

CHAIRMAN'S REPORT

Dear Shareholder,

Group Profit attributed to equity shareholders for the nine months ended September 30, 2019 amounted to \$433 million, a 17% increase over the \$371 million recorded in the corresponding period last year. Earnings per share increased to \$1.86 versus \$1.60 over the same period last year. These results are quite remarkable, as your Group booked a net loss reserve of \$86 million before tax, for claims arising from Hurricane Dorian which affected the Caribbean Basin during August and September of this year.

Net income from insurance underwriting activities increased to \$538 million from the \$500 million reported in the corresponding period last year. The Life, Health and Pension business segment recorded an 8% increase over the prior year, driven by the Trinidad and Tobago markets as the other Regions were affected by certain non-recurring 2018 uplifts. The Property and Casualty business segment also recorded an 8% growth over the prior year period, driven through acquiring new business and generating organic growth. This noteworthy increase was achieved after the provisions for the hurricane losses discussed above. Undoubtedly, these results are a true testament to the strength of Guardian's reinsurance programme, as our scientific quantitative approach continues to protect the interest of policyholders and shareholders alike.

Our investment portfolio continued to excel and generated income of \$927 million, a 14% increase over the corresponding period last year of \$813 million. This increase was driven mainly from an \$89 million increase to net fair value gain, originating from the recovery of the US stock markets and a \$32 million increase to Investment income from an improved investment mix. Your Group continues to closely monitor the volatile equity markets and rebalance portfolios as necessary, to strike a cautious equilibrium between risk and reward.

Operating expenses increased to \$792 million from \$749 million, as your Group maintained its focus on developing the tools required to advance our competitive edge through efficiency, commitment to customer ease, product innovation and technological supremacy. Additionally, as indicated in my previous report, the Group continues to incur costs associated with the implementation of IFRS 17 – Insurance contracts, which is no small undertaking.

Your Board is satisfied with the Group's nine-month performance and looks forward to our customarily strong fourth quarter's performance.



Patrick Hylton
Chairman, Guardian Holdings Limited
October 31, 2019

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2019 TT\$'000	Unaudited 9-Months Sep 2018 TT\$'000	Unaudited 3-Months Sep 2019 TT\$'000	Unaudited 3-Months Sep 2018 TT\$'000	Audited 12-Months Dec 2018 TT\$'000
Gross written premiums	4,910,098	4,551,171	1,435,493	1,251,209	5,861,246
Net written premiums	3,390,683	3,168,280	1,084,369	951,601	4,164,210
Net income from insurance underwriting activities	538,215	499,758	272,669	110,124	863,300
Net income from investing activities	926,873	812,692	270,979	362,771	981,568
Net income from brokerage activities	23,513	23,094	6,749	5,642	25,038
Net income from all activities	1,488,601	1,335,544	550,397	478,537	1,869,906
Net impairment loss on financial assets	(4,672)	(15,004)	(7,344)	(8,818)	(1,329)
Operating expenses	(792,296)	(748,945)	(262,269)	(255,290)	(1,045,595)
Finance charges	(109,709)	(101,445)	(36,739)	(32,769)	(135,522)
Operating profit	581,924	470,150	244,045	181,660	687,460
Share of after tax profits of associated companies	22,344	17,017	11,759	7,818	17,045
Profit before taxation	604,268	487,167	255,804	189,478	704,505
Taxation	(161,476)	(114,246)	(66,626)	(29,343)	(164,632)
Profit after taxation	442,792	372,921	189,178	160,135	539,873
Profit attributable to participating policyholders	(8,273)	(1,068)	(2,402)	(4,073)	(4,693)
Profit for the period	434,519	371,853	186,776	156,062	535,180
Profit attributable to non-controlling interests	(1,873)	(909)	(759)	(77)	(1,269)
Profit attributable to equity holders of the parent	432,646	370,944	186,017	155,985	533,911
Earnings per share					
- Basic	\$1.86	\$1.60			\$2.30

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2019 TT\$'000	Unaudited 9-Months Sep 2018 TT\$'000	Unaudited 3-Months Sep 2019 TT\$'000	Unaudited 3-Months Sep 2018 TT\$'000	Audited 12-Months Dec 2018 TT\$'000
Profit for the period	434,519	371,853	186,776	156,062	535,180
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations	(162,756)	(142,536)	(112,538)	(54,576)	(67,289)
Net gains/(losses) on debt instruments at fair value through other comprehensive income	137,985	(38,298)	44,776	6,154	(70,048)
Gains/(losses) on property revaluation	23,911	295	23,856	295	(3,057)
Actuarial (losses)/gains on post-employment benefits	(66,726)	-	(35,085)	-	35,119
Other reserve movements	(586)	(654)	118	(115)	(1,540)
Income tax relating to components of other comprehensive income	(22,934)	(3,281)	(10,130)	(7,076)	(817)
Other comprehensive loss for the period, net of tax	(91,106)	(184,474)	(89,003)	(55,318)	(107,632)
Total comprehensive income for the period, net of tax	343,413	187,379	97,773	100,744	427,548
Comprehensive (income)/loss attributable to non-controlling interests	(1,486)	(908)	(185)	29	(1,395)
Comprehensive income attributable to equity holders of the parent	341,927	186,471	97,588	100,773	426,153

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

	Unaudited Sep 2019 TT\$'000	Audited Dec 2018 TT\$'000
ASSETS		
Property, plant and equipment	690,831	620,384
Right-of-use assets	88,096	-
Investment properties	1,541,048	1,477,465
Intangible assets	502,677	512,490
Investment in associated companies	250,943	232,041
Investment securities	18,239,208	17,107,289
Investment securities of mutual fund unit holders	1,265,157	1,079,888
Loans and receivables	2,092,351	2,121,715
Properties for development and sale	100,289	104,115
Pension plan assets	42,460	67,655
Deferred tax assets	54,253	61,311
Reinsurance assets	1,695,432	1,396,965
Deferred acquisition costs	126,548	98,061
Taxation recoverable	137,443	129,592
Cash and cash equivalents	2,165,413	2,084,426
Cash and cash equivalents of mutual fund unit holders	145,787	213,810
Total assets	29,137,936	27,307,207
EQUITY AND LIABILITIES		
Share capital	1,986,067	1,992,656
Reserves	(463,913)	(439,603)
Retained earnings	2,053,273	1,845,006
Equity attributable to owners of the parent	3,575,427	3,398,059
Non-controlling interests in subsidiary	22,532	22,573
Total equity	3,597,959	3,420,632
Liabilities		
Insurance contracts	17,899,145	16,928,454
Financial liabilities	2,473,211	2,327,404
Lease liabilities	91,614	-
Investment contract liabilities	1,970,391	1,989,373
Third party interests in mutual funds	1,111,158	1,021,592
Pension plan liabilities	100,525	69,994
Post-retirement medical benefit obligations	132,627	121,245
Deferred tax liabilities	383,644	314,730
Provision for taxation	49,599	68,032
Reinsurance liabilities	577,918	229,179
Other liabilities	750,145	816,572
Total liabilities	25,539,977	23,886,575
Total equity and liabilities	29,137,936	27,307,207

These consolidated financial statements have been approved for issue by the Board of Directors on October 31, 2019 and signed on its behalf:

Director 

Director 

**SUMMARY CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

	Unaudited Sep 2019 TT\$'000	Unaudited Sep 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	-	(257,553)	(181,900)
Total comprehensive income	343,413	187,379	427,548
Other movements	-	5,155	11,078
Issue of shares	2,497	-	-
Dividends	(168,583)	(158,972)	(158,979)
Balance at end of period	3,597,959	3,098,894	3,420,632

**SUMMARY CONSOLIDATED STATEMENT
OF CASH FLOWS**

	Unaudited Sep 2019 TT\$'000	Unaudited Sep 2018 TT\$'000	Audited Dec 2018 TT\$'000
Profit before taxation	604,268	487,167	704,505
Adjustment for specific items included on the accruals basis:			
- Finance charges	109,709	101,445	135,522
- Investment income	(707,241)	(676,470)	(918,327)
Interest and dividends received	661,972	650,962	919,468
Adjustments for non-cash items	41,812	162,815	79,204
Operating profit before changes in operating assets/liabilities	710,520	725,919	920,372
Net increase/(decrease) in insurance liabilities	814,229	(231,195)	(446,546)
Net purchases of investment securities	(1,045,132)	(285,396)	(269,416)
Net purchases of/additions to investment properties	(102,205)	(33,445)	(56,901)
Net movement in other operating assets and liabilities	(64,655)	91,894	317,100
Cash provided by operating activities	312,757	267,777	464,609
Interest paid	(117,322)	(109,830)	(150,644)
Net taxation paid	(126,897)	(63,885)	(93,888)
Net cash provided by operating activities	68,538	94,062	220,077
Net cash used in investing activities	(109,561)	(41,263)	(78,208)
Net cash provided by/(used in) financing activities	74,663	(377,455)	(287,439)
Net increase/(decrease) in cash and cash equivalents	33,640	(324,656)	(145,570)

**SEGMENT
INFORMATION**

Nine months ended 30 September 2019

	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
Gross written premiums	2,787,234	2,122,864	-	-	4,910,098
Net written premiums	2,647,496	743,187	-	-	3,390,683
Underwriting revenue	2,649,904	938,104	-	-	3,588,008
Underwriting expenses	(2,449,868)	(601,506)	-	1,581	(3,049,793)
Net income/(loss) from investing activities	829,346	62,579	75,714	(40,766)	926,873
Net income from brokerage activities	-	23,513	-	-	23,513
Net income/(loss) from all activities	1,029,382	422,690	75,714	(39,185)	1,488,601
Net impairment gains/(losses) on financial assets	631	(4,975)	296	(624)	(4,672)
Operating expenses	(443,644)	(249,363)	(37,529)	(61,760)	(792,296)
Finance charges	(4,675)	(6,427)	(1,068)	(97,539)	(109,709)
Operating profit/(loss)	581,694	161,925	37,413	(199,108)	581,924

Nine months ended 30 September 2018

	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
Gross written premiums	2,694,624	1,856,547	-	-	4,551,171
Net written premiums	2,553,232	615,048	-	-	3,168,280
Underwriting revenue	2,555,355	780,032	-	-	3,335,387
Underwriting expenses	(2,369,618)	(468,097)	-	2,086	(2,835,629)
Net income/(loss) from investing activities	716,957	61,928	68,426	(34,619)	812,692
Net income from brokerage activities	-	23,094	-	-	23,094
Net income/(loss) from all activities	902,694	396,957	68,426	(32,533)	1,335,544
Net impairment gains/(losses) on financial assets	(23,988)	5,322	3,188	474	(15,004)
Operating expenses	(415,263)	(233,760)	(37,515)	(62,407)	(748,945)
Finance charges	(1,246)	(5,812)	(872)	(93,515)	(101,445)
Operating profit/(loss)	462,197	162,707	33,227	(187,981)	470,150

Total Assets					
30 September 2019	22,285,440	5,222,387	1,880,001	(249,892)	29,137,936
31 December 2018	21,384,339	4,384,973	1,723,813	(185,918)	27,307,207

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 December 31, 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 January 1, 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.