



May 2021

# Fixed Income Investor Presentation

# Notice

## Forward-Looking Statements

This presentation may contain certain statements that constitute “forward-looking statements”. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Statements using verbs such as “expect,” “anticipate,” “believe” or words of similar import generally involve forward-looking statements. Forward-looking statements include statements which are based on the beliefs and assumptions of The Guardian Life Insurance Company of America (“Guardian”) concerning future levels of sales and redemptions of Guardian’s products, investment spreads and yields, or the earnings and profitability of Guardian’s activities.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Guardian’s control and many of which are subject to change. These uncertainties and contingencies could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, Guardian. Whether or not actual results differ materially from forward-looking statements may depend on numerous foreseeable and unforeseeable developments. Some may be national in scope, such as general economic conditions, changes in tax law and changes in interest rates. Some may be related to the insurance industry generally, such as pricing competition, regulatory developments and industry consolidation. Others may relate to Guardian specifically, such as credit, volatility and other risks associated with Guardian’s investment portfolio. Any forward-looking statements reflect Guardian’s views and assumptions as of the date of this presentation and Guardian disclaims any obligation to update forward-looking information, whether as a result of new information, future events, or otherwise.

# Guardian Life Funding-Agreement Backed Global Note Issuance Program

<b>Issuer</b>	Guardian Life Global Funding (Ticker: "GUARDN")
<b>Program Terms</b>	\$5 billion FA-backed GMTN program (144A / Reg S)
<b>Funding Agreement Issuer</b>	The Guardian Life Insurance Company of America ("Guardian")
<b>FA-Backed Notes Rating</b>	Moody's: Aa2   S&P: AA+
<b>Listing</b>	Euronext Dublin

# Plans for Funding Agreement-Backed Notes

## Guardian established the Guardian Life Funding Agreement-Backed Notes program to leverage Guardian's industry reputation and investment capabilities

- The program allows Guardian to grow its spread business by leveraging two core competencies, Guardian's high credit rating and the Investment Group's fundamental credit talent
- Guardian's considerable expertise in asset/liability and investment management, and strong financial flexibility provide a solid platform for utilizing a Funding Agreement backed program

## Funding Agreements are managed similarly to Guardian's retail annuities

- Investment assets purchased with proceeds are allocated in accordance with Guardian's existing investment guidelines and managed by existing fundamental credit teams
- Guardian's Funding Agreement program is overseen by the same asset liability management ("ALM") team as Guardian's other products

# Guardian Overview

**Founded in New York in 1860, Guardian provides life and disability insurance, employee benefits, retirement and investment products**

**Dividends paid to policyholders every year since 1868**

**Converted to a mutual company in 1925**

**4th largest mutual life insurance company in the U.S. as of December 31, 2020 based on surplus according to NAIC peer-compiled data**

- Surplus of \$7.8 billion as of December 31, 2020
- Total adjusted capital of \$9.4 billion as of December 31, 2020
- Total life insurance in-force of \$696.4 billion as of December 31, 2020

**Two principal operating segments<sup>(a)</sup>**

- Individual Markets – Individual Life (\$4,429 million), Individual Disability (\$670 million), Individual Annuity (\$109 million)
- Group Benefits – Group Insurance (\$4,253 million)

**Leading market positions**

- 5th largest writer of participating whole life insurance in the industry in 2020 according to LIMRA Sales Report
- BLICOA is a top 5 writer of Individual disability insurance according to the LIMRA Disability Income Sale Survey
- Dental business ranks third in in-force PPO cases according to 2020 LIMRA survey results

(a) 2020 consolidated statutory premium income  
Sources: NAIC, LIMRA, Statutory filings

# Guardian Investment Highlights

<b>Commitment to mutual status</b>	<ul style="list-style-type: none"> <li>▪ Long-term financial strength and stability and the payment of competitive dividends as primary objectives</li> <li>▪ Long view on investments free from short-term earnings pressures faced by publicly-traded life insurance peers</li> </ul>
<b>Diversified product portfolio</b>	<ul style="list-style-type: none"> <li>▪ Diversity of product portfolio allows focus on client needs</li> <li>▪ Provides diversification of earnings and reduces volatility in financial results</li> </ul>
<b>Industry-leading products</b>	<ul style="list-style-type: none"> <li>▪ 5th largest writer of participating whole life insurance, LIMRA 2020</li> <li>▪ High net worth customer base has resulted in larger average premiums per policy than most peers</li> <li>▪ Dental business ranks third in in-force PPO cases, LIMRA 2020</li> </ul>
<b>Highly productive career agent system</b>	<ul style="list-style-type: none"> <li>▪ Career agent system consists of over 2,400 active agents as of December 31, 2020 and enjoys one of the highest retention rates in the industry</li> <li>▪ Benefits include the commitment of career agents to the long-term protection of clients and the long-term financial success, financial strength and stability of Guardian</li> </ul>
<b>Strong balance sheet</b>	<ul style="list-style-type: none"> <li>▪ Strong financial strength and capitalization, with strong insurance financial strength / claims paying ability ratings and regulatory capital ratios in excess of required regulatory levels</li> <li>▪ Investment portfolio is conservative and well-diversified, with approximately 93% of securities in the bond portfolio rated investment grade as of December 31, 2020</li> </ul>
<b>Long-term track record</b>	<ul style="list-style-type: none"> <li>▪ Strong and consistently profitable operating results with 2020 statutory net income of \$147 million</li> <li>▪ Policyholder surplus increased at a CAGR of approximately 6.3% from 2004 to 2020</li> </ul>
<b>Strong Enterprise Risk Management</b>	<ul style="list-style-type: none"> <li>▪ Strong risk management culture, internal controls and reporting and oversight system</li> <li>▪ Low product risk profile with focus on participating life insurance, annually renewable group insurance, and a conservative set of product guarantees</li> </ul>
<b>Accomplished and deep management</b>	<ul style="list-style-type: none"> <li>▪ Well-respected, seasoned executives with extensive experience in the industry and at Guardian</li> </ul>

# Experienced Management Team

Name	Age	Title	Insurance Industry & Financial Services Experience
Andrew J. McMahon	53	Chief Executive Officer and President Director	32
Kevin Molloy	50	EVP, Chief Financial Officer	23
Jean LaTorre	57	EVP, Chief Investment Officer	36
Michael N. Ferik	49	EVP, Individual Markets	26
Christopher B. Smith	52	EVP, Group Benefits	29
Kermitt J. Brooks	57	EVP, General Counsel	15 <sup>(a)</sup>
Dean Del Vecchio	54	EVP, Chief Information Officer and Chief of Operations	24 <sup>(b)</sup>
Brian L. Scanlon	48	EVP, Strategy, Business Development, Marketing and Communications	27
Stacey Hoin	60	EVP, Chief Human Resources Officer	32

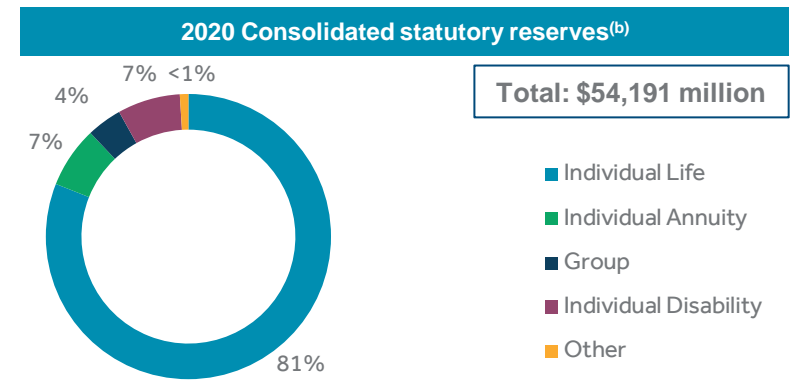
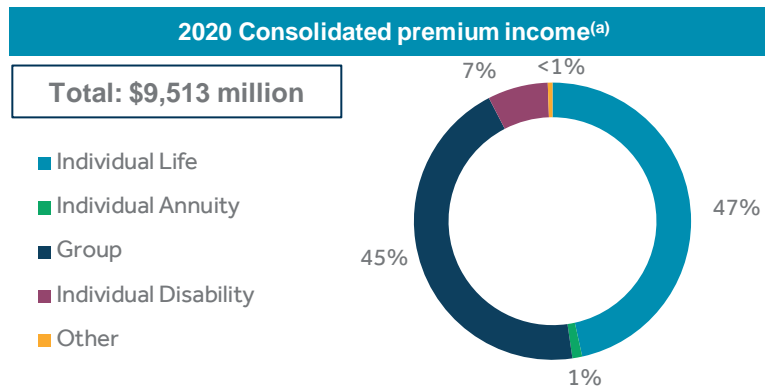
Note: Ages as of March 31, 2021

(a) Kermitt Brooks has 31 years of legal experience

(b) Dean Del Vecchio has 35 years of cumulative technology experience

# Guardian Business Profile

	Individual Markets			Group Benefits
	Individual Life	Individual Disability	Savings Products	Group Insurance
Products	<ul style="list-style-type: none"> <li>Whole Life</li> <li>Term Life</li> <li>Universal Life</li> <li>Variable Universal Life</li> </ul>	<ul style="list-style-type: none"> <li>Individual Disability</li> <li>Multi-Life Disability Income</li> </ul>	<ul style="list-style-type: none"> <li>Fixed Annuities</li> <li>Variables Annuities</li> <li>Wealth Management</li> </ul>	<ul style="list-style-type: none"> <li>Dental</li> <li>Short- and Long-Term Disability</li> <li>Life and AD&amp;D</li> <li>Vision</li> <li>Supplemental Health (Accident, Critical Illness, Cancer, Hospital Indemnity)</li> <li>Absence Management Administration</li> </ul>
Target Markets	<ul style="list-style-type: none"> <li>Small Business Owners</li> <li>Affluent Professionals</li> <li>Executives</li> </ul>	<ul style="list-style-type: none"> <li>Small Business Owners</li> <li>Affluent Professionals</li> <li>Executives</li> </ul>	<ul style="list-style-type: none"> <li>Professionals</li> <li>Executives</li> <li>Affluent and Emerging Affluent Individuals</li> </ul>	<ul style="list-style-type: none"> <li>Employer Groups</li> <li>Government Programs</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>46 General Agencies and Guardian-managed agencies</li> <li>Over 2,400 Career Agents</li> <li>Brokers</li> </ul>	<ul style="list-style-type: none"> <li>Career Agents</li> <li>Brokers</li> </ul>	<ul style="list-style-type: none"> <li>Career Agents</li> <li>Brokers</li> </ul>	<ul style="list-style-type: none"> <li>Over 170 Group Sales Professionals</li> <li>~13,500 Active Group Brokers and Benefit Consultants</li> </ul>



(a) Premium income is net of reinsurance. The total consolidates financial information from statutory financial statements of Guardian (parent company), BLICOA and GIAC (subsidiaries), and GAAP financial statements of FCW and GIS (subsidiaries)

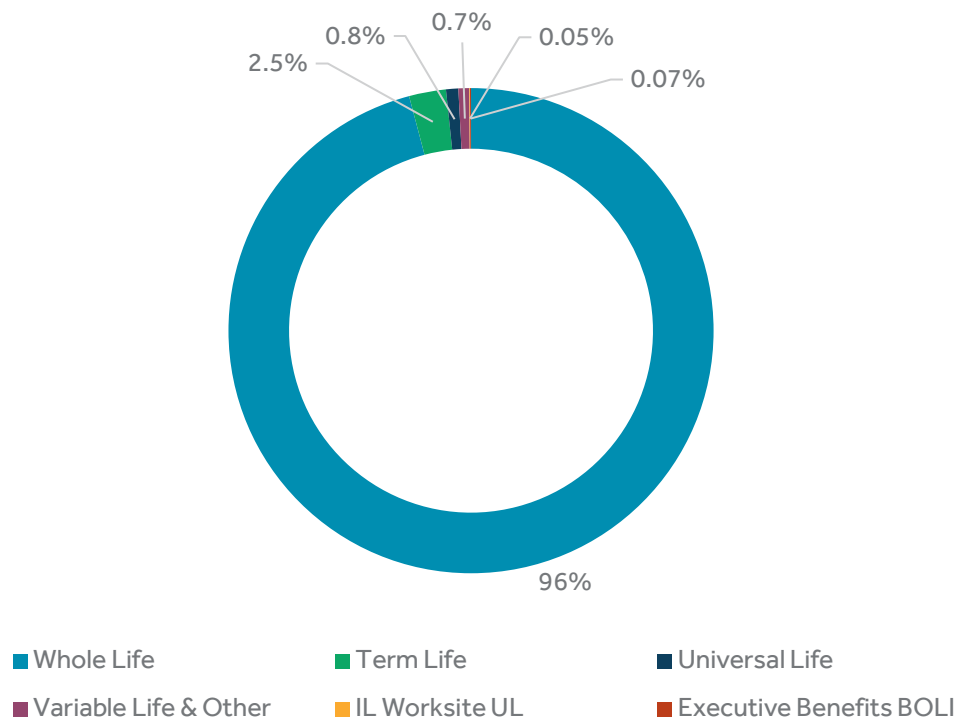
(b) Reflects general account reserves only (excludes separate account reserves)



# Individual Market

## Individual Life

2020 business mix by premium income



Total premium income<sup>(a)</sup>: \$4,429 million

(a) Premium income is net of reinsurance  
 (b) According to the 2020 LIMRA Sales Report

## Description

### Key products

- Participating Whole Life (96% of individual life product segment premium income in 2020)
- Term Life

### Distribution model

- Highly trained, productive career agent network
- Growing brokerage business for participating products

### Strategy

- Continue focus on Whole Life business while maintaining diversified product portfolio to meet wide array of needs
- Target affluent and emerging affluent market segments including professionals, business owners, small- and mid-sized businesses, corporations, banks, principals and partners
- Invest substantially to enable career agent network to more effectively run their businesses and better serve customers

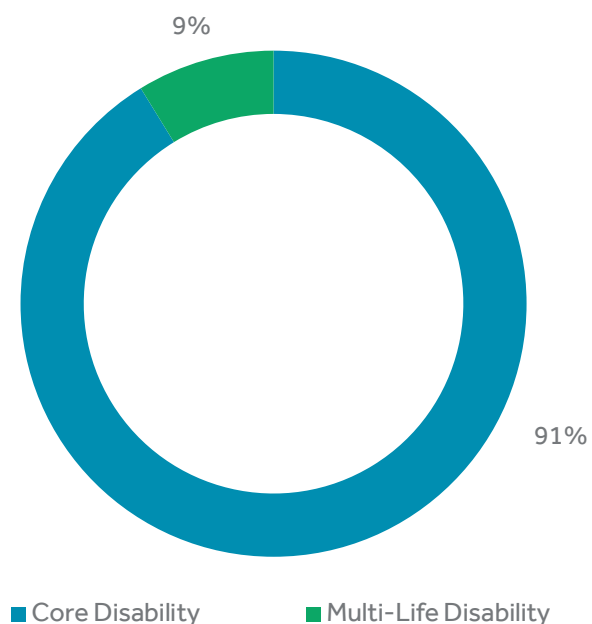
### Market position

- 5th largest writer of participating whole life insurance; Guardian's average whole life only premium per policy was approximately 1.5x their peer group's average<sup>(b)</sup>

# Individual Market

## Individual Disability

### 2020 business mix by premium income



Total premium income<sup>(a)</sup>: \$670 million

(a) Premium income is net of reinsurance  
(b) According to LIMRA Disability Income Sale Survey

### Description

#### Key products

- Individual Disability
- Multi-Life Disability (introduced in 2007)

#### Distribution model

- Career agent network and brokers
- Wholesalers for Multi-Life

#### Strategy

- Focus on small business owners, professionals and executives
- Multi-Life plans for measured growth
- Maintain outsourcing / reinsurance model for long-term care; long-term care block is in runoff

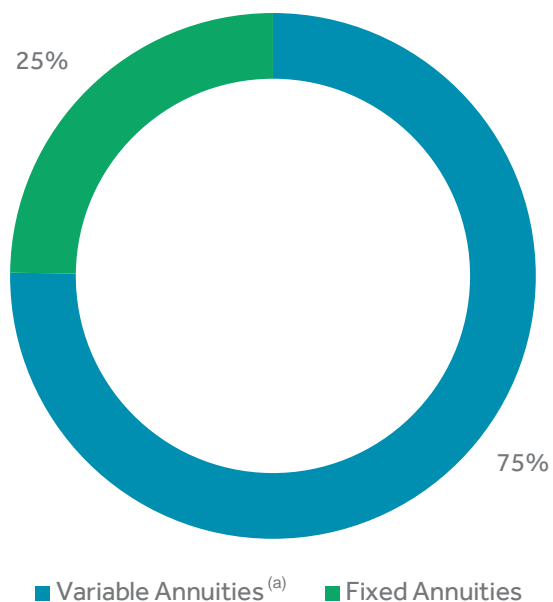
#### Market position

- BLICOA is a top 5 writer of individual disability insurance<sup>(b)</sup>

# Individual Market

## Individual Annuity

2020 business mix by AUM



Total YE 2020 AUM: \$13.1 billion

(a) Exited Variables Annuities with living benefit riders in 2017

## Description

### Key products

- **Annuities** – single premium deferred and immediate fixed annuities, variable annuities

### Distribution model

- **Annuities** – fixed annuities sold through GIAC's wholesaling force and third-party registered broker-dealers; variable annuities are distributed primarily through Park Avenue Securities, a registered broker-dealer that Guardian indirectly wholly owns

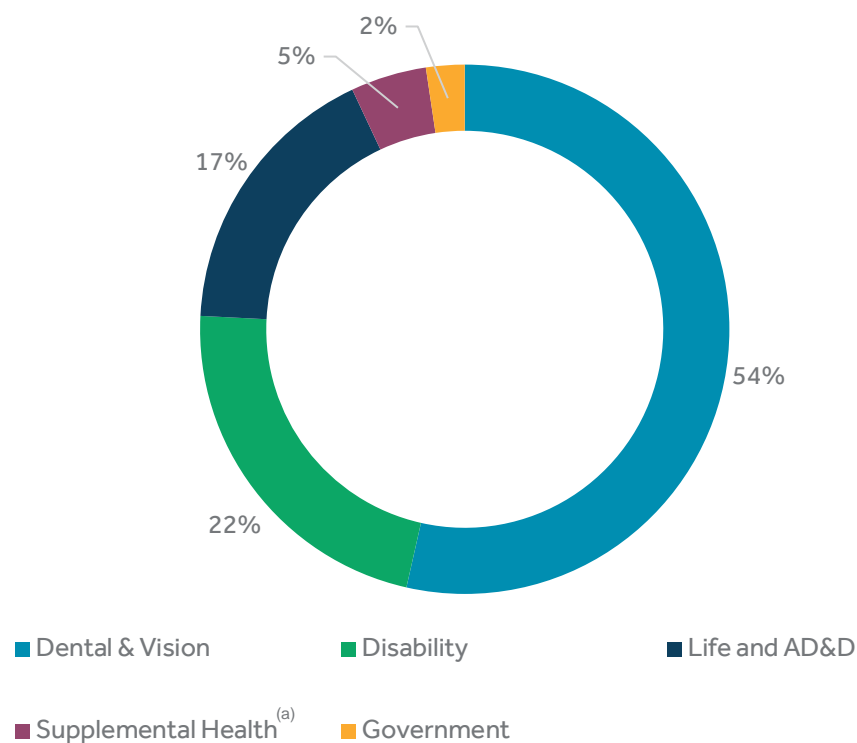
### Strategy

- Maintain strong penetration in our career agencies while capturing increasing share of select independent distribution
- Manage product portfolio to remain competitive and profitable while continuing to support customers' needs for guaranteed income for life

# Group Benefits

## Group Insurance

2020 business mix by premium income



Total premium income<sup>(b)</sup>: \$4,253 million

(a) Medical product not offered since 2011

(b) Premium income is net of reinsurance

(c) DHMO products are marketed in California, Florida, Illinois, Indiana, Michigan, Missouri, New Jersey, New York, Ohio, Colorado and Texas

## Description

### Key products

- **Dental** – PPO and Dental HMO plans offered throughout the United States<sup>(c)</sup>
- **Disability** – short and long- term disability income protection
- **Life and AD&D** – death benefit for a fixed period
- **Vision** – Primarily a PPO product that provides comprehensive benefits
- **Supplemental Health** – Accident, Critical Illness, Cancer and Hospital Indemnity products

### Distribution model

- Long-term relationships with independent brokers through highly trained sales reps and benefit advisors
- Currently over 170 group sales professionals and ~13,500 brokers with in-force group insurance product business

### Strategy

- Focus primarily on employers with up to 5,000 employees
- Expand presence in dental, disability & absence management, and supplemental health lines
- Ongoing focus on high quality customer service, product leadership, and distribution effectiveness
- Majority of the business is re-priceable annually

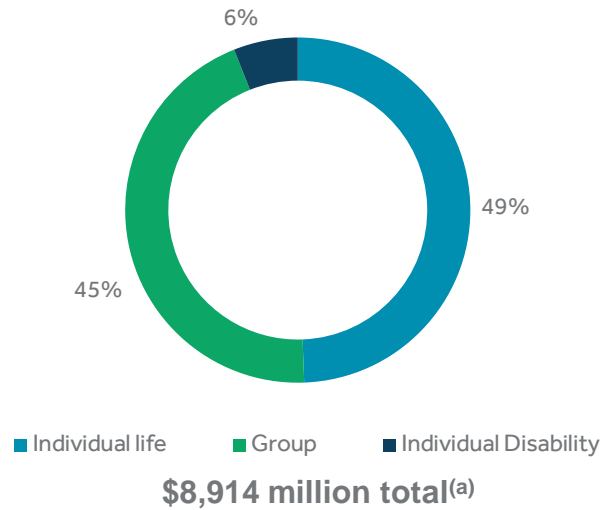
### Market position

- Dental business ranks third in in-force PPO cases according to 2020 LIMRA survey results

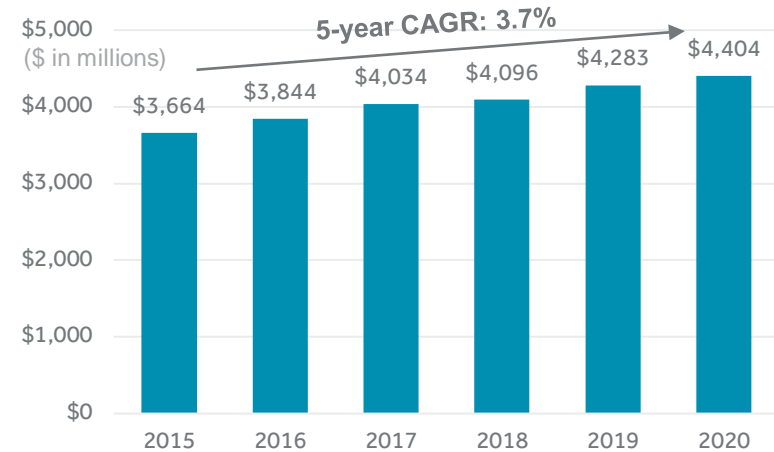
# The Guardian Life Insurance Company of America ("GLIC")

## Parent Company Statutory Premium Income

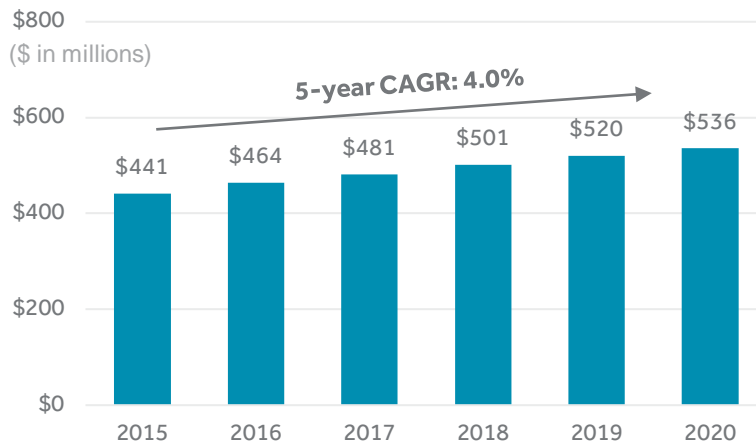
### 2020 statutory premium income



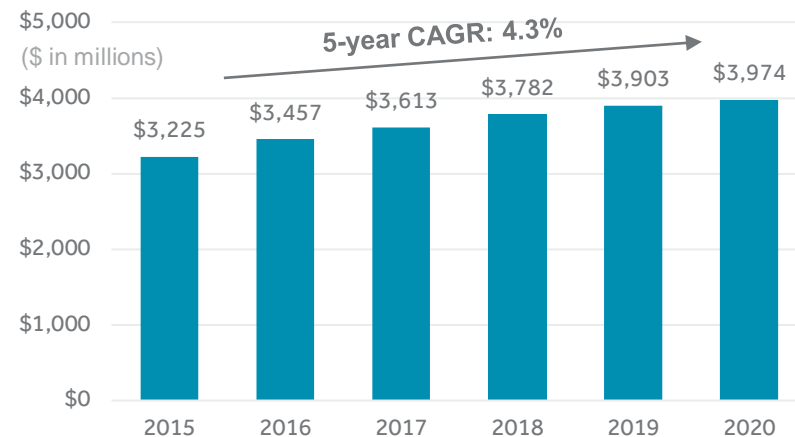
### Individual Life statutory premium income



### Individual Disability statutory premium income<sup>(b)</sup>



### Group Benefits statutory premium income



Note: Statutory financials for parent company level, unless otherwise stated

(a) Excludes \$37mm of reinsurance premium income

(b) BLICOA sells all individual disability income insurance products and has a reinsurance treaty with Guardian where Guardian assumes 80% of BLICOA's net individual disability business

# Guardian Investment Portfolio Objectives

## Guiding principles

- Competitive policyholder dividends
  - Strategic asset allocation
  - Tactical execution
  - Investment results

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- Protecting capital and financial strength ratings
  - Effective risk management
  - Achieving return objectives within risk constraints

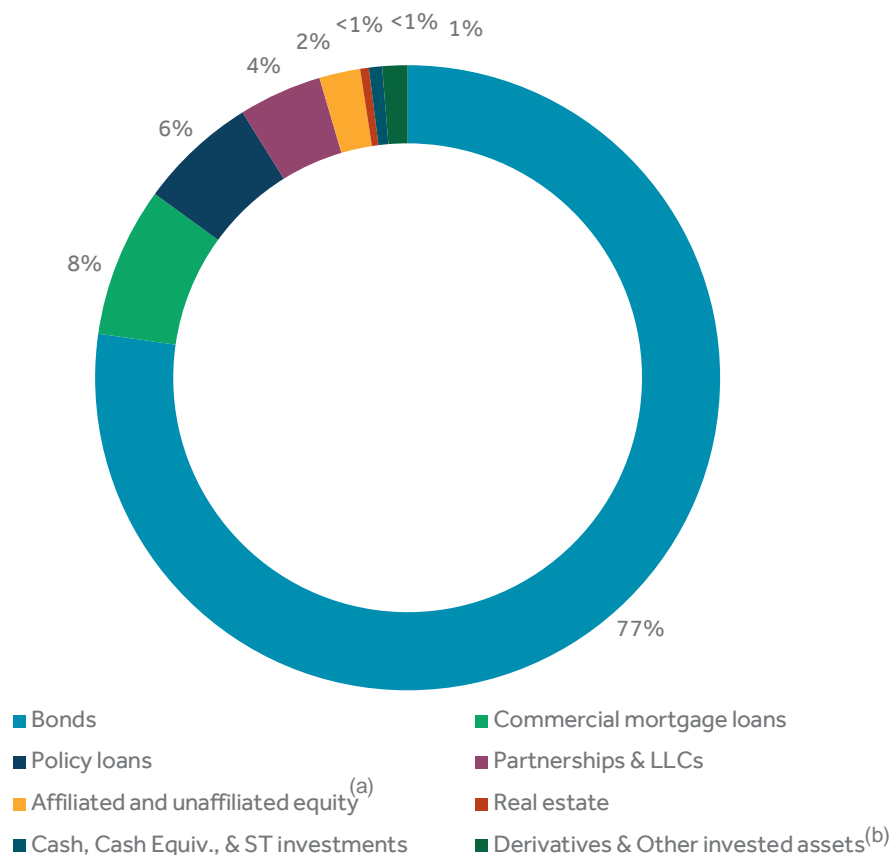
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- Product support
  - Asset liability management (ALM)
  - New products – pricing, hedging

## Investment guidelines

- Well-diversified portfolios with risk limits
- Dynamic hedging program protects capital
- Actively manage credit and portfolio risks
- Conduct independent research
- Constantly identify and manage emerging risks
- Strong risk management culture, controls, reporting and oversight
- Experienced asset class specialists

# High Quality Investment Portfolio

## Invested assets by type



**\$62.1 billion total**

Note: Financials as of December 31, 2020 unless otherwise noted. Percentages may not sum to 100% due to rounding

(a) Unaffiliated equity = 0.2%

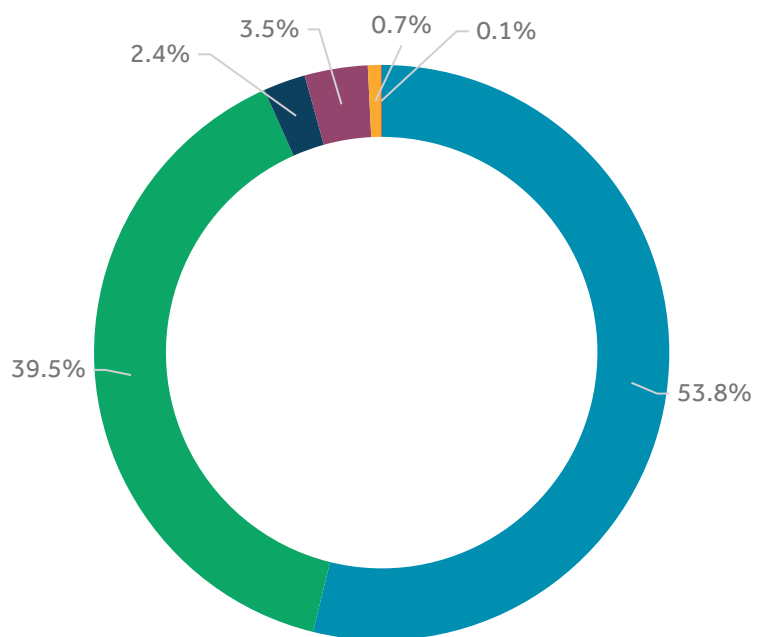
(b) Other invested assets consists primarily of receivables from broker on securities sold and investments in surplus note debentures of other insurance companies

## Highlights

- Strong fixed income credit quality
- Approximately 93% of bond portfolio rated investment grade (NAIC 1 or 2 designation of 54% and 40%, respectively)
- Low LTV mortgage loan portfolio (nearly entire portfolio in mortgage loans under 70% LTV)
- Over 98% of structured securities have NAIC 1 designation

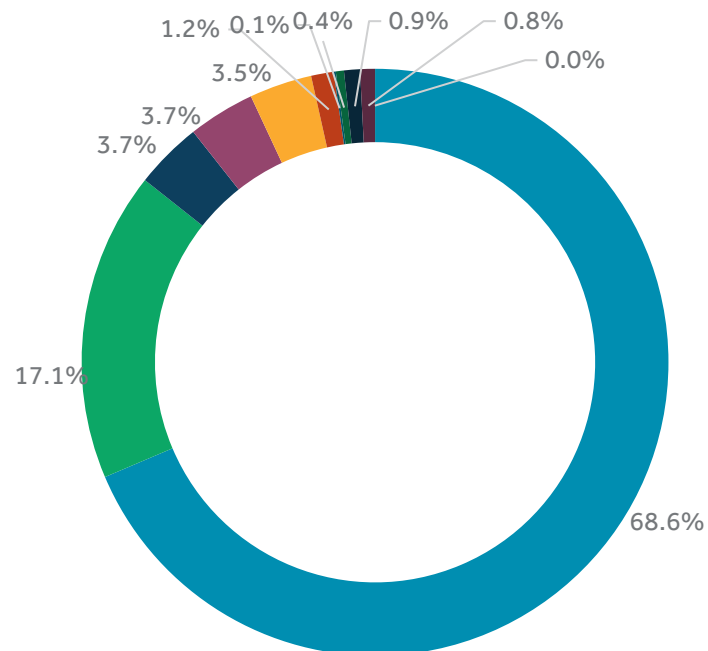
# Breakdown of Fixed-Maturity Securities

By NAIC designation



■ NAIC 1 ■ NAIC 2 ■ NAIC 3 ■ NAIC 4 ■ NAIC 5 ■ NAIC 6

By Allocation



■ US Corporate ■ Foreign Corporate ■ States Obligations  
 ■ CMBS ■ US Treasury securities ■ Non Agency RMBS  
 ■ Govt RMBS ■ ABS ■ Foreign Govt Debt  
 ■ CLO ■ US Govt Agencies

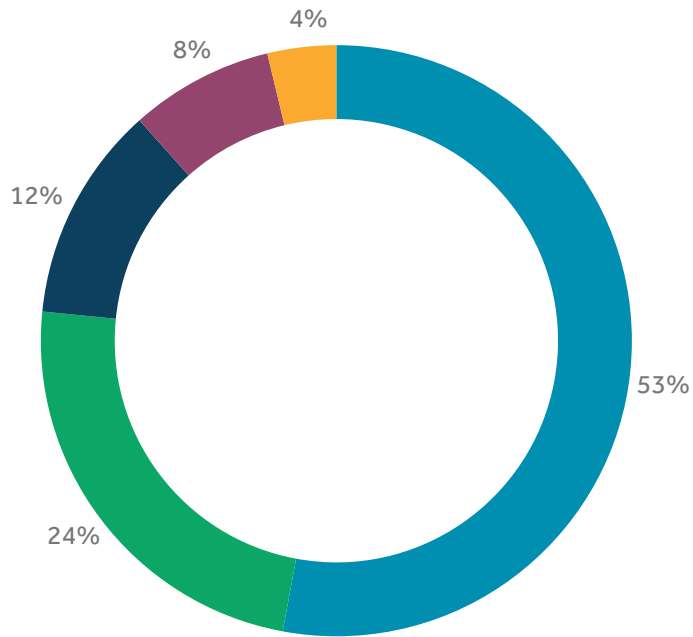
**\$48.0 billion total**

Note: Financials as of December 31, 2020. Percentages may not sum to 100% due to rounding.



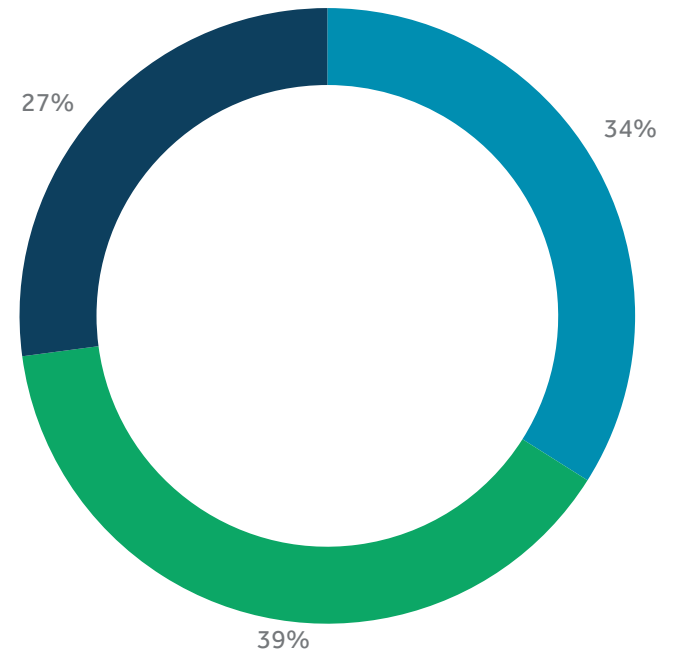
# Composition of Mortgage Loan Portfolio

By Type



■ Apartments ■ Retail ■ Industrial & other ■ Office ■ Hotels

By LTV Range



■ 50% LTV or below ■ 51%-60% LTV ■ 61%-70% LTV

**\$4.8 billion total**

Note: Financials as of December 31, 2020. Percentages may not sum to 100% due to rounding.

# Collateralized Securities are Highly Rated

Mortgage-Backed and Other Asset-Backed Securities												
December 31, 2020												
(\$ in millions)	Carrying	% of	Fair	% of	Gains /	Carrying Value						Total
	Value	Total	Value	Total	(Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	
Residential mortgage-backed securities:												
Government Agency	\$56	1.9%	\$60	1.9%	\$4	\$56	–	–	–	–	–	\$56
Non-Agency RMBS	\$597	19.7%	\$627	19.8%	\$30	\$593	\$3	\$1	–	–	–	\$597
CMBS	\$1,767	58.4%	\$1,877	59.3%	\$110	\$1,741	\$10	\$16	–	–	–	\$1,767
Asset Backed Securities (ABS)	\$213	7.1%	\$216	6.8%	\$3	\$196	\$17	–	–	–	–	\$213
Collateralized Loan Obligations (CLO)	\$391	12.9%	\$388	12.2%	(\$3)	\$391	–	–	–	–	–	\$391
<b>Total</b>	<b>\$3,024</b>	<b>100%</b>	<b>\$3,168</b>	<b>100%</b>	<b>\$144</b>	<b>\$2,977</b>	<b>\$30</b>	<b>\$17</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$3,024</b>

Note: Financials as of December 31, 2020

# Recent Initiatives and Developments

## Assets Under Management Strategic Growth Initiatives

- Guardian continues to build out its institutional asset management capabilities under its wholly-owned subsidiary, Guardian Investor Services
- Expansion of commitment for the CLO business

## CLO Special Purpose Vehicles

- On January 26, 2021, the sixth collateralized loan obligation special purpose vehicle (“CLO”) managed by Park Avenue Institutional Advisors (“PAIA”) issued \$399 million in equity and debt instruments, of which Guardian purchased \$34 million in equity

## Issuance of FA-backed notes

- In 2020, Guardian Life Global Funding issued FA-backed notes across four transactions with aggregate principal balance of \$1.8 billion, which represented the Company’s most active issuance year since program inception in 2016

## Technology Initiatives and Investment

- Focus on AI and automation, big data and analytics, strategic investments, and cloud

## Management Changes

- Effective September 23, 2020, Andrew J. McMahon was elected to the Board of Directors of Guardian and effective October 1, 2020, Andrew was named Chief Executive Officer and President
- Deanna M. Mulligan retired from the Company and the Board effective December 31, 2020
- Effective March 15, 2021, Stacey W. Hoin was appointed as Executive Vice President and Chief Human Resources Officer

## Environmental, Social, and Governance (ESG)

- Significant company wide focus on ESG including collaboration across several business lines to create an ESG and sustainability framework for Guardian
- Guardian recognizes that it is important to consider ESG factors in its investment process and will work to integrate consideration of these factors as they influence an investment’s risk and return profile
- Guardian will look to expand its ESG investing initiatives in the future

# Financial Priorities

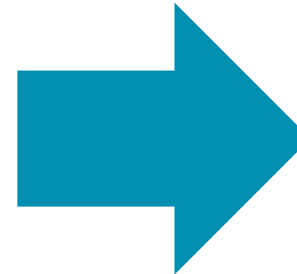
- 1 Preservation of capital and ratings
- 2 Enterprise risk management
- 3 Profitable growth
- 4 Productivity and expense management
- 5 Continued investment in business

# 1

# Preservation of Capital and Ratings

## Strong, Conservative Balance Sheet

Total surplus	\$7.8 billion
Total adjusted capital	\$9.4 billion
Surplus notes (as % of TAC)	\$1.5 billion (15.9%)
Invested assets	\$62.1 billion
Senior debt	\$0.0 billion



### Key takeaways

- Excellent financial strength
- Very high investment liquidity
- Very low leverage

Note: Financials as of December 31, 2020

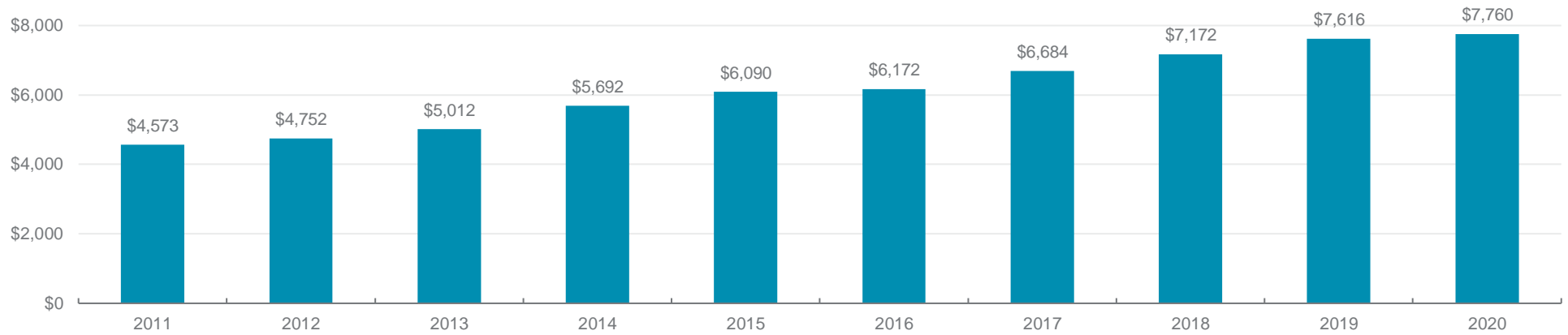
Source: Statutory filings

# 1

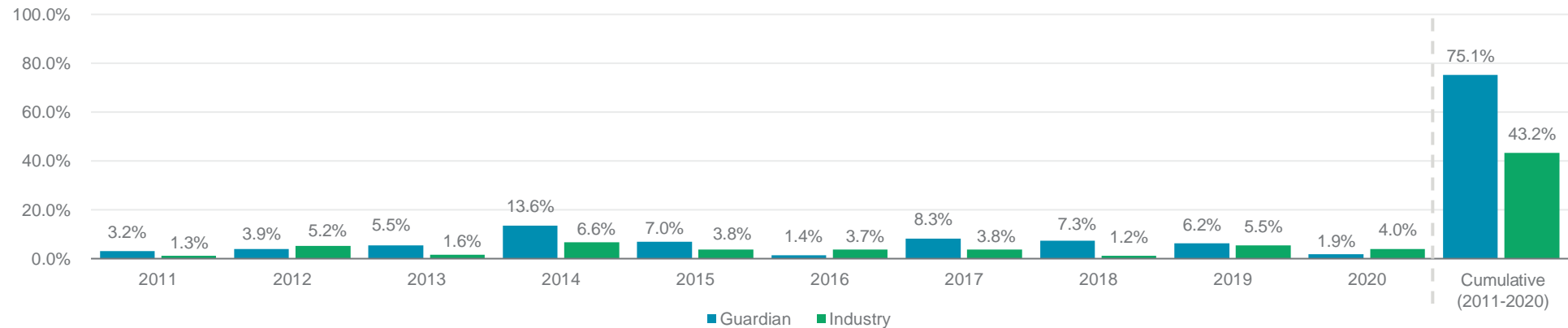
# Preservation of Capital and Ratings

## Proven Ability to Grow Capital

Total surplus (\$ in millions)



Increase in total surplus over time



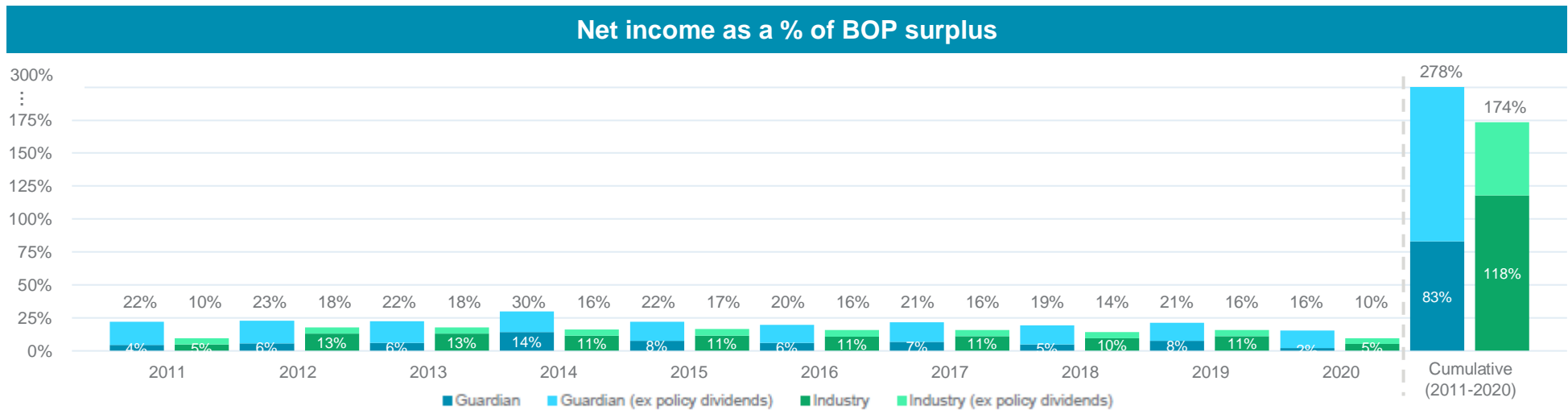
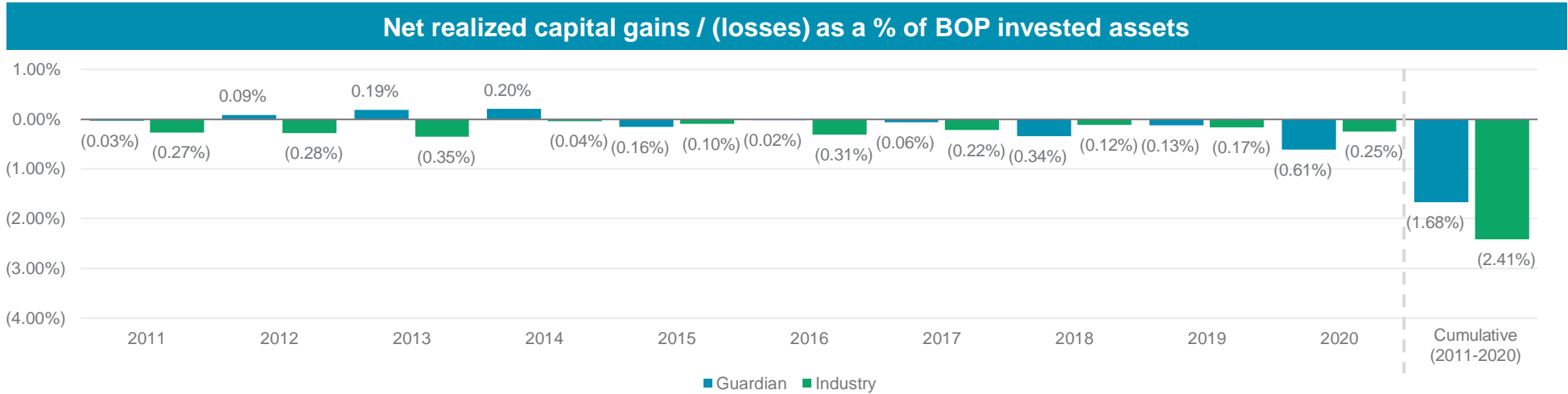
Note: Growth in surplus includes issuance of surplus notes in 2014, 2017, and 2020. Cumulative increase in surplus is from beginning of 2011 to end of 2020. "Industry" comprises all life insurance underwriters domiciled in the U.S. that file statutory reports with the NAIC

Source: SNL Financial (2020 Q4)

# 1

# Preservation of Capital and Ratings

## Proven Ability to Withstand Stress Scenarios



Note: Growth in surplus includes issuance of surplus notes in 2014, 2017, and 2020. "Industry" comprises all life insurance underwriters domiciled in the U.S. that file statutory reports with NAIC  
 Source: SNL Financial (2020Q4)

# 1

## Preservation of Capital and Ratings

### Consistently Top-Tier Financial Strength Ratings

Agency	Current	
	Guardian Financial Strength	Outlook
A.M. Best	A++ (Superior – highest of 15 ratings) Upgraded in November 2008 from A+	Stable
Fitch	AA+ (Very Strong – 2nd highest of 21 ratings) Upgraded in October 2007 from AA	Stable
Moody's	Aa2 (Excellent – 3rd highest of 21 ratings) Since 2003	Stable
S&P	AA+ (Very Strong – 2nd highest of 22 ratings) Upgraded in July 2008 from AA	Stable

- Guardian's ratings profile has been strong across all rating agencies over the last 10+ years



# 2

# Enterprise Risk Management

## Low Enterprise Risk Profile

### Guardian Risk Profile

- Very low product risk profile
  - Participating life insurance
  - Annual renewal of Group Benefits products
  - Conservative set of product guarantees
- Well managed investment portfolio
  - Diversified investments within asset classes
  - Avoided structured finance securities that were adversely impacted during the credit crisis
  - Dynamic hedging program protects capital
  - Strong focus on asset liability management
- Very low liquidity and withdrawal risks
- Very strong capital position
- Demonstrated willingness and ability to change course if risks dictate; as evidenced by exit from long-term care, medical products, Executive Benefits – COLI, stop loss and dental support organization business; and restrained Variable Annuity sales (exited from Variable Annuities with Living Benefit riders as of March 31, 2017)

### Managing Risks in Evolving Business and Regulatory Environments

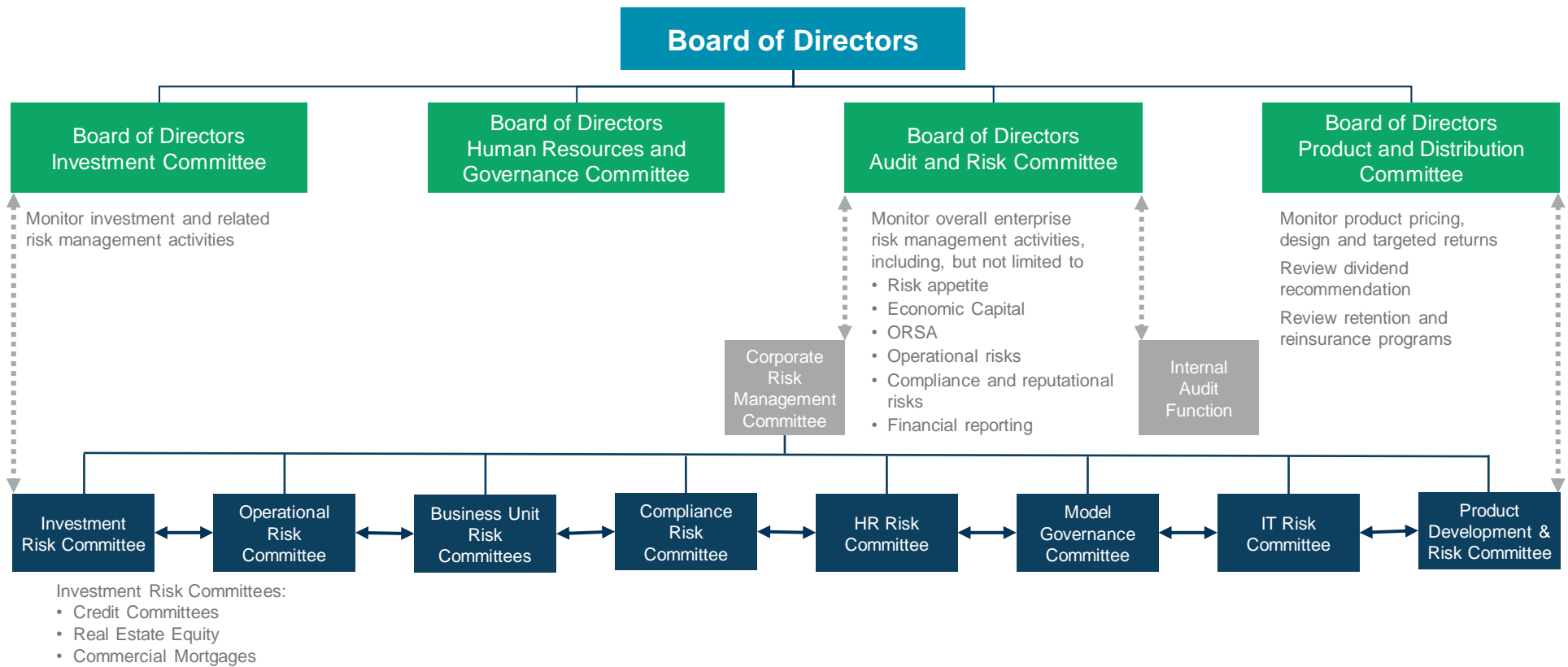
- Investments: Proactively reducing credit risk in anticipation of credit cycle turning
- Stress Testing: Enhanced focus and updates to stress scenarios to reflect changing market and economic conditions
- Insure Tech: Leveraging new technology, big-data analytics and AI to enhance risk assessment along with risk oversight of product development
- Cyber-security: Prioritized governance and strengthened controls over IT and Cyber-Security risks

# 2

# Enterprise Risk Management

## Formal Risk Governance Structure

Guardian has a formal risk governance and organizational structure to monitor and manage enterprise risk with assigned responsibilities

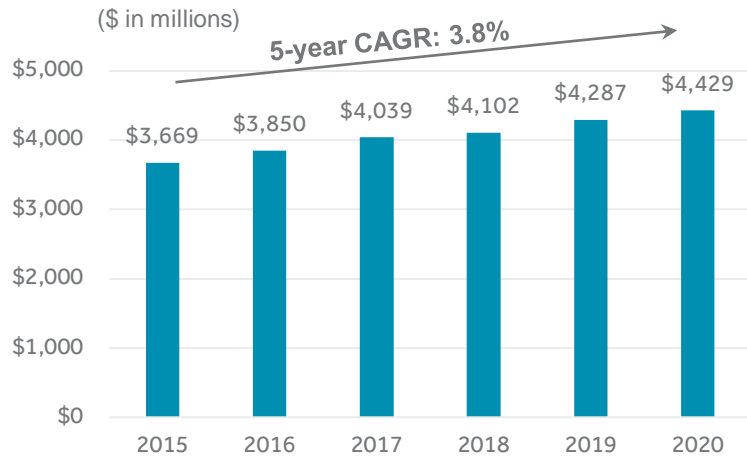


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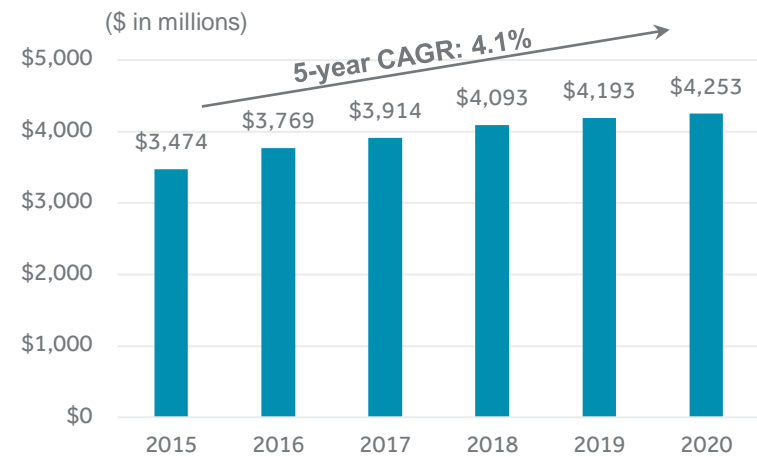
## Profitable Growth

### Premium / Assets Under Management Growth

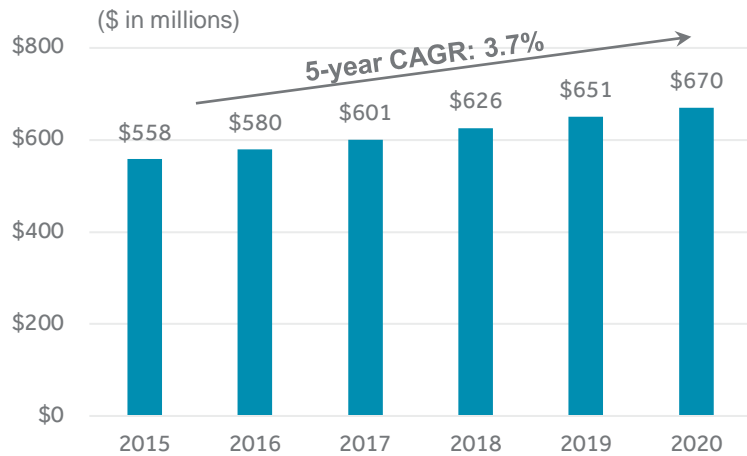
#### Individual Life



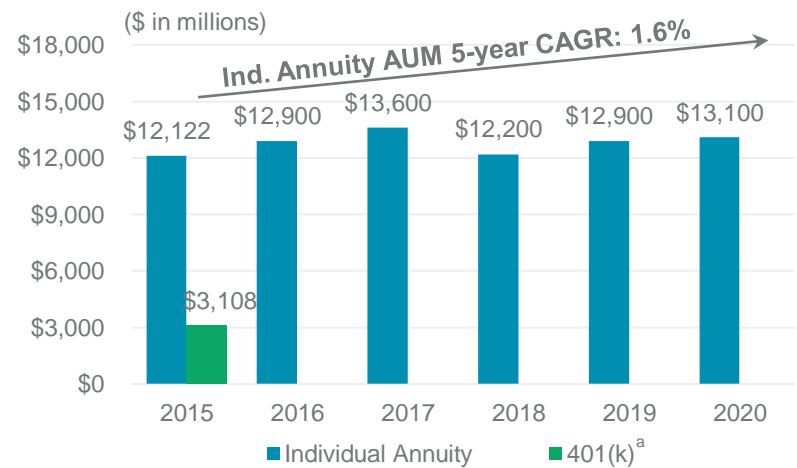
#### Group Benefits



#### Individual Disability



#### Individual Annuity (AUM)



(a) 401(k) business was sold in 2016

# 3

## Profitable Growth

### Increased Capital Generation

(\$ in millions)	Year ended December 31,					
	2015	2016	2017	2018	2019	2020
Premiums	\$7,334	\$7,768	\$8,112	\$8,381	\$8,737	\$8,951
Net investment income	1,985	2,052	2,106	2,132	2,304	2,368
Other income <sup>(a)</sup>	376	421	441	344	431	362
<b>Total revenue</b>	<b>\$9,695</b>	<b>\$10,241</b>	<b>\$10,659</b>	<b>\$10,857</b>	<b>\$11,472</b>	<b>\$11,681</b>
Benefit payments to policyholders	4,104	4,293	4,449	4,535	5,055	5,154
<b>Total benefits and expenses</b>	<b>8,289</b>	<b>8,885</b>	<b>9,241</b>	<b>9,461</b>	<b>10,006</b>	<b>10,252</b>
<b>Gain from operations before taxes and dividends</b>	<b>\$1,406</b>	<b>\$1,356</b>	<b>\$1,418</b>	<b>\$1,396</b>	<b>\$1,466</b>	<b>\$1,429</b>
<b>Net income</b>	<b>\$433</b>	<b>\$368</b>	<b>\$423</b>	<b>\$310</b>	<b>\$549<sup>(b)</sup></b>	<b>\$147<sup>(c)</sup></b>

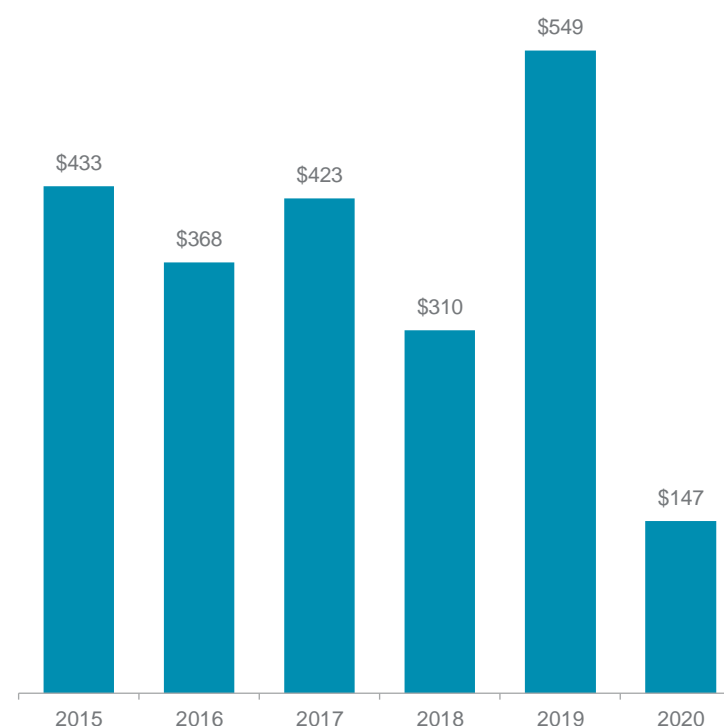
Note: Statutory financials for parent company level

(a) Includes Amortization of IMR, which was \$58 million, \$53 million, and \$74 million for the years ending 2020, 2019, and 2018 respectively

(b) Includes a one time \$151M gain from the sale of the purchase option on Guardian's building at 7 Hanover Square

(c) Net income was down primarily due to an increase in net realized capital losses after taxes and transfers to IMR which increased year over year due to the sale of various investments for risk management purposes as well as the loss on an affiliated entity

### Statutory Net Income



# 4

## Productivity and Expense Management

**Guardian's profitability has been consistently above peer mutual average, while the company continues efforts to reduce expenses and invest in profitable growth areas**

**Guardian performed favorably in 2020 compared to its main competitors (Northwestern Mutual, New York Life, MassMutual):**

- #2 in ROC pre-tax before dividend with 18.6% in 2020 (vs. peer average of 17.6%)
- #1 in ROC pre-tax after dividend with 5.1% in 2020 (vs. peer average of 3.6%)
- #2 in ROA pre-tax before dividend with 2.2% in 2020 (vs. peer average of 1.5%)
- #1 in ROA pre-tax after dividend with 0.6% in 2020 (vs. peer average of 0.3%)

**Expense ratios<sup>(a)</sup> for Guardian's core business were in line with or better than peer mutual average in 2020**

- Individual Life: 18.5% (ranks #2, peer average: 21.0%)

(a) Expense ratios include general insurance expenses and commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).  
Source: SNL Financial

# 5

## Continued Investment in Business

Continued investments to grow and increase distribution productivity and capacity	
Group Benefits	<ul style="list-style-type: none"> <li>Investing resources across the group benefits value chain to expand this business which is capital-light and generates a non-interest rate sensitive revenue stream</li> <li>Strategy to grow faster than the market by enhancing customer experience, expanding distribution reach and effectiveness, strengthening product offerings, and modernizing end-to-end enabling capabilities through digitization and modernization</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>Invested significant resources in expanding and strengthening our distribution, including expansion into the worksite market, and facilitating the succession of general agencies</li> <li>Continue to expand our digital direct to consumer strategy to complement our traditional General Agency system and expand our reach to new customers</li> <li>Management team remains committed to distribution excellence to generate profitable growth for the company</li> </ul>
Client service	<ul style="list-style-type: none"> <li>Specific customer segments are targeted via appropriate channels, leveraging technology to deliver products and service more efficiently</li> <li>Remain committed to providing superior service that has been recognized by such organizations as J.D. Power and DALBAR</li> </ul>
Technology Initiatives	<ul style="list-style-type: none"> <li>Fully implement artificial intelligence, machine learning and robotic process automation across businesses</li> <li>Big data and analytics</li> </ul>

# Investment Summary

- ✓ Commitment to mutual status with long-term, profitable track record
- ✓ Accomplished and deep management
- ✓ Diversified and industry-leading product portfolio
- ✓ Highly productive career agent system
- ✓ Solid, conservative balance sheet
- ✓ High quality investment portfolio
- ✓ Strong enterprise risk management
- ✓ Consistently top-tier financial strength ratings

**Additional Financial Information**

# **Appendix**



# Financial Summary

(\$ in Millions)	2015	2016	2017	2018	2019	2020
<b>Selected Income Statement Data</b>						
Premiums, Annuity Considerations and Fund Deposits	\$7,334	\$7,768	\$8,112	\$8,381	\$8,737	\$8,951
Net Investment Income	1,985	2,052	2,106	2,132	2,304	2,368
Total Revenue	9,695	10,241	10,659	10,857	11,472	11,681
Total Benefits and Expenses	8,289	8,885	9,241	9,461	10,006	10,252
Net Income	433	368	423	310	549	147
<b>Selected Balance Sheet Data</b>						
Total Invested Assets	\$43,180	\$46,919	\$50,455	\$53,070	\$56,602	\$62,099
Total Assets	48,121	51,884	55,569	58,489	62,205	68,045
Total Liabilities	42,031	45,711	48,885	51,317	54,589	60,285
Surplus Notes	845	845	1,197	1,198	1,199	1,497
Total Surplus	6,090	6,172	6,684	7,172	7,616	7,760

Note: Statutory financials for parent company level  
Source: Statutory filings, SNL Financial

 Guardian®

