



Interim Consolidated Financial Statements for the 9 Months Ended 30 September, 2020
(Unaudited)

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30
SEPTEMBER, 2020

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FAMGUARD CORPORATION LIMITED
CHAIRMAN'S REPORT
Unaudited Results for the Nine months ended 30 September 2020

MESSAGE FROM THE CHAIRMAN

For the 9 months ended 30 September 2020 the performance of the Group remained strong amid the uncertainties of the economy as a result of the continual effects of COVID-19. The Group reported profits of \$5.9 million compared to \$6.9m reported for September 2019. Profit attributable to ordinary shareholders represented \$0.58 per ordinary share, compared to \$0.61 per share in 2019.

The Group recorded revenues totaling \$93.1 million for the nine months ended September 2020, which trailed the \$96.2 million recorded in September 2019. Net fair value losses from fluctuations in market prices continue to be the main contributor to the negative revenue variance, reflective of the impacts of the pandemic. As a result, Investment income declined by 11.8% over the corresponding prior period. Annuity and other deposits have declined by \$1.1 million, as anticipated in the current economic climate. While the COVID-19 pandemic has impacted our traditional methods of premium collection, gross premium income for the 9 month period totaled \$83.5m a 1% increase over the prior period through the resilience of our agency force.

Policyholder benefits totaled \$59.6 million compared to \$63.3 million for the nine month period of 2019. The positive variance in benefits continue to be attributed to a decline in individual and group medical claims incurred during the period as restrictions on movement and a decline in elective procedures impacted the normal access to medical care. Operating expenses continue to show a positive variance, while increases in mortgage provisions and provisions on premium receivables have increased during the period due to the increase in the credit risk exposure on these portfolios stemming from the economic and social challenges of the pandemic.

The Company's balance sheet remains strong with total assets exceeding \$353 million, of which investment assets comprised \$271 million, representing 77% of our total asset base. The Company's insurance subsidiary, Family Guardian Insurance Company Limited continues to maintain capital solvency measures above the local and international minimum requirements.

The Board of Directors continues to monitor the developments surrounding the COVID-19 pandemic. In keeping with the cautiously optimistic approach, the Board of Directors has declared a dividend of \$0.06 per share for shareholders of record as of 19 November 2020, payable on 26 November 2020. On behalf of the Board of Directors of FamGuard, I would like to extend our sincere thanks to our management, support staff, and sales team for their continued hard work and commitment to serving our clients, which has contributed to the success of the Company. I also wish to thank our shareholders and clients for their continued confidence.

Sincerely,



Norbert Boissiere
Chairman

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	30 September 2020	31 December 2019
ASSETS		
Fair value through profit or loss	\$ 18,625,090	\$ 19,900,129
Available-for-sale	10,524,168	11,467,971
Held-to-maturity	158,495,426	143,441,417
Loans	83,557,693	86,412,527
Total financial investment assets	<u>271,202,377</u>	<u>261,222,044</u>
Cash and bank balances	24,160,846	20,295,541
Reinsurance assets	2,715,554	3,536,748
Reinsurance recoveries	7,928,264	9,720,818
Receivables and other assets, net	3,104,617	4,489,149
Premiums receivable, net	6,115,835	3,848,170
Property, plant and equipment, net	<u>37,972,729</u>	<u>39,293,991</u>
TOTAL	<u>\$ 353,200,222</u>	<u>\$ 342,406,461</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 228,250,405	\$ 219,975,025
Other policyholders' funds	23,163,306	20,426,183
Policy liabilities	<u>251,413,711</u>	<u>240,401,208</u>
Payables and accruals	<u>11,813,872</u>	<u>14,667,646</u>
Total liabilities	<u>263,227,583</u>	<u>255,068,854</u>
EQUITY:		
Preference shares	5,000,000	5,000,000
Ordinary shares	2,000,000	2,000,000
Share premium	10,801,080	10,801,080
Revaluation reserve	18,109,022	19,070,327
Retained earnings	54,062,537	50,466,200
Total equity	<u>89,972,639</u>	<u>87,337,607</u>
TOTAL	<u>\$ 353,200,222</u>	<u>\$ 342,406,461</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine months ended September 30, 2020
(Expressed in Bahamian dollars)
UNAUDITED

	9 months to 30-Sep-20	9 months to 30-Sep-19
CONTINUING OPERATIONS		
INCOME:		
Gross premium income	\$ 83,557,224	\$ 82,724,469
Premium ceded to reinsurers	(9,030,596)	(7,787,287)
Net premium income	74,526,628	74,937,183
Annuity & other deposits	8,225,868	9,283,000
Net premium income and annuity deposits	82,752,496	84,220,183
Interest income	9,874,143	9,570,981
Dividend income	540,212	585,429
Unrealized (loss) gain on investment assets	(1,333,913)	321,697
Realized gain from sale of investment assets	-	149,019
Other operating income	1,219,536	1,399,121
Total income	93,052,474	96,246,429
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	53,937,874	64,918,851
Reinsurance recoveries	(3,645,775)	(5,736,381)
Net policyholders' benefits	50,292,099	59,182,470
Change in reserves for policyholders' benefits	9,274,773	4,101,953
Total benefits	59,566,872	63,284,423
Expenses:		
Commissions	9,255,942	10,099,947
Operating expenses	13,103,251	14,755,970
Depreciation expense	1,695,577	1,034,521
Premium tax	2,506,805	2,481,734
Bad debt expense	983,940	317,511
Total expenses	27,545,515	28,689,684
Total benefits and expenses	87,112,387	91,974,107
Net income from continuing operations	5,940,087	4,272,323
DISCONTINUED OPERATIONS		
Net income from discontinued operations	-	2,630,610
NET INCOME	5,940,087	6,902,933
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	\$ 5,796,337	\$ 6,135,389
Preferred Shareholders	143,750	143,750
Non-controlling interests	-	623,794
	5,940,087	6,902,933
Earnings per ordinary share	\$ 0.58	\$ 0.61

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months ended September 30, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 30-Sep-20	3 Months to 30-Sep-19
INCOME:		
Net premium income	\$ 24,445,153	\$ 24,819,966
Annuity & other deposits	1,676,498	2,441,183
Net premium income and deposits	26,121,651	27,261,149
Investment income	3,529,677	2,999,457
Other operating income	441,937	424,692
Total income	30,093,265	30,685,297
BENEFITS AND EXPENSES:		
Net policyholder benefits	20,095,771	20,749,167
Commissions	3,088,269	3,172,280
Operating expenses	5,466,370	6,012,191
Total benefits and expenses	28,650,410	29,933,638
Net income from continuing operations	\$ 1,442,855	\$ 751,660
DISCONTINUED OPERATIONS		
Net income from discontinued operations	-	607,931
NET INCOME	\$ 1,442,855	\$ 1,359,591
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	\$ 1,442,855	\$ 1,359,591
	\$ 1,442,855	\$ 1,359,591
Earnings per ordinary share	\$ 0.14	\$ 0.14

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 30, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	Share Capital		Share Premium	Revaluation Reserve	Retained Earnings	Attributable	Non-Controlling Interests	Total
	Preference Shares	Ordinary Shares				of the Parent		
Balance as of December 31, 2018	\$ 5,000,000	\$ 2,000,000	\$ 10,801,080	\$ 18,605,500	\$ 46,536,285	\$ 82,942,865	\$ 40,401,208	\$ 123,344,073
Transactions with owners								
Dividends declared and paid -								
Preference shares	-	-	-	-	(287,500)	(287,500)	-	(287,500)
Ordinary shares (\$0.32 per share)	-	-	-	-	(3,200,000)	(3,200,000)	-	(3,200,000)
Total transactions with owners	-	-	-	-	(3,487,500)	(3,487,500)	-	(3,487,500)
Comprehensive income								
Net equity impact of								
disposal of discontinued operations	-	-	-	-	-	-	(41,024,927)	(41,024,927)
Net Income	-	-	-	-	7,420,950	7,420,950	623,719	8,044,669
Other Comprehensive income (loss)	-	-	-	464,827	(3,535)	461,292	-	461,292
Total Comprehensive income (loss)	-	-	-	464,827	7,417,415	7,882,242	(40,401,208)	(32,518,966)
Balance as of December 31, 2019	5,000,000	2,000,000	10,801,080	19,070,327	50,466,200	87,337,607	-	87,337,607
Transactions with owners								
Dividends declared and paid -								
Preference shares	-	-	-	-	(143,750)	(143,750)	-	(143,750)
Ordinary shares (\$0.22 per share)	-	-	-	-	(2,200,000)	(2,200,000)	-	(2,200,000)
Total transactions with owners	-	-	-	-	(2,343,750)	(2,343,750)	-	(2,343,750)
Comprehensive income								
Net Income	-	-	-	-	5,940,087	5,940,087	-	5,940,087
Other Comprehensive (loss) income	-	-	-	(961,305)	-	(961,305)	-	(961,305)
Total Comprehensive (loss) income	-	-	-	(961,305)	5,940,087	4,978,782	-	4,978,782
Balance as of September 30, 2020	5,000,000	2,000,000	10,801,080	18,109,022	54,062,537	89,972,639	-	89,972,639

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended September 30, 2020
(Expressed in Bahamian dollars)
UNAUDITED

	30-Sep-20	30-Sep-19
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income from continuing operations	\$ 5,940,087	\$ 4,272,323
Adjustments for:		
Depreciation	1,695,577	1,034,521
Unrealized loss (gain) on investment assets	1,333,913	(321,697)
Realized gain on sale of investment assets	-	(149,019)
Increase in provision for loans and receivables	983,940	317,511
Decrease (increase) in reinsurance assets	821,194	(262,499)
Change in reserve for future policyholders' benefits	8,275,380	4,364,452
Interest income	(9,874,143)	(9,570,981)
Dividend income	(540,212)	(585,429)
Operating profit (loss) before working capital changes	8,635,736	(900,817)
Decrease in receivables and other assets	1,378,550	2,068,707
Decrease in reinsurance recoveries	1,792,554	1,180,957
Increase in premium receivables	(2,512,072)	(764,727)
(Decrease) increase in payables and accruals	(2,853,774)	2,038,572
Increase in other policyholders' funds	2,737,123	2,021,110
Net cash from operating activities	9,178,117	5,643,802
Cash flows from investing activities:		
Purchase of investment securities	(20,066,073)	(5,546,706)
Proceeds from redemption/maturities of investment securities	4,949,965	4,968,765
Net Loans repaid (issued)	2,244,144	(2,344,159)
Net purchase of property, plant and equipment	(374,315)	(1,382,036)
Proceeds from disposal of property, plant, and equipment	-	2,001
Interest received	9,737,005	9,800,652
Dividends received	540,212	585,429
Net cash (used in) from investing activities	(2,969,062)	6,083,946
Cash flows from financing activities		
Dividends paid on preference shares	(143,750)	(143,750)
Dividends paid on ordinary shares	(2,200,000)	(2,400,000)
Net cash used in financing activities	(2,343,750)	(2,543,750)
Net increase in cash and cash equivalents from continuing operations	3,865,305	9,183,998
Net cash and cash equivalents from discontinued operations	-	(4,897,440)
Cash and cash equivalents at beginning of the period	20,295,541	9,853,144
Cash and cash equivalents at end of the period	\$ 24,160,846	\$ 14,139,702

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September, 2020

(Expressed in Bahamian Dollars)

Unaudited

1. General

FamGuard Corporation Limited (the “Company”) is incorporated under the laws of the Commonwealth of The Bahamas and serves as an investment holding Company with five wholly owned subsidiaries; Family Guardian Insurance Company Limited (FG), BahamaHealth Insurance Brokers Limited (formerly BahamaHealth Insurance Brokers and Benefit Consultants Limited), FG Insurance Agents & Brokers Limited, FG Financial Limited and FG Capital Markets Limited (together, “the Group”). FG is the principal operating unit and is licensed as an insurance company under the Insurance Companies Act, 1969. FG sells life and health insurance products in The Bahamas.

The registered office of the Company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, Bahamas.

2. Accounting Policies

These unaudited consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. The interim unaudited financial statements do not include all of the information and Company’s disclosures required in the annual audited financial statements, and should be read in conjunction with the December 31st, 2019 audited financial statements.

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2019.

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September, 2020

(Expressed in Bahamian Dollars)

Unaudited

(Continued)

3. Earnings per ordinary share

	30-Sep-20	30-Sep-19
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 5,796,337</u>	<u>\$6,135,389</u>
Earnings per ordinary share	<u><u>\$ 0.58</u></u>	<u><u>\$ 0.61</u></u>

4. Commitments

Outstanding commitments to extend credit under mortgage loan agreements amounted to \$2,404,491 as at 30 September, 2020 (31 December 2019: \$3,669,745).

5. Corresponding Figures

Where necessary, corresponding figures have been adjusted to conform with changes in presentation in the current year.

6. Dividends

On 4 November 2020, the Board of Directors declared a fourth quarter dividend of \$0.06 per share or \$600,000 to shareholders of record as at 19 November 2020 and payable 26 November 2020.

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