

Company Addresses

| | SHARE CAPITAL | | | | | |
|--|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | PREFERENCE SHARES | ORDINARY SHARES | SHARE PREMIUM | REVALUATION RESERVE | RETAINED EARNINGS | TOTAL |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as of December 31, 2011 | \$10,000,000 | \$2,000,000 | \$10,801,080 | \$10,580,443 | \$30,364,568 | \$63,746,091 |
| Net income for 2012 | - | - | - | - | 5,440,804 | 5,440,804 |
| Impairment loss transfer to profit & loss | - | - | - | 594,020 | - | 594,020 |
| Adjustment to fair value of investment in equities | - | - | - | (40,117) | - | (40,117) |
| Dividends declared and paid - preference shares | - | - | - | - | (625,000) | (625,000) |
| ordinary shares (\$0.24 per share) | - | - | - | - | (2,400,000) | (2,400,000) |
| Balance as of December 31, 2012 | 10,000,000 | 2,000,000 | 10,801,080 | 11,134,346 | 32,780,372 | 66,715,798 |
| Net income for the period | - | - | - | - | 3,883,819 | 3,883,819 |
| Adjustment to fair value of investment in equities | - | - | - | 305,059 | - | 305,059 |
| Dividends declared and paid - preference shares | - | - | - | - | (312,500) | (312,500) |
| ordinary shares (\$0.18 per share) | - | - | - | - | (1,800,000) | (1,800,000) |
| Balance as of 30 September 2013 | \$10,000,000 | \$2,000,000 | \$10,801,080 | \$11,439,405 | \$34,551,692 | \$68,792,176 |

See accompanying notes to unaudited consolidated financial statements.

FamGuard Corporate Office

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PO Box SS6232, Nassau, Bahamas
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Bryinda Carroll, VP Legal & Compliance
bcarroll@familyguardian.com

- **Investments Department Mortgages**
T +242 396-4000
- **FG Capital Markets**
Brokerage and Advisory Services
T +242 396-4076
- **FG Financial**
Pensions and Mutual Funds
T +242 396-4076

Family Guardian Financial Centre

East Bay & Church Streets
PO Box SS6232, Nassau, Bahamas

- **Financial Services Ordinary Life and Annuities**
T +242 396-1400
- **BahamaHealth Group Operations**
PO Box SS19079
T +242 396-1300
- **Operations**
T +242 396-1385
- **FG Insurance Agents & Brokers**
Property and Casualty Insurance
T +242 396-1400

Marathon District

Marathon Road, PO Box SS6232
Nassau, Bahamas
T +242 393-0091

Chippingham District

Thompson Boulevard, PO Box SS6232
Nassau, Bahamas
T +242 325-1811

Carmichael District

Blue Hill Road South, PO Box SS6232
Nassau, Bahamas
T +242 341-4429

Freeport

Financial Services and Mortgages
Regent Centre, PO Box F42479
Freeport, Grand Bahama
T +242 352-3670

Home Service District Office

East Mall Drive, PO Box F42479
Freeport, Grand Bahama
T +242 352-7233

Abaco Office

Memorial Plaza, PO Box AB20901
Marsh Harbour, Abaco
T +242 367-3264

Eleuthera Office

Bay Front Plaza, PO Box EL89
Governor's Harbour, Eleuthera
T +242 332-2258

Exuma Office

Turnquest Plaza, PO Box EX29346
George Town, Exuma
T +242 336-3418

1. Accounting Policies

These interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. 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 2012.

These unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Family Guardian Insurance Company, FG Insurance Agents and Brokers Limited, FG Financial Limited, FG Capital Markets Limited and BahamaHealth Insurance Brokers and Benefit Consultants Limited.

2. Earnings Per Share

| | 9 MONTHS TO 30 SEPT. 2013 | 9 MONTHS TO 30 SEPT. 2012 |
|---|------------------------------|------------------------------|
| Weighted average number of shares outstanding | 10,000,000 | 10,000,000 |
| Consolidated net income | \$ 3,883,819 | 3,092,975 |
| Earnings per share | \$ 0.39 | 0.31 |

3. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$ 1,205,739 as at 30 September 2013 (31 December 2012: \$1,111,720)

visit our website at www.famguardbahamas.com



Incorporated under the laws of the Commonwealth of The Bahamas

THIRD QUARTER INTERIM REPORT

Unaudited results for the nine months
ended 30 SEPTEMBER 2013





INTERIM REPORT

Unaudited Results For Nine Months Ended
30 September 2013

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

For the third quarter ended September 30, 2013 FamGuard recorded net income of \$3.9 million which represents an increase of 26% or \$791 thousand dollars over the same period in 2012. Earnings per ordinary share increased by 28%, from \$0.28 at September 30, 2012 to \$0.36 at September 30, 2013.

Total income for the period increased by \$4.3 million or 5.5% mainly due to strong growth in our annuity deposits which increased by \$5.4 million or 109% over prior year-to-date ending the quarter at \$10.3 million. Total income was also positively impacted by \$291 thousand or a 3.7% growth in investment income. Net premium income fell by 2.9% principally reflecting fluctuations in group health coverage related to risk-adjusted premium rates. As a result of these changes, our performance in this product line continues to make strong contributions to the Company's overall net income.

The Company recorded an increase of 5.8% in net policyholder benefits due to the growth in reserves related to the increase in annuity deposits. Policyholder benefits attributed to life and health lines declined against prior year by almost 5%. Operating expenses have been maintained at levels recorded in 2012 and this trend is expected to continue through year-end.

Our results for the three months ending September 30, 2013 reflect continued improvements with net income increasing by 68% or \$423 thousand over the same period in 2012.

Total assets grew over the nine months ended September 30, 2013 by \$14.4 million and total equity increased by \$2.1 million to end the quarter at \$68.8 million.

I am pleased to advise that the Board of Directors declared a dividend of \$0.06 per share for shareholders of record as of November 13, 2013 payable on November 18, 2013.

Sincerely,

Norbert F. Boissiere
Chairman

FamGuard Corporation Limited Consolidated Statement of Financial Position As at 30 September 2013 (Expressed in BSD)

| | Unaudited | |
|---|--------------------|--------------------|
| | 2013 | DEC 31 2012 |
| | \$ | \$ |
| ASSETS | | |
| Short-term bank deposits | 349,190 | 2,106,607 |
| Other bank term deposits | 25,823,270 | 20,226,365 |
| Financial Investment Assets: | | |
| Held-to-maturity | 85,977,080 | 78,001,978 |
| Available for sale | 6,744,415 | 6,439,356 |
| Loans | 72,543,096 | 73,381,797 |
| Total investment assets | 191,437,051 | 186,102,278 |
| Cash and bank balances | 7,285,914 | 5,946,175 |
| Reinsurance assets and recoveries | 10,880,145 | 11,147,023 |
| Intangible Assets | 923,333 | 953,333 |
| Receivables and other assets | 4,888,905 | 1,913,131 |
| Premiums receivable | 5,545,317 | 5,268,489 |
| Property, plant and equipment, net | 30,835,472 | 32,018,731 |
| TOTAL ASSETS | 251,796,136 | 237,402,986 |
| LIABILITIES & EQUITY | | |
| LIABILITIES | | |
| Reserves for future policyholders' benefits | 160,137,503 | 148,549,600 |
| Other policyholders' funds | 13,171,726 | 12,442,312 |
| Policy liabilities | 173,309,229 | 160,991,912 |
| Payables and accruals | 9,694,732 | 9,695,276 |
| Total liabilities | 183,003,960 | 170,687,188 |
| EQUITY | | |
| Preference shares | 10,000,000 | 10,000,000 |
| Ordinary shares | 2,000,000 | 2,000,000 |
| Share premium | 10,801,080 | 10,801,080 |
| Revaluation surplus | 11,439,405 | 11,134,346 |
| Retained earnings | 34,551,691 | 32,780,372 |
| Total equity | 68,792,176 | 66,715,798 |
| TOTAL LIABILITIES & EQUITY | 251,796,136 | 237,402,986 |

FamGuard Corporation Limited Consolidated Statement of Comprehensive Income For the nine months ended 30 September 2013 (Expressed in BSD)

| | Unaudited | |
|--|------------------------------|------------------------------|
| | 9 MONTHS TO 30 SEPT. 2013 | 9 MONTHS TO 30 SEPT. 2012 |
| | \$ | \$ |
| NET INCOME | \$ 3,883,819 | \$ 3,092,975 |
| Other Comprehensive Income: | | |
| Net value gain (loss) on available-for-sale financial assets | 305,059 | (312,948) |
| Total other comprehensive income | 305,059 | (312,948) |
| TOTAL COMPREHENSIVE INCOME | \$ 4,188,878 | \$ 2,780,027 |
| Comprehensive Income Attributable To: | | |
| Ordinary Shareholders | 3,876,378 | 2,467,527 |
| Preferred Shareholders | 312,500 | 312,500 |
| | \$ 4,188,878 | \$ 2,780,027 |

FamGuard Corporation Limited Consolidated Statement of Income For the nine months ended 30 September 2013 (Expressed in BSD)

| | Unaudited | |
|---------------------------------------|------------------------------|------------------------------|
| | 9 MONTHS TO 30 SEPT. 2013 | 9 MONTHS TO 30 SEPT. 2012 |
| | \$ | \$ |
| INCOME | | |
| Net premium income | 63,560,550 | 65,455,514 |
| Annuity deposits | 10,291,986 | 4,916,564 |
| Investment income | 8,233,898 | 7,943,011 |
| Realized loss from sale of assets | (134,382) | (668,475) |
| Other operating income | 1,143,892 | 1,109,801 |
| Total income | 83,095,944 | 78,756,414 |
| BENEFITS & EXPENSES | | |
| Net policyholder benefits | 54,644,737 | 51,630,933 |
| Commissions | 8,332,489 | 8,750,162 |
| Operating expenses | 11,667,381 | 11,742,314 |
| Depreciation and amortization expense | 1,606,254 | 1,487,720 |
| Premium tax | 2,112,430 | 2,201,761 |
| Bad debt expense | 848,834 | (149,452) |
| Total benefits and expenses | 79,212,125 | 75,663,438 |
| NET INCOME | \$ 3,883,819 | \$ 3,092,975 |
| NET INCOME ATTRIBUTABLE TO | | |
| Ordinary Shareholders | 3,571,319 | 2,780,475 |
| Preferred Shareholders | 312,500 | 312,500 |
| | 3,883,819 | 3,092,975 |
| Earnings per ordinary share | \$0.36 | \$0.28 |

FamGuard Corporation Limited Consolidated Statement of Income For the three months ended 30 September 2013 (Expressed in BSD)

| | Unaudited | |
|---------------------------------------|------------------------------|------------------------------|
| | 3 MONTHS TO 30 SEPT. 2013 | 3 MONTHS TO 30 SEPT. 2012 |
| | \$ | \$ |
| INCOME | | |
| Net premium income | 21,451,248 | 21,712,198 |
| Annuity deposits | 4,916,650 | 1,724,935 |
| Investment income | 2,844,385 | 2,745,256 |
| Realized loss from sale of assets | (70,479) | (643,144) |
| Other operating income | 366,263 | 291,551 |
| Total income | 29,508,067 | 25,830,794 |
| BENEFITS & EXPENSES | | |
| Net policyholder benefits | 19,802,511 | 17,626,958 |
| Commissions | 3,025,951 | 2,681,992 |
| Operating expenses | 3,823,771 | 3,964,587 |
| Premium tax | 536,829 | 513,403 |
| Depreciation and amortization expense | 707,669 | 695,422 |
| Bad debt expense | 562,433 | (277,361) |
| Total benefits and expenses | 28,459,164 | 25,205,001 |
| NET INCOME | \$ 1,048,903 | \$ 625,792 |

FamGuard Corporation Limited Consolidated Statement of Cash Flows For the nine months ended 30 September 2013 (Expressed in BSD)

| | Unaudited | |
|--|------------------------------|------------------------------|
| | 9 MONTHS TO 30 SEPT. 2013 | 9 MONTHS TO 30 SEPT. 2012 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Net income | 3,883,819 | 3,092,975 |
| Adjustments for: | | |
| Depreciation expense | 1,576,254 | 1,487,720 |
| Amortization of intangible asset | 30,000 | 0 |
| Realized loss from sale of mortgage assets | 134,382 | 668,475 |
| Change in bad debt provision | 368,411 | 4,772 |
| Change in mortgage provision | 480,423 | 166,330 |
| Change in reinsurance assets | 266,878 | 5,238,568 |
| Reserve for policyholders' benefits | 11,587,903 | 10,069,867 |
| Interest income | (7,797,822) | (7,646,404) |
| Dividend income | (436,076) | (296,606) |
| Operating profit before working capital changes | 10,094,172 | 12,785,697 |
| Increase in receivables and other assets | (2,943,854) | (2,028,920) |
| (Increase) Decrease in premiums in arrears | (276,828) | 1,839,305 |
| (Decrease) Increase in payables and accruals | (544) | 331,019 |
| Increase in other policyholders' funds | 729,414 | 894,888 |
| Net cash from operating activities | 7,602,360 | 13,821,989 |
| Cash flows from investing activities | | |
| Net placement of bank term deposits | (5,596,905) | (7,702,483) |
| Purchase of held-to-maturity securities | (8,303,801) | (11,018,300) |
| Sale (Purchase) of equities | 0 | (1,150) |
| Other loans repaid | 0 | 75,961 |
| Policy loans issued, net | (341,723) | (411,735) |
| Mortgage loans repaid, net | 197,208 | 297,472 |
| Property, plant and equipment, net | (392,994) | (551,396) |
| Interest received | 8,094,601 | 7,891,274 |
| Dividends received | 436,076 | 296,606 |
| Net cash used in investing activities | (5,907,538) | (11,123,751) |
| Cash flows from financing activities | | |
| Dividends paid – preference shares | (312,500) | (312,500) |
| Dividends paid – ordinary shares | (1,800,000) | (1,800,000) |
| Net cash used in financing activities | (2,112,500) | (2,112,500) |
| Net (decrease) increase in cash and cash equivalents | (417,678) | 585,738 |
| Cash and cash equivalents at beginning of period | 8,052,782 | 5,980,436 |
| Cash and cash equivalents at end of period | 7,635,104 | 6,566,174 |
| Cash and cash equivalents is comprised of: | | |
| Cash and bank balances | 7,285,914 | 6,218,634 |
| Short term bank deposits | 349,190 | 347,540 |
| | 7,635,104 | 6,566,174 |

See accompanying notes to unaudited consolidated financial statements.