

# GUARDIAN HOLDINGS LIMITED INVESTOR FORUM

YTD Q3 2022

Performance Analysis for the period  
January to September 30<sup>th</sup>, 2022

Monday 14<sup>th</sup> November, 2022



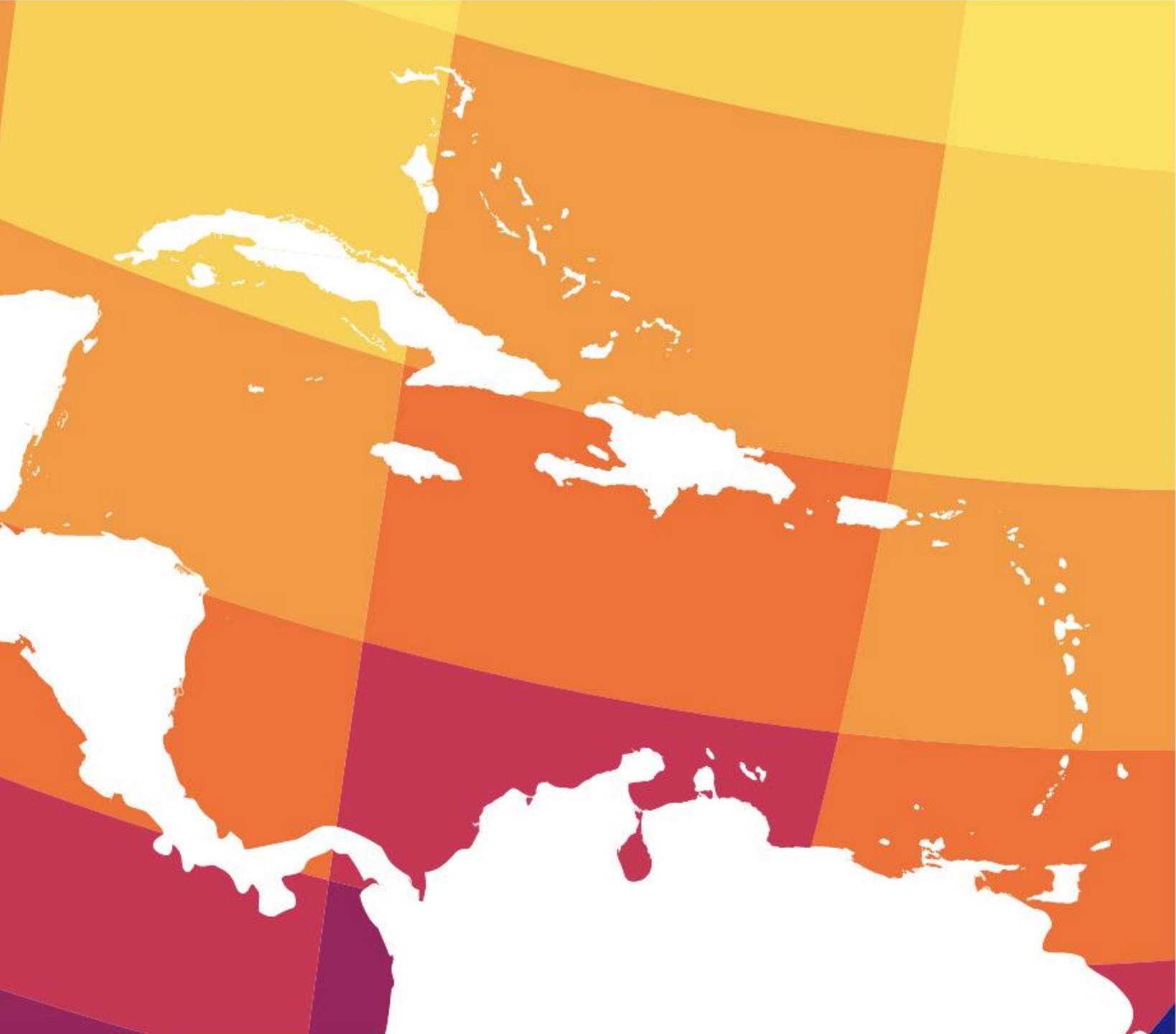
## **OUR PURPOSE:**

To provide peace of mind and prosperity to communities in the Caribbean and across the World

## **OUR MISSION:**

To lead the world in creating financial freedom for you in good times and in bad, through positive interactions, powered by technology





# Guardian Group's Operations Regionally

- 1. Anguilla
- 2. Antigua
- 3. Aruba
- 4. Barbados
- 5. Belize
- 6. Bonaire
- 7. British Virgin Islands
- 8. Cayman Islands
- 9. Curacao
- 10. Dominica
- 11. Grenada
- 12. Jamaica
- 13. Montserrat
- 14. Netherlands
- 15. St. Kitts and Nevis
- 16. St. Lucia
- 17. St. Martin
- 18. St. Vincent and The Grenadines
- 19. The Bahamas
- 20. Trinidad and Tobago
- 21. Turks and Caicos
- 22. U.S. Virgin Islands

## Forward Looking Statement – Cautionary Language

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.



# SAMANTA SAUGH

GROUP CHIEF FINANCIAL OFFICER



Guardian Group

GUARDIAN HOLDINGS LIMITED  
INVESTOR FORUM

# Financial Highlights YTD Q3 2022 (30<sup>th</sup> September 2022)

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Gross Written Premiums (TT\$M)

**5,566** +4%

2021: 5,369

Net Investing Activities(TT\$)

**942** -18%

2021: 1,153

Share Price (TT\$)

**25.50** -22%

2021: 32.85

Net Written Premiums (TT\$M)

**3,571** +5%

2021: 3,389

After Tax Profit For The YTD (TT\$M)

**1,059** +130%

2021: 460

Gearing Ratio (%)

**61%** +10%

2021: 68%

Net insurance Activities (TT\$M)

**1,333** +112%

2021: 630

Earning Per Share

**\$4.55** +131%

2021: \$1.97

DSCR

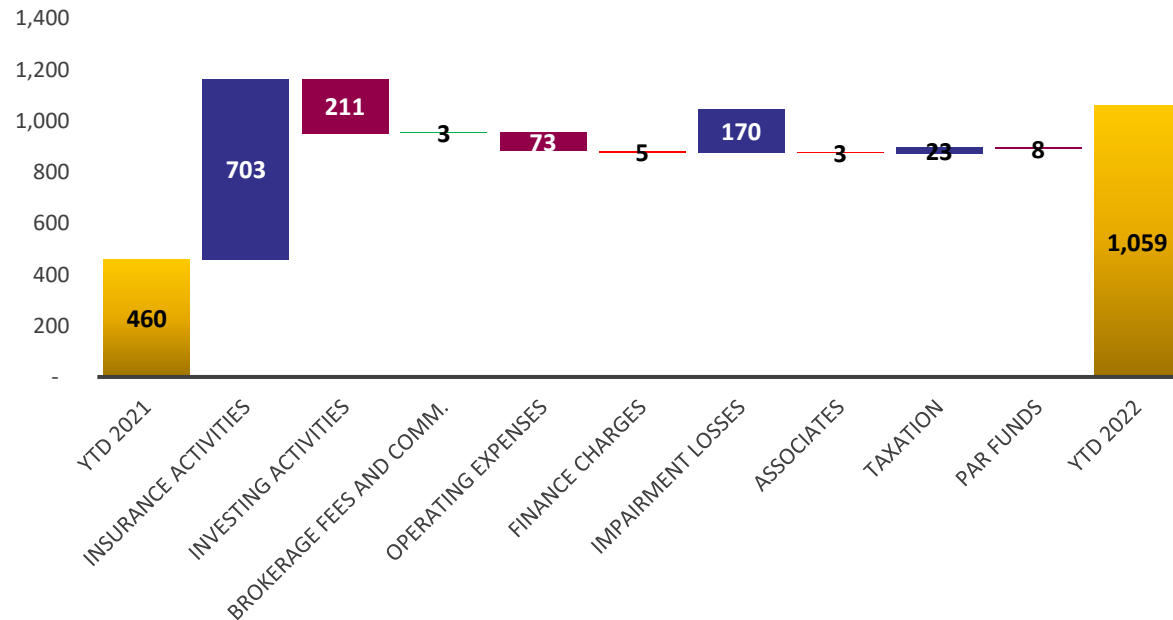
**1.9x** +73%

2021: 1.1x

# Financial Highlights YTD Q3 2022 (30<sup>th</sup> September 2022)

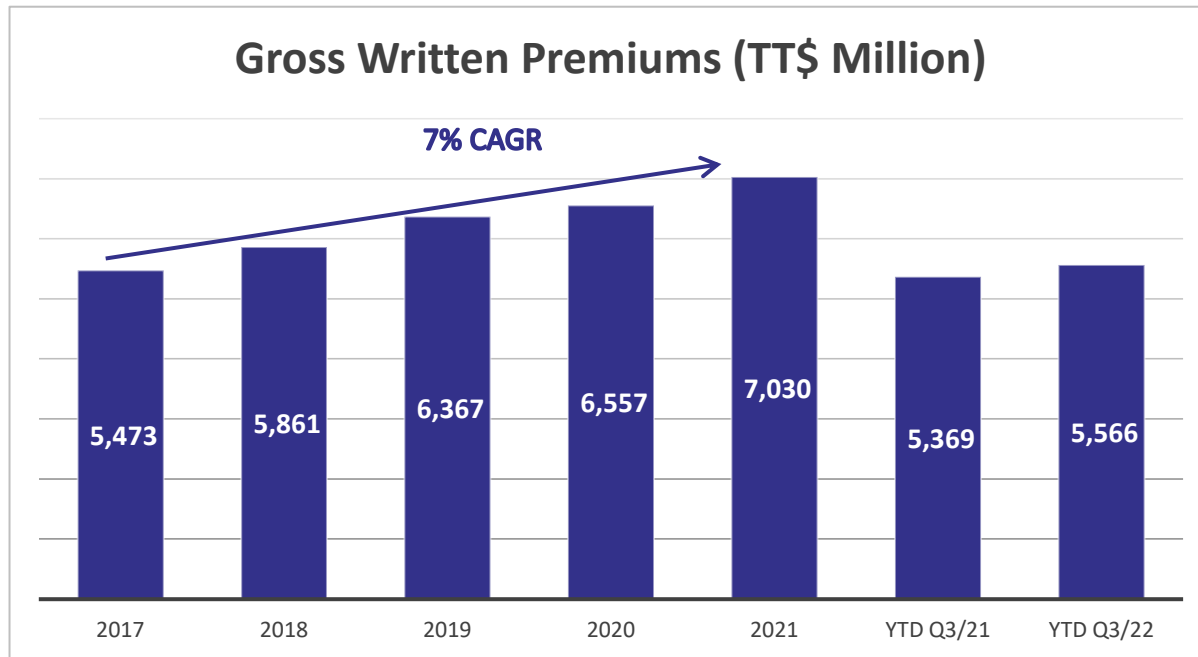
**OVERVIEW:** The Group performed commendably for the nine-months ended **30<sup>th</sup> September 2022**. Profit for the year to date increased by **+TT\$599M** against prior year.

Profit after Tax Q3 2021 - Q3 2022 (TT\$ Millions)



- Reorganisation of insurance operations contributed to increased after-tax profit.
- **Both LHP and P&C** showed growth in Gross written premiums (GWP) and Profit after tax (PAT).
- **Insurance activities** contributed **TT\$1,333M** an uplift of \$703M over prior year to the Group Profit before tax (PBT).
- **Investing activities** declined by **TT\$211M** year on year, impacted by global financial markets.
- **Operating expenses** increased by **TT\$73M**, largely the effects of transformation and IFRS 17 implementation

# Financial Highlights YTD Q3 2022 (30<sup>th</sup> September 2022)

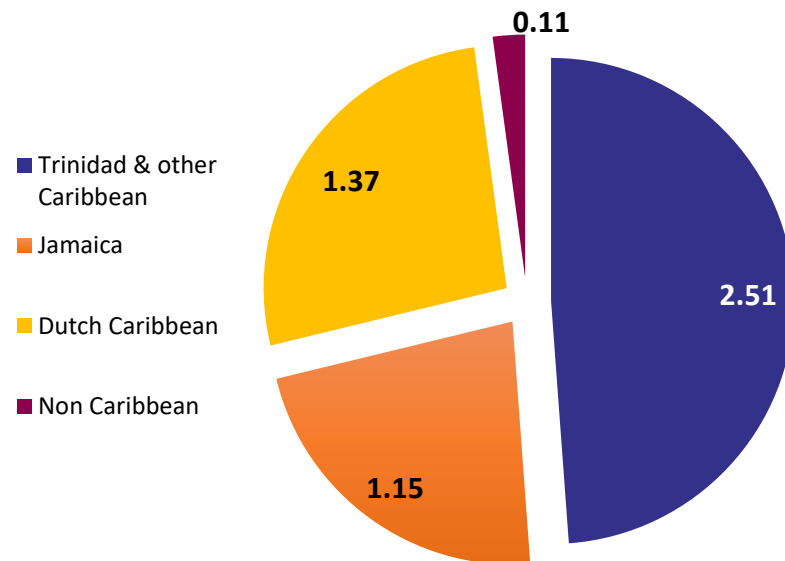


- Continued upward trend in Gross Written Premiums (GWP)
- GWP increased 4% in Q3 2022 when compared to Q3 2021
- Growth driven by Life, Health and Pensions operations

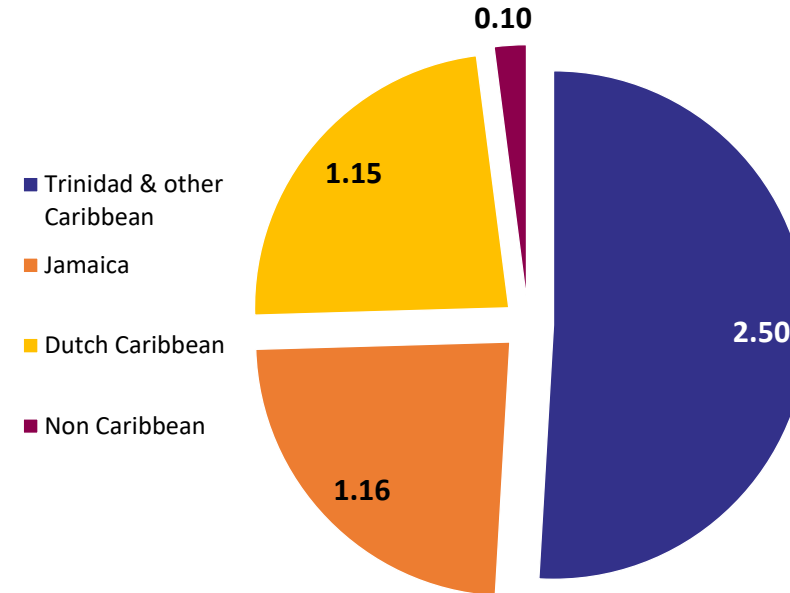


# Geographical Distribution of Revenue

YTD Q3/22 - TT\$5.1 Billion



YTD Q3/21 - TT\$4.9 Billion

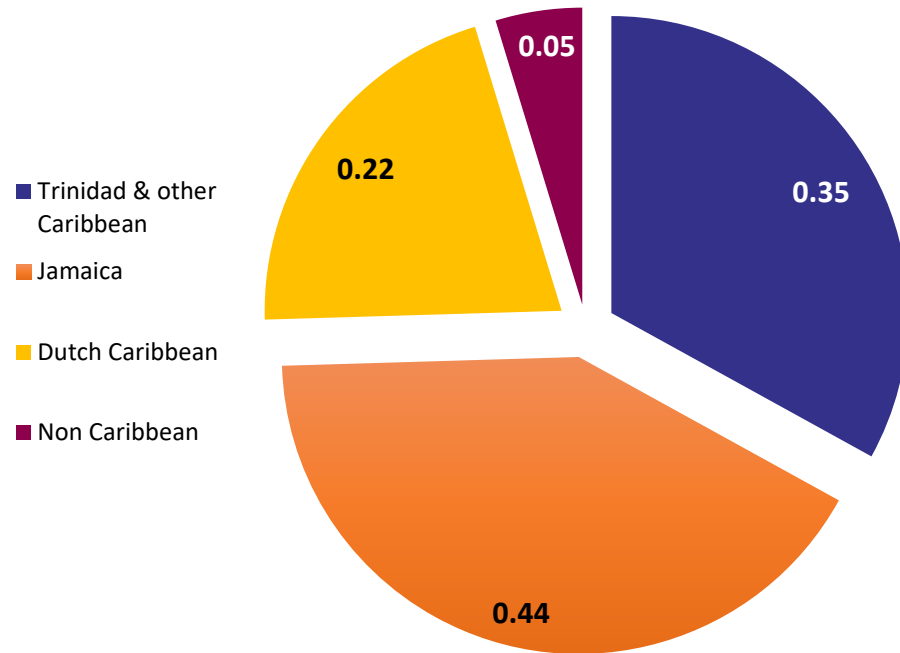


- Total Revenue increased 5% year-on-year.
- Marginal changes in revenue distribution year-on-year.

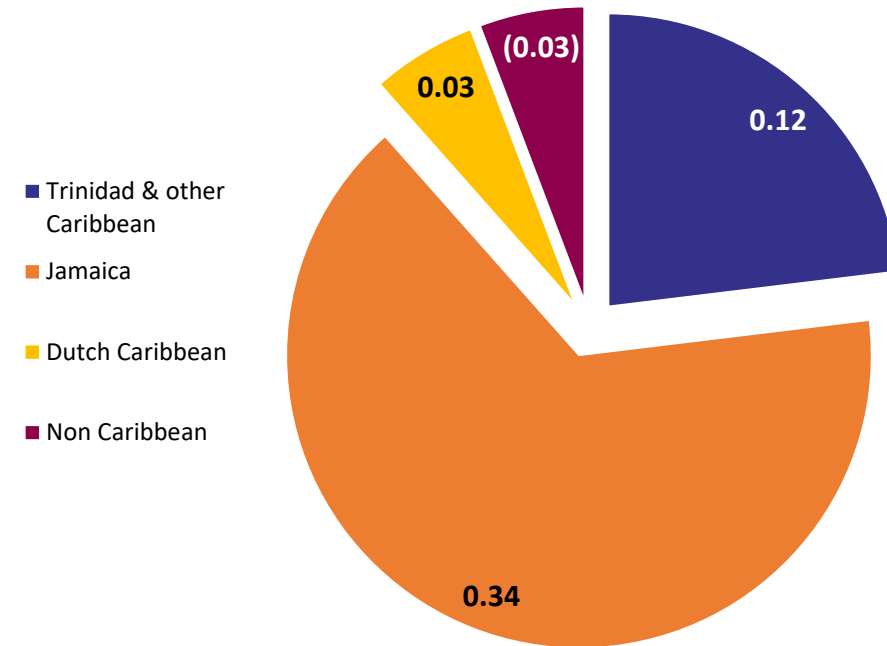
- Revenue generation is largely concentrated in Trinidad and Tobago.

# Geographical Distribution of Profit after Tax

YTD Q3/22 - TT\$1.1 Billion



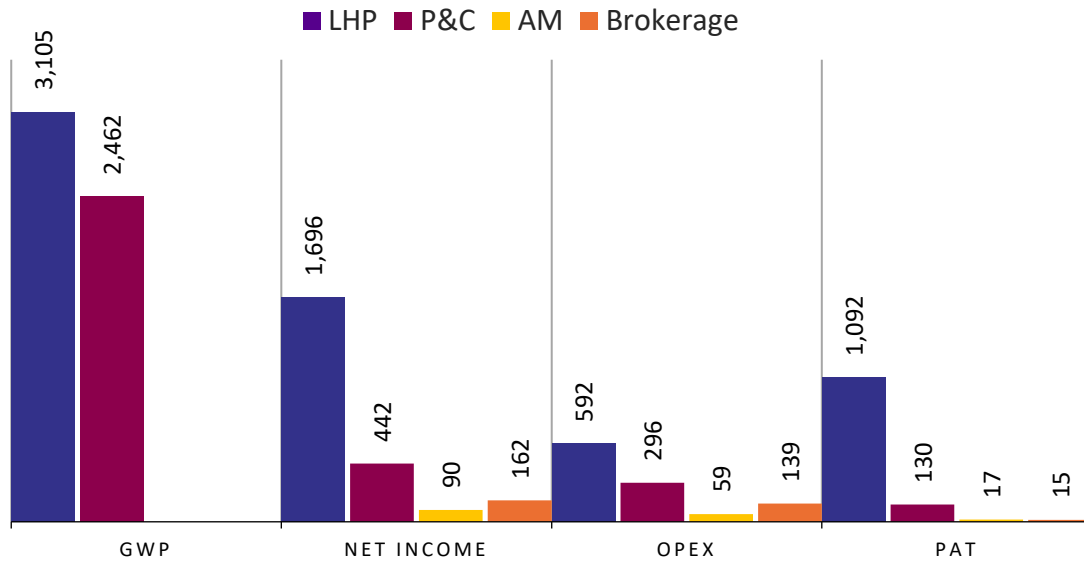
YTD Q3/21 - TT\$0.5 Billion



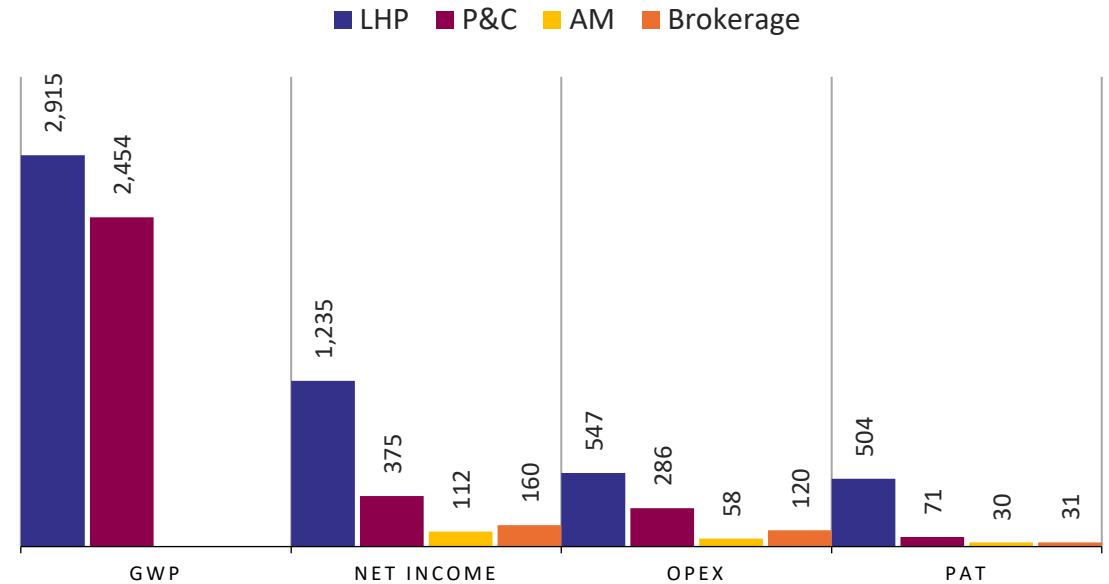
- Net PAT ( after deducting amounts attributable to par policyholders) increased 130% year-on-year.
- Bottom line Profits led by our Jamaica Operations mainly from LHP business.
- Moderate re-distribution of PAT between Jamaica, Trinidad and Dutch Caribbean.

# Results Overview by Segment Q3 2022

## Q3 2022 SEGMENT REVIEW (TT\$MILLIONS)



## Q3 2021 SEGMENT REVIEW (TT\$MILLIONS)



- Net year on year growth from our LHP segment was GWP +6.5% and PAT 117% respectively.
- P&C was relatively flat year over year on GWP and up +83% on PAT.
- Asset Management was down year over year with declines of 20% on net income and 43% below on PAT.

# IFRS 17 – Insurance Contracts

## Implementation update

The Guardian Group embarked on its IFRS 17 implementation project in 2018. We have implemented robust IT infrastructure, made necessary technical policy decisions in both our Group's Finance and Actuarial departments. We are currently nearing completion in the preparation of our Financials and updated disclosures required by the Standard, including proactive reviews being conducted by our auditors. The Group is confident that we will adopt the standard as planned and required on January 1st 2023.



# ERIC HOSIN

Group Head, Life Health and Pensions



# Business Segment - Life, Health & Pension YTD September 2022

## LIFE, HEALTH AND PENSIONS

GLOC  
(100%)

GL OECS  
(100%)

GLL  
(100%)

FATUM  
CURACAO  
(100%)

FATUM  
ARUBA  
(100%)

FATUM HEALTH  
(100%)



### The leading life insurer in the Caribbean:

- **# 1 in Trinidad**
  - Over 650 dedicated life sales agents
  - GLOC AM Best A- Excellent rating
- **# 2 in Jamaica**
  - Over 250 dedicated life sales agents
- **Fatum has approximately 50% of the Dutch Caribbean market**
  - Sales primarily broker-driven
  - 100 dedicated life sales agents



# Business Segment - Life, Health & Pension YTD September 2022

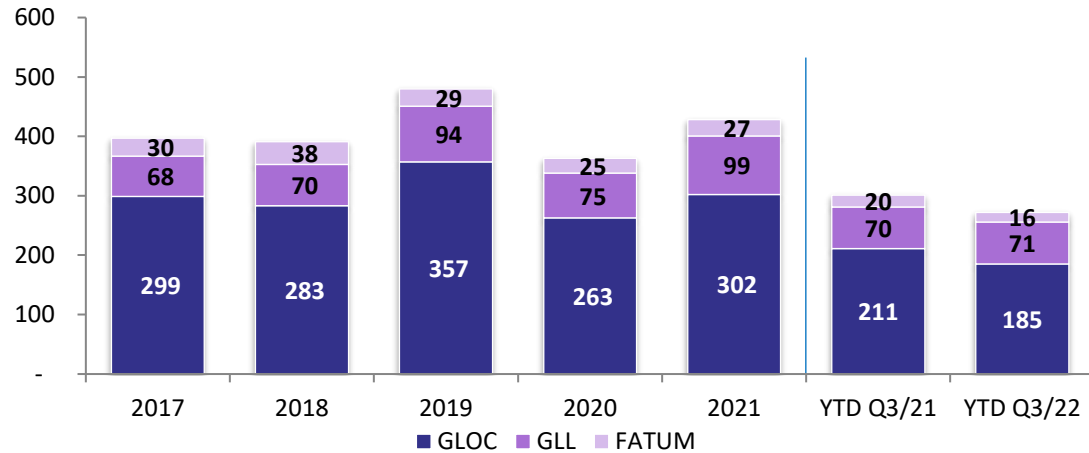
## LHP Group Q3 2022 Achievements and Outlook

- The LHP companies contributed over TT\$851M to the Group's YTD profits after tax representing an 87% improvement over the similar period last year. This profit was driven by strong performance of our core business, bolstered by prudent asset liability management, cost containment and timely updating of actuarial assumptions to accord with current realities. We expect this strong performance to continue to year end, as historically the highest sales out-turn is in the last quarter of the year.
- Our overall contribution was tempered however, by lower Net income on investing activities. This declined by 17% or TT\$165M over prior year due to bearish regional and international stock markets which resulted in fair value losses of TT\$121M on our financial assets, mainly the equities portfolios ( Sept 2021: Gain of TT\$132M).
- At the end of September, we reorganized the LHP back-office operations with the creation of a Shared services model that will utilize “best in class” technology platforms that will improve straight through processing of all processes, deliver and /or reduce operating costs, improve efficiency through standardization and automation and ultimately increase shareholder value.

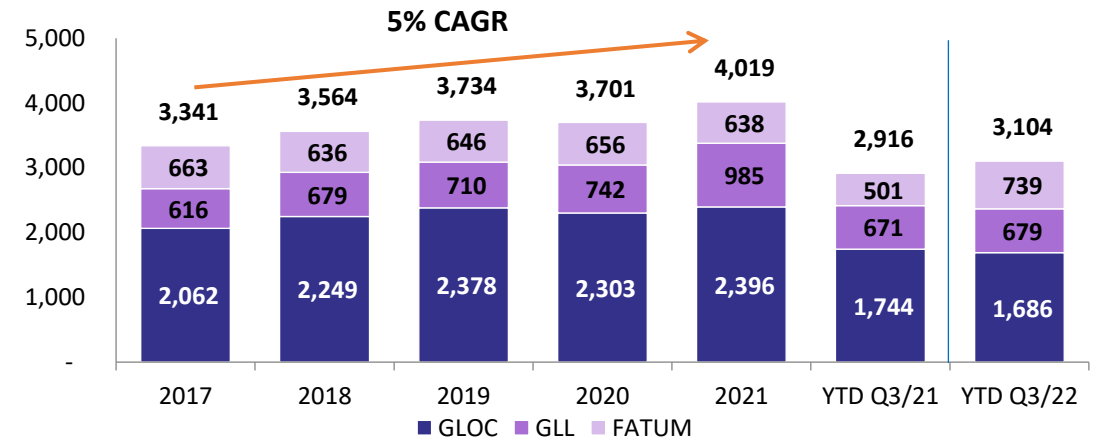


# Business Segment - Life, Health & Pension YTD September 2022

## Annualized Premium Income (TT\$Millions)



## Gross Written Premiums (TT\$Millions)



**API decreased by 10% over Q3 2021 but improved over Q2 2022.**

- 12% decrease in GLOC
- 20% decrease in Fatum and
- 1% increase in GLL

The decline for GLOC was due to the sale of a few large policies in Q1 2021 that did not recur in 2022.

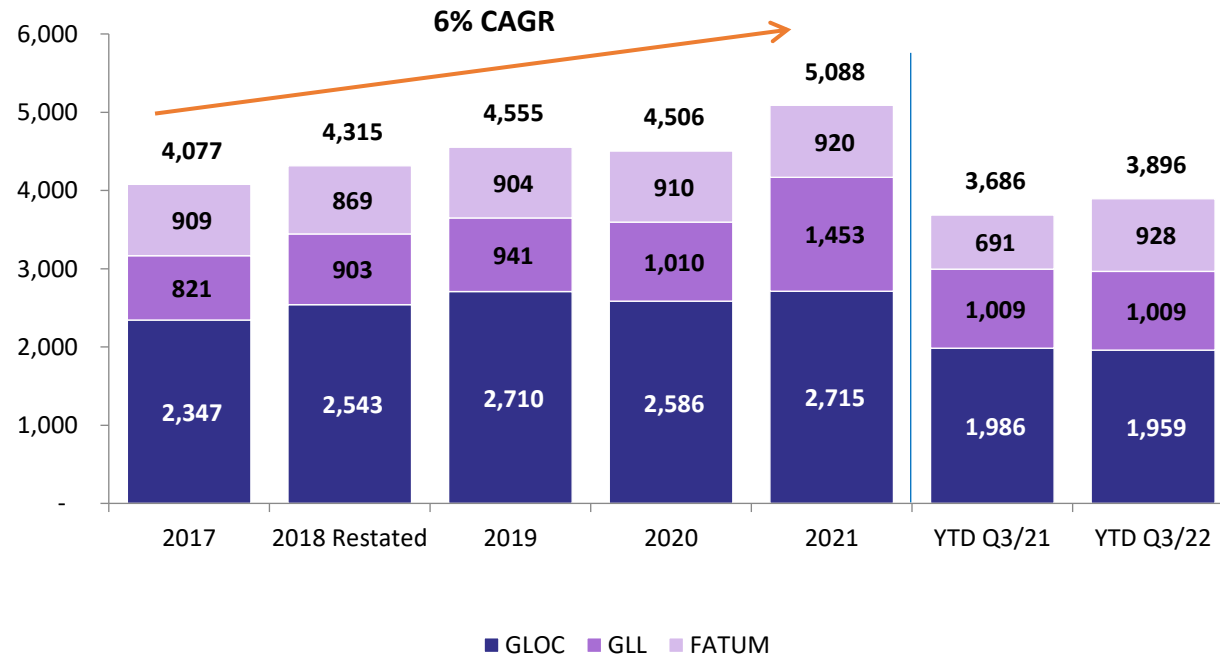
**GWP increased \$188M or 6% when compared to Q3 2021.**

- The main contributor to the increase was Fatum whose GWP increased by 48% driven by the sale of new annuity contracts in Aruba.
- GLOC, however, decreased by 3%. The economic impacts of COVID restrictions have increased lapses and surrenders. During 2022 we ended our COVID support measures and experienced a larger number of lapses than normal.



# Business Segment - Life, Health & Pension YTD September 2022

## Revenue (TT\$Millions)



**Total Revenue increased 6% or \$210M Q3 2022 when compared to Q3 2021.**

- FATUM Life was the main contributor with a 34% increase driven by its significantly higher GWP due to annuity purchases during the quarter.
- GLOC marginally decreased by 1% mainly driven by lower premiums noted earlier offset by increased investment income.

*Excludes realized and unrealized gains and losses*

# DEAN ROMANY

President, Guardian General Insurance Limited



# Business Segment – Property & Casualty YTD September 2022

## PROPERTY & CASUALTY

GGIL (100%)	TRINIDAD (100%)
GGIIL (100%)	BARBADOS (100%)
FATUM GENERAL	CURACAO (100%)
GUARDIAN RE (100%)	ARUBA (100%)
GGI (OECS) (100%)	THOMA (100%)
ROYALSTAR ASSURANCE (26%)	BOOGAARD GROUP (100%)



**An established and distinguished P&C Insurer, long recognised as the largest and strongest indigenous Caribbean Insurer**

- Profitably underwrites in every English-speaking Commonwealth country in the Caribbean including the Dutch Caribbean
- Market Leader in the following territories: Trinidad & Tobago; Jamaica; Dutch Antilles; Grenada; and overall Caribbean

**Boogaard (brokerage) in the Dutch Caribbean provides additional sources of fee income (together with Thoma)**

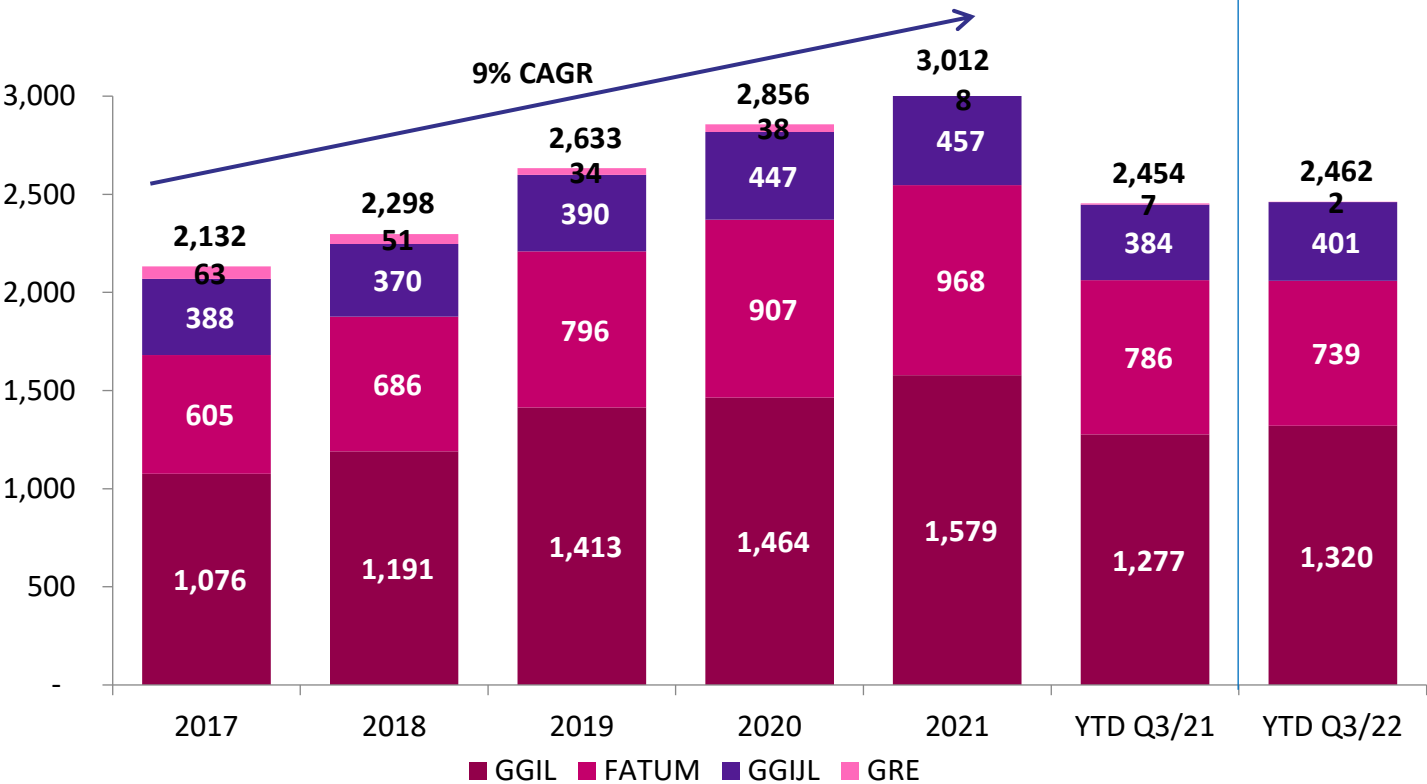
**Financial strength and consistently applied underwriting discipline are competitive advantages**

- Aim to consistently deliver high profit margins
  - 🚗 Successfully manage the underwriting cycles
  - 🚗 Reputable claims service
  - 🚗 Wide geographic spread to balance portfolio
  - 🚗 Strong global network
  - 🚗 Robust reinsurance program with high-rated security
  - 🚗 Pivoting strategies to deal with challenging reinsurance environment
- “A-” Excellent rating reaffirmed by AM Best



# Business Segment – Property & Casualty YTD September 2022

Gross Written Premiums (TT\$ Millions)

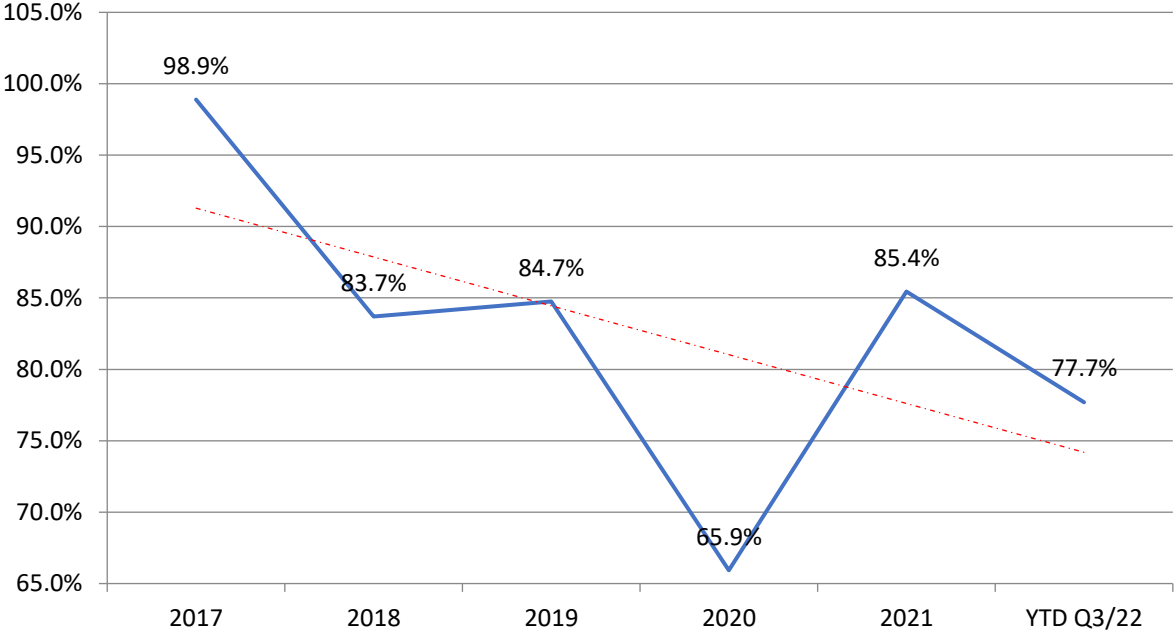


GWP increased TT\$8M when compared to Q3 2021

- Caribbean business grew over prior year
- International business through Guardian Group Fatum and Guardian Re show lower premiums

# Business Segment – Property & Casualty YTD September 2022

## Combined Ratio Property and Casualty



Combined Ratio improved from 85.4% at the end of 2021 to 77.7% at the end of Q3 2022 mainly due to an improved claims ratio and commission ratio.

### P&C Strategy:

- Customer intimacy
- Strong technical underwriting discipline;
- Optimal operating efficiency levels;
- Business insights and harnessing power of AA
- Distinctive reinsurance strategies.

# BRENT FORD

Group Chief Investment Officer / Group President, Asset Management



# Business Segment – Asset Management YTD September 2022



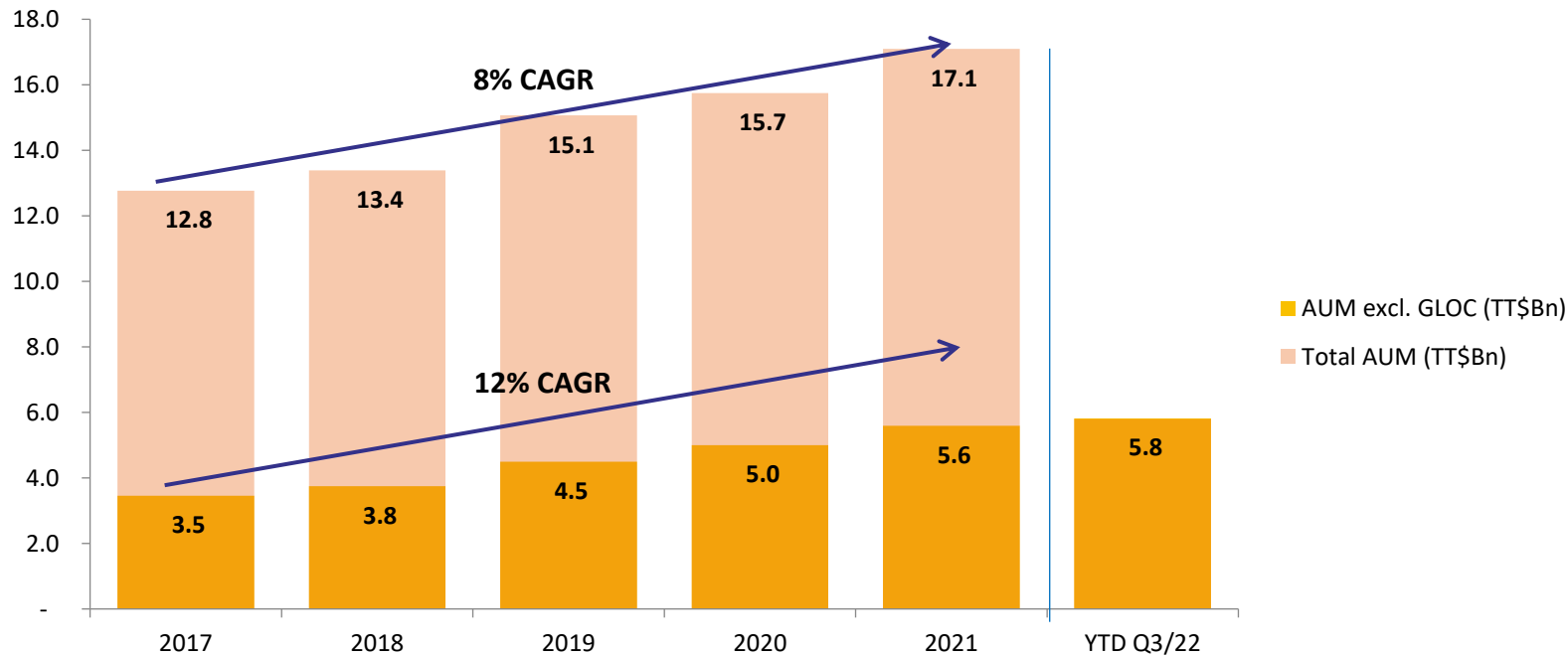
## Lines of business

- Registered with CBTT & SEC – offers Trust Services, Loans, Accounting & Administration Services, Merchant Banking Unit, Investment Adviser, Broker-dealer, Underwriter.
- Registered with TTSEC - investment adviser, broker-dealer, underwriter. Manages mutual funds, private wealth, institutional portfolios
- Trades for Non-Discretionary Accounts
- Offers 15 independent mutual funds covering all asset classes; AUM TT\$2.1Bn
- Launched 2 new TTD Mutual Funds in Q1 focused on Caribbean Equity and Fixed Income



# Business Segment – Asset Management YTD September 2022

Assets Under Management (TT\$ Billions)

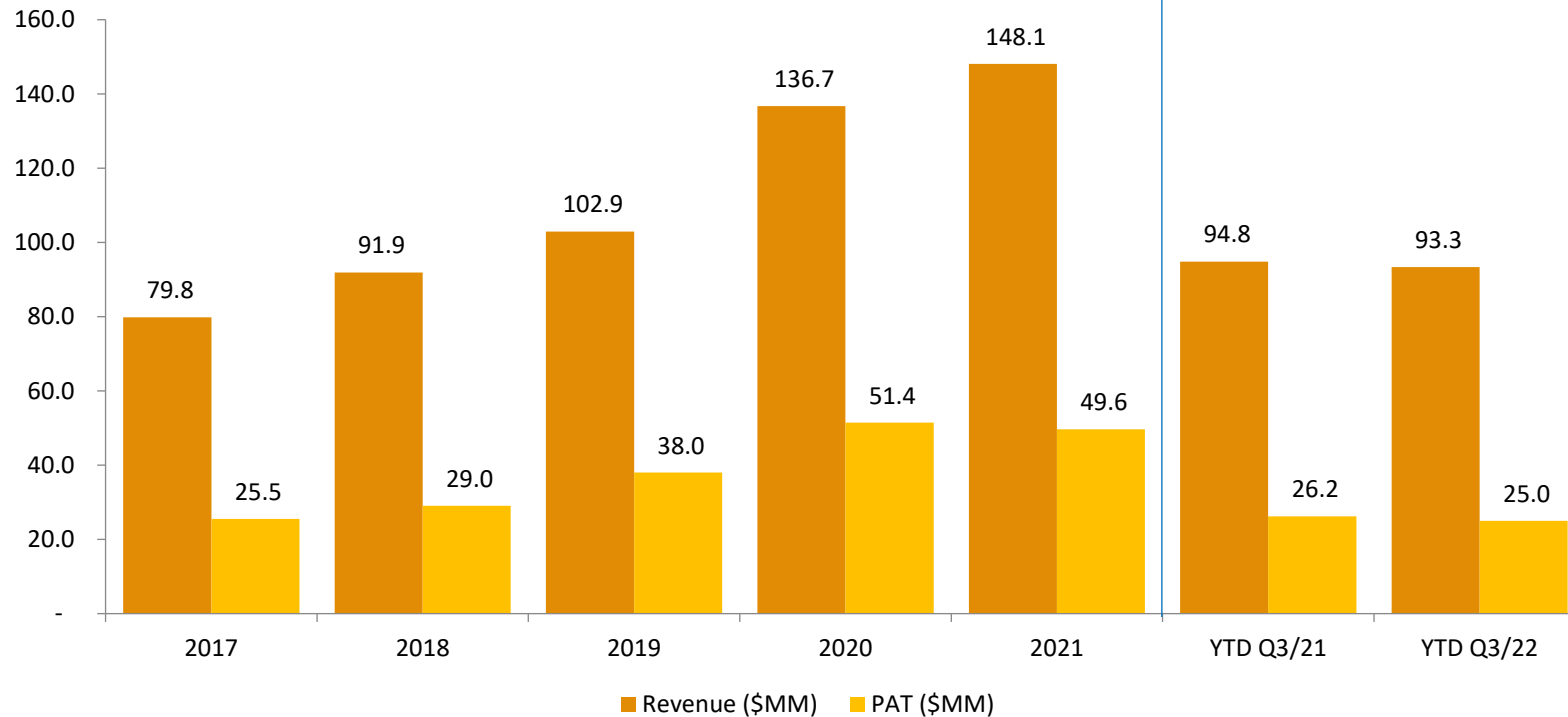


- Q2 and Q3 were challenging as markets continue to be impacted by declining international fixed income and equity market values.
- Total AUM in Q3 2022 declined as a result of the LHP portfolios reverting to GLOC for internal management.
- Normalized AUM excluding GLOC increased by 3.6% as at Q3 22 from FY 2021 and registered a CAGR of 12% over the last 4 years.



# Business Segment – Asset Management YTD September 2022

## Revenue & Profit (\$TT Millions)

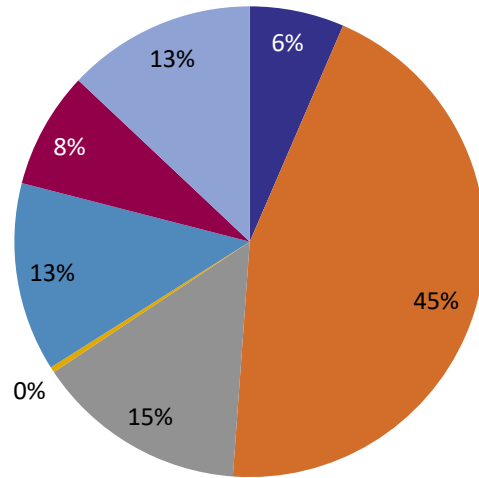


- Narrowing of Margins in Q2 and Q3
- Revenue for Q3 2022 was marginally down by 1.6% compared to prior year period.
  - Lower Trading Volumes
  - Unrealised FV Adjustments
  - Loss of fee income from GLOC
- Profit after tax for Q3 2022 was lower by 4.6% compared to prior year period.

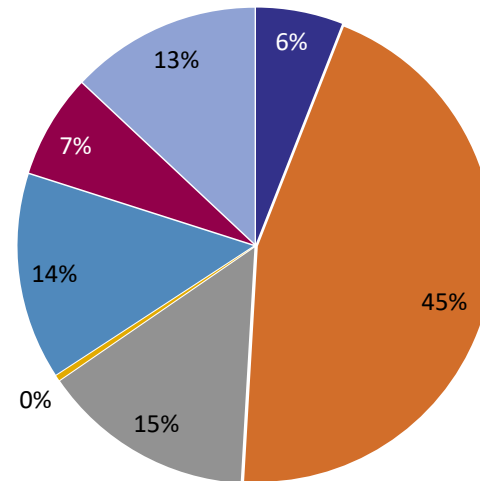
# Business Segment – Asset Management YTD September 2022

## YTD Sep 2022 - TT\$26.2 Billion

- Investment properties
- Government securities
- Debentures & Corporate bonds
- Other
- Equities
- Term Deposits
- Cash & Cash equivalents



## YTD Dec 2021 - TT\$26.9 Billion



- Total Assets decreased across the Group for the year
- Declines in market values for both equity and debt
- Asset mix marginally changed from year end 2021.
- Cash/Deposits – slightly up as the portfolio was positioned to capture opportunities for rising rates and longer tenor securities as part of ALM exercise.

# IAN CHINAPOO

GROUP CHIEF EXECUTIVE OFFICER



# Key Group Strategic Initiatives

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## Continue Perfecting the Core

- Continued investments in our operating environment including cybersecurity maturity and our evolving technology platforms.
- Strengthen the Group's Capital Structure and Asset/Liability Management
- Embed expanded Shared Services capabilities and efficiencies in our Life, Health and Pension businesses

## Continue Growing Existing Business and Taking Portfolio Actions

- Achieve Customer Experience (CX) and Cross-Sell goals and targets
- Deepen Relationships and focus on LHP and P&C Product offerings
- Increased investment in Capital Markets origination and structuring business



# QUESTIONS AND ANSWERS



**THANK YOU**

