

CHAIRMAN'S REPORT

Dear Shareholders,

Formal notice was provided on May 2, 2019 by National Commercial Bank Financial Group (NCBFG) that all regulatory approvals had been supplied to enable their acquisition of shares in Guardian Holdings Limited (GHL) and thereby become majority shareholder of your Group. The offer to shareholders duly closed on May 3, 2019 and change of control is expected to occur on May 10, 2019. Your directors are delighted at the conclusion of this complex, and hence protracted, transaction which results in the combination of two significant and highly respected Caribbean financial institutions. We are pleased that all shareholders have been afforded the opportunity of a "liquidity event" on attractive terms. We are confident that the interests of all shareholders will be served by the sharing of expertise and resources between NCBFG and GHL during the years ahead. Finally, we record our gratitude to the "key shareholders" who facilitated this transaction and were, in large measure, responsible for creating the strong foundations of today's Guardian.

I turn now to the financial results of your Group for the quarter ended March 31, 2019. Profits attributable to equity shareholders amounted to \$113 million, a 57% increase over the corresponding period last year of \$72 million. Earnings per share was \$0.49 versus \$0.31 in the prior year.

The Group's results were positively impacted by the strong performance of our investment portfolios that generated income of \$294 million, a 56% increase over the corresponding period last year of \$189 million. Net fair value gains during the quarter amounted to \$74 million versus a loss of \$37 million in 2018, primarily driven by the correction of the US equity market. I must remind shareholders of the inherent volatility of equity markets and of the fact that the appreciation in values registered in recent months cannot reasonably be predicted to be recurring. Noteworthy also is the increase in value of international bonds which is reported in the Consolidated Statement of Comprehensive Income.

Net income from insurance underwriting activities amounted to \$145 million (2018: \$183 million) a decrease of 21%. This was influenced by the result of the Life, Health and Pension business segment which were positively affected by certain non-recurring transactions in 2018. Nonetheless, our Life, Health and Pension business continues to reap the rewards of operational improvements as we upgrade our administration systems. The Property and Casualty business segment showed satisfactory growth influenced by the acquisition of two new portfolios. Market conditions remain soft, yet we have achieved growth in premium income and did not compromise in our strict adherence to underwriting discipline.

The Brokerage business continues to show steady growth in this low-risk segment with net income increasing to \$10 million from \$7 million in 2018.

Operating expenses increased to \$262 million from \$241 million in 2018. This should not be interpreted as evidence of inadequate attention to cost containment. On the contrary, your Group's executive has continued successfully to drive down expenses and remove inefficiencies. The increase is entirely the result of expenses incurred on technological advancements and internal organisation restructuring, both designed to support our future growth strategies.

We are pleased to have produced a strong first quarter performance and look forward to the continued impact of our growth and efficiency strategies on our results.



Henry Peter Ganteaume
Deputy Chairman, GHL
May 8, 2019

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3-Months Mar 2019 TT\$'000	Unaudited 3-Months Mar 2018 TT\$'000	Audited 12-Months Dec 2018 TT\$'000
Gross written premiums	1,958,388	1,894,051	5,861,246
Net written premiums	1,279,916	1,238,207	4,164,210
Net income from insurance underwriting activities	144,737	182,738	863,300
Net income from investing activities	294,238	189,192	981,568
Net income from brokerage activities	9,857	7,245	25,038
Net income from all activities	448,832	379,175	1,869,906
Net impairment gains/(losses) on financial assets	5,665	4,557	(1,329)
Operating expenses	(261,875)	(240,803)	(1,045,595)
Finance charges	(35,984)	(34,382)	(135,522)
Operating profit	156,638	108,547	687,460
Share of after tax profits of associated companies	6,430	2,686	17,045
Profit before taxation	163,068	111,233	704,505
Taxation	(46,497)	(36,386)	(164,632)
Profit after taxation	116,571	74,847	539,873
Profit attributable to participating policyholders	(3,121)	(2,282)	(4,693)
Profit for the period	113,450	72,565	535,180
Profit attributable to non-controlling interests	(589)	(498)	(1,269)
Profit attributable to equity holders of the parent	112,861	72,067	533,911
Earnings per share			
- Basic	\$ 0.49	\$ 0.31	\$ 2.30

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2019 TT\$'000	Unaudited 3-Months Mar 2018 TT\$'000	Audited 12-Months Dec 2018 TT\$'000
Profit for the period	113,450	72,565	535,180
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations	12,149	15,924	(67,289)
Net gains/(losses) on debt instruments at fair value through other comprehensive income	47,599	(24,273)	(70,048)
Losses on property revaluation	-	-	(3,057)
Actuarial (losses)/gains on post-employment benefits	(31,642)	-	35,119
Other reserve movements	(374)	(342)	(1,540)
Income tax relating to components of other comprehensive income	(5,477)	1,647	(817)
Other comprehensive income/(loss) for the period, net of tax	22,255	(7,044)	(107,632)
Total comprehensive income for the period, net of tax	135,705	65,521	427,548
Comprehensive loss/(income) attributable to non-controlling interests	288	(451)	(1,395)
Comprehensive income attributable to equity holders of the parent	135,993	65,070	426,153

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 consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2018 audited financial statements consistently applied from period to period, except for the adoption of IFRS 16 Leases, a new standard that became effective for the Group from 1 January 2019.

IFRS 16 did not have any material impact on the Group's financial reporting and did not require retrospective adjustments.

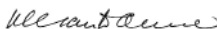

Forward-Looking Statements

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Mar 2019 TT\$'000	Audited Dec 2018 TT\$'000
ASSETS		
Property, plant and equipment	613,300	620,384
Right-of-use assets	97,023	-
Investment properties	1,506,466	1,477,465
Intangible assets	514,728	512,490
Investment in associated companies	237,806	232,041
Investment securities	17,773,890	17,107,289
Investment securities of mutual fund unit holders	1,119,248	1,079,888
Loans and receivables	2,330,816	2,121,715
Properties for development and sale	102,172	104,115
Pension plan assets	68,746	67,655
Deferred tax assets	53,469	61,311
Reinsurance assets	1,465,282	1,396,965
Deferred acquisition costs	129,641	98,061
Taxation recoverable	131,988	129,592
Cash and cash equivalents	2,209,181	2,084,426
Cash and cash equivalents of mutual fund unit holders	218,028	213,810
Total assets	28,571,784	27,307,207
EQUITY AND LIABILITIES		
Share capital	1,994,397	1,992,656
Reserves	(384,871)	(439,603)
Retained earnings	1,815,651	1,845,006
Equity attributable to owners of the parent	3,425,177	3,398,059
Non-controlling interests in subsidiary	22,285	22,573
Total equity	3,447,462	3,420,632
Liabilities		
Insurance contracts	17,493,068	16,928,454
Financial liabilities	2,503,538	2,327,404
Lease liabilities	97,867	-
Investment contract liabilities	2,037,385	1,989,373
Third party interests in mutual funds	1,108,930	1,021,592
Pension plan liabilities	100,105	69,994
Post-retirement medical benefit obligations	125,732	121,245
Deferred tax liabilities	319,755	314,730
Provision for taxation	57,247	68,032
Reinsurance liabilities	355,256	229,179
Other liabilities	925,439	816,572
Total liabilities	25,124,322	23,886,575
Total equity and liabilities	28,571,784	27,307,207

These consolidated financial statements have been approved for issue by the Board of Directors on 8 May 2019 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2019 TT\$'000	Unaudited Mar 2018 TT\$'000	Audited Dec 2018 TT\$'000
Balance at beginning of period	3,420,632	3,322,885	3,322,885
IFRS 9 initial application adjustments	-	(182,676)	(181,900)
Total comprehensive income	135,705	65,521	427,548
Other movements	-	11,025	11,078
Issue of shares	2,497	-	-
Dividends	(111,372)	(104,355)	(158,979)
Balance at end of period	3,447,462	3,112,400	3,420,632

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2019 TT\$'000	Unaudited Mar 2018 TT\$'000	Audited Dec 2018 TT\$'000
Profit before taxation	163,068	111,233	704,505
Adjustment for specific items included on the accruals basis:			
- Finance charges	35,984	34,382	135,522
- Investment income	(217,859)	(217,116)	(918,327)
Interest and dividends received	173,200	179,528	919,468
Adjustments for non-cash items	(58,076)	96,061	79,204
Operating profit before changes in operating assets/liabilities	96,317	204,088	920,372
Net increase/(decrease) in insurance liabilities	470,290	114,623	(446,546)
Net purchases of financial assets	(434,901)	(322,119)	(269,416)
Net purchases of/additions to investment properties	(26,718)	(9,389)	(56,901)
Net movement in other operating assets and liabilities	(37,217)	(120,956)	317,100
Cash provided by/(used in) operating activities	67,771	(133,753)	464,609
Interest paid	(36,765)	(38,080)	(150,644)
Net taxation paid	(52,798)	(20,754)	(93,888)
Net cash (used in)/provided by operating activities	(21,792)	(192,587)	220,077
Net cash used in investing activities	(16,794)	(8,603)	(78,208)
Net cash provided by/(used in) financing activities	163,185	(222,220)	(287,439)
Net increase/(decrease) in cash and cash equivalents	124,599	(423,410)	(145,570)

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
Three months ended 31 March 2019					
Gross written premiums	1,035,251	923,137	-	-	1,958,388
Net written premiums	974,934	304,982	-	-	1,279,916
Underwriting revenue	926,214	298,502	-	-	1,224,716
Underwriting expenses	(905,643)	(175,225)	-	889	(1,079,979)
Net income/(loss) from investing activities	294,802	16,583	20,956	(38,103)	294,238
Net income from brokerage activities	-	9,857	-	-	9,857
Net income/(loss) from all activities	315,373	149,717	20,956	(37,214)	448,832
Net impairment gains on financial assets	2,454	733	1,267	1,211	5,665
Operating expenses	(141,998)	(82,073)	(12,773)	(25,031)	(261,875)
Finance charges	(2,533)	(2,280)	(238)	(30,933)	(35,984)
Operating profit/(loss)	173,296	66,097	9,212	(91,967)	156,638
Three months ended 31 March 2018					
Gross written premiums	1,053,701	840,350	-	-	1,894,051
Net written premiums	995,584	242,623	-	-	1,238,207
Underwriting revenue	957,805	257,625	-	-	1,215,430
Underwriting expenses	(883,281)	(149,746)	-	335	(1,032,692)
Net income/(loss) from investing activities	167,572	10,917	22,100	(11,397)	189,192
Net income from brokerage activities	-	7,245	-	-	7,245
Net income/(loss) from all activities	242,096	126,041	22,100	(11,062)	379,175
Net impairment gains/(losses) on financial assets	(2,165)	8,532	(1,242)	(568)	4,557
Operating expenses	(133,617)	(73,583)	(12,122)	(21,481)	(240,803)
Finance charges	(57)	(2,043)	(342)	(31,940)	(34,382)
Operating profit/(loss)	106,257	58,947	8,394	(65,051)	108,547
Total Assets					
31 March 2019	22,027,989	4,859,671	1,757,376	(73,252)	28,571,784
31 December 2018	21,384,339	4,384,973	1,723,813	(185,918)	27,307,207