´s business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management´s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how performance of the group of assets is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model assessment (continued)

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

The Solely Payment of Principal and Interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Group's business units assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Subsequent to initial recognition, the Group measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the consolidated statement of income.

(c) Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the consolidated statement of income.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(d) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Group derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Group recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income.

2.10 Impairment of assets

(a) Financial assets

At each reporting date, the Group assesses, on a forward-looking basis, the Expected Credit Losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Group measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the consolidated statement of income.
- Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the consolidated statement of income with the corresponding entry recognised in other comprehensive income.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the

2. Significant accounting policies (continued)

2.10 Impairment of assets (continued)

(a) Financial assets (continued)

Significant increase in credit risk (continued)

Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- the remaining lifetime probability of default as at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor;
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrated otherwise. In the prior year, several of the Group's insurance subsidiaries offered a deferral in premium payments to support customers during the COVID-19 pandemic. Many of these deferrals have since expired, and customers have been required to either resume monthly payments or fully bring their accounts back up to date.

Despite the aforementioned, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments carried at fair value through comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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2. Significant accounting policies (continued)

2.10 Impairment of assets (continued)

(a) Financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract, such as a default or past due event;
- The disappearance of an active market for a financial asset because of financial difficulties;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- Rating agencies' assessments of creditworthiness.

Definition of default

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the debtor is past due more than 90 days unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In assessing whether a debtor is in default, the Group considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

Write-off

The Group writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Measurement of expected credit losses

The measurement of expected credit losses is a function of:

(i) Probability of default (PD) - an estimate of the likelihood of default over a given time horizon;

(ii) Loss given default (LGD) - an estimate of the loss arising in the case where a default occurs at a given time; and

(iii) Exposure at default (EAD) - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Group includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

2. Significant accounting policies (continued)

2.10 Impairment of assets (continued)

(a) Financial assets (continued)

Measurement of expected credit losses (continued)

The mechanics of the expected credit losses method are summarised below:

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Group records an allowance for lifetime ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Group records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

(b) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. Significant accounting policies (continued)

2.10 Impairment of assets (continued)

(b) Non-financial assets (continued)

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill and intangible assets are tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.11 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in either its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2. Significant accounting policies (continued)

2.11 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level consists mainly of various freehold and investment properties, various unquoted equity securities, and the unquoted, illiquid Series G Government of Barbados debt securities. Freehold and investment properties are fair valued by professional external valuators. Unquoted equity securities are held either at cost, being the fair value of the consideration paid on acquisition, or at fair value based on valuation ratios such as book value per share, or based on indicative prices provided by external investment managers. The Series G debt securities are valued using a discounted cash flow model that incorporates expected cash flows and a risk adjusted yield curve issued by the Central Bank of Barbados.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of certain assets such as investment properties, freehold and leasehold properties and properties for development and sale. Involvement of external valuers is decided annually and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.12 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the consolidated statement of financial position.

2.14 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

2.15 Insurance and investment contracts

(a) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

2. Significant accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(a) Classification (continued)

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

A number of insurance contracts contain a Discretionary Participation Feature (DPF), which entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

a) That are likely to be a significant portion of the total contractual benefits;

b) Whose amount or timing is contractually at the discretion of the Group; and

c) That are contractually based on:

   (i) the performance of a specified pool of contracts or a specified type of contract;

   (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; or

   (iii) the profit or loss of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the basis for the determination of the amounts on which discretionary benefits are based and within which the Group may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to the advice of the Group´s actuary or a locally appointed actuary.

(b) Recognition and measurement

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

These contracts are principally property, motor, casualty (employers´ liability, public liability), marine, group life and health insurance contracts. Health insurance contracts include both group and individual health insurance.

Property insurance contracts indemnify the Group´s customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks.

Motor insurance contracts indemnify the Group´s customers for their legal requirement under the respective country´s road traffic legislation, which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group´s customers against actions from third parties, which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers´ liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group´s customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

Group life contracts protect the Group´s customers from the consequences of events (such as death or critical illness) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefits

2. Significant accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(i) Short-term insurance contracts (continued)

paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on in-force contracts that relate to unexpired risks at the consolidated statement of financial position date is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

Unearned premiums represent the portion of premiums written in the current year that relate to periods of insurance subsequent to the consolidated statement of financial position date, calculated using either the three hundred and sixty-fifths method or the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the first date of sailing.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the consolidated statement of financial position date, even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims Incurred But Not Reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are recognised within claims expense in the current year.

(ii) Long-term insurance contracts with fixed and guaranteed terms and without DPF

These contracts insure events associated with mortality and longevity risk over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when incurred.

A liability for policyholders' benefits that are expected to be incurred in the future is established on acceptance of the insurance risk. The liability is based on the present value of estimated amounts for projected future premiums, claims, benefits, investment income and policy maintenance expenses. The liability is based on key assumptions made with respect to variables such as mortality, persistency, investment returns, expenses and expense inflation.

The liabilities are actuarially recalculated at each consolidated statement of financial position date and the change in the liability is recognised as an expense in the consolidated statement of income.

For the Trinidad and Tobago life insurance subsidiaries, actuarial liabilities are calculated using the Caribbean Policy Premium Method (CPPM) outlined in regulations issued by the Central Bank of Trinidad and Tobago. The Jamaican life insurance subsidiary uses a very similar Policy Premium Method as required under the Insurance Act 2001 of Jamaica. The calculations use current best estimates of future cash flows arising from the insurance contracts in force, with additional margins for adverse deviation for each material assumption. As experience

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2. Significant accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(ii) Long-term insurance contracts with fixed and guaranteed terms and without DPF (continued)

unfolds, the resulting provisions for adverse deviations will be included in future income to the extent they are no longer required to cover adverse experience.

Effective 1 January 2021, the actuarial liabilities of the Group's Dutch Caribbean life insurance subsidiaries were calculated using the Policy Premium Method whereas in the prior year the Modified Net Premium Method was used to calculate the actuarial liabilities. As the Policy Premium Method is very similar to that used by the Trinidad and Tobago life insurance subsidiaries, this change aligns the different valuation methods previously used by the Group in determining long-term insurance reserves. Further, the Group believes this change will also improve its comparability with industry peers.

Unit-linked and interest-sensitive insurance contracts

The premiums paid for these contracts contain an element that covers the insured event and another which is used to accumulate cash values available for withdrawal at the option of the policyholder. These cash values earn interest.

Unit-linked insurance contracts

For the Jamaican life insurance subsidiary, where the insurance contracts prescribe fixed and guaranteed terms and without DPF, the portion of the premium covering the insured risk is recorded as premium income. The portion of the premium that accumulates a cash value for the policyholder is recorded as a liability and is credited to the account of the policyholder in the respective unit-linked fund to which the contract is linked.

The liabilities arising from the unit-linked contracts comprise the liability for the insured risk and the accumulated cash value. The liability for the insured risk is determined in a manner identical to the liability for contracts with fixed and guaranteed terms and is included in the policyholders' liability balance, while the liability for the accumulated cash value is carried at fair value of the assets which fund the liabilities. The liabilities for the accumulated cash values are included in the investment contract liabilities balance. All risk and rewards accrue to the policy-holders who are invested in the unit-linked funds.

The change in the liability arising from the insurance risk is recognised as an expense in the consolidated statement of income.

Interest-sensitive insurance contracts

The Jamaican life insurance subsidiary issues interest-sensitive policies for which the entire premium is recorded as premium income and there is no unbundling of the premium receipt between the insurance and investment components. The liability for the interest-sensitive policies is determined as the sum of the liability for the insured risk (as determined above for unit-linked policies) and the liability for the accumulated cash values. The entire liability for the interest-sensitive policies is recorded in insurance contracts.

The change in the overall liability for the interest-sensitive policies is recognised as an expense in the consolidated statement of income.

(iii) Long-term insurance contracts without fixed terms

Unit-linked insurance contracts

For the Trinidad and Tobago life insurance subsidiary, where the insurance contracts prescribe no fixed terms, the entire premium on these contracts is recorded as premium income. The liabilities held for these contracts are actuarially calculated using the CPPM based on the

2. Significant accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(iii) Long-term insurance contracts without fixed terms (continued)

Unit-linked insurance contracts (continued)

expected future cash flows from these contracts. Some of the unit-linked annuity contracts contain guarantees that entitle the holders to a minimum guaranteed crediting rate over the life of the policy and provide for minimum annuity purchase rates. These guarantees are allowed for in the liability calculations.

(iv) Long-term insurance contracts with fixed and guaranteed terms and with DPF

In addition to death or life benefits, these contracts contain a DPF that entitles the holders to a bonus or dividend declared from time to time. The discretionary element of the benefits payable under these policies, as well as the guaranteed elements are treated as liabilities. The actuarial calculations make allowance for future expected policyholder bonuses and dividends. Any changes in the total benefits due are recognised as charges in the consolidated statement of income and form part of increases in reserves for future benefits of policyholders.

(v) Investment contracts

The Group issues investment contracts including deposit administration contracts and individual deferred annuity contracts. Insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest or change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of investment income and interest credited is treated as an expense.

(c) Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year.

(d) Policyholders´ benefits

Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the consolidated financial statements in the year in which they have been notified.

Differences between the estimated claims and subsequent settlements are recognised in the consolidated statement of income in year of settlement.

(e) Deferred acquisition costs

Commissions paid to agents and brokers for property, casualty and short-duration life insurance contracts that are related to securing new contracts and renewing existing contracts are expensed over the terms of the policies as premium is earned. All other costs are recognised as expenses when incurred.

(f) Liability adequacy test

At each consolidated statement of financial position date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the consolidated statement of income and the amount of the relevant insurance liabilities is increased.

2. Significant accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(g) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and amounts advanced by reinsurers to settle claims arising from catastrophic events.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of income.

(h) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income.

(i) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

2.16 Financial liabilities

Financial liabilities in the consolidated statement of financial position comprise borrowings and repurchase agreements.

(a) Borrowings

Borrowings are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of income.

The Group derecognises a loan when its contractual obligations are discharged, cancelled or have expired. The Group also derecognises a loan when its terms are modified and the cash flows of the modified borrowing is substantially different, in which case a new loan based on the modified terms is recognised at fair value. On derecognition of the loan, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

2. Significant accounting policies (continued)

2.16 Financial liabilities (continued)

(a) Borrowings (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised.

(b) Repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised financing transactions. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the EIR method.

2.17 Taxation

Taxation in the consolidated statement of income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the consolidated statement of income, except where it relates to items charged or credited to the consolidated statement of comprehensive income, in which case, deferred tax is also dealt with in the consolidated statement of comprehensive income.

2.18 Employee benefits

(a) Pension plans

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the external qualified actuaries.

The plans are governed by trust/fund deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset or liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Group.

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2. Significant accounting policies (continued)

2.18 Employee benefits (continued)

(a) Pension plans (continued)

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualified actuary, who carries out full valuations of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately through other comprehensive income in the consolidated statement of comprehensive income.

The defined benefit plans mainly expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk.

The Group´s contributions to the defined contribution pension plans are charged to the consolidated statement of income in the year to which they relate.

(b) Post-retirement medical benefit obligations

The Group´s subsidiaries in Trinidad and Tobago and the Dutch Caribbean provide post-retirement medical benefits to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefits is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans. All actuarial gains and losses are recognised immediately through other comprehensive income in the consolidated statement of comprehensive income. External qualified actuaries carry out a valuation of these obligations.

(c) Cash-based long-term performance incentive plan

The Group operates a cash-based long-term performance incentive plan for eligible executives. Accruals are made annually based on the ultimate expected payments to eligible executives.

(d) Employee share ownership plan (ESOP)

The employees of subsidiaries incorporated in Trinidad and Tobago have the option to receive their bonuses in cash and/or ordinary shares of the company purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP. The Group recognises an expense within staff costs when bonuses are awarded.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group´s shareholders after certain adjustments. The Group recognises a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

2.19 Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

2. Significant accounting policies (continued)

2.20 Revenue recognition

Revenue comprises the fair value for services rendered after eliminating revenue within the Group. Revenue is recognised as follows:

(a) Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2.15.

(b) Investment income

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate method to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired financial assets, for which the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost i.e. net of the expected credit loss provision.

Dividend income is recognised when the right to receive payment is established.

(c) Rental Income

Rental income is recognised on an accrual basis.

(d) Realised and unrealised investment gains and losses

Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the consolidated statement of income in the period in which they arise.

Unrealised gains and losses on investment securities measured at fair value through other comprehensive income are recognised in other comprehensive income. On derecognition, debt securities gains and losses accumulated in other comprehensive income are reclassified to the consolidated statement of income.

(e) Commission income

Commissions are recognised on the accrual basis.

(f) Fee income

Fees are earned from the management of the assets of the segregated funds and deposit administration funds and from general policy administration and surrenders. Fees are recognised in the period in which the services are rendered.

For the asset management companies in the Group, portfolio, asset management fees and other management advisory and service fees are recognised based on the applicable service contracts over the period in which the service is provided. Management fees and commissions arising from negotiating, or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

2.21 Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2. Significant accounting policies (continued)

2.21 Leases (continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Group as a lessee

The Group mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset 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. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist. The Group does not revalue any of its right-of-use assets.

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. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalty payments for early termination of a lease unless the Group is reasonably certain not to terminate early.

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.

2. Significant accounting policies (continued)

2.21 Leases (continued)

The Group as a lessee (continued)

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2021 (2020: nil).

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an operating expense on a straight line basis over the lease term.

The Group as a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the consolidated statement of income.

2.22 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as an appropriation in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's Board of Directors.

2.23 Finance charges

Finance charges are recognised as an expense in the period in which they are incurred except to the extent that they are capitalised when directly attributable to the acquisition, construction or production of an investment property or in developing properties for sale.

2.24 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

2.25 Assets under management

The Group provides custody and trustee discretionary investment management services to third parties. Such assets under management represent the managed funds administered by several of the Group's subsidiaries.

2.26 Subscriptions and redemptions on mutual funds portfolio

(a) Subscriptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements could be subscribed based on the net asset value per unit of the underlying funds determined on each business day.

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2. Significant accounting policies (continued)

2.26 Subscriptions and redemptions on mutual funds portfolio (continued)

(b) Distributions - The net income and net realised capital gains of the various pools of mutual funds are calculated and accrued to the investor daily and distributed monthly. Investors have the option either to receive a cash distribution or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution.

(c) Redemptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements are redeemed at a price per unit based on the net asset value of the underlying funds published on the date that the request is made.

3. Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities during the succeeding financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

COVID-19 Pandemic

A source of estimation uncertainty that originated in 2020 and continues to affect the Group into 2021 is the ongoing COVID-19 pandemic. While uncertainty remains about the speed of the economic recovery, the trajectory has undoubtedly been positive, with the development and distribution of vaccines and the gradual reopening of economies worldwide. Further positive developments include higher energy prices for Trinidad & Tobago, increased tourism for Jamaica and the Dutch Caribbean, and the strong growth of the international equity markets in 2021. The Group has made forward-looking projections using the macroeconomic indicators, such as real GDP, unemployment, and inflation, which were available as at the end of the reporting period. The ongoing uncertainty means an increased likelihood that actual economic outcomes will vary from estimates used, resulting in differences between the current accounting estimates and the actual future results of the Group. These uncertainties predominantly affected the valuation of investment properties (see Note 7) and measurement of expected credit losses on financial assets (see Note 3(e)).

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims, in particular, for claims arising from motor, casualty, health and group life insurance contracts. At 31 December 2021, the carrying amount of short-term insurance claims was $1.3 billion (2020: $1.3 billion). See Note 4.1 for a detailed understanding of this estimate.

(b) Estimate of future benefit payments and premiums arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of future mortality, morbidity, administrative expenses, investment income and the variability in contract holder behaviour. Estimates are made as to the expected number of deaths, terminations and other events giving rise to cash flows for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard actuarial tables adjusted where appropriate to reflect the Group's own experience and expectations. Although the pattern of future cash flows may be close to that indicated by past experience, some deviation in that pattern is probable.

The estimated number of deaths determines the value of the benefit payments. The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly different from the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical

3. **Critical accounting estimates and judgments in applying accounting policies (continued)**

(b) Estimate of future benefit payments and premiums arising from long-term insurance contracts (continued)

care and social conditions may result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on historic yield patterns and current market returns as well as expectations about future economic and financial developments. See Note 4.1.4(d) for the sensitivity of the value of insurance liabilities to changes in assumptions used to value these liabilities.

The carrying amount of long-term insurance contracts as at 31 December 2021 was $17.1 billion (2020: $16.5 billion).

(c) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered by the Group's business units in determining the business model for a group of assets are disclosed in Note 2.9(b).

(d) Fair valuation of debt securities

The fair value of debt securities that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualified personnel. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of financial assets. Key assumptions are based on current market yields. At 31 December 2021, the carrying amount of debt securities that were fair valued using an internally developed bond valuation model was $10.3 billion (2020: $9.9 billion).The following table shows the effect on the profit or loss and fair value reserve to changes in the market yields.

	Effect on fair value reserve		Effect on consolidated income	
	2021 $'000	**2020** $'000	**2021** $'000	**2020** $'000
For the Trinidadian subsidiaries:				
1% increase in market yields	(38,291)	(27,499)	(16,230)	(12,362)
1% decrease in market yields	42,524	30,268	17,678	13,608
For the Jamaican subsidiaries:				
2% increase in market yields	(286,108)	(312,064)	(52,775)	(45,771)
2% decrease in market yields	385,777	357,627	73,732	41,521
For the Dutch Caribbean subsidiaries:				
1% increase in market yields	(125,100)	(115,685)	(514)	(8,038)
1% decrease in market yields	144,914	126,973	539	8,515

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(e) Impairment losses on financial assets

The measurement of ECL allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgments and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Use of macroeconomic data for internal credit ratings and outlooks, to derive associated probabilities of default as prescribed by external rating agencies such as Standard & Poor's and Moody's
- Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

The Group regularly reviews its internal models in the context of actual loss experience and adjusts when necessary.

Forward-looking macroeconomic variables

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECL and Lifetime ECL is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic environment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modelled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

COVID-19 Pandemic

In the prior year, to incorporate the economic impact of the COVID-19 pandemic, the Group made adjustments to its ECL models such as increasing the likelihood of pessimistic scenarios and overlaying a further pessimistic scenario that explicitly accounts for acute negative economic fallout. For the year ended 31 December 2021, the overlay for the acute negative scenario remains; however, the likelihood attributed to this and other pessimistic scenarios have been reduced given the improvements in the current and expected economic environment. The resulting probability of default and losses given default were applied to all financial assets with credit risk.

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(e) Impairment losses on financial assets (continued)

COVID-19 Pandemic (continued)

Management also maintains the position that the lifetime default risk of assets with several years remaining to maturity has not significantly changed since the onset of the COVID-19 pandemic, an important factor given that IFRS 9 requires that entities assess the risk of default over the life of expected assets. Such assets account for a significant portion of the Group's investment portfolio.

The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.3(d).

(f) Taxation

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

For uncertain tax positions where there is uncertainty over the tax treatment in the financial statements, management considered whether it is probable that the tax authority will accept the uncertain tax treatment. The Group measured the tax balance that is applicable for the uncertain tax position using an expected value basis.

(g) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from approved budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amount of impairment provisions on non-financial assets as at 31 December 2021 was $115 million (2020: $116 million).

The fair value of the Group's investment properties are determined annually by external valuators. Refer to Note 7 for the valuation methodologies and assumptions applied.

(h) Determining the lease term of contracts with extension and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Group considers factors such as penalties to terminate, historical lease durations and the costs and business disruption required to replace leased assets. Extension options in most office space leases have been included in the lease liability.

As at 31 December 2021, potential future cash outflows of $28,748,000 (undiscounted) (2020: $29,202,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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3. Critical accounting estimates and judgments in applying accounting policies (continued)

(i) Post-employment benefits

In conducting valuation exercises to measure the effect of all post-employment benefit plans throughout the Group, the Group's external actuaries use judgment and assumptions in determining discount rates, salary increases, pension increases and health care costs. These assumptions are detailed in Note 13 and Note 25.

4. Management of Insurance and Financial Risk

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4.1.1 Casualty insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (subrogation).

The Group's reinsurance arrangements include non-proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to IBNR. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance risks (continued)

(b) Sources of uncertainty in the estimation of future claim payments (continued)

to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the consolidated statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and IBNR), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variability between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 21.2 presents the development of the estimate of ultimate claim cost for claims incurred in a given year. This gives an indication of the accuracy of the Group's estimation technique for claims payments.

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.2 Short-duration life insurance contracts

(a) Frequency and severity of claims

Short-duration life insurance contracts are contracts that are typically of a short tenure, with the tenure being often determined by the length of an individual's time in employment. These contracts are mainly issued to employers to insure their commitments to their employees. The risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry.

The Group attempts to manage this risk through its underwriting and claims handling. Additionally, there is reinsurance on short-duration life insurance contracts.

(b) Sources of uncertainty in the estimation of future claim payments

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short-duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. The Group currently does so using reasonable assumptions.

(c) Changes in assumptions

The Group's assumptions in respect of short-duration life insurance contracts have not significantly changed from the prior year.

4.1.3 Property insurance contracts

(a) Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding and hurricanes) and their consequences (for example, subsidence claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage. The Group analyses the property exposures using in-house and external modelling tools and purchases sufficient reinsurance protection to cover its perceived liabilities.

The Group's reinsurance arrangements include proportional quota share and surplus arrangements and non-proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR is held at year end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Group charges for mortality risk on a monthly basis for most life and critical illness insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

The Group manages these risks through its underwriting strategy and reinsurance arrangements. Medical selection is included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group uses excess of loss reinsurance contracts with retention limits that vary by product.

The table below presents the concentration of insured benefits across five bands per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. These tables do not include annuity contracts, for which a separate analysis is reported further below.

For the Trinidadian life insurance subsidiaries:

	2021 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
0 – 250 (TT$)	21,996,376	25.2%	21,489,613	31.8%
251 – 500 (TT$)	26,105,883	30.0%	22,601,858	33.4%
501 – 1,000 (TT$)	22,396,619	25.7%	16,410,629	24.2%
1,001 – 3,000 (TT$)	11,328,131	13.0%	6,381,467	9.4%
3,001 and over (TT$)	5,309,277	6.1%	790,394	1.2%
Total	87,136,286	100.0%	67,673,961	100.0%

The concentration risk in the respective bands has not changed from prior year.

Notes to the Consolidated Financial Statements (continued)

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Trinidadian life insurance subsidiaries: (continued)

	2020 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
0 - 250 (TT$)	22,285,509	26.4%	21,741,982	33.8%
251 - 500 (TT$)	25,492,511	30.2%	21,727,344	33.8%
501 - 1,000 (TT$)	21,467,263	25.4%	15,048,920	23.4%
1,001 - 3,000 (TT$)	10,267,317	12.2%	5,170,480	8.0%
More than 3,000 (TT$)	4,846,541	5.8%	667,252	1.0%
Total	84,359,141	100.0%	64,355,978	100.0%

For the Jamaican life insurance subsidiary:

	2021 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
1,000 - 5,000 (J$)	14,640,424	77.5%	14,521,369	80.6%
5,001 - 10,000 (J$)	2,306,393	12.2%	2,114,532	11.7%
10,001 - 15,000 (J$)	530,111	2.8%	415,032	2.3%
15,001 - 20,000 (J$)	438,569	2.3%	331,806	1.8%
20,001 and over (J$)	967,254	5.2%	624,340	3.6%
Total	18,882,751	100.0%	18,007,079	100.0%

The risk is concentrated in the lower value bands. This has not changed from prior year.

	2020 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
1,000 - 5,000 (J$)	16,475,872	79.8%	16,175,796	83.4%
5,001 - 10,000 (J$)	2,373,045	11.5%	2,063,938	10.6%
10,001 - 15,000 (J$)	506,854	2.5%	355,341	1.8%
15,001 - 20,000 (J$)	394,430	1.9%	264,991	1.4%
20,001 and over (J$)	904,742	4.3%	526,893	2.8%
Total	20,654,943	100.0%	19,386,959	100.0%

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Dutch Caribbean life insurance subsidiaries:

	2021 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
0 – 500 (NAF)	9,741,527	87.7%	9,523,649	94.4%
501 – 1,000 (NAF)	856,335	7.7%	386,224	3.8%
1,001 – 1,500 (NAF)	265,319	2.4%	111,594	1.1%
1,501 – 2,000 (NAF)	137,048	1.2%	34,904	0.3%
More than 2,000 (NAF)	103,174	1.0%	29,592	0.4%
Total	11,103,403	100.0%	10,085,963	100.0%

The risk is concentrated in the lower value bands. This has not changed from prior year.

	2020 – Total benefits insured			
	Before reinsurance		After reinsurance	
	TT$'000	%	TT$'000	%
Benefits assured per life $'000				
0 – 500 (NAF)	9,634,808	87.7%	9,394,480	94.4%
501 – 1,000 (NAF)	845,320	7.7%	390,127	3.9%
1,001 – 1,500 (NAF)	280,665	2.6%	132,185	1.3%
1,501 – 2,000 (NAF)	118,996	1.1%	13,125	0.1%
More than 2,000 (NAF)	101,738	0.9%	20,450	0.3%
Total	10,981,527	100.0%	9,950,367	100.0%

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The following tables for annuity insurance contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum, as if the annuity were in payment at the year end. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

For the Trinidadian life insurance subsidiaries:

	Total annuities payable per annum			
	2021		2020	
Annuity payable per annum per life	TT$'000	%	TT$'000	%
0 – 5,000 (TT$)	7,021	3.7%	6,870	3.8%
5,001 – 10,000 (TT$)	25,453	13.6%	24,049	13.5%
10,001 – 20,000 (TT$)	44,040	23.5%	41,582	23.3%
More than 20,000 (TT$)	110,989	59.2%	106,118	59.4%
Total	187,503	100.0%	178,619	100.0%

The greatest concentration remains at the highest band, which is consistent with the prior year.

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Jamaican life insurance subsidiary:

	Total annuities payable per annum			
	2021		2020	
Annuity payable per annum per life	TT$'000	%	TT$'000	%
0 - 200,000 (J$)	22,901	13.4%	23,947	12.9%
200,001 - 300,000 (J$)	12,561	7.4%	12,181	6.6%
300,001 - 400,000 (J$)	12,637	7.4%	12,016	6.5%
400,001 - 500,000 (J$)	10,548	6.2%	10,791	5.8%
More than 500,000 (J$)	112,000	65.6%	126,089	68.2%
Total	170,647	100.0%	185,024	100.0%

The greatest risk concentration remains at the highest band and lowest band, which is consistent with the prior year.

For the Dutch Caribbean life insurance subsidiaries:

	Total annuities payable per annum			
	2021		2020	
Annuity payable per annum per life	TT$'000	%	TT$'000	%
0 - 10,000 (NAF)	37,704	31.3%	36,216	31.1%
10,001 - 20,000 (NAF)	26,713	22.2%	26,274	22.6%
20,001 - 30,000 (NAF)	16,393	13.6%	16,110	13.8%
30,001 - 40,000 (NAF)	9,751	8.1%	9,160	7.9%
40,001 - 50,000 (NAF)	7,506	6.2%	7,320	6.3%
More than 50,001 (NAF)	22,256	18.6%	21,405	18.3%
Total	120,323	100.0%	116,485	100.0%

The risk is spread over all bands, which is consistent with the prior year.

(b) Process used to decide on assumptions

For long-term insurance contracts, the Group determines assumptions in relation to future mortality, morbidity and other contingencies, terminations, investment returns, administrative expenses and other items that are appropriate to the policies, their location and the local statutory reserving requirements. The assumptions are best estimate assumptions with appropriate provisions for adverse deviations, consistent with the use of a Policy Premium Method valuation.

The nature and method of determining the significant assumptions made by the Group in the computation of policyholders' liabilities are described in the following paragraphs.

- **Mortality & morbidity**

  An appropriate base table of standard mortality or morbidity is chosen depending on the type of contract. Supplemental information, such as reinsurance rates, is used where standard tables are not available. An investigation into the Group's experience in recent years is performed, and the standard actuarial tables are adjusted where appropriate to reflect the Group's own experience and expectations. For contracts that insure the risk of longevity, appropriate future mortality improvement rates are assumed based on industry standards.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(b) Process used to decide on assumptions (continued)

- **Terminations**

  Estimates of the amounts and timings of future benefit and premium payments are based on Group experience over extended periods. Terminations (lapses and surrenders) and variable premium assumptions vary by product type and policy duration.

- **Investment returns**

  The computation of policyholders´ liabilities takes into account projected net investment income on assets supporting policyholders´ liabilities and income expected to be earned or foregone on reinvestment or financing of mismatched cash flows. In the absence of robust market information, long-term yields are determined using recent asset returns, current market expectations and relevant regulatory guidelines. Other information, such as macro-economic data and projections, is considered where available.

  The following table summarises the rates of return used for the valuation of policyholders´ liabilities.

	2021	2020
Trinidad and Tobago	3.3% - 7.7%	3.3% - 9.4%
Jamaica	7.0% - 11.2%	6.7% - 11.1%
Dutch Caribbean	4.3% - 4.6%	3.0% - 4.0%

- **Policy maintenance expense and inflation**

  Amounts are included in policyholders´ liabilities to provide for the future costs of administering policies in force. The expense base is determined from a review of current, recent and expected Group expense levels and allowance is made for future expense inflation.

  The inflation rates assumed are summarised in the following table.

	2021	2020
Trinidad and Tobago	3.5%	3.5%
Jamaica	4.0% - 4.5%	5.0%
Dutch Caribbean	1.0%	0%

- **Tax**

  It has been assumed that current tax legislation and rates for long-term insurance companies continue unaltered.

(c) Change in assumptions

Changes have been made to the assumptions used to determine the value of long-term insurance liabilities of the life insurance subsidiaries. The following tables present the effect of these changes.

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(c) Change in assumptions (continued)

	Trinidadian life insurance subsidiaries		Jamaican life insurance subsidiary		Dutch Caribbean life insurance subsidiaries		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF:								
Changes in:								
Expense assumptions	(9,841)	(9,930)	(26,783)	(22,234)	543,692	–	507,068	(32,164)
Lapse assumptions	–	2,949	(4,314)	(8,742)	(181,743)	–	(186,057)	(5,793)
Investment returns	(42,510)	9,545	(51,179)	2,862	(625,993)	–	(719,682)	12,407
Mortality assumptions	–	533	2,803	(29,865)	203,197	–	206,000	(29,332)
Other assumptions	–	(15,874)	(53,325)	(94,887)	–	–	(53,325)	(110,761)
Decrease in liabilities	(52,351)	(12,777)	(132,798)	(152,866)	(60,847)	–	(245,996)	(165,643)
Long-term insurance contracts with fixed and guaranteed terms and with DPF:								
Changes in:								
Expense assumptions	(264)	(140)	(186)	22	–	–	(450)	(118)
Lapse assumptions	–	(365)	(107)	374	–	–	(107)	9
Investment returns	(1,290)	43	(689)	(3,144)	–	–	(1,979)	(3,101)
Other assumptions	–	–	(376)	1,340	–	–	(376)	1,340
Decrease in liabilities	(1,554)	(462)	(1,358)	(1,408)	–	–	(2,912)	(1,870)
Long-term insurance contracts without fixed terms:								
Changes in:								
Expense assumptions	(57,414)	(48,574)	–	–	–	–	(57,414)	(48,574)
Lapse assumptions	–	(630)	–	–	–	–	–	(630)
Investment returns	(107,382)	(47,681)	–	–	–	–	(107,382)	(47,681)
Mortality assumptions	–	(4,713)	–	–	–	–	–	(4,713)
Other assumptions	–	(17,381)	–	–	–	–	–	(17,381)
Decrease in liabilities	(164,796)	(118,979)	–	–	–	–	(164,796)	(118,979)

Effective 1 January 2021, the actuarial liabilities of the Group's Dutch Caribbean life insurance subsidiaries were calculated using the Policy Premium Method whereas in the prior year the Modified Net Premium Method was used to calculate the actuarial liabilities.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(d) Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

	Change in Variable	Change in liability 2021 $'000	Change in liability 2020 $'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
For the Trinidadian life insurance subsidiaries:			
Worsening of mortality	+10.0%	33,571	34,117
Improvement of annuitant mortality	+0.5%	38,571	39,723
Lowering of investment returns	-1.0%	225,791	222,869
Worsening of base renewal expense level	+5.0%	10,628	16,544
Worsening of expense inflation rate	+1.0%	30,435	33,532
For the Jamaican life insurance subsidiary:			
Worsening of mortality	+10.0%	42,417	51,413
Improvement of annuitant mortality	+10.0%	15,563	13,536
Lowering of investment returns	-2.0%	408,676	479,545
Worsening of base renewal expense level	+5.0%	20,102	27,534
Worsening of expense inflation rate	+1.0%	37,746	56,795
For the Dutch Caribbean life insurance subsidiaries:			
Worsening of mortality	+10.0%	943	14,837
Improvement of annuitant mortality	+10.0%	18,715	20,262
Lowering of investment returns	-10.0%	3,764	1,016
Worsening of base renewal expense level	+10.0%	1,511	1,445
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
For the Trinidadian life insurance subsidiaries:			
Worsening of mortality	+10.0%	321	311
Lowering of investment returns	-1.0%	6,223	7,051
Worsening of base renewal expense level	+5.0%	128	141
Worsening of expense inflation rate	+1.0%	287	294
For the Jamaican life insurance subsidiary:			
Worsening of mortality	+10.0%	231	252
Lowering of investment returns	-2.0%	2,244	2,663
Worsening of base renewal expense level	+5.0%	140	170
Worsening of expense inflation	+1.0%	228	261

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(d) Sensitivity analysis (continued)

	Change in Variable	Change in liability 2021 $´000	Change in liability 2020 $´000
Long-term insurance contracts without fixed terms:			
For the Trinidadian life insurance subsidiaries:			
Worsening of mortality	+10.0%	67,346	69,094
Improvement of annuitant mortality	+0.5%	32,901	53,233
Lowering of investment returns	-1.0%	305,306	423,005
Worsening of base renewal expense level	+5.0%	30,136	34,745
Worsening of expense inflation rate	+1.0%	79,521	81,317
For the Dutch Caribbean life insurance subsidiaries:			
Worsening of mortality	+10.0%	39,142	41,061
Improvement of annuitant mortality	+10.0%	30,790	36,382
Lowering of investment returns	-10.0%	236,589	238,008
Worsening of base renewal expense level	+10.0%	36,194	28,454

The above analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

4.2 Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The components of this financial risk are interest rate risk, equity price risk, foreign currency risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Risk management is carried out by Executive Investment Committees and Actuarial departments of operating units under policies approved by the Group´s Board of Directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group´s operating units. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk - currency risk, interest rate risk and other price risk, each of which is considered below.

(a) Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The Group´s main operations are in the Caribbean and in the Netherlands. The main exposure to risks are in respect to the US dollar, Antillean guilder, Jamaican dollar, Euro and the British pound. The Group´s strategy for dealing with

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(a) Currency risk (continued)

foreign exchange risk is to offset, as far as possible, foreign currency liabilities with assets denominated in the same currency.

Each subsidiary has an Executive Investment Committee, which has oversight for the management of currency risk. The Trinidad and Tobago insurance subsidiaries' exposure to currency risk is also mitigated by the requirements of the Insurance Act 2018, which does not allow more than 30% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

The tables below summarises the Group's exposure to foreign currency exchange rate risk as at 31 December. The Group's assets and liabilities at carrying amounts are included in the table categorised by currency positions expressed in TT$ equivalents.

	TT	US	NAF	JMD	GBP	Euro	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021								
Total assets	11,228,731	8,950,507	5,151,236	6,024,296	190,785	1,514,735	1,517,391	34,577,681
Total liabilities	14,213,679	2,339,741	6,860,506	4,353,763	180,900	707,226	938,488	29,594,303
	(2,984,948)	6,610,766	(1,709,270)	1,670,533	9,885	807,509	578,903	4,983,378
As at 31 December 2020								
Total assets	10,441,504	8,414,409	4,927,032	6,152,326	178,396	1,558,887	1,352,378	33,024,932
Total liabilities	13,398,876	1,802,365	6,783,997	4,685,905	173,129	619,023	885,749	28,349,044
	(2,957,372)	6,612,044	(1,856,965)	1,466,421	5,267	939,864	466,629	4,675,888

The analysis below is performed for reasonable possible movements in foreign currency exchange rates with all other variables held constant, showing the impact on the statement of income and translation reserve at the reporting date.

Change in variables	US	NAF	JMD	GBP	Euro	Other
2021	0.6%	0.6%	-4.2%	7.3%	-3.2%	-1.8% to 3.5%
2020	2.1%	2.1%	-2.8%	0.3%	-7.0%	-3.9% to 10.3%

	US	NAF	JMD	GBP	Euro	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Impact on statement of income							
2021	56,034	–	22,441	345	180	(1,570)	77,430
2020	73,498	–	15,958	(130)	(1,378)	(7,651)	80,297
Impact on translation reserve							
2021	13,364	5,839	(134,357)	404	(22,310)	2,247	(134,813)
2020	43,044	19,709	(86,865)	14	(57,298)	16,535	(64,861)

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(b) Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major element of interest rate risk within the Group is the risk that the interest earned on the Group's investments is insufficient to meet the interest rates credited or guaranteed to policyholders. This applies to traditional life insurance policies and the deposit administration plans.

Exposure is managed largely by the use of natural hedges that arise by matching interest-sensitive assets with liabilities of a similar nature. The Group also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee and the pricing of products by the actuarial function. The investment portfolio return is continually monitored by the Investment Committees. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For the sensitivity analysis, a 1% movement in interest rates was used for 2021 for the Trinidadian market (2020 - 1%), a 2% movement was used for 2021 for the Jamaican market (2020 - 2%) and a 1% movement for 2021 was used for the Dutch Caribbean (2020 - 1%). The following table shows the estimated effect of an increase or decrease in the above rates on the profit or loss and fair value reserve.

	Effect on fair value reserve		Effect on consolidated income	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Increase in interest rates	(468,827)	(466,368)	(55,463)	(57,304)
Decrease in interest rates	597,711	542,958	76,667	53,570

(c) Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as fair value through profit or loss. The Group manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date. The following table shows the estimated effect of reasonably possible changes in equity prices on the consolidated statement of income and equity.

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(c) Other price risk (continued)

	Change in equity prices 2021	Change in equity prices 2020	Effect on consolidated income 2021	Effect on consolidated income 2020
	%	%	$'000	$'000
Stock exchanges and markets				
Trinidad and Tobago	5.0%	2.5%	84,315	35,255
Jamaica	10.0%	15.0%	91,922	129,301
Dutch Caribbean	1.0%	1.0%	3,428	2,110
Other	1% - 9.3%	1% - 6.0%	47,354	30,266
			227,019	196,932

4.2.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Certain of the Group's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Group monitors liquidity on a regular basis. An internally constituted Executive Investment Committee set limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

There are no individual contracts or policyholders who have the potential to influence the withdrawal of a significant amount of liabilities.

The following tables analyse the insurance and financial liabilities of the Group into relevant maturity groupings based on the remaining period to the contractual or expected maturity date. Financial liabilities are at contractual undiscounted cash flows, and insurance contracts and investment contracts are at expected undiscounted cash flows.

		Contractual/Expected Undiscounted Cash Flows		
	Carrying amount	Less than one year	One - five years	Over five years
	$'000	$'000	$'000	$'000
Insurance and financial liabilities As at 31 December 2021				
Long-term insurance contracts	17,136,073	586,486	3,421,325	37,691,864
Short-term insurance contracts	2,367,300	1,908,985	373,116	85,199
Investment contracts	2,645,659	69,900	1,394,849	1,180,910
Financial liabilities	3,521,703	377,388	2,691,809	1,198,062
Lease liabilities	96,245	29,388	67,834	21,946
Third party interests in mutual funds	1,599,412	1,599,412	–	–
Other liabilities	1,518,439	1,518,439	–	–
Total	28,884,831	6,089,998	7,948,933	40,177,981

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

		Contractual/Expected Undiscounted Cash Flows		
	Carrying amount	Less than one year	One – five years	Over five years
	$'000	$'000	$'000	$'000
Insurance and financial liabilities				
As at 31 December 2020				
Long-term insurance contracts	16,510,446	525,655	3,052,848	37,332,979
Short-term insurance contracts	2,313,403	1,844,311	387,846	81,246
Investment contracts	2,696,558	47,770	1,240,096	1,408,692
Financial liabilities	3,277,504	1,154,426	2,383,433	349,883
Lease liabilities	103,669	26,961	80,935	6,678
Third party interests in mutual funds	1,301,361	1,301,361	–	–
Other liabilities	1,353,149	1,353,149	–	–
Total	27,556,090	6,253,633	7,145,158	39,179,478

4.2.3 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to the Group. Each subsidiary in the various jurisdictions has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions, and the right to obtain collateral (including guarantees) should unfavourable events occur.

Collateral held as security for mortgage loans and other loans includes physical or tangible residential and commercial edifices as well as legal rights to insurance portfolio and other assets of the respective borrowers. The EIC initiates regular portfolio reviews, monitors counterparty creditworthiness and evaluates potential transaction risks with a view towards early problem identification and protection against unacceptable credit-related losses.

(a) Assets bearing credit risk

The Group actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Group's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

Below is an analysis of assets bearing credit risk.

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(a) Assets bearing credit risk (continued)

	Gross exposure		Net carrying amount	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investment securities measured at fair value through profit or loss (excluding equity instruments)	5,468,729	5,566,861	5,468,729	5,566,861
Investment securities measured at fair value through other comprehensive income	6,162,848	5,544,108	6,162,848	5,544,108
Investment securities measured at amortised cost	8,153,630	7,916,687	8,104,368	7,866,873
Loans and receivables	2,293,618	2,254,269	1,941,965	2,015,967
Reinsurance assets	1,100,732	1,071,541	1,100,732	1,071,541
Cash and cash equivalents	3,800,445	3,742,976	3,784,574	3,721,405
	26,980,002	26,096,442	26,563,216	25,786,755

(b) Credit quality of reinsurance and financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

Not Rated

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from individuals and short-term securities.

The following tables set out the credit quality analysis for financial assets measured at amortised cost and fair value through other comprehensive income.

		Lifetime ECL			
	12-month ECL	Not credit impaired	Credit impaired	Purchased credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at fair value through other comprehensive income					
As at 31 December 2021					
AAA	77,785	–	–	–	77,785
AA	316,556	–	–	–	316,556
A	1,043,006	–	–	–	1,043,006
BBB	1,837,125	–	–	–	1,837,125
Below BBB	2,544,916	58,218	–	211,383	2,814,517
Not rated	–	73,859	–	–	73,859
Carrying value	5,819,388	132,077	–	211,383	6,162,848
As at 31 December 2020					
AAA	80,204	–	–	–	80,204
AA	364,947	–	–	–	364,947
A	988,053	–	–	–	988,053
BBB	1,678,552	–	–	–	1,678,552
Below BBB	2,206,245	41,451	–	169,706	2,417,402
Not rated	–	14,950	–	–	14,950
Carrying value	5,318,001	56,401	–	169,706	5,544,108

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at amortised cost					
As at 31 December 2021					
A	67,566	–	–	–	67,566
BBB	4,973,970	–	–	–	4,973,970
Below BBB	2,977,622	80,174	14,374	27,870	3,100,040
Not rated	3,556	6,115	2,383	–	12,054
Gross carrying amount	8,022,714	86,289	16,757	27,870	8,153,630
Loss allowance	(30,687)	(10,455)	(8,120)	–	(49,262)
Net carrying amount	7,992,027	75,834	8,637	27,870	8,104,368
As at 31 December 2020					
A	58,162	–	–	–	58,162
BBB	5,499,962	–	–	–	5,499,962
Below BBB	2,196,618	62,957	–	26,500	2,286,075
Not rated	40,913	28,514	3,061	–	72,488
Gross carrying amount	7,795,655	91,471	3,061	26,500	7,916,687
Loss allowance	(33,250)	(13,503)	(3,061)	–	(49,814)
Net carrying amount	7,762,405	77,968	–	26,500	7,866,873

	Loans 12-month ECL	Lifetime ECL Loans not credit impaired	Lifetime ECL Loans credit impaired	Lifetime ECL Premiums and other receivables	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
As at 31 December 2021					
AAA	–	–	–	10	10
AA	–	–	–	448	448
A	369	–	–	157,397	157,766
BBB	27,032	–	–	11	27,043
Below BBB	408,617	25,616	–	58,574	492,807
Not rated	399,994	179,558	28,790	1,007,202	1,615,544
Gross carrying amount	836,012	205,174	28,790	1,223,642	2,293,618
Loss allowance	(15,263)	(27,904)	(463)	(308,023)	(351,653)
Net carrying amount	820,749	177,270	28,327	915,619	1,941,965

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

		Lifetime ECL			
	Loans 12-month ECL	Loans not credit impaired	Loans credit impaired	Premiums and other receivables	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
As at 31 December 2020					
AAA	–	–	–	10	10
AA	–	–	–	22	22
A	6,130	–	–	204,567	210,697
BBB	30,909	–	–	159	31,068
Below BBB	358,252	26,179	9,866	71,995	466,292
Not rated	402,272	171,399	23,347	949,162	1,546,180
Gross carrying amount	797,563	197,578	33,213	1,225,915	2,254,269
Loss allowance	(20,467)	(27,284)	(10,421)	(180,130)	(238,302)
Net carrying amount	777,096	170,294	22,792	1,045,785	2,015,967

		Lifetime ECL		
	12-month ECL	Not credit impaired	Credit impaired	Total
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
As at 31 December 2021				
AA	24,484	–	–	24,484
A	606,560	–	–	606,560
BBB	1,390,768	–	–	1,390,768
Below BBB	1,539,734	–	–	1,539,734
Not rated	238,899	–	–	238,899
Gross carrying amount	3,800,445	–	–	3,800,445
Loss allowance	(15,871)	–	–	(15,871)
Net carrying amount	3,784,574	–	–	3,784,574
As at 31 December 2020				
AA	15,765	–	–	15,765
A	601,305	–	–	601,305
BBB	1,659,964	–	–	1,659,964
Below BBB	1,376,189	–	2,829	1,379,018
Not rated	86,924	–	–	86,924
Gross carrying amount	3,740,147	–	2,829	3,742,976
Loss allowance	(19,114)	–	(2,457)	(21,571)
Net carrying amount	3,721,033	–	372	3,721,405

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	AAA	AA	A	BBB	Below BBB	Not rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021							
Investment securities at fair value through profit or loss (excluding equities)	58,083	226,226	17,126	2,942,239	2,172,525	52,530	5,468,729
Reinsurance assets	–	–	1,098,477	–	–	2,255	1,100,732
	58,083	226,226	1,115,603	2,942,239	2,172,525	54,785	6,569,461
As at 31 December 2020							
Investment securities at fair value through profit or loss (excluding equities)	58,067	392,231	83,382	2,943,880	2,006,896	82,405	5,566,861
Reinsurance assets	–	–	1,064,823	–	–	6,718	1,071,541
	58,067	392,231	1,148,205	2,943,880	2,006,896	89,123	6,638,402

(c) Credit-impaired reinsurance and financial assets and collateral held

Assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below.

	Gross exposure	Net carrying amount	Fair value of collateral held
	$'000	$'000	$'000
As at 31 December 2021			
Investment securities measured at fair value through other comprehensive income	211,383	211,383	–
Investment securities measured at amortised cost	49,206	36,507	14,186
Loans and receivables	90,852	29,728	66,716
	351,441	277,618	80,902
As at 31 December 2020			
Investment securities measured at fair value through other comprehensive income	169,706	169,706	–
Investment securities measured at amortised cost	29,561	26,500	–
Loans and receivables	95,929	24,193	69,644
Cash and cash equivalents	2,829	371	–
	298,025	220,770	69,644

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. Reconciling items include the following:

- New assets originated or purchased, which reflect the allowance related to assets newly recognized during the period.
- Assets derecognised, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement of the allowance.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; and unwinding of the time value discount due to the passage of time.

		Lifetime ECL		Purchased	
	12-month ECL	Not credit impaired	Credit impaired	credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at fair value through other comprehensive income					
Year ended 31 December 2021					
Balance at beginning of year	20,647	7,559	–	–	28,206
New assets originated or purchased	5,735	–	–	–	5,735
Transfer to 12-month ECL	1,881	(1,881)	–	–	–
Transfer to lifetime ECL - not credit impaired	(4,922)	4,922	–	–	–
Remeasurements	(1,541)	582	–	–	(959)
Balance at end of year	21,800	11,182	–	–	32,982
Year ended 31 December 2020					
Balance at beginning of year	11,767	6,706	–	–	18,473
New assets originated or purchased	1,656	–	–	–	1,656
Assets derecognised (excluding write-offs)	(1)	–	–	–	(1)
Transfer to 12-month ECL	1,120	(1,120)	–	–	–
Transfer to lifetime ECL - not credit impaired	(1,521)	1,521	–	–	–
Remeasurements	7,626	452	–	–	8,078
Balance at end of year	20,647	7,559	–	–	28,206

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Loss allowance (continued)

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at amortised cost					
Year ended 31 December 2021					
Balance at beginning of year	33,250	13,503	3,061	–	49,814
New assets originated or purchased	4,999	–	–	–	4,999
Assets derecognised (excluding write-offs)	(317)	(579)	–	–	(896)
Transfer to 12-month ECL	6,842	(6,842)	–	–	–
Transfer to lifetime ECL - not credit impaired	(5,877)	6,599	(722)	–	–
Transfer to lifetime ECL - credit impaired	(510)	–	510	–	–
Remeasurements	(7,475)	(2,229)	5,227	–	(4,477)
Exchange rate adjustments	(225)	3	44	–	(178)
Balance at end of year	30,687	10,455	8,120	–	49,262
Year ended 31 December 2020					
Balance at beginning of year	50,697	13,887	3,076	–	67,660
New assets originated or purchased	8,374	–	–	–	8,374
Transfer to 12-month ECL	6,843	(6,843)	–	–	–
Transfer to lifetime ECL - not credit impaired	(4,732)	4,732	–	–	–
Remeasurements	(26,339)	3,235	–	–	(23,104)
Amounts written-off	–	(1,510)	–	–	(1,510)
Exchange rate adjustments	(1,593)	2	(15)	–	(1,606)
Balance at end of year	33,250	13,503	3,061	–	49,814

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Loss allowance (continued)

	Loans 12-month ECL	Lifetime ECL Loans Not credit impaired	Lifetime ECL Loans Credit impaired	Lifetime ECL Premiums and other receivables	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
Year ended 31 December 2021					
Balance at beginning of year	20,467	27,284	10,421	180,130	238,302
New assets originated or purchased	2,470	–	–	–	2,470
Assets derecognised (excluding write-offs)	–	–	–	(20)	(20)
Transfer to 12-month ECL	605	(605)	–	–	–
Transfer to lifetime ECL - not credit impaired	(3,114)	3,114	–	–	–
Transfer to lifetime ECL - credit impaired	(220)	(8)	228	–	–
Remeasurements	(4,896)	(845)	(1,253)	140,825	133,831
Amounts written-off	(53)	–	(8,933)	(8,040)	(17,026)
Amounts recovered	–	–	–	2,183	2,183
Exchange rate adjustments	4	(1,036)	–	(7,055)	(8,087)
Balance at end of year	15,263	27,904	463	308,023	351,653
Year ended 31 December 2020					
Balance at beginning of year	6,953	45,072	9,868	171,109	233,002
New assets originated or purchased	951	–	–	–	951
Assets derecognised (excluding write-offs)	(58)	–	–	–	(58)
Transfer to 12-month ECL	20,560	(20,560)	–	–	–
Transfer to lifetime ECL - not credit impaired	(863)	863	–	–	–
Transfer to lifetime ECL - credit impaired	(555)	–	555	–	–
Remeasurements	(6,467)	2,362	–	16,899	12,794
Amounts written-off	(52)	–	–	(16,343)	(16,395)
Amounts recovered	7	–	–	1,372	1,379
Exchange rate adjustments	(9)	(453)	(2)	7,093	6,629
Balance at end of year	20,467	27,284	10,421	180,130	238,302

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Loss allowance (continued)

Cash and cash equivalents

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2021 is $15,871,000 (2020: $21,571,000). The Group recognised a net impairment gain of $5,575,000 for the year ended 31 December 2021 (2020: net impairment expense of $6,946,000).

Credit Risk – Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 and 2020 are set out below.

The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies such as Moody's. Macroeconomic variables used in the Group's ECL models also include, but are not limited to, gross domestic product growth, inflation rates, national budget deficits, debt to GDP ratios for the various territories. Refer to the table below for the ranges applied to each scenario for the two most significant assumptions. The weighting assigned to each scenario vary by jurisdiction.

	2021 Assumptions			2020 Assumptions		
	GDP growth	Inflation	Weights	GDP growth	Inflation	Weights
Scenario						
Base	Stable	Positive	15% – 50%	Stable	Positive	65% – 70%
Optimistic	Positive	Positive	40% – 70%	Positive	Positive	5% – 10%
Pessimistic	Negative	Negative	5% – 10%	Negative	Negative	15% – 20%
Acute pessimistic	Negative	Negative	5%	Negative	Negative	5% – 10%

Refer to Note 3(e) for descriptions of the scenarios.

Credit Risk – Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the PDs used by the Group.

	Actual PDs applied 2021	Actual PDs applied 2020	Change in PD	Impact on ECL 2021	Impact on ECL 2020
				$'000	$'000
Investment securities measured at fair value through other comprehensive income	0.00% – 7.94%	0.00% – 8.02%	+/- 20%	5,537	4,323
Investment securities measured at amortised cost	0.00% – 33.31%	0.00% – 12.06%	+/- 20%	6,727	8,583
Loans and receivables	0.22% – 32.47%	0.20% – 34.22%	+/- 20%	3,844	4,245
Cash and cash equivalents	0.04% – 7.50%	0.00% – 8.02%	+/- 20%	4,015	3,987
				20,123	21,138

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Financial assets subject to ECL

The following tables show an analysis of changes in the gross carrying amount of investment securities and loans subject to ECL.

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at fair value through other comprehensive income					
Year ended 31 December 2021					
Balance at beginning of year	5,318,001	56,401	–	169,706	5,544,108
New assets originated or purchased	2,612,653	–	–	39,350	2,652,003
Assets derecognised (excluding write-offs)	(1,689,505)	(7,542)	–	–	(1,697,047)
Transfer to 12-month ECL	15,284	(15,284)	–	–	–
Transfer to lifetime ECL - not credit impaired	(107,171)	107,171	–	–	–
Other movements	(187,731)	(8,675)	–	1,464	(194,942)
Exchange rate adjustments	(142,143)	6	–	863	(141,274)
Balance at end of year	5,819,388	132,077	–	211,383	6,162,848
Year ended 31 December 2020					
Balance at beginning of year	3,290,686	120,089	–	168,706	3,579,481
Acquisition of insurance portfolio	1,596,979	–	–	–	1,596,979
New assets originated or purchased	2,443,194	–	–	9,602	2,452,796
Assets derecognised (excluding write-offs)	(2,066,543)	(41,506)	–	–	(2,108,049)
Transfer to 12-month ECL	63,462	(63,462)	–	–	–
Transfer to lifetime ECL - not credit impaired	(40,922)	40,922	–	–	–
Other movements	60,805	939	–	(8,952)	52,792
Exchange rate adjustments	(29,660)	(581)	–	350	(29,891)
Balance at end of year	5,318,001	56,401	–	169,706	5,544,108
Investment securities measured at amortised cost					
Year ended 31 December 2021					
Balance at beginning of year	7,795,655	91,471	3,061	26,500	7,916,687
New assets originated or purchased	1,160,313	–	–	–	1,160,313
Assets derecognised (excluding write-offs)	(820,933)	(24,236)	–	–	(845,169)
Transfer to 12-month ECL	38,088	(38,088)	–	–	–
Transfer to lifetime ECL - not credit impaired	(54,818)	55,540	(722)	–	–
Transfer to lifetime ECL - credit impaired	(14,374)	–	14,374	–	–
Other movements	538	1,496	–	–	2,034
Exchange rate adjustments	(81,755)	106	44	1,370	(80,235)
Balance at end of year	8,022,714	86,289	16,757	27,870	8,153,630

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Financial assets subject to ECL (continued)

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased credit impaired	Total
	$'000	$'000	$'000	$'000	$'000
Investment securities measured at amortised cost (continued)					
Year ended 31 December 2020					
Balance at beginning of year	7,940,189	154,072	3,076	28,982	8,126,319
New assets originated or purchased	1,372,232	–	–	–	1,372,232
Assets derecognised (excluding write-offs)	(1,438,156)	(30,090)	–	(2,516)	(1,470,762)
Transfer to 12-month ECL	77,820	(77,820)	–	–	–
Transfer to lifetime ECL - not credit impaired	(47,325)	47,325	–	–	–
Amounts written-off	–	(1,510)	–	–	(1,510)
Other movements	(16,067)	(275)	–	–	(16,342)
Exchange rate adjustments	(93,038)	(231)	(15)	34	(93,250)
Balance at end of year	7,795,655	91,471	3,061	26,500	7,916,687

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
	$'000	$'000	$'000	$'000
Loans				
Year ended 31 December 2021				
Balance at beginning of year	797,563	197,578	33,213	1,028,354
New assets originated or purchased	164,250	–	–	164,250
Assets derecognised (excluding write-offs)	(86,463)	(5,370)	(1,617)	(93,450)
Transfer to 12-month ECL	16,443	(13,852)	(2,591)	–
Transfer to lifetime ECL - not credit impaired	(45,414)	42,583	2,831	–
Transfer to lifetime ECL - credit impaired	(3,977)	(1,546)	5,523	–
Amounts written-off	(53)	–	(8,933)	(8,986)
Other movements	(1,968)	281	359	(1,328)
Exchange rate adjustments	(4,369)	(14,500)	5	(18,864)
Balance at end of year	836,012	205,174	28,790	1,069,976

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Financial assets subject to ECL (continued)

	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
	$'000	$'000	$'000	$'000
Loans (continued)				
Year ended 31 December 2020				
Balance at beginning of year	557,993	385,294	28,267	971,554
Acquisition of insurance portfolio	60,026	–	–	60,026
New assets originated or purchased	93,499	–	–	93,499
Assets derecognised (excluding write-offs)	(82,446)	(19,164)	(13,989)	(115,599)
Transfer to 12-month ECL	225,798	(225,798)	–	–
Transfer to lifetime ECL – not credit impaired	(40,287)	40,287	–	–
Transfer to lifetime ECL – credit impaired	(18,938)	–	18,938	–
Amounts written-off	(52)	–	–	(52)
Amounts recovered	7	–	–	7
Other movements	2,398	2,873	–	5,271
Exchange rate adjustments	(435)	14,086	(3)	13,648
Balance at end of year	797,563	197,578	33,213	1,028,354

(f) Concentrations of risks of reinsurance and financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The following table breaks down the Group's main credit risk exposure as categorised by the industry sectors of its counterparties.

	2021	2020
	$'000	$'000
Financial services	7,958,131	7,554,263
Manufacturing	293,155	409,712
Real estate	1,150,683	1,075,725
Wholesale and retail trade	214,599	539,418
Public sector	12,749,744	12,130,753
Insurance and reinsurance	1,800,040	1,853,402
Consumers/individuals	618,629	302,613
Transportation storage	504,725	540,316
Utilities	698,425	483,646
Other industries	575,085	896,907
	26,563,216	25,786,755

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management

The Group's principal capital resources are as follows:

	2021	2020
	$'000	$'000
Shareholders' equity	4,974,381	4,670,365
Borrowings and repurchase agreements	3,491,038	3,247,159
Total	8,465,419	7,917,524

The movements in shareholders' equity are presented in the consolidated statement of changes in equity and the movements in borrowings and repurchase agreements are disclosed in Note 22.

The Group's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In each country in which the Group operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is also subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts. The minimum required capital must be maintained at all times throughout the year. The Group monitors these requirements throughout the year to ensure compliance.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021.

The table below summarises the minimum required capital across the main territories in the Group. The Group has complied with these minimum capital requirements. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance subsidiary in each country subject to local regulatory requirements (current or prospective), which may differ from jurisdiction to jurisdiction.

	Minimum regulatory capital	
	2021	2020
	$'000	$'000
Guardian Re (SAC) Limited	67,582	58,465
Guardian General Insurance (OECS) Limited	12,829	12,591
Guardian Life (OECS) Limited	1,806	1,500
Guardian General Insurance Limited	73,327	86,061
Guardian General Insurance Jamaica Limited	163,023	170,666
Guardian Life Limited	565,442	587,358
Trinidad Life Insurance Companies	734,574	689,808
Dutch Caribbean Insurance Companies	515,183	479,389

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management (continued)

The Trinidadian trust services subsidiary holds a license under the Financial Institutions Act 2008 and the Securities Industries Act 2012. Under the Financial Institutions Act, the subsidiary is required to have a minimum paid up share capital of $15 million and to transfer a minimum of 10% of its profit after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary's regulatory capital shall be no less than 10% of its risk weighted assets. Under the Securities Industries Act 2012, the subsidiary is required to have minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with these requirements.

The Trinidadian asset management subsidiary holds a license under the Securities Industries Act 2012, and as such, the subsidiary is required to have a minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with this requirement.

5. Property, plant and equipment

	Freehold and leasehold properties	Office furniture, plant and equipment	Motor vehicles	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2021					
Balance at beginning of year	500,659	146,617	15,354	38,538	701,168
Revaluation loss	(2,131)	–	–	–	(2,131)
Additions	3,951	27,493	3,055	23,269	57,768
Disposals and adjustments	(1,336)	(366)	(952)	–	(2,654)
Transfers	1,428	4,615	–	(6,043)	–
Re-classification from investment properties (Note 7)	–	6,683	–	–	6,683
Re-classification to intangible assets (Note 8)	–	(12,432)	–	(7,658)	(20,090)
Depreciation charge	(13,818)	(29,436)	(5,203)	–	(48,457)
Exchange rate adjustments	(8,852)	(1,874)	(618)	(1,130)	(12,474)
Balance at end of year	479,901	141,300	11,636	46,976	679,813
At 31 December 2021					
Cost or valuation	583,623	634,888	43,006	46,976	1,308,493
Accumulated depreciation	(103,722)	(493,588)	(31,370)	–	(628,680)
Balance at end of year	479,901	141,300	11,636	46,976	679,813

5. Property, plant and equipment (continued)

	Freehold and leasehold properties	Office furniture, plant and equipment	Motor vehicles	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2020					
Balance at beginning of year	501,770	155,597	19,225	47,088	723,680
Revaluation loss	(6,248)	–	–	–	(6,248)
Additions	8,929	24,410	2,881	16,369	52,589
Disposals and adjustments	(992)	(2,697)	(973)	–	(4,662)
Transfers	4,443	18,953	898	(24,294)	–
Re-classification from investment properties (Note 7)	19,172	–	–	–	19,172
Re-classification to intangible assets (Note 8)	–	(16,585)	–	–	(16,585)
Depreciation charge	(13,728)	(31,718)	(5,899)	–	(51,345)
Exchange rate adjustments	(12,687)	(1,343)	(778)	(625)	(15,433)
Balance at end of year	500,659	146,617	15,354	38,538	701,168
At 31 December 2020					
Cost or valuation	591,917	679,523	43,269	38,538	1,353,247
Accumulated depreciation	(91,258)	(532,906)	(27,915)	–	(652,079)
Balance at end of year	500,659	146,617	15,354	38,538	701,168

The following are the dates of the last valuation of properties in the Group:

Guardian Life of the Caribbean Limited	-	December 2021
Bancassurance Caribbean Limited	-	December 2021
Guardian Life Limited	-	December 2021
Guardian General Insurance Limited	-	December 2021
Guardian Shared Services Limited	-	December 2021
Fatum Holding N.V.	-	Between October 2018 and September 2019

Valuations were made on the basis of open market value by external independent appraisers, who are accredited in the territory that they serve. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

Depreciation expense of $48,457,000 (2020 - $51,345,000) has been charged in operating expenses.

If freehold and leasehold properties were stated on a historical cost basis, the amounts would be as follows:

	2021	2020
	$'000	$'000
Cost	444,015	443,196
Accumulated depreciation	(209,903)	(205,325)
Net book value	234,112	237,871

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6. Leases

The following tables provide information for leases where the Group is a lessee.

(a) Right-of-use assets

	Leasehold properties	Office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Year ended 31 December 2021				
Balance at beginning of year	80,853	20	12,958	93,831
Additions	1,604	97	3,550	5,251
Modification of lease term	5,812	–	–	5,812
Depreciation charge	(17,787)	(27)	(4,198)	(22,012)
Exchange rate adjustments	(332)	–	(65)	(397)
Balance at end of year	70,150	90	12,245	82,485
At 31 December 2021				
Cost	126,105	429	23,614	150,148
Accumulated depreciation	(55,955)	(339)	(11,369)	(67,663)
Balance at end of year	70,150	90	12,245	82,485
Year ended 31 December 2020				
Balance at beginning of year	104,078	255	9,112	113,445
Additions	2,210	–	8,021	10,231
Disposals and adjustments	(2,871)	(179)	–	(3,050)
Modification of lease term	(3,118)	–	161	(2,957)
Depreciation charge	(19,693)	(43)	(4,420)	(24,156)
Exchange rate adjustments	247	(13)	84	318
Balance at end of year	80,853	20	12,958	93,831
At 31 December 2020				
Cost	121,638	332	20,978	142,948
Accumulated depreciation	(40,785)	(312)	(8,020)	(49,117)
Balance at end of year	80,853	20	12,958	93,831

(b) Lease liabilities

	2021	2020
	$'000	$'000
Balance at beginning of year	103,669	116,857
Additions	5,251	10,230
Interest expense (Note 37)	7,038	8,201
Lease payments	(25,268)	(25,975)
Effect of modification to lease terms	5,796	(6,001)
Exchange rate adjustments	(241)	357
Balance at end of year	96,245	103,669
Current	22,386	22,352
Non-current	73,859	81,317
	96,245	103,669

6. Leases (continued)

(c) Amounts recognised in the consolidated statement of income

	2021	2020
	$'000	$'000
Interest expense on lease liabilities	7,038	8,201
Depreciation charge of right-of-use assets	22,012	24,156
Expense relating to short-term leases	6,923	4,341
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	1,799	1,998
	37,772	38,696

(d) Amounts recognised in the consolidated statement of cash flows

The Group had total cash outflows for leases of $34,008,000 in 2021 (2020: $32,329,000).

7. Investment properties

	2021	2020
	$'000	$'000
Investment properties (excluding Pointe Simon)	1,202,938	1,152,090
Pointe Simon	442,497	518,066
	1,645,435	1,670,156
Investment properties (excluding Pointe Simon)		
Balance at beginning of year	1,152,090	1,092,778
Additions	84,927	142,489
Fair value adjustments (Note 32)	40,325	7,848
Disposals	(890)	–
Re-classification to property, plant and equipment (Note 5)	–	(19,172)
Fair value adjustments directly related to the unit-linked funds	(11,109)	(18,360)
Exchange rate adjustments	(62,405)	(53,493)
Balance at end of year	1,202,938	1,152,090
Residential properties	369,669	314,027
Commercial properties	833,269	838,063
	1,202,938	1,152,090
Rental income	33,091	16,262
Operating expenses incurred in respect of investment properties that generated rental income during the year	3,947	3,216
Operating expenses incurred in respect of investment properties that did not generate rental income during the year	666	576

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7. Investment properties (continued)

	2021	2020
	$'000	$'000
Pointe Simon		
Pointe Simon is a mixed-use commercial and residential urban re-development project in Fort de France, Martinique.		
Investment property	442,497	518,066
Properties for development and sale (Note 12)	101,482	117,585
	543,979	635,651
Balance at beginning of year	635,651	579,848
Additions	2,623	7,038
Disposals	–	(4,130)
Re-classification to fixed assets (Note 5)	(6,683)	–
Fair value adjustment (Note 32)	–	(42,824)
Exchange rate adjustments	(87,612)	95,719
Balance at end of year	543,979	635,651

The Group has both commercial and residential investment properties in the following territories: Jamaica, Barbados, Trinidad and Tobago, Grenada and Martinique.

Valuations are conducted by external valuators. All valuators are accredited in the territory that they serve, specializing in the valuation of commercial, residential and mixed use properties.

Residential properties are mainly revalued using the comparable sales approach, which estimates the fair value based on sale prices of properties of similar nature or in similar locations with price adjustments being made for any notable differences between the sample and subject properties such as location, size, and quality of improvements.

Commercial properties are primarily valued using the income and sales comparison approach, the direct capitalisation of income approach, or the profit tests or accounts approach. The income and sales comparison approach involves determining the value of the properties by applying an appropriate valuation model to convert the expected future cash flows into present values. Discount rates applied to this model throughout the Group range from 5.75% to 6.50% (2020: 6.0% to 6.75%) as deemed most appropriate by the valuators in the respective territories.

Both the direct capitalisation of income and profit tests or accounts approach apply a valuation model that converts monthly rental income and expenses into market values through the use of a capitalisation rate. The capitalisation rates within these models, as applied by external professional valuators, range from 8.0% to 11.75% (2020: 10.5% to 11.5%) across the Group.

The uncertain economic outlook as a result of the COVID-19 pandemic may have a material adverse effect on the marketability of investment properties. This uncertainty is factored into the valuation of investment property, specifically in estimating occupancy rates, expected revenue or revenue growth rates, and discount rates, all of which are significant inputs into the fair value determination.

Many of the 2021 valuations contain a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. Accordingly, the valuer cannot attach as much weight to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2022.

7. Investment properties (continued)

No investment property in the Group is subject to any liens or mortgages and the Group has no restrictions with regard to the transfer, resale or other use of its investment properties. The Group is not under any contractual obligation with regard to significant development, enhancement, repair or maintenance of any investment properties.

Future minimum lease payments receivable on leases of investment properties are as follows:

	2021	2020
	$'000	$'000
Within one year	67,380	62,100
Between one and two years	27,335	66,073
Between two and three years	23,562	32,378
Between three and four years	23,053	27,967
Between four and five years	22,373	27,209
After five years	48,270	70,838
	211,973	286,565

8. Intangible assets

	Goodwill	Customer-related intangibles	Other	Total
	$'000	$'000	$'000	$'000
Year ended 31 December 2021				
Balance at beginning of year	544,990	214,884	37,920	797,794
Acquisition of brokerage portfolios (see note below)	4,012	4,584	–	8,596
Additions	–	–	50,014	50,014
Re-classification from property, plant and equipment (Note 5)	–	–	20,090	20,090
Other movements	–	2,787	–	2,787
Amortisation	–	(22,302)	(13,235)	(35,537)
Exchange rate adjustments	(18,469)	(16,237)	(194)	(34,900)
Balance at end of year	530,533	183,716	94,595	808,844
At 31 December 2021				
Cost	531,666	325,601	150,644	1,007,911
Accumulated impairment and amortisation	(1,133)	(141,885)	(56,049)	(199,067)
Balance at end of year	530,533	183,716	94,595	808,844

During the year the Group acquired two insurance brokerage portfolios through its subsidiaries Thoma Exploitatie B.V. and Fatum Brokers Holding B.V., for cash consideration of $8,596,000. The Group recognised goodwill of $4,012,000 and customer-related intangibles of $4,584,000 on acquisition of these portfolios.

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8. Intangible assets (continued)

	Goodwill	Customer-related intangibles	Other	Total
	$'000	$'000	$'000	$'000
Year ended 31 December 2020				
Balance at beginning of year	515,036	48,919	11,920	575,875
Acquisition of subsidiary (Note 46)	12,595	11,653	–	24,248
Acquisition of insurance portfolio (Note 46)	–	165,925	–	165,925
Additions	–	–	15,507	15,507
Transfers	(1,437)	1,437	–	–
Re-classification from property, plant and equipment (Note 5)	–	–	16,585	16,585
Amortisation	–	(16,141)	(5,818)	(21,959)
Exchange rate adjustments	18,796	3,091	(274)	21,613
Balance at end of year	544,990	214,884	37,920	797,794
At 31 December 2020				
Cost	546,123	334,581	72,732	953,436
Accumulated impairment and amortisation	(1,133)	(119,697)	(34,812)	(155,642)
Balance at end of year	544,990	214,884	37,920	797,794

Other intangible assets represent brand costs, computer software costs and website development costs.

Goodwill

Goodwill is assigned to the Group's cash-generating units on acquisition. In accordance with IFRS 3 Business Combinations, all assets that gave rise to goodwill were reviewed for impairment at year end using the value-in-use method. In each case, the cash flow projections were based on financial budgets for a three-year period, approved by senior management, with a growth assumption applied for later years.

A summary of the goodwill for each cash-generating unit is presented below:

	2021	2020
	$'000	$'000
Guardian General Insurance Limited	97,459	97,459
Guardian Insurance Limited	153,977	153,977
Guardian General Insurance Jamaica Limited	6,598	6,596
Vanguard Risk Solutions Limited (formerly Fidelity Insurance (Cayman) Limited)	68,876	68,862
Thoma Exploitatie B.V.	108,571	121,440
Royal & Sun Alliance Insurance (Antilles) N.V.	26,779	26,773
Kruit en Venema Assuradeuren B.V.	10,149	11,770
Fatum Brokers Holding B.V.	58,124	58,113
	530,533	544,990

8. Intangible assets (continued)

Goodwill (continued)

The key assumptions used for value-in-use calculations are as follows:

	Discount Rate		Growth Rate	
Cash generating unit	**2021**	**2020**	**2021**	**2020**
Guardian General Insurance Limited	6.4%	7.2%	5.0%	5.0%
Guardian Insurance Limited (Trinidad and Tobago based subsidiaries)	6.5%	7.7%	5.0%	5.0%
Guardian Insurance Limited (Jamaica based subsidiary)	6.5%	7.7%	5.0%	5.0%
Guardian General Insurance Jamaica Limited	6.4%	7.2%	5.0%	5.0%
Vanguard Risk Solutions Limited (formerly Fidelity Insurance (Cayman) Limited)	6.4%	7.2%	10.0%	10.0%
Thoma Exploitatie B.V.	10.6%	10.6%	2.0%	2.0%
Royal & Sun Alliance Insurance (Antilles) N.V.	9.8%	9.7%	2.0%	2.2%
Kruit en Venema Assuradeuren B.V.	10.6%	10.6%	2.0%	2.0%
Fatum Brokers Holding B.V.	10.2%-10.8%	10.2%-10.6%	2.0%	2.2%

Discount rates: Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates: Rates are based on published industry research and management´s expected performance of each cash-generating unit.

Based on the results of the above review, no impairment expense was required for goodwill.

9. Investment in associated companies

	2021	2020
	$´000	$´000
Balance at beginning of year	261,064	244,247
Investment in associated company (see note below)	11,300	–
Share of after tax profits	34,020	17,705
Dividends received	(7,089)	(1,000)
Reserve and other movements	151	111
Exchange rate adjustments	45	1
Balance at end of year	299,491	261,064

On 26th November 2021, the Group acquired a 25% shareholding in EIKM Holdings Limited (´EIKM´) for cash consideration of $11,300,000. EIKM is incorporated in Trinidad and Tobago and is engaged in the sale and distribution of pharmaceutical products. The Group recognised goodwill on the acquisition of $8,626,000, which is included in the Group´s carrying value of its investment in EIKM.

The summarised financial information below, for the Group´s principal associates (see Note 47), represents amounts shown in the respective associate´s financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

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9. Investment in associated companies (continued)

	RoyalStar Holdings Limited		RGM Limited		EIKM Holdings Limited	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Total assets	695,699	648,083	876,295	872,760	10,562	–
Total liabilities	(289,131)	(326,286)	(331,356)	(343,617)	(96)	–
Equity	406,568	321,797	544,939	529,143	10,466	–
Group share of net assets	106,602	84,683	181,646	176,381	2,617	–
Goodwill on acquisition	–	–	–	–	8,626	–
Carrying amount of investment	106,602	84,683	181,646	176,381	11,243	–
Revenue	294,358	216,103	148,456	151,671	43	–
Profit/(loss)	102,604	44,008	21,517	18,372	(229)	–
Other comprehensive income	–	–	351	334	–	–
Total comprehensive income/(loss)	102,604	44,008	21,868	18,706	(229)	–
Dividends received during the year	5,065	–	2,024	1,000	–	–

The associated companies had no significant contingent liabilities or capital commitments as at 31 December 2021 or 2020.

10. Investment securities

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
	$´000	$´000	$´000	$´000
Investment securities	21,898,990	22,353,446	20,666,164	21,258,730
Investment securities of mutual fund unit holders	1,762,312	1,763,207	1,465,074	1,474,660
	23,661,302	24,116,653	22,131,238	22,733,390
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	9,394,086	9,394,086	8,720,257	8,720,257
Investment securities measured at fair value through other comprehensive income (FVOCI)	6,162,848	6,162,848	5,544,108	5,544,108
Investment securities measured at amortised cost (AC)	8,104,368	8,559,719	7,866,873	8,469,025
Total investment securities	23,661,302	24,116,653	22,131,238	22,733,390

10. Investment securities (continued)

	Carrying value			Fair value
	FVPL-M 2021	FVOCI 2021	AC 2021	AC 2021
	$'000	$'000	$'000	$'000
Equity securities:				
- Listed	3,639,052	–	–	–
- Unlisted	286,305	–	–	–
	3,925,357	–	–	–
Debt securities:				
- Government securities	4,533,769	2,715,744	5,547,672	5,970,600
- Debentures and corporate bonds	712,162	3,022,503	786,960	785,317
	5,245,931	5,738,247	6,334,632	6,755,917
Deposits (more than 90 days)	94,752	345,796	1,678,527	1,663,331
Other	54,222	–	–	–
	148,974	345,796	1,678,527	1,663,331
	9,320,262	6,084,043	8,013,159	8,419,248
Interest receivable	73,824	78,805	140,471	140,471
Loss allowance	–	–	(49,262)	–
	9,394,086	6,162,848	8,104,368	8,559,719
Current	498,916	1,150,963	694,513	
Non-current	8,895,170	5,011,885	7,409,855	
	9,394,086	6,162,848	8,104,368	

The loss allowance on investment securities measured at fair value through other comprehensive income is recognised against other comprehensive income and accumulated in the fair value reserve. The total loss allowance accumulated in fair value reserve is $32,984,000 (2020: $28,208,000).

The carrying amount of investment securities that were pledged as collateral for liabilities was $187,453,000 (2020: $160,815,000).

Investment securities are pledged as collateral primarily as part of sales and repurchases and securities borrowing transactions under terms that are usual and customary for such activities. In addition, as part of these transactions, the Group has received collateral that it is permitted to resell or repledge in the absence of default.

As at 31 December 2021, the fair value of investment securities accepted as collateral that the Group is permitted to sell or repledge in the absence of default was $19,791,000 (2020: $24,446,000). No securities were sold or repledged during the year.

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10. Investment securities (continued)

	Carrying value			Fair value
	FVPL-M 2020	FVOCI 2020	AC 2020	AC 2020
	$'000	$'000	$'000	$'000
Equity securities:				
- Listed	2,915,250	–	–	–
- Unlisted	238,146	–	–	–
	3,153,396	–	–	–
Debt securities:				
- Government securities	4,415,008	2,280,605	5,441,083	5,990,867
- Debentures and corporate bonds	923,399	3,095,301	841,679	870,083
	5,338,407	5,375,906	6,282,762	6,860,950
Deposits (more than 90 days)	123,900	91,562	1,497,031	1,471,181
Other	42,810	–	–	–
	166,710	91,562	1,497,031	1,471,181
	8,658,513	5,467,468	7,779,793	8,332,131
Interest receivable	61,744	76,640	136,894	136,894
Loss allowance	–	–	(49,814)	–
	8,720,257	5,544,108	7,866,873	8,469,025
Current	695,920	874,931	811,533	
Non-current	8,024,337	4,669,177	7,055,340	
	8,720,257	5,544,108	7,866,873	

11. Loans and receivables

	2021	2020
	$'000	$'000
Premiums receivable	727,799	677,074
Deposits with/balances due from reinsurers	157,098	184,371
Mortgage loans	395,617	363,639
Policy loans	47,664	48,172
Commercial and other loans	617,517	602,028
Interest receivable	9,558	15,989
Other receivables	338,365	362,996
Loss allowance	(351,653)	(238,302)
	1,941,965	2,015,967
Current	996,281	1,114,338
Non-current	945,684	901,629
	1,941,965	2,015,967

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end (2020: nil).

12. Properties for development and sale

	2021	2020
	$'000	$'000
Properties for development and sale (Note 7)	101,482	117,585

Properties for development and sale comprise the Group's investment in one component of the Pointe Simon urban re-development project in Fort de France, Martinique.

The French government provides incentives for qualifying property developments in France's overseas territories. During 2013 and 2014, the Group availed itself of the programme and received funds based upon agreed valuations of twenty-five residential units in 2014 (2013 – three units). The sums received were recorded as other income. While legal title has been transferred to third parties, the arrangement contemplates that at the expiration of a six-year period (2020 and 2021), the units will return to the Group's legal ownership, and will be available for disposal to third parties at the prevailing market price. Accordingly, the Group did not derecognise these assets, and continued to account for these units within Properties for development and sale. As at 31 December 2021, all units have been returned to the Group's legal ownership and are available for disposal to third parties.

During 2014, the Group sold the hotel component of the development to a Martinique incorporated company known as Sas Compagnie Hoteliere de la Pointe Simon (CHPS). As part of the sale negotiation, the Group acquired a 24% interest in CHPS for nominal consideration. The Group financed the sale to CHPS and at 31 December 2021 the outstanding balance, included in loans and other receivables, was €10.2 million (2020: €10.2 million). During 2020, the original terms of the loan were modified. The outstanding loan balance at the end of the year have the following terms:

1. €9.7 million repayable in varied instalments payments commencing June 2022, with a bullet at maturity (December 2026) of €6.4 million. Interest is based on EURIBOR 12 Months + 10% margin floored at 1.5%.
2. €0.4 million repayable over 2.5 years. Interest is based on EURIBOR 12 Months + 10% margin floored at 1.5%.
3. €0.1 million repayable at maturity, December 2026.

The highly uncertain economic outlook as a result of the COVID-19 pandemic was incorporated into the valuations carried out on these properties in 2021.

13. Pension plan assets/liabilities

The following information explains the quantification of the assets and liabilities recognised in the consolidated statement of financial position and the net income for the year in accordance with the provisions of IAS 19.

	Pension plan asset		Pension plan liability		Net pension plan asset/(liability)	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value of pension plan assets	525,227	523,753	462,636	439,752	987,863	963,505
Less: Present value of funded obligations	(463,617)	(447,467)	(500,450)	(531,394)	(964,067)	(978,861)
	61,610	76,286	(37,814)	(91,642)	23,796	(15,356)
Less: Present value of unfunded obligations	–	–	(645)	(759)	(645)	(759)
IAS 19 Consolidated statement of financial position assets/(liabilities)	61,610	76,286	(38,459)	(92,401)	23,151	(16,115)

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13. Pension plan assets/liabilities (continued)

	2021	2020
	$'000	$'000
The amount in the consolidated statement of income is made up as follows:		
Net interest expense	1,037	(3,244)
Current service cost	(21,915)	(22,109)
Past service cost	(735)	(2,364)
Administration expenses	(1,222)	(906)
Total pension cost (Note 36)	(22,835)	(28,623)
The remeasurement of pension plan obligation in other comprehensive income is made up as follows:		
Actuarial gains and losses arising during the period from:		
- changes in demographic assumptions	(21,944)	44,508
- changes in financial assumptions	61,770	(13,992)
- experience adjustment	(10,143)	3,743
	29,683	34,259
The movement in the fair value of pension plan assets of the year is as follows:		
Balance at beginning of year	963,505	938,213
Administration expenses	(1,222)	(906)
Benefit payments	(38,626)	(45,163)
Company contributions	31,754	27,744
Contributions by plan participants	1,374	1,225
Settlements	–	(582)
Remeasurement arising from experience adjustment	(17,803)	1,707
Interest income	47,531	43,592
Exchange rate adjustments	1,350	(2,325)
Balance at end of year	987,863	963,505
The movement in the obligation to plan members over the year is as follows:		
Balance at beginning of year	979,620	986,341
Current service cost	21,915	22,109
Interest cost	46,494	46,836
Past service cost	735	2,364
Contributions by plan participants	1,374	1,225
Remeasurement arising from changes in demographic assumptions	21,944	(44,508)
Remeasurement arising from changes in financial assumptions	(61,770)	13,992
Remeasurement arising from experience adjustment	(7,660)	(2,036)
Benefits paid	(38,626)	(45,163)
Exchange rate adjustments	686	(1,540)
Balance at end of year	964,712	979,620

13. Pension plan assets/liabilities (continued)

The principal actuarial assumptions used for accounting purposes were:

	2021	2020
Discount rates	2.9% - 12.5%	2.6% - 11.2%
Future salary increases	0.0% - 6.3%	0.0% - 5.0%
Post-retirement mortality	GAM94/NIS2012	GAM94/NIS2012
Pre-retirement mortality	GAM94/NIS2012	GAM94/NIS2012
Withdrawal from service	Ignored/Yes	Ignored/Yes
Future pension increases	Ignored/3.5%	Ignored/3.5%
Proportion of employees opting for early retirement	Ignored	Ignored
Life expectancy of pensioners at the age of 65 - male	17.0 - 18.3 years	17.1 - 18.3 years
Life expectancy of pensioners at the age of 65 - female	21.8 - 22.1 years	20.4 - 22.1 years

The actual return on plan assets was $29,732,000 (2020: $44,729,000).

	2021		2020	
	$'000	%	$'000	%
Pension plan assets are comprised as follows:				
Quoted investments				
Equity securities				
- Trinidad and Tobago	144,314	14.6%	129,666	13.5%
- Non-Caribbean	33,548	3.4%	15,812	1.6%
Government securities				
- Trinidad and Tobago	165,832	16.8%	157,902	16.4%
- Non-Caribbean	48,679	4.9%	53,865	5.6%
Corporate bonds				
- Trinidad and Tobago	47,743	4.8%	46,908	4.9%
- Non-Caribbean	154,841	15.7%	157,724	16.4%
Unquoted investments				
Government securities				
- Other Caribbean	100,689	10.2%	109,366	11.4%
Corporate bonds				
- Other Caribbean	–	0.0%	2,502	0.3%
Cash and cash equivalents	33,037	3.3%	37,395	3.8%
Property	17,550	1.8%	18,400	1.9%
Other	241,630	24.5%	233,965	24.2%
	987,863	100.0%	963,505	100.0%

The defined benefit plan assets as at 31 December 2021 include investments in the Group's managed mutual funds of $17,595,000 (2020: $14,929,000). Included in the plan's assets is a property with a fair value of $17,550,000 (2020: $18,400,000), which is not occupied by the Group.

Contributions from the defined contribution plan are invested in a deposit administration contract. The deposit administration contract is part of a general fund, which is managed by a Group subsidiary.

The Group's expected contributions to its defined benefit pension plans for the year ending 31 December 2022 are $30,157,000.

The duration of the defined benefit plans obligation at the end of the reporting period is 13 to 21 years (2020: 13 to 22 years).

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13. Pension plan assets/liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is shown below:

	Impact on the net defined benefit obligation	
	Increase	Decrease
	$'000	$'000
1% increase/decrease in discount rate	(105,306)	130,870
1% increase/decrease in future salary increases	21,584	(18,892)
1% increase/decrease in future pension increases	45,988	(39,086)
Life expectancy increase/decrease by 1 year - male	9,236	(9,452)
Life expectancy increase/decrease by 1 year - female	15,102	(15,358)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

14. Deferred taxation

The following amounts are shown in the consolidated statement of financial position:

	2021	2020
	$'000	$'000
Deferred tax assets:		
- To be recovered after more than 12 months	76,931	52,954
- To be recovered within 12 months	19,022	18,273
	95,953	71,227
Deferred tax liabilities:		
- Crystallizing after more than 12 months	(447,831)	(399,676)
- Crystallizing within 12 months	(19,959)	(20,341)
	(467,790)	(420,017)
Net deferred tax liability	(371,837)	(348,790)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement on the net deferred tax account is as follows:

	2021	2020
	$'000	$'000
Balance at beginning of year	(348,790)	(301,903)
(Charged)/credited to:		
- statement of income (Note 38)	(53,786)	(21,418)
- other comprehensive income	22,019	(28,266)
Acquisition of subsidiary (Note 46)	–	(2,915)
Exchange rate adjustments	8,720	5,712
Balance at end of year	(371,837)	(348,790)

14. Deferred taxation (continued)

The movement in the net deferred tax assets and liabilities during the year is attributable to the following items:

	Balance at beginning 2021	(Charged)/credited to Statement income	(Charged)/credited to Other comprehensive income	Other movements	Exchange rate adjustments	Balance at end 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Future distributions	(198,952)	(12,720)	–	8,622	1,131	(201,919)
Accelerated tax depreciation	(31,365)	832	–	(13,140)	614	(43,059)
Tax losses carried forward	39,964	(898)	–	–	(17)	39,049
Investments at fair value through profit or loss	(82,511)	(55,451)	–	1,561	3,742	(132,659)
Investments at fair value through other comprehensive income	(44,389)	(2,867)	16,810	–	830	(29,616)
Allowance for expected credit losses	7,846	6,469	(49)	–	61	14,327
Intangibles	(13,113)	2,865	–	–	844	(9,404)
Revaluation of properties	(25,233)	–	(248)	2,957	1,446	(21,078)
Other	(1,037)	7,984	5,506	–	69	12,522
	(348,790)	(53,786)	22,019	–	8,720	(371,837)

	Balance at beginning 2020	(Charged)/credited to Statement income	(Charged)/credited to Other comprehensive income	Acquisition of subsidiary	Exchange rate adjustments	Balance at end 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Future distributions	(181,566)	(18,269)	–	–	883	(198,952)
Accelerated tax depreciation	(35,396)	3,349	–	–	682	(31,365)
Tax losses carried forward	39,108	1,258	–	–	(402)	39,964
Investments at fair value through profit or loss	(79,935)	(5,824)	–	–	3,248	(82,511)
Investments at fair value through other comprehensive income	(23,379)	(3,342)	(17,943)	–	275	(44,389)
Allowance for expected credit losses	10,387	(413)	(2,114)	–	(14)	7,846
Intangibles	(11,957)	2,452	–	(2,915)	(693)	(13,113)
Revaluation of properties	(23,699)	303	(3,416)	–	1,579	(25,233)
Other	4,534	(932)	(4,793)	–	154	(1,037)
	(301,903)	(21,418)	(28,266)	(2,915)	5,712	(348,790)

There are tax losses relating to subsidiaries that are available for set-off against future chargeable profits of $224,111,000 (2020: $208,917,000). These tax losses expire over varying periods. No deferred tax asset has been recognised on tax losses carried forward of $67,095,000 (2020: $41,910,000), due to the uncertain timing of their recovery. Some of these losses have not yet been agreed with the respective tax authorities.

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15. Reinsurance assets

	2021	2020
	$'000	$'000
This represents the Group's net contractual rights under reinsurance contracts:		
Long-term insurance contracts:		
With fixed and guaranteed terms	26,013	25,657
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 21.1(e))	468,569	472,068
Claims incurred but not reported (Note 21.1(e))	73,243	88,119
Unearned premiums (Note 21.1(f))	532,903	485,697
Group life (Note 21.1(g))	4	–
	1,074,719	1,045,884
Total reinsurers' share of insurance liabilities	1,100,732	1,071,541
Current	879,240	838,120
Non-current	221,492	233,421
Total reinsurers' share of insurance liabilities	1,100,732	1,071,541

16. Deferred acquisition costs

	2021	2020
	$'000	$'000
Short-term insurance contracts:		
Balance at beginning of year	129,401	115,942
Increase in the year	135,130	124,907
Release in the year	(128,527)	(114,932)
Exchange rate adjustments	(5,016)	3,484
Balance at end of year	130,988	129,401

17. Cash and cash equivalents

	2021	2020
	$'000	$'000
Cash at bank and in hand	2,753,676	2,570,942
Short-term deposits (90 days or less)	741,887	883,430
Cash and cash equivalents	3,495,563	3,454,372
Cash and cash equivalents in mutual funds	304,882	288,604
Loss allowance	(15,871)	(21,571)
Net cash and cash equivalents	3,784,574	3,721,405
At beginning of year	3,721,405	2,517,173
Net impairment gains/(losses)	5,575	(6,946)
Exchange rate adjustments	(40,167)	(16,798)
	3,686,813	2,493,429
At end of year	3,784,574	3,721,405
Net increase in cash used in cash flow	97,761	1,227,976

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

17. Cash and cash equivalents (continued)

Cash and cash equivalents include deposits pledged with regulatory authorities in countries in which the Group is authorised to conduct business, as security for its policyholders. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group. Cash and cash equivalents pledged as at 31 December 2021 was $96,338,000 (2020: $573,389,000).

No cash and cash equivalents are pledged as collateral for financial liabilities.

18. Share capital

	2021	2020
	$'000	$'000
Authorised		
An unlimited number of ordinary shares of no par value		
An unlimited number of preferred shares of no par value		
Issued and fully paid		
232,024,923 ordinary shares of no par value (2020: 232,024,923 ordinary shares)	1,970,043	1,970,043

	Number of shares	Share capital	Share option plan	Total
	(thousands)	$'000	$'000	$'000
Balance at 31 December 2021	232,021	1,970,043	–	1,970,043
Balance at 1 January 2020	232,021	1,970,043	16,023	1,986,066
Executive share option plan:				
- value of lapsed options	–	–	(16,023)	(16,023)
Balance at 31 December 2020	232,021	1,970,043	–	1,970,043

The number of shares in the table above is net of unallocated shares, which are units acquired by the Group's Employee Share Ownership Plan that are held in trust for future distribution to employees.

19. Reserves

	Fair value reserve	Property revaluation reserve	Statutory reserve	Translation reserve	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021	219,886	226,337	21,713	(785,682)	(317,746)
Other comprehensive loss	(114,533)	(2,379)	–	(361,305)	(478,217)
Other reserve movements	–	–	–	(4,308)	(4,308)
Transfer to/from retained earnings	–	–	1,261	–	1,261
Balance at 31 December 2021	105,353	223,958	22,974	(1,151,295)	(799,010)
Balance at 1 January 2020	141,154	236,001	20,259	(762,448)	(365,034)
Other comprehensive income/(loss)	78,732	(9,664)	–	(23,234)	45,834
Transfer to/from retained earnings	–	–	1,454	–	1,454
Balance at 31 December 2020	219,886	226,337	21,713	(785,682)	(317,746)

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20. Non-controlling interest in subsidiary

	2021	2020
	$'000	$'000
Non-controlling interest in subsidiary	8,997	5,523

At the end of the year, the non-controlling interest balance represents a 32.3% shareholding in Vanguard Risk Solutions Limited (formerly Fidelity Insurance (Cayman) Limited). During 2020, the Group acquired all of the outstanding non-controlling interests' shares in Guardian General Insurance (OECS) Limited for $30,365,000. The following summarises the additional interest acquired in Guardian General Insurance (OECS) Limited:

	2021	2020
	$'000	$'000
Cash consideration paid to non-controlling shareholders	–	30,365
Carrying value of the additional interest in Guardian General Insurance (OECS) Limited	–	(22,517)
Additional interest acquired - recognised in retained earnings	–	7,848

21. Insurance contracts

	2021	2020
	$'000	$'000
Long-term insurance contracts:		
With fixed and guaranteed terms and without DPF (Note 21.1(a))	10,418,920	10,187,964
With fixed and guaranteed terms and with DPF (Note 21.1 (b))	70,250	76,861
Without fixed terms (Note 21.1(c))	6,141,922	5,751,286
	16,631,092	16,016,111
Participating policyholders' share of the surplus from long-term insurance business (Note 21.1(d))	504,981	494,335
	17,136,073	16,510,446
Short-term insurance contracts:		
Property and casualty claims reported and loss adjustment expenses (Note 21.1(e))	986,907	938,168
Property and casualty claims incurred but not reported (Note 21.1(e))	241,769	225,192
Property and casualty unearned premiums (Note 21.1(f))	1,045,033	1,049,845
Group life (Note 21.1(g))	93,591	100,198
	2,367,300	2,313,403
Total gross insurance liabilities	19,503,373	18,823,849
Current	1,908,985	1,852,077
Non-current	17,594,388	16,971,772
	19,503,373	18,823,849

21. Insurance contracts (continued)

21.1 Movements in insurance liabilities and reinsurance assets

	2021	2020
	$'000	$'000
(a) Long-term insurance contracts with fixed and guaranteed terms and without DPF		
At beginning of year	10,187,964	8,796,478
Acquisition of insurance portfolio	–	1,522,004
Valuation premiums received	115,676	463,933
Liabilities released for payments on death, surrender and other terminations in the year	(174,561)	(416,385)
Accretion of interest	40,434	260,175
Cash paid for claims settled in the year	(599,433)	(609,338)
Changes in outstanding claims	634,795	635,406
Changes in assumptions (Note 4.1.4(c))	(245,996)	(165,643)
Normal in-force policies movement and new policies	610,536	87,287
Other movements	(7,031)	(307,389)
Exchange rate adjustments	(143,464)	(78,564)
At end of year	10,418,920	10,187,964
(b) Long-term insurance contracts with fixed and guaranteed terms and with DPF		
At beginning of year	76,861	84,790
Changes in assumptions (Note 4.1.4(c))	(2,912)	(1,870)
Normal in-force policies movement and new policies	(2,477)	(4,742)
Exchange rate adjustments	(1,222)	(1,317)
At end of year	70,250	76,861
(c) Long-term insurance contracts without fixed terms		
At beginning of year	5,751,286	5,619,646
Cash paid for claims settled in the year	(653,757)	(562,434)
Changes in outstanding claims	704,135	563,894
Changes in assumptions (Note 4.1.4(c))	(164,796)	(118,979)
Normal in-force policies movement and new policies	585,859	255,162
Other movements	(82,156)	(2,769)
Exchange rate adjustments	1,351	(3,234)
At end of year	6,141,922	5,751,286
(d) Participating policyholders' share of the surplus from long-term insurance business		
At beginning of year	494,335	488,685
(Surplus)/deficit attributable to participating policyholders	12,546	(2,038)
Other movements	(1,900)	7,688
At end of year	504,981	494,335

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21. Insurance contracts (continued)

21.1 Movements in insurance liabilities and reinsurance assets (continued)

Short-term insurance contracts (non-life):

(e) Property and casualty claims and loss adjustment expenses/claims incurred but not reported

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December						
Notified claims	938,168	(472,068)	466,100	1,148,097	(690,433)	457,664
Incurred but not reported	225,192	(88,119)	137,073	333,605	(143,597)	190,008
Total at beginning of year	1,163,360	(560,187)	603,173	1,481,702	(834,030)	647,672
Cash paid for claims settled in the year	(1,458,889)	552,233	(906,656)	(1,464,146)	521,693	(942,453)
Increase in liabilities (Note 29)	1,583,239	(567,528)	1,015,711	1,127,208	(227,957)	899,251
Exchange rate adjustments	(59,034)	33,670	(25,364)	18,596	(19,893)	(1,297)
Total at end of year	1,228,676	(541,812)	686,864	1,163,360	(560,187)	603,173
Notified claims	986,907	(468,569)	518,338	938,168	(472,068)	466,100
Incurred but not reported	241,769	(73,243)	168,526	225,192	(88,119)	137,073
	1,228,676	(541,812)	686,864	1,163,360	(560,187)	603,173

(f) Provisions for unearned premiums

	Gross 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Total at beginning of year	1,049,845	(485,697)	564,148	945,650	(423,576)	522,074
Increase in the period	1,061,639	(540,686)	520,953	1,038,521	(486,490)	552,031
Release in the period	(1,038,227)	477,558	(560,669)	(932,810)	414,941	(517,869)
Exchange rate adjustments	(28,224)	15,922	(12,302)	(1,516)	9,428	7,912
Total at end of year	1,045,033	(532,903)	512,130	1,049,845	(485,697)	564,148

(g) Group life

	Gross 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Total at beginning of year	100,198	–	100,198	41,900	–	41,900
Acquisition of insurance portfolio	–	–	–	64,240	–	64,240
Cash paid for claims settled in the year	(75,337)	2,041	(73,296)	(57,087)	1,925	(55,162)
Increase in liabilities	75,443	(2,045)	73,398	53,469	(1,925)	51,544
Exchange rate adjustments	(6,713)	–	(6,713)	(2,324)	–	(2,324)
Total at end of year	93,591	(4)	93,587	100,198	–	100,198

21. Insurance contracts (continued)

21.2 Claims development tables – short-term insurance contracts (non-life)

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. Claims development tables are disclosed on an accident year basis (where the reference is to the actual date of the event that caused the claim), with the exception of international property and casualty claims, which is disclosed by underwriting year account.

	Total
As at 31 December 2021	$'000
Insurance claims – gross	
– By accident year	935,129
– By underwriting year	293,547
Total liability (Note 21.1 (e))	1,228,676
Insurance claims – net	
– By accident year	532,195
– By underwriting year	154,669
Total liability (Note 21.1 (e))	686,864

The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year/underwriting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the consolidated statement of financial position as per summary above.

Insurance claims – gross

Accident year	2016	2017	2018	2019	2020	2021	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of ultimate claims costs:							
– at end of accident year	1,246,664	3,206,956	1,282,538	2,046,275	1,313,159	1,509,719	–
– one year later	1,177,583	3,388,318	1,122,809	1,785,271	1,201,766	–	–
– two years later	1,176,650	3,069,722	1,112,691	1,781,037	–	–	–
– three years later	1,168,126	3,051,250	1,114,454	–	–	–	–
– four years later	1,167,816	3,062,849	–	–	–	–	–
– five years later	1,173,376	–	–	–	–	–	–
Current estimate of cumulative claims	1,173,376	3,062,849	1,114,454	1,781,037	1,201,766	1,509,719	9,843,201
Cumulative payments to date	(1,149,465)	(3,012,538)	(1,063,590)	(1,679,518)	(1,082,295)	(1,004,256)	(8,991,662)
Liability recognised in the consolidated statement of financial position	23,911	50,311	50,864	101,519	119,471	505,463	851,539
Liability in respect of prior years							83,590
Total liability							935,129

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21. Insurance contracts (continued)

21.2 Claims development tables – short-term insurance contracts (non-life) (continued)

Insurance claims – gross

Underwriting year	2016	2017	2018	2019	2020	2021	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of ultimate claims costs:							
- at end of underwriting year	22,776	23,567	18,137	9,625	18,368	95,198	–
- one year later	25,972	28,862	20,556	14,905	25,198	–	–
- two years later	24,409	27,763	19,078	14,256	–	–	–
- three years later	23,829	27,418	19,210	–	–	–	–
- four years later	23,533	26,994	–	–	–	–	–
- five years later	22,996	–	–	–	–	–	–
Current estimate of cumulative claims	22,996	26,994	19,210	14,256	25,198	95,198	203,852
Cumulative payments to date	(21,968)	(22,682)	(14,345)	(7,550)	(6,507)	(4,582)	(77,634)
Liability recognized in the consolidated statement of financial position	1,028	4,312	4,865	6,706	18,691	90,616	126,218
Liability in respect of prior years							167,329
Total liability							293,547

Insurance claims – net

Accident year	2016	2017	2018	2019	2020	2021	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of ultimate claims costs:							
- at end of accident year	905,055	1,538,835	973,369	1,083,404	902,806	956,027	–
- one year later	837,215	1,459,821	886,070	1,236,227	848,837	–	–
- two years later	810,481	1,447,754	876,874	1,232,741	–	–	–
- three years later	825,922	1,441,184	873,067	–	–	–	–
- four years later	807,808	1,445,767	–	–	–	–	–
- five years later	806,533	–	–	–	–	–	–
Current estimate of cumulative claims	806,533	1,445,767	873,067	1,232,741	848,837	956,027	6,162,972
Cumulative payments to date	(784,772)	(1,423,533)	(839,193)	(1,180,130)	(791,907)	(661,680)	(5,681,215)
Liability recognized in the consolidated statement of financial position	21,761	22,234	33,874	52,611	56,930	294,347	481,757
Liability in respect of prior years							50,438
Total liability							532,195

21. Insurance contracts (continued)

21.2 Claims development tables - short-term insurance contracts (non-life) (continued)

Insurance claims - net Underwriting year	2016	2017	2018	2019	2020	2021	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of ultimate claims costs:							
- at end of underwriting year	22,776	23,567	18,137	9,625	18,368	95,198	–
- one year later	25,972	28,862	20,556	14,905	25,198	–	–
- two years later	24,409	27,763	19,078	14,256	–	–	–
- three years later	23,829	27,418	19,210	–	–	–	–
- four years later	23,533	26,994	–	–	–	–	–
- five years later	22,996	–	–	–	–	–	–
Current estimate of cumulative claims	22,996	26,994	19,210	14,256	25,198	95,198	203,852
Cumulative payments to date	(21,968)	(22,682)	(14,345)	(7,550)	(6,507)	(4,582)	(77,634)
Liability recognised in the consolidated statement of financial position	1,028	4,312	4,865	6,706	18,691	90,616	126,218
Liability in respect of prior years							28,451
Total liability							154,669

22. Financial liabilities

	2021	2020
	$'000	$'000
Non-current portion of financial liabilities		
Medium-term borrowings	3,245,019	2,263,613
Repurchase agreements	55,066	–
	3,300,085	2,263,613
Current portion of financial liabilities		
Medium-term borrowings	38,657	879,275
Short-term borrowings	10,313	25,488
Repurchase agreements	141,983	78,783
Total current portion of borrowings and repurchase agreements (Note 22.1)	190,953	983,546
Interest payable	30,665	30,345
	221,618	1,013,891
Total	3,521,703	3,277,504

The fair value of medium-term borrowings amounted to $3,504,503,000 (2020: $2,650,764,000). The fair value of medium-term borrowings is determined by applying a discounted cash flow model for the remaining term to maturity using a current yield curve for a similar debt instrument. For short-term debt, the carrying amounts approximate their fair value.

The repurchase agreements represent the normal activities of the asset management operations. The carrying amount of the repurchase agreements approximate their fair value.

The Group has not made any defaults of principal, interest or other breaches with respect to their borrowings during the year (2020 - Nil).

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22. Financial liabilities (continued)

22.1 Borrowings and repurchase agreements

	2021	2020
	$´000	$´000
Company	3,018,903	2,929,529
Subsidiaries	472,135	317,630
	3,491,038	3,247,159
Current	190,953	983,546
Non-current	3,300,085	2,263,613
	3,491,038	3,247,159
The movements in borrowings and repurchase agreements are summarized below:		
Balance at beginning of year	3,247,159	2,500,070
Proceeds from borrowings and repurchase agreements	1,072,825	1,798,280
Repayment of borrowings and repurchase agreements	(781,193)	(1,018,973)
Transaction costs on new borrowings capitalised	(5,768)	(18,788)
Amortisation of transaction costs, premium and discounts during the year	2,841	(10,281)
Exchange rate adjustments	(44,826)	(3,149)
Balance at end of year	3,491,038	3,247,159

Details of major borrowings outstanding as at 31 December 2021 are as follows:

Company

Facility 1 – $1 billion

This is a fixed rate 12-year bond ending in January 2023 and comprises two series. Interest is charged at 7.975% per annum and is paid semi- annually. Series 1 principal repayments commenced on 27 July 2011 by 7 equal half-yearly instalments of $3,375,000, 16 equal half-yearly instalments of $18,750,000 and a final balloon instalment of $576,375,000. Series 2 principal repayments commenced 27 January 2012 by 6 equal half-yearly instalments of $375,000, 16 equal half-yearly instalments of $2,083,333 and a final balloon instalment of $64,416,667.

Facility 2 – $1.02 billion

This is a secured fixed rate 5-year bond ending in December 2025. Interest is charged at 5% per annum and is paid semi-annually. The principal is payable at maturity.

Facility 3 – $880 million

This is a secured fixed rate 6-year bond ending in December 2027. Interest is charged at 5% per annum and is paid semi-annually. The principal is payable at maturity.

Facility 4 – J$13.4 billion

This is an unsecured fixed rate bond comprising of five series where interest is payable quarterly and principal is payable at maturity. Series A interest is charged at 5.750% ending in September 2022, Series B interest is charged at 6.500% ending in September 2025, Series C interest is charged at 6.750% ending in September 2026, Series D interest is charged at 7.000% ending in September 2027 and Series E interest is charged at 8.750% ending in September 2030.

Facilities 1, 2 and 3 are secured by a debenture creating a charge over the fixed and floating assets of Guardian Holdings Limited.

Subsidiary

Loan 1 – US$40 million

This is an unsecured fixed rate 5-year loan ending in June 2026. Interest is charged at 3.75% and is payable semi-annually. The principal is payable at maturity. Several of the Group´s subsidiaries are guarantors on this loan.

23. Investment contract liabilities

	2021	2020
	$'000	$'000
The movements in the liabilities arising from investment contracts are summarised below:		
Balance at beginning of year	2,696,558	2,788,681
Premiums received	340,035	463,073
Fees deducted from account balances	(15,883)	(17,394)
Account balances paid on surrender and other terminations in the year	(372,800)	(394,058)
Investment contract benefits increase/(decrease)	94,125	(19,916)
Other movements	7,406	(16,814)
Exchange rate adjustments	(103,782)	(107,014)
Balance at end of year	2,645,659	2,696,558

Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values.

24. Third party interests in mutual funds

	2021	2020
	$'000	$'000
Balance at beginning of year	1,301,361	1,237,709
Share of net income	24,052	18,784
Unrealised losses	(44,182)	(16,805)
Net change in mutual fund holder balances	340,181	79,831
Distributions	(22,000)	(18,158)
Balance at end of year	1,599,412	1,301,361

25. Post-retirement medical benefit obligations

	2021	2020
	$'000	$'000
The amounts recognised in the consolidated statement of financial position are as follows:		
Present value of obligations	123,191	131,425
The amount in the consolidated statement of income is made up as follows:		
Interest cost	5,158	5,531
Current service cost	2,229	2,495
Cost for the year (Note 36)	7,387	8,026
The movement in the liability is as follows:		
Balance at beginning of year	131,425	134,605
Remeasurement of obligation (actuarial losses)	(10,648)	(6,792)
Employer contributions	(4,919)	(4,330)
Expense as per above	7,387	8,026
Exchange rate adjustments	(54)	(84)
Balance at end of year	123,191	131,425

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25. Post retirement medical benefit obligation (continued)

	2021	2020
The principal actuarial assumptions used were as follows:		
Discount rate	2.9% - 8.0%	2.6% - 9.0%
Healthcare cost escalation	2.0% - 8.0%	2.0% - 9.0%
Retiree premium escalation:		
Existing retirees	0.0% - 5.6%	0.0% - 4.8%
Future retirees	0.0% - 5.6%	0.0% - 4.8%
Pre-retirement mortality	NIS2012	NIS2012
Post-retirement mortality	GAM94	GAM94

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is shown below:

	Impact on the obligation Increase	Decrease
	$'000	$'000
1% increase/decrease in discount rate	(17,243)	21,967
1% increase/decrease in medical cost trend rate	20,125	(16,109)

Expected contributions to post-employment benefit plans for the year ending 31 December 2022 are $4,979,000.

26. Other liabilities

	2021	2020
	$'000	$'000
Deposits and premiums received in advance	155,549	125,147
Amount due to reinsurers	427,191	303,142
Accounts payable and accruals	935,699	924,860
	1,518,439	1,353,149

The carrying amounts of other liabilities approximate their fair value.

27. Net premium income

	2021	2020
	$'000	$'000
(a) Insurance premium income		
Long-term insurance contracts	2,976,770	2,636,064
Short-term insurance contracts:		
- premiums receivable	4,053,555	3,920,467
- change in unearned premium provision	(23,412)	(105,711)
	7,006,913	6,450,820
(b) Insurance premium ceded to reinsurers		
Long-term reinsurance contracts	(101,052)	(100,064)
Short-term reinsurance contracts:		
- premiums payable	(2,302,980)	(2,074,807)
- change in unearned premium provision	63,128	71,549
	(2,340,904)	(2,103,322)

28. Policy acquisition expenses

	2021	2020
	$'000	$'000
Commissions	722,641	686,722
Other expenses for the acquisition of insurance and investment contracts	46,113	50,573
	768,754	737,295

29. Net insurance benefits and claims

	2021	2020
	$'000	$'000
Insurance benefits – gross	2,332,979	1,815,665
Insurance benefits – recovered from reinsurers	(38,829)	(46,318)
Insurance claims and loss adjustment expenses – gross (Note 21.1(e))	1,583,239	1,127,208
Insurance claims and loss adjustment expenses – recovered from reinsurers (Note 21.1(e))	(567,528)	(227,957)
	3,309,861	2,668,598

	Gross	Reinsurance	Net
	$'000	$'000	$'000
Insurance benefits			
Year ended 31 December 2021			
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
- death, maturity and surrender benefits	907,317	(1,635)	905,682
- increase in liabilities	357,111	–	357,111
Long-term insurance contracts without fixed terms:			
- death, maturity and surrender benefits	858,611	(35,149)	823,462
- change in unit prices	131,842	–	131,842
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
- death, maturity and surrender benefits	1,274	–	1,274
- increase in liabilities	1,381	–	1,381
Short-term insurance contracts – group life	75,443	(2,045)	73,398
Total cost of policyholder benefits	2,332,979	(38,829)	2,294,150
Year ended 31 December 2020			
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
- death, maturity and surrender benefits	781,708	(6,954)	774,754
- decrease in liabilities	(95,325)	1,006	(94,319)
Long-term insurance contracts without fixed terms:			
- death, maturity and surrender benefits	849,623	(38,445)	811,178
- change in unit prices	223,744	–	223,744
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
- death, maturity and surrender benefits	1,039	–	1,039
- increase in liabilities	1,407	–	1,407
Short-term insurance contracts – group life	53,469	(1,925)	51,544
Total cost of policyholder benefits	1,815,665	(46,318)	1,769,347

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30. Investment income

	2021	2020
	$'000	$'000
Interest income from:		
- Fair value through other comprehensive income investment securities	312,477	195,927
- Amortised cost investment securities	449,857	438,446
- Loans and receivables	55,936	53,205
- Cash and cash equivalents	11,653	10,812
	829,923	698,390
Interest income from fair value through profit or loss debt securities	278,048	255,597
Dividend income from fair value through profit or loss equity securities	102,940	69,067
Investment expenses	(27,706)	(11,107)
	353,282	313,557
Total investment income	1,183,205	1,011,947

31. Net realised gains/(losses)

	2021	2020
	$'000	$'000
Investment securities measured mandatorily at fair value through profit or loss	17,968	49,058
Investment securities measured at fair value through other comprehensive income	11,839	953
Investment securities measured at amortised cost	938	–
Other	(677)	674
	30,068	50,685

32. Net fair value gains/(losses)

	2021	2020
	$'000	$'000
Net fair value gains/(losses) on:		
- Investment securities measured mandatorily at fair value through profit or loss	146,306	(223,666)
Net loss on third party interests in mutual funds	(24,052)	(18,784)
Fair value adjustment on investment properties (Note 7)	40,325	7,848
Fair value adjustment on Pointe Simon (Note 7)	–	(42,824)
	162,579	(277,426)

33. Fee income

	2021	2020
	$'000	$'000
Policy administration and asset management services:		
- Insurance contracts	10,327	11,015
- Investment contracts without a discretionary participation feature	30,172	34,703
Surrender charges – insurance contracts	10,069	10,900
Other	8,384	8,644
	58,952	65,262

34. Other income

	2021	2020
	$'000	$'000
Rental income	63,825	50,096
Foreign exchange gains	97,231	43,002
Other income	108,771	25,155
	269,827	118,253

35. Net impairment losses/(gains) on financial assets

	2021	2020
	$'000	$'000
Investment securities measured at fair value through other comprehensive income	4,776	9,734
Investment securities measured at amortised cost	522	(14,730)
Loans and receivables	136,301	13,745
Cash and cash equivalents	(5,575)	6,946
	136,024	15,695

36. Operating expenses

	2021	2020
	$'000	$'000
Staff cost	705,692	678,500
Depreciation and amortisation	106,006	97,460
Auditors' remuneration	12,306	11,697
Directors' fees	12,643	10,663
Other expenses	664,773	573,936
	1,501,420	1,372,256
Staff cost includes:		
Wages, salaries and bonuses	522,138	494,200
Health and medical	17,024	16,584
Staff training	2,964	2,514
National insurance	50,294	47,340
Pension costs - defined contribution plans	23,924	25,605
Pension costs - defined benefit plans (Note 13)	22,835	28,623
Post-retirement medical benefit obligations (Note 25)	7,387	8,026
Termination benefits	11,233	10,636
Other	47,893	44,972
	705,692	678,500

37. Finance charges

	2021	2020
	$'000	$'000
Interest on borrowings and repurchase agreements	192,694	145,646
Interest on leasing arrangements (Note 6(b))	7,038	8,201
	199,732	153,847

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38. Taxation

	2021	2020
	$´000	$´000
Current tax	170,012	243,598
Business levy	1,920	2,852
Prior year taxation adjustment	(10,700)	(24,024)
Deferred tax (Note 14)	53,786	21,418
	215,018	243,844

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2021	2020
Profit before taxation	1,013,365	1,022,098
Prima facie tax calculated at domestic corporation tax rate of 30%	304,010	306,629
Effect of different tax rate of life insurance companies	(51,020)	(34,920)
Effect of different tax rate in other countries	(63,216)	(46,711)
Income not subject to tax	(469,562)	(262,009)
Expenses not deductible for tax purposes	457,251	272,371
Net adjustment to recognised and unrecognised tax losses	(2,334)	(13,268)
Tax reliefs and deductions	(10,340)	(11,148)
Business levy	1,920	2,852
Prior year taxation adjustment	(10,700)	(24,024)
Tax on dividend	–	10,000
Other	59,009	44,072
Tax charge for the year	215,018	243,844

39. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding at the consolidated statement of financial position date.

	2021	2020
	$´000	$´000
Net profit attributable to ordinary shareholders	782,332	774,458
	Number of shares (´000)	
Weighted average number of ordinary shares in issue (thousands)	232,021	232,021
	$	**$**
Basic earnings per ordinary share	3.37	3.34

40. Dividends

	2021	2020
	$'000	$'000
Final dividend for 2019 - 51¢ per share	–	118,331
Interim dividend for 2021 - 18¢ per share	41,755	–
	41,755	118,331

On 24 February 2022, the Board of Directors declared a final dividend of 52 cents per share, a total dividend to be paid of $121 million. These consolidated financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2022.

41. Adjustment for non-cash items in operating profit

	2021	2020
	$'000	$'000
Share of profit from associated companies (Note 9)	(34,020)	(17,705)
Net fair value (gains)/losses on financial assets	(146,306)	223,666
Third party share of net income of mutual funds (Note 24)	24,052	18,784
Net realised gains on financial assets	(30,745)	(50,011)
Impairment of financial assets	136,024	15,695
Net loss for the year on post-employment benefits	30,222	36,649
Depreciation and amortisation (Note 36)	106,006	97,460
(Gain)/loss on disposal of property, plant & equipment	(4)	3,306
Change in fair value of other investment properties (Note 7)	(40,325)	(7,848)
Change in fair value adjustment on Pointe Simon (Note 7)	–	42,824
Loss/(gain) on disposal of investment property	677	(570)
Foreign exchange gains	(121,762)	(39,475)
Other non-cash income	(34)	(104)
	(76,215)	322,671

42. Fair value measurement

The following table provides the fair value measurement of the Group's assets and liabilities that are disclosed at fair value in the statement of financial position.

	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
At 31 December 2021				
Assets measured at fair value:				
Freehold properties	–	–	460,834	460,834
Investment properties	–	–	1,645,435	1,645,435
Investment securities at fair value through profit or loss:				
Equity securities	3,510,420	107,650	307,287	3,925,357
Government securities	385,059	4,148,710	–	4,533,769
Debentures & corporate bonds	138,376	573,786	–	712,162
Deposits (more than 90 days)	7,385	87,367	–	94,752
Other	5,779	40,998	7,445	54,222
Investment securities at fair value through other comprehensive income:				
Government securities	173,950	2,449,277	92,517	2,715,744
Debentures & corporate bonds	155,131	2,867,372	–	3,022,503
Deposits (more than 90 days)	227,363	118,433	–	345,796
	4,603,463	10,393,593	2,513,518	17,510,574

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42. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
At 31 December 2020				
Assets measured at fair value:				
Freehold properties	–	–	477,528	477,528
Investment properties	–	–	1,670,156	1,670,156
Investment securities at fair value through profit or loss:				
Equity securities	2,855,857	93,309	204,230	3,153,396
Government securities	558,663	3,856,345	–	4,415,008
Debentures & corporate bonds	158,302	765,097	–	923,399
Deposits (more than 90 days)	–	123,900	–	123,900
Other	9,495	25,831	7,484	42,810
Investment securities at fair value through other comprehensive income:				
Government securities	175,759	2,018,940	85,906	2,280,605
Debentures & corporate bonds	150,059	2,945,242	–	3,095,301
Deposits (more than 90 days)	40,389	51,173	–	91,562
	3,948,524	9,879,837	2,445,304	16,273,665

There were no transfers between level 1 and level 2 during the period.

Reconciliation of movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value.

			Investment securities			
	Freehold properties	Investment properties	Equity securities	Government securities	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2021						
Balance at beginning of year	477,528	1,670,156	204,230	85,906	7,484	2,445,304
Total gains or (losses):						
in profit or loss	(9,412)	39,648	64,620	–	(175)	94,681
in other comprehensive income	(2,131)	–	–	908	–	(1,223)
Purchases	4,221	87,446	61,241	5,246	–	158,154
Sales	(810)	(206)	(27,935)	–	–	(28,951)
Other movements	401	(17,792)	–	–	–	(17,391)
Transfers into level 3	–	–	7,901	–	–	7,901
Exchange rate adjustments	(8,963)	(133,817)	(2,770)	457	136	(144,957)
Balance at end of year	460,834	1,645,435	307,287	92,517	7,445	2,513,518

42. Fair value measurement (continued)

Reconciliation of movements in level 3 assets measured at fair value (continued)

	Freehold properties	Investment properties	Investment securities: Equity securities	Investment securities: Government securities	Investment securities: Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2020						
Balance at beginning of year	479,228	1,569,380	189,162	74,748	7,866	2,320,384
Total gains or (losses):						
in profit or loss	(9,232)	(34,595)	17,223	–	(444)	(27,048)
in other comprehensive income	(6,248)	–	–	1,169	–	(5,079)
Purchases	6,427	149,324	23,590	–	–	179,341
Sales	–	(570)	(39,777)	–	–	(40,347)
Other movements	19,937	(37,532)	–	9,692	–	(7,903)
Transfers into level 3	–	–	14,115	–	–	14,115
Exchange rate adjustments	(12,584)	24,149	(83)	297	62	11,841
Balance at end of year	477,528	1,670,156	204,230	85,906	7,484	2,445,304

Total gains or losses (realised and unrealised) for the year in the above table are presented in the consolidated statement of income and other comprehensive income as follows:

	2021	2020
	$'000	$'000
Total gains or (losses) recognised in consolidated statement of income		
Net realised (losses)/gains	(677)	571
Net fair value gains/(losses)	104,770	(18,387)
Operating expenses	(9,412)	(9,232)
	94,681	(27,048)
Total gains or (losses) recognised in consolidated statement of comprehensive income		
Net fair value gains on debt securities at fair value through other comprehensive income	908	1,169
Losses on property revaluation	(2,131)	(6,248)
	(1,223)	(5,079)

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42. Fair value measurement (continued)

Total unrealised gains/(losses) for the period included in consolidated statement of income for assets and liabilities held at end of year:

	2021	2020
	$'000	$'000
Assets measured at fair value:		
Investment properties	40,325	(35,166)
Investment securities:		
Equity securities	64,620	17,223
Other	(175)	(444)
	104,770	(18,387)

For properties classified as level 3, an increase/decrease in the discount rates or capitalisation rates, will result in a decrease/increase in the property values.

The Group's equity securities classified as level 3 would increase/decrease in value by $15,379,000 (2020: $10,206,000) should there be a 5% increase/decrease in value.

The Series G Government of Barbados debt securities classified as level 3 were valued using a yield of 6.99% (2020: 6.99%). A 1% increase/decrease in this yield would result in a decrease/increase in the fair value of these assets of $14,904,000 and $18,450,000 respectively (2020: $13,221,000 and $16,756,000).

The following table provides the fair value measurement of the Group's assets and liabilities that are not measured at fair value in the consolidated statement of financial position but whose fair values are disclosed in the notes to the accounts.

	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
At 31 December 2021				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	207,629	5,755,246	7,725	5,970,600
Debentures & corporate bonds	1,720	783,503	94	785,317
Deposits (more than 90 days)	–	1,658,087	5,244	1,663,331
	209,349	8,196,836	13,063	8,419,248
Liabilities for which fair values are disclosed:				
Medium-term borrowings	–	3,504,503	–	3,504,503
At 31 December 2020				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	218,820	5,765,710	6,337	5,990,867
Debentures & corporate bonds	4,576	865,412	95	870,083
Deposits (more than 90 days)	–	1,465,881	5,300	1,471,181
	223,396	8,097,003	11,732	8,332,131
Liabilities for which fair values are disclosed:				
Medium-term borrowings	–	2,650,764	–	2,650,764

43. Segment information

The segment results for the year ended 31 December 2021 are as follows:

	Life, health and pension business	Property and casualty business	Asset management	Other including consolidation adjustments	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2021					
Insurance activities					
Insurance premium income	4,018,181	2,988,732	–	–	7,006,913
Insurance premium ceded to reinsurers	(203,443)	(2,137,461)	–	–	(2,340,904)
Commission income	18,003	455,960	–	–	473,963
Net underwriting revenue	3,832,741	1,307,231	–	–	5,139,972
Policy acquisition expenses	(415,991)	(378,637)	–	25,874	(768,754)
Net insurance benefits and claims	(2,891,842)	(418,019)	–	–	(3,309,861)
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
Investing activities					
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	750,045	43,752	85,917	(49,791)	829,923
Investment income from financial assets measured at fair value through profit or loss	343,914	4,458	7,199	(2,289)	353,282
Net realised gains/(losses)	20,722	713	20,640	(12,007)	30,068
Net fair value gains/(losses)	163,715	18,568	(379)	(19,325)	162,579
Fee income	18,439	7,428	43,262	(10,177)	58,952
Other income	142,860	14,076	8,993	103,898	269,827
Investment contract benefits	(94,125)	–	–	–	(94,125)
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
Share of after tax profits of associated companies	–	26,905	–	7,115	34,020
Profit/(loss) before taxation	980,323	215,934	79,356	(262,248)	1,013,365
Taxation	(142,155)	(53,243)	(20,978)	1,358	(215,018)
Profit/(loss) after taxation	838,168	162,691	58,378	(260,890)	798,347
Surplus attributable to participating policyholders	(12,546)	–	–	–	(12,546)
Profit/(loss) for the year	825,622	162,691	58,378	(260,890)	785,801
Depreciation and amortisation included in operating expenses	47,331	34,849	1,989	21,837	106,006

Inter-segment revenues are eliminated upon consolidation and reflected in the other including consolidation adjustments column.

Notes to the Consolidated Financial Statements (continued)

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Expressed in Trinidad and Tobago Dollars

43. Segment information (continued)

The segment results for the year ended 31 December 2020 are as follows:

	Life, health and pension business	Property and casualty business	Asset management	Other including consolidation adjustments	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2020					
Insurance activities					
Insurance premium income	3,694,226	2,756,594	–	–	6,450,820
Insurance premium ceded to reinsurers	(207,973)	(1,895,349)	–	–	(2,103,322)
Commission income	21,927	449,697	–	–	471,624
Net underwriting revenue	3,508,180	1,310,942	–	–	4,819,122
Policy acquisition expenses	(413,084)	(350,614)	–	26,403	(737,295)
Net insurance benefits and claims	(2,361,417)	(307,181)	–	–	(2,668,598)
Underwriting expenses	(2,774,501)	(657,795)	–	26,403	(3,405,893)
Net result from insurance activities	733,679	653,147	–	26,403	1,413,229
Investing activities					
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	611,732	48,019	85,781	(47,142)	698,390
Investment income from financial assets measured at fair value through profit or loss	303,719	4,120	6,909	(1,191)	313,557
Net realised gains/(losses)	57,881	(480)	10,874	(17,590)	50,685
Net fair value gains/(losses)	(210,709)	(15,849)	2,895	(53,763)	(277,426)
Fee income	22,087	8,213	44,913	(9,951)	65,262
Other income	60,285	24,139	5,818	28,011	118,253
Investment contract benefits	19,916	–	–	–	19,916
Net income/(loss) from investing activities	864,911	68,162	157,190	(101,626)	988,637
Fee and commission income from brokerage activities	–	166,747	–	(22,422)	144,325
Net income/(loss) from all activities	1,598,590	888,056	157,190	(97,645)	2,546,191
Net impairment gains/(losses) on financial assets	(8,613)	2,549	(4,337)	(5,294)	(15,695)
Operating expenses	(690,972)	(518,378)	(64,448)	(98,458)	(1,372,256)
Finance charges	(6,856)	(5,439)	(2,970)	(138,582)	(153,847)
Operating profit/(loss)	892,149	366,788	85,435	(339,979)	1,004,393
Share of after tax profits of associated companies	–	11,581	–	6,124	17,705
Profit/(loss) before taxation	892,149	378,369	85,435	(333,855)	1,022,098
Taxation	(168,163)	(65,724)	(21,694)	11,737	(243,844)
Profit/(loss) after taxation	723,986	312,645	63,741	(322,118)	778,254
Deficit attributable to participating policyholders	2,038	–	–	–	2,038
Profit/(loss) for the year	726,024	312,645	63,741	(322,118)	780,292
Depreciation and amortisation included in operating expenses	43,367	34,465	2,160	17,468	97,460

43. Segment information (continued)

The segment assets and liabilities are as follows:

	Life, health and pension business	Property and casualty business	Asset management	Other including consolidation adjustments	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2021					
Assets					
Intangible assets	289,608	197,839	–	321,397	808,844
Investment in associated companies	–	106,601	–	192,890	299,491
Investment securities	20,581,795	1,204,006	294,590	(181,401)	21,898,990
Investment securities of mutual fund unit holders	103,607	–	1,764,074	(105,369)	1,762,312
Loans and receivables	1,299,087	530,223	42,179	70,476	1,941,965
Properties for development and sale	–	–	–	101,482	101,482
Reinsurance assets	35,583	1,065,149	–	–	1,100,732
Deferred acquisition costs	5,344	125,644	–	–	130,988
Cash and cash equivalents of mutual fund unit holders	492,984	45,197	304,365	(538,184)	304,362
Other assets	4,589,733	1,519,513	328,862	(209,593)	6,228,515
Total assets	27,397,741	4,794,172	2,734,070	(348,302)	34,577,681
Liabilities					
Insurance contracts	17,422,650	2,080,723	–	–	19,503,373
Other liabilities	3,832,938	993,370	2,449,229	2,815,393	10,090,930
Total liabilities	21,255,588	3,074,093	2,449,229	2,815,393	29,594,303
Capital expenditure	127,547	50,179	773	36,729	215,228
Year ended 31 December 2020					
Assets					
Intangible assets	297,102	189,002	–	311,690	797,794
Investment in associated companies	–	84,683	–	176,381	261,064
Investment securities	19,435,500	1,158,460	253,139	(180,935)	20,666,164
Investment securities of mutual fund unit holders	96,002	–	1,469,721	(100,649)	1,465,074
Loans and receivables	1,314,146	569,485	36,566	95,770	2,015,967
Properties for development and sale	–	–	–	117,585	117,585
Reinsurance assets	41,527	1,030,014	–	–	1,071,541
Deferred acquisition costs	4,813	124,588	–	–	129,401
Cash and cash equivalents of mutual fund unit holders	487,306	11,925	290,411	(501,645)	287,997
Other assets	4,740,764	1,426,536	262,606	(217,561)	6,212,345
Total assets	26,417,160	4,594,693	2,312,443	(299,364)	33,024,932
Liabilities					
Insurance contracts	16,816,003	2,007,846	–	–	18,823,849
Other liabilities	3,909,385	857,846	2,042,884	2,715,080	9,525,195
Total liabilities	20,725,388	2,865,692	2,042,884	2,715,080	28,349,044
Capital expenditure	344,052	32,781	278	30,685	407,796

Capital expenditure consists of additions of property, plant and equipment, investment properties, intangible assets, investment in associated companies, properties for development and sale and acquisition of subsidiaries and insurance brokerage portfolios.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021
Expressed in Trinidad and Tobago Dollars

43. Segment information (continued)

	Total revenue from external customers		Non current assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trinidad and Tobago	2,960,979	2,751,594	1,148,273	1,130,315
Jamaica	1,777,710	989,188	1,217,677	1,169,806
Barbados	173,350	164,905	44,358	48,343
Dutch Caribbean	1,274,479	1,280,324	362,169	369,993
Other Countries	802,743	746,157	845,073	923,141
	6,989,261	5,932,168	3,617,550	3,641,598

The total revenue information above consists of net underwriting revenue, investment income, net realised gains/losses, net fair value gains/losses, fee income, other income and commission income from brokerage activities. Revenue is based on locations of the customer and there are no transactions with a single customer that amount to more than 10% of total revenue.

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investment in associated companies and properties for development and sale.

44. Contingent liabilities

Legal proceedings

Group companies are defendants and plaintiffs in various legal actions. In the opinion of the Directors, after taking legal advice, the outcome of such actions will not give rise to any material loss.

45. Commitments

Capital commitments

As at the year end, contracts and agreements have been entered into in respect of a property development project, renovations of a property and upgrade of an insurance system. The commitments not recognised in these consolidated financial statements are as follows:

	2021	2020
	$'000	$'000
Property development	25,154	72,797
Property renovations	6,287	4,843
Intangibles asset – insurance system upgrade	24,605	38,196
	56,046	115,836
Credit commitments		
Loan commitments not yet disbursed by the Group	130,587	45,291

46. Acquisitions

Acquisitions during 2020

During 2020, the Group acquired an insurance brokerage company, to further expand its brokerage activities, and an insurance portfolio. Details of these acquisitions are provided below.

Acquisition of Financiële Dienstverlening Snel & Partners B.V.

On 11 August 2020, the Group acquired 100% of the shares of Financiële Dienstverlening Snel & Partners B.V. ("S&P") through its subsidiary Thoma Exploitatie B.V., for consideration of €2,719,000 (TT$23,443,000). S&P is an insurance brokerage firm incorporated under the laws of the Netherlands.

The fair value and gross amount of receivables acquired was TT$111,000. None of the receivables has been impaired and it is expected that the full contractual amounts can be collected.

During 2020, the fair valuation of the identifiable assets and liabilities acquired was completed and are shown in the table below.

	$'000
Identifiable assets acquired and liabilities assumed:	
Customer-related intangibles (Note 8)	11,653
Other assets	2,187
Deferred tax liability (Note 14)	(2,915)
Other liabilities	(77)
Identifiable net assets acquired	10,848
Goodwill (Note 8)	12,595
Total consideration	23,443
Satisfied by:	
Cash consideration	20,230
Contingent consideration	3,213
Total consideration	23,443
Cash consideration	20,230
Cash and cash equivalent balances acquired	–
Net cash flow on acquisitions	20,230
Acquisition related costs recognized as an expense and included in operating expenses	566

Acquisition of insurance portfolio

Effective 30 September 2020, the Group through its subsidiary Guardian Life Limited, acquired the portfolio of life insurance and annuities business of NCB Insurance Company Limited, an affiliated Company of the Group. The Scheme of Transfer was approved by the Jamaica Financial Services Commission on 15 September 2020 and was settled in cash. The financial effects of the transaction are summarised below.

	$'000
Fair value of assets acquired and liabilities assumed:	
Investment securities	1,606,925
Loans and receivables	81,398
Insurance contracts	(1,586,244)
Other liabilities	(30,253)
Net assets acquired	71,826
Customer-related intangibles - Renewal rights recognised (Note 8)	165,925
Total cash consideration	237,751

Notes to the Consolidated Financial Statements (continued)

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Expressed in Trinidad and Tobago Dollars

47. Related party disclosures

The consolidated financial statements include the financial statements of GHL and its subsidiaries and associated companies listed in the following table.

Name	Country of Incorporation	Percentage of interest held 2021	2020
Guardian General Insurance Limited	Trinidad and Tobago	100.0	100.0
Guardian Life of the Caribbean Limited	Trinidad and Tobago	100.0	100.0
Guardian Group Trust Limited	Trinidad and Tobago	100.0	100.0
Guardian Asset Management and Investment Services Limited	Trinidad and Tobago	100.0	100.0
Bancassurance Caribbean Limited	Trinidad and Tobago	100.0	100.0
Laevulose Inc. Limited	Trinidad and Tobago	100.0	100.0
Fatum Holding N.V.	Curacao	100.0	100.0
Fatum Accident & Health N.V.	Curacao	100.0	100.0
Fatum General Insurance Aruba N.V.	Aruba	100.0	100.0
Fatum General Insurance N.V.	Curacao	100.0	100.0
Fatum Life Aruba N.V.	Aruba	100.0	100.0
Fatum Life N.V.	Curacao	100.0	100.0
Thoma Exploitatie B.V.	Netherlands	100.0	100.0
Vanguard Risk Solutions Limited (formerly Fidelity Insurance (Cayman) Limited)	Cayman Islands	67.7	67.7
Guardian Life Limited	Jamaica	100.0	100.0
Guardian General Insurance Jamaica Limited	Jamaica	100.0	100.0
Guardian Resorts (Jamaica) Limited	Jamaica	100.0	100.0
Guardian Re (SAC) Limited	Bermuda	100.0	100.0
Guardian General Insurance (OECS) Limited	Grenada	100.0	100.0
Guardian Life (OECS) Limited	Grenada	100.0	100.0

Associated companies	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held 2021	2020
RoyalStar Holdings Limited	Property and Casualty Insurer	Bahamas	26.2%	26.3%
RGM Limited	Property Development & Facilities Management	Trinidad and Tobago	33.3%	33.3%
EIKM Holdings Limited	Distribution and sale of pharmaceutical products	Trinidad and Tobago	25.0%	0.0%
Sas Compagnie Hoteliere de la Pointe Simon	Hotel Operations	Martinique	24.0%	24.0%

A number of transactions are entered into with related parties in the normal course of business.

47. Related party disclosures (continued)

	2021	2020
	$'000	$'000
The following transactions were carried out with related parties:		
(a) Sales of insurance contracts and other services:		
- Parent company	2,705	–
- Other related parties	42,086	44,396
(b) Interest income from:		
- Key associates	14,435	13,753
- Parent company	1,852	3,011
- Other related parties	6,282	6,972
(c) Interest expense charged by related parties	25,294	7,526
(d) Dividend income from:		
- Key associates	7,089	1,000
- Parent company	1,425	2,974
- Other related parties	5,760	5,428
(e) Dividend paid to parent company	25,799	73,327
(f) Financial assets of:		
- Key associates	339,246	349,248
- Parent company	417,242	543,143
- Other related parties	604,831	397,069
(g) Key management personnel compensation:		
- Salaries and other short-term employee benefits	125,736	115,132
- Termination benefits	1,617	–
- Post-employment benefits	24,906	28,099
- Other long-term benefits	12,349	11,775
(h) Receivables balance arising from sales of products and services:		
- Parent company	1,862	4,590
- Other related parties	1,129	1,747
(i) Payables balance arising from purchases of products and services:		
- Other related parties	26,497	23,465
(j) Borrowings from related parties	290,797	320,699
(k) Loans to related parties:		
Loans to key management of the Group:		
Balance at beginning of year	32,539	37,401
Loans advanced during the year	3,675	6,744
Loan repayments received	(6,851)	(11,618)
Interest charged	1,069	1,060
Interest received	(1,067)	(1,048)
Balance at end of year	29,365	32,539
Loans to key associates:		
Balance at beginning of year	97,545	83,415
Loan repayments received	(676)	(1,219)
Interest charged	1,372	1,276
Interest received	(672)	(600)
Exchange rate adjustments	(13,480)	14,673
Balance at end of year	84,089	97,545

Notes to the Consolidated Financial Statements (continued)

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Expressed in Trinidad and Tobago Dollars

47. Related party disclosures (continued)

	2021	2020
	$'000	$'000
(k) Loans to related parties (continued):		
Loans to other related parties:		
Balance at beginning of year	503	20,291
Loans advanced during the year	–	27,078
Loan repayments received	–	(46,878)
Interest charged	15	281
Interest received	(23)	(269)
Exchange rate adjustments	8	–
Balance at end of year	503	503

There was no provision for doubtful debts at the reporting date and no bad debt expense in the year (2020: Nil).

Financial assets of key associates comprise multiple corporate bonds plus interest receivable and preference shares issued by RGM to the Group. The preference shares held by the Group are cumulative, non-convertible and redeemable. The corporate bonds carry fixed interest rates and principal and interest are payable semi-annually. All bonds are secured by mortgages on various properties.

Financial assets of other related parties comprise debt, equity and other investments issued by entities controlled by related parties, in the ordinary course of business.

Borrowings from related parties consist of an affiliated company's participation in Series A, B, C and D of the Group's J$13.4 billion bond. Details of the bond are disclosed in Note 22.

Loans to key management and other related parties of the Group are secured and settlement occurs in cash. The details of the loan advanced to CHPS are disclosed in Note 12.

48. Assets under management

Assets under management, which are not beneficially owned by the Group, but which the Group manages on behalf of investors are listed below:

	Carrying Amount	
	2021	2020
	$'000	$'000
Amounts not included in the consolidated statement of financial position		
Cash and short-term investments	216,893	362,613
Investments	4,268,948	3,830,846
Interest and other receivables	81,657	71,698
	4,567,498	4,265,157

49. Pledged assets

The Group has deposited certain assets with the regulatory authorities in the countries in which it is authorised to conduct business as security for its policyholders. The type and values of these assets are in accordance with the legal requirements of the countries concerned. The carrying value of pledged assets is:

	2021	2020
	$'000	$'000
Statutory deposits/funds	438,111	10,880,616

49. Pledged assets (continued)

The Trinidad and Tobago Insurance Act 2018 was proclaimed with effect from 1 January 2021 and replaced the Insurance Act 1980. The new Act no longer requires the Trinidad and Tobago insurance entities to pledge qualifying assets with the Central Bank of Trinidad and Tobago ('CBTT') as security for its local policyholders, but instead requires the insurance entities to maintain adequate capital and appropriate forms of liquidity for their operations. The assets pledged by the Group's Trinidad and Tobago insurance subsidiaries as at the end of 2020 with CBTT were released during 2021.

Supplemental Information
Financials Expressed in US Dollars

31 DECEMBER 2021

The Group's Consolidated Statement of Financial Position, Consolidated Statement of Income and Consolidated Statement of Comprehensive Income expressed in US dollars appears below. The purpose of this publication is to provide readers of the Group's Annual Report, a number of whom are from jurisdictions outside of Trinidad and Tobago, with a quick and convenient overview of the Group's financial performance, referenced against a major international currency. The exchange rate used for this purpose is TT$6.7625 to US$1.00.

Consolidated Statement of Financial Position

	2021	2020
	US$'000	US$'000
Assets		
Property, plant and equipment	100,527	103,685
Right-of-use assets	12,197	13,875
Investment properties	243,318	246,973
Intangible assets	119,607	117,973
Investment in associated companies	44,287	38,605
Investment securities	3,238,298	3,055,995
Investment securities of mutual fund unit holders	260,601	216,647
Loans and receivables	287,167	298,110
Properties for development and sale	15,007	17,388
Pension plan assets	9,111	11,281
Deferred tax assets	14,189	10,533
Reinsurance assets	162,770	158,453
Deferred acquisition costs	19,370	19,135
Taxation recoverable	27,062	24,587
Cash and cash equivalents	514,634	507,713
Cash and cash equivalents of mutual fund unit holders	45,007	42,587
Total assets	5,113,152	4,883,540
Equity and liabilities		
Share capital	291,319	291,319
Reserves	(118,153)	(46,986)
Retained earnings	562,417	446,295
Equity attributable to owners of the company	735,583	690,628
Non-controlling interest in subsidiary	1,330	817
Total equity	736,913	691,445
Liabilities		
Insurance contracts	2,884,048	2,783,564
Financial liabilities	520,769	484,659
Lease liabilities	14,232	15,330
Investment contract liabilities	391,225	398,752
Third party interests in mutual funds	236,512	192,438
Pension plan liabilities	5,687	13,664
Post-retirement medical benefit obligations	18,217	19,434
Deferred tax liabilities	69,174	62,110
Provision for taxation	11,835	22,050
Other liabilities	224,540	200,094
Total liabilities	4,376,239	4,192,095
Total equity and liabilities	5,113,152	4,883,540

Consolidated Statement of Income

	2021	2020
	US$'000	US$'000
Insurance activities		
Insurance premium income	1,036,142	953,911
Insurance premium ceded to reinsurers	(346,160)	(311,027)
Reinsurance commission income	70,087	69,741
Net underwriting revenue	760,069	712,625
Policy acquisition expenses	(113,679)	(109,027)
Net insurance benefits and claims	(489,443)	(394,617)
Underwriting expenses	(603,122)	(503,644)
Net result from insurance activities	156,947	208,981
Investing activities		
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	122,724	103,274
Investment income from financial assets measured at fair value through profit or loss	52,241	46,367
Net realised gains	4,446	7,495
Net fair value gains/(losses)	24,041	(41,024)
Fee income	8,717	9,651
Other income	39,900	17,487
Investment contract benefits	(13,919)	2,945
Net income from investing activities	238,150	146,195
Fee and commission income from brokerage activities	21,391	21,342
Net income from all activities	416,488	376,518
Net impairment losses on financial assets	(20,114)	(2,321)
Operating expenses	(222,021)	(202,921)
Finance charges	(29,535)	(22,750)
Operating profit	144,818	148,526
Share of after tax profits of associated companies	5,031	2,618
Profit before taxation	149,849	151,144
Taxation	(31,796)	(36,058)
Profit after taxation	118,053	115,086
(Surplus)/deficit attributable to participating policyholders	(1,855)	301
Profit for the year	116,198	115,387
Profit attributable to non-controlling interests	(513)	(863)
Profit attributable to equity holders of the company	115,685	114,524
Earnings per share		
- Basic	$ 0.50	$ 0.49

Supplemental Information
Financials Expressed in US Dollars (continued)

31 DECEMBER 2021

Consolidated Statement of Comprehensive Income

	2021	2020
	US$'000	US$'000
Profit for the year	116,198	115,387
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(53,426)	(3,397)
Net fair value (losses)/gain on debt securities at fair value through other comprehensive income	(20,025)	13,214
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	706	1,439
Net losses on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	(96)	(45)
Taxation relating to components of other comprehensive income	2,477	(2,967)
Net other comprehensive (loss)/income that may be reclassified subsequently to profit or loss	(70,364)	8,244
Items that will not be reclassified subsequently to profit or loss:		
Losses on property revaluation	(315)	(924)
Remeasurement of pension plans	4,389	5,066
Remeasurement of post-retirement medical benefit obligations	1,575	1,004
Other reserve movements	17	16
Taxation relating to components of other comprehensive income	779	(1,213)
Net other comprehensive income that will not be reclassified subsequently to profit or loss	6,445	3,949
Other comprehensive (loss)/income for the period, net of tax	(63,919)	12,193
Total comprehensive income for the period, net of tax	52,279	127,580
Comprehensive income attributable to non-controlling interest	(514)	(901)
Comprehensive income attributable to equity holders of the company	51,765	126,679

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Guardian Holdings Limited for 2022 will be held in the Boardroom, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings, Trinidad and Tobago on Thursday 5th May 2022 at 1:30 in the afternoon, in a hybrid format whereby Shareholders may attend and participate in the meeting via a live webcast, for the following purposes:

1. To review and consider the Audited Financial Statements of the Company for the year ended 31st December 2021 and the Reports of the Directors and Auditors.

2. To elect and re-elect Directors for specified terms and if thought fit, to pass the following Resolutions:
   (a) That Mr. Henry Peter Ganteaume be re-elected a Director of the Company for a term of one (1) year expiring at the close of the first Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No. 1;
   (b) That Mr. Maxim Rochester be re-elected a Director of the Company for a term of one (1) year expiring at the close of the first Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No. 1;
   (c) That Mr. Charles Percy be re-elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of the Regulation 4.5 of By-Law No.1;
   (d) That Mrs. Patricia Ghany be re-elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No. 1; and
   (e) That Mr. Michael L. Gerrard be elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No.1.

3. To re-appoint PricewaterhouseCoopers as Auditors of the Company and that the Directors be authorised to fix their remuneration for the ensuing year.

By Order of the Board

Mr. Richard Avey
Corporate Secretary
24th February 2022

Notes to the Notice of Annual Meeting

1. MEETING REQUIREMENTS

Members are asked to observe the following requirements of the By-Laws of the Company for attendance and voting at the Annual Meeting.

Persons Entitled to Notice

In accordance with Section 110(2) of the Companies Act Ch. 81:01 the Record Date for the determination of Shareholders who are entitled to receive Notice of the Annual Meeting is 10th March 2022. Only Shareholders on record as at the close of business on 10th March 2022 are therefore entitled to receive Notice of the Annual Meeting. A list of such Shareholders will be available for examination by Shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

Proxies

Members of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not also be a Member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or be signed by its attorney, in fact.

Members who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting via the live webcast instead of their proxies and voting via that medium.

Any Shareholder who wishes to appoint a proxy may also visit the GHL website at https://trinidad.myguardiangroup.com/companies/guardian-holdings-limited::shareholder-announcements and the JSE website at https://www.jamstockex.com after 13th April 2022 to download a proxy form.

Representatives of Corporations

Corporate members are entitled to attend and vote by a duly authorised representative who need not himself be a Member. Such appointment must be by resolution of the Board of Directors of the corporate member.

Delivery to the Company

Any instrument appointing a proxy (including an instrument evidencing the authority pursuant to which it is executed) or evidencing the authority of a representative of a corporate member, must be completed and deposited with the Secretary at the Company's Registered Office, 1 Guardian Drive, Westmoorings, Trinidad and Tobago not less than 48 hours before the time for holding the meeting or adjourned meeting.

Electronic Participation

Shareholders on record as at 10th March 2022 may participate in the meeting electronically and are required to pre-register during the period 27th April 2022 to 2nd May 2022 to remotely attend the meeting. Once you have pre-registered and are confirmed as a Shareholder as at 10th March 2022, you will receive an email with a Zoom username and password to attend the meeting via a live webcast on 5th May 2022. A proxy holder can then be authorised by the Shareholder to use the login credentials to attend the meeting on behalf of the Shareholder. Further details to pre-register and attend via live webcast are included in the enclosed *Guidelines for Shareholders' Pre-Registration and Online Attendance at Guardian Holdings Limited Annual Meeting 2022* (which forms part of this Notice of Meeting).

Proof of Identity

Members are also reminded that the By-Laws provide that the Directors may require that any Member, proxy or duly authorised representative, provide satisfactory proof of his/her identity before being admitted to the Annual Meeting.

2. DIRECTORS' CONTRACTS

There were no contracts for the year ended 31st December 2021 in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

There were no service contracts between any director and the Company or any subsidiary company, which has a term of 10 years or more and which cannot be determined without payment of compensation.

3. ELECTION OF DIRECTORS

The Board of Directors have recommended the election of Mr. Michael L Gerrard as an Independent director of the Board with effect from the close of the Annual General Meeting. Mr. Gerrard's biography is provided hereunder for the information of Shareholders.

Biography of Mr. Michael L. Gerrard

Mr. Gerrard is a co-founder of BroadSpan Capital LLC and the firm's CEO. He has been a Managing Director with BroadSpan since 2001. Mr. Gerrard has more than 27 years of experience as an investment banking advisor in Latin America and the Caribbean and has successfully led transaction teams in 15 countries. While at BroadSpan Mr. Gerrard has advised global and regional corporations, financial institutions and government entities in a variety of complex mergers, acquisitions and restructuring assignments throughout the region and across industry sectors. In addition to his other responsibilities, Mr. Gerrard heads BroadSpan's Restructuring and Debt Advisory practice and is a member of the firm's Executive Committee and Board of Managers.

Prior to BroadSpan, Mr. Gerrard managed the Latin American Capital Markets division of Barclays Capital, the investment banking arm of Barclays Bank PLC, where he was responsible for capital markets origination, structuring and execution in Latin America and the Caribbean. While with Barclays, Mr. Gerrard structured and executed over $3.5 Billion of cross border financing for private and public sector issuers throughout the region via 33 competed transactions.

Mr. Gerrard is a member of the IIF's Special Committee on Financial Crisis Prevention and Resolution and is a Member of the Board of Directors of Margaritaville Caribbean Ltd. Mr. Gerrard speaks English and Spanish and has a working knowledge of Portuguese. He received his M.B.A. from The American Graduate School of International Management (Thunderbird) and holds a B.A. in Finance from the University of Miami.

The biographies of all directors including those of the directors for re-election at this Annual Meeting are included in the Corporate Governance Report of the 2021 Annual Report.

Guidelines for Shareholders' Pre-Registration and Online Attendance at Guardian Holdings Limited Annual Meeting 2022

NB. Shareholders are encouraged to NOT attend the meeting in person, in line with our commitment to take all prudent precautions to ensure the health and well-being of our employees, clients, Shareholders and other stakeholders and with the latest directives from public health and government officials in connection with the COVID-19 pandemic.

CONVENING OF ANNUAL MEETING 2022

The Annual Meeting of Shareholders of Guardian Holdings Limited for 2022 will be held in the Boardroom, Guardian Holdings Limited, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings, Trinidad and Tobago on Thursday 5th May 2022 at 1:30 in the afternoon, in a hybrid format whereby Shareholders may attend and participate in the Meeting via a live webcast.

PRE-REGISTRATION

To attend the meeting, Shareholders are required to pre-register during the period 27th April 2022 to 2nd May 2022 via the following steps:

- Visit www.ghl-agm.com.
- Complete the form by typing in full name, address, valid identification number (ID Card, Passport or Driver's Permit) and valid email address in the spaces provided.
- Click 'Submit' to complete your request.

Once you are confirmed as a Shareholder or proxy on record as at 10th March 2022, you will receive an email with a Zoom username and password to attend the meeting via a live webcast on 5th May 2022.

ATTENDANCE AT ANNUAL MEETING 2022 ON 5th MAY 2022

- Shareholders as at 10th March 2022 who have pre-registered will be able to login to attend the live webcast of the Annual Meeting of the Shareholders of Guardian Holdings Limited electronically.
- You do not need to create a Zoom account to attend the meeting on the day of the event (5th May 2022), but you will need to download the Zoom app, as **voting can only be done from the Zoom app**.
- Click on the Zoom link (it will look something like this: https://otago.zoom.us/j/123456789) *(this is not the link, just an example)*
- If a pop-up appears on your computer asking to open the link in the Zoom app, select "Allow".
- Please enter the Meeting I.D.
- Enter your full name (first name and surname).
- Enter your password.
- As an attendee to this meeting, you will **NOT** be able to unmute your microphone or camera. You will **NOT** be able to see or message other attendees. You will have the ability to see and hear the Chairman of the meeting, as well as any presentations made at the meeting. You will be able to vote on the resolutions put before the meeting, and you will be able to post questions during the question-and-answer segment.
- For security reasons, you will **NOT** be able to login and view the meeting on more than one device at a time.
  - o If switching devices, you will need to log out of the current device first.
  - o The invitation link received, will only work on one device, so please do not share this link.

Guidelines for Shareholders' Pre-Registration and Online Attendance at Guardian Holdings Limited Annual Meeting 2022 (continued)

- You will have an opportunity to ask questions when prompted by the Chairman, by text only, via the Q&A section of your Zoom app.
- To return to the meeting after asking a question press "Close".
- Do not use the "Hands Up" feature for this meeting as it will not be acknowledged.
- When it is time to vote on the Resolutions, a popup screen will appear stating the Resolution number e.g. Resolution 1 and the text of the resolution. Simply click (press for touch screens) on the button next to the word "For" or "Against" depending on your vote.
- Please select carefully as you cannot change your vote or vote multiple times.
- Please be advised that the use of the Zoom app requires either a working smart phone/tablet or a working computer and an internet connection.
    - o Remember, internet browsers do not support voting, so you must download the Zoom app on your computer or smart phone/tablet before the event.
- We recommend the use of a high-speed internet connection and a fully charged mobile device. If on a Wi-Fi network, limit the amount of video streaming from other devices.
- Guardian Holdings Limited is **NOT** responsible for the reliability of Shareholders devices or internet connection speed.

Management Proxy Circular

Name of Company: GUARDIAN HOLDINGS LIMITED

Company No. G – 967 (C)

I. Particulars of Meeting:

Annual Meeting of the Company to be held in the Boardroom, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings, Trinidad and Tobago on Thursday 5th May 2022 at 1:30 in the afternoon, in a hybrid format whereby Shareholders may attend and participate in the Meeting via a live webcast.

II. Solicitation:

It is intended to vote the proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified therein.

III. Any director´s statement submitted pursuant to section 76 (2):

No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, Ch. 81:01.

IV. Any auditor´s statement submitted pursuant to section 171 (1):

No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, Ch. 81:01.

V. Any Shareholder´s proposal submitted pursuant to sections 116 (a) and 117 (2):

No proposal has been received from any Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
24th February 2022	Richard Avey Corporate Secretary	Ravey.

Form of Proxy

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CH 81:01

[SECTION 143 (1)]

1. Name of Company: **GUARDIAN HOLDINGS LIMITED** Company No. G - 967 (C)
2. Annual Meeting of the Company to be held in the Boardroom, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings, Trinidad and Tobago, on Thursday 5th May 2022 at 1:30 in the afternoon, in a hybrid format whereby Shareholders may attend and participate in the Meeting via a live webcast.

I/We (block capitals please) [NAME] ______________________________

being Shareholder(s) in the above Company **(or in the case of an owner whose shares are held in a Clearing Agency being authorised by the Clearing Agency to do so)** appoint the Chairman of the Meeting, or failing him,

[NAME] ______________________________

of [ADDRESS] ______________________________

to be my/our Proxy to attend and vote for me/us on my/our behalf at the above Meeting and any adjournment thereof as indicated below on the Resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the said Meeting or such adjournment or adjournments thereof.

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the resolutions referred to. If no such indication is given the Proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting:

	FOR	AGAINST
RESOLUTION 1: BE IT RESOLVED THAT the Audited Financial Statements of the Company for the year ended 31st December 2021 and the Reports of the Directors and Auditors thereon be received and adopted.		
RESOLUTION 2:		
(a) BE IT RESOLVED THAT Mr. Henry Peter Ganteaume be and is hereby re-elected a Director of the Company for a term of one (1) year expiring at the close of the first Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No. 1.		
(b) BE IT RESOLVED THAT Mr. Maxim Rochester be and is hereby re-elected a Director of the Company for a term of one (1) year expiring at the close of the first Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No.1.		
(c) BE IT RESOLVED THAT Mr. Charles Percy be and is hereby re-elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No.1.		
(d) BE IT RESOLVED THAT Mrs. Patricia Ghany be and is hereby re-elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No.1.		
(e) BE IT RESOLVED THAT Mr. Michael L. Gerrard be and is hereby elected a Director of the Company for a term of three (3) years expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-Law No.1.		
RESOLUTION 3: BE IT RESOLVED THAT PricewaterhouseCoopers be re-appointed as Auditors of the Company and that the Directors be authorised to fix their remuneration for the ensuing year.		

Signature(s) ______________________________ **Date:** ______________________________

Form of Proxy (continued)

NOTES:

1. If it is desired to appoint a proxy other than the Chairman of the Meeting, the necessary deletion must be made and initialed and the name of the proxy inserted in the space provided.
2. In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders should be stated.
3. If the appointor is a corporation this form must be under its common seal or under the hand of its attorney, in fact.

Mail or deliver to:

The Corporate Secretary
Guardian Holdings Limited
P.O. Box 88
1 Guardian Drive, Westmoorings, 110612
Trinidad and Tobago

For official use only	
Folio Number	
No. of Shares	

2021 ANNUAL REPORT

CARIBBEAN AT HEART | GLOBAL IN VISION

Guardian Group

Guardian Holdings Limited