

## CHAIRMAN'S REPORT

Dear Shareholder,

The year ended 31 December 2020 was another excellent one for your Group. Profit attributable to equity holders amounted to \$774 million, a 12% increase over the \$692 million recorded in 2019. Earnings per share increased to \$3.34 versus \$2.98 in the prior year. 2020 was defined by the structural shifts in operating procedure necessitated by the COVID-19 pandemic, and these results should be considered in this context.

Net income from insurance underwriting activities increased to \$1,413 million, a 47% increase over the \$959 million reported in 2019. The Group result in 2020 was not adversely affected by catastrophes as was experienced in 2019. Gross Written Premiums increased from \$6,367 million to \$6,557 million or 3%. Net income from Investing Activities decreased from \$1,370 million to \$989 million, or 28%. All our operating jurisdictions experienced significant valuation movements on investment securities.

In my report last year, I included the following commentary, and it is applicable for our 2020 results: "I must remind shareholders of the inherent volatility of equity markets and of the fact that the appreciation in values registered during the year cannot reasonably be predicted to be recurring."

Operating expenses decreased marginally from \$1,381 million to \$1,372 million. The Group continues to engage in various strategies 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. Apart from these growth strategies, the Group continues to incur implementation cost for IFRS 17-Insurance contracts.

Total assets of the Group increased from \$30,068 million to \$33,025 million or 10%. Total Equity has increased from \$3,964 million to \$4,676 million or 18%.

At the start of Q4 2020, the GHG group, through its Jamaican Life Insurer, Guardian Life Limited, acquired the insurance and annuities portfolio of NCB Insurance Company Limited (NCBIC). Integration activities are in progress which shall allow the Group to harvest the synergistic benefits.

Notwithstanding the excellent results for 2020 your Directors are continually looking forward at potential opportunities and threats. As the reader may be aware, in a large number of jurisdictions globally, during 2020 Central Banks placed restrictions on the flow of dividends out of country. This affected our inward dividend flow as there was a curtailment of dividend flow from our major operating entities outside of Trinidad. It is against this backdrop we think it prudent to conserve the cash resources of the Group and not declare a final dividend for 2020. The Directors have fixed a date for the Annual Meeting of 6 May 2021 at 4:30 p.m. at The Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. Similar to 2020, the AGM shall be held virtual-only format via live online webcast. The formal Notice of Annual Meeting with the Directors' Report and audited consolidated financial statements for the financial year ended 31 December 2020 will be communicated to shareholders in due course.



**Patrick Hylton**  
Chairman Guardian Holdings Limited  
4 March 2021

## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF GUARDIAN HOLDINGS LIMITED

### Our opinion

In our opinion, the accompanying summary consolidated financial statements of Guardian Holdings Limited (the Company), are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1.

### The summary consolidated financial statements

The Company's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended 31 December 2020 comprise:

- the summary consolidated statement of financial position as at 31 December 2020;
- the summary consolidated statement of income for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for

reading the audited consolidated financial statements and the auditor's report thereon.

### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 4 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited consolidated financial statements of the current period.

### Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

*Price Waterhouse Coopers*  
Port of Spain  
Trinidad, West Indies  
4 March 2021

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12-Months Dec 2020 TT\$'000	Audited 12-Months Dec 2019 TT\$'000
Gross written premiums	6,556,531	6,366,679
Net written premiums	4,381,660	4,484,742
Net result from insurance activities	1,413,229	958,579
Net income from investing activities	988,637	1,369,846
Fee and commission income from brokerage activities	144,325	117,052
<b>Net income from all activities</b>	<b>2,546,191</b>	<b>2,445,477</b>
Net impairment losses on financial assets	(15,695)	(87,586)
Operating expenses	(1,372,256)	(1,381,430)
Finance charges	(153,847)	(146,705)
<b>Operating profit</b>	<b>1,004,393</b>	<b>829,756</b>
Share of after tax profits of associated companies	17,705	18,033
<b>Profit before taxation</b>	<b>1,022,098</b>	<b>847,789</b>
Taxation	(243,844)	(144,076)
<b>Profit after taxation</b>	<b>778,254</b>	<b>703,713</b>
Deficit/(surplus) attributable to participating policyholders	2,038	(8,753)
<b>Profit for the year</b>	<b>780,292</b>	<b>694,960</b>
Profit attributable to non-controlling interests	(5,834)	(2,652)
<b>Profit attributable to equity holders of the company</b>	<b>774,458</b>	<b>692,308</b>
<b>Earnings per share</b>		
- Basic	\$ 3.34	\$ 2.98

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12-Months Dec 2020 TT\$'000	Audited 12-Months Dec 2019 TT\$'000
<b>Profit for the year</b>	<b>780,292</b>	<b>694,960</b>
<b>Other comprehensive income/(loss)</b>		
Exchange differences on translating foreign operations	(22,973)	(77,116)
Net gains on debt instruments at fair value through other comprehensive income	98,789	137,691
(Losses)/gains on property revaluation	(6,248)	44,342
Actuarial gains/(losses) on post-employment benefits	41,051	(59,109)
Other reserve movements	111	(566)
Income tax relating to components of other comprehensive income	(28,266)	(31,255)
<b>Other comprehensive income for the year, net of tax</b>	<b>82,464</b>	<b>13,987</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>862,756</b>	<b>708,947</b>
Comprehensive income attributable to non-controlling interests	(6,091)	(2,569)
<b>Comprehensive income attributable to equity holders of the company</b>	<b>856,665</b>	<b>706,378</b>

### Forward-Looking Statements

This statement may contain certain forward-looking statements, including but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", or "estimates", the negative of these terms and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Dec 2020 TT\$'000	Audited Dec 2019 TT\$'000
<b>ASSETS</b>		
Property, plant and equipment	701,168	723,680
Right-of-use assets	93,831	113,445
Investment properties	1,670,156	1,569,380
Intangible assets	797,794	575,875
Investment in associated companies	261,064	244,247
Investment securities	20,666,164	19,413,392
Investment securities of mutual fund unit holders	1,465,074	1,296,192
Loans and receivables	2,015,967	1,824,219
Properties for development and sale	117,585	103,246
Pension plan assets	76,286	41,026
Deferred tax assets	71,227	64,992
Reinsurance assets	1,071,541	1,284,155
Deferred acquisition costs	129,401	115,942
Taxation recoverable	166,269	181,123
Cash and cash equivalents	3,433,408	2,350,577
Cash and cash equivalents of mutual fund unit holders	287,997	166,596
<b>Total assets</b>	<b>33,024,932</b>	<b>30,068,087</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1,970,043	1,986,066
Reserves	(317,746)	(365,034)
Retained earnings	3,018,068	2,318,847
<b>Equity attributable to owners of the company</b>	<b>4,670,365</b>	<b>3,939,879</b>
Non-controlling interests in subsidiaries	5,523	24,341
<b>Total equity</b>	<b>4,675,888</b>	<b>3,964,220</b>
<b>Liabilities</b>		
Insurance contracts	18,823,849	17,458,851
Financial liabilities	3,277,504	2,531,023
Lease liabilities	103,669	116,857
Investment contract liabilities	2,696,558	2,788,681
Third party interests in mutual funds	1,301,361	1,237,709
Pension plan liabilities	92,401	89,154
Post-retirement medical benefit obligations	131,425	134,605
Deferred tax liabilities	420,017	366,895
Provision for taxation	149,111	50,753
Reinsurance liabilities	303,142	351,617
Other liabilities	1,050,007	977,722
<b>Total liabilities</b>	<b>28,349,044</b>	<b>26,103,867</b>
<b>Total equity and liabilities</b>	<b>33,024,932</b>	<b>30,068,087</b>

These consolidated financial statements have been approved for issue by the Board of Directors on 4 March 2021 and signed on its behalf:

Director:  Director: 

### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec 2020 TT\$'000	Audited Dec 2019 TT\$'000
<b>Balance at beginning of year</b>	<b>3,964,220</b>	<b>3,420,632</b>
Acquisition of non-controlling interests	(30,365)	-
Acquisition of subsidiary	-	746
Total comprehensive income	862,756	708,947
Issue of shares	-	2,497
Dividends	(120,723)	(168,602)
<b>Balance at end of year</b>	<b>4,675,888</b>	<b>3,964,220</b>

### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12-Months Dec 2020 TT\$'000	Audited 12-Months Dec 2019 TT\$'000
Profit before taxation	1,022,098	847,789
Adjustment for specific items included on the accruals basis:		
- Finance charges	153,847	146,705
- Investment income	(1,023,054)	(981,693)
Interest and dividends received	1,056,027	953,207
Adjustments for non-cash items	322,671	(193,369)
Operating profit before changes in operating assets/liabilities	1,531,589	772,639
Net (decrease)/increase in insurance liabilities	(41,252)	380,028
Net purchases of investment securities	(264,556)	(1,201,666)
Net purchases of/additions to investment properties	(148,754)	(132,304)
Net movement in other operating assets and liabilities	103,042	692,348
Cash provided by operating activities	1,180,069	511,045
Interest paid	(181,475)	(162,166)
Net taxation paid	(115,922)	(176,691)
Net cash provided by operating activities	882,672	172,188
Net cash used in investing activities	(355,131)	(217,910)
Net cash provided by financing activities	700,435	241,428
Net increase in cash and cash equivalents	1,227,976	195,706

### SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset Management TT\$'000	Other including consolidation adjustments TT\$'000	Group TT\$'000
<b>Twelve months ended 31 December 2020</b>					
Gross written premiums	3,700,975	2,855,556	-	-	6,556,531
Net written premiums	3,493,003	888,657	-	-	4,381,660
Underwriting revenue	3,508,180	1,310,942	-	-	4,819,122
Underwriting expenses	(2,774,501)	(657,795)	-	26,403	(3,405,893)
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
<b>Net income/(loss) from all activities</b>	<b>1,598,590</b>	<b>888,056</b>	<b>157,190</b>	<b>(97,645)</b>	<b>2,546,191</b>
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)
<b>Operating profit/(loss)</b>	<b>892,149</b>	<b>366,788</b>	<b>85,435</b>	<b>(339,979)</b>	<b>1,004,393</b>
<b>Twelve months ended 31 December 2019</b>					
Gross written premiums	3,733,662	2,633,017	-	-	6,366,679
Net written premiums	3,541,242	943,500	-	-	4,484,742
Underwriting revenue	3,575,037	1,247,099	-	-	4,822,136
Underwriting expenses	(3,116,736)	(751,584)	-	4,763	(3,863,557)
Net income/(loss) from investing activities	1,242,272	102,513	116,778	(91,717)	1,369,846
Fee and commission income from brokerage activities	-	119,056	-	(2,004)	117,052
<b>Net income/(loss) from all activities</b>	<b>1,700,573</b>	<b>717,084</b>	<b>116,778</b>	<b>(88,958)</b>	<b>2,445,477</b>
Net impairment gains/(losses) on financial assets	(64,642)	2,833	(123)	(25,654)	(87,586)
Operating expenses	(723,645)	(483,078)	(53,892)	(120,815)	(1,381,430)
Finance charges	(5,607)	(8,525)	(1,473)	(131,100)	(146,705)
<b>Operating profit/(loss)</b>	<b>906,679</b>	<b>228,314</b>	<b>61,290</b>	<b>(366,527)</b>	<b>829,756</b>
<b>Total Assets</b>					
31 December 2020	26,417,160	4,594,693	2,312,443	(299,364)	33,024,932
31 December 2019	23,697,630	4,595,622	1,966,421	(191,586)	30,068,087

### Note 1: Basis of Preparation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2020.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2020 audited consolidated financial statements consistently applied from period to period. Any new accounting standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 3" of the 31 December 2020 audited consolidated financial statements, have also remained unchanged.