



Interim Consolidated Financial Statements
for the 3 Months Ended 31 March, 2020

(Unaudited)



FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
31 March, 2020

TABLE OF CONTENTS

	Page
Chairman's Report	1
Interim Consolidated Statement of Financial Position	2
Interim Consolidated Statement of Profit or Loss	3
Interim Consolidated Statement of Comprehensive Income	4
Interim Consolidated Statement of Changes in Equity	5
Interim Consolidated Statement of Cash Flows	6
Notes to Interim Consolidated Financial Statements	7-8

FAMGUARD CORPORATION LIMITED
CHAIRMAN'S REPORT
Unaudited Results for the Three months ended 31 March 2020

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

In March 2020 the World Health Organization (WHO) declared the novel coronavirus, known as COVID-19 as a pandemic. The outbreak of COVID-19 has changed our livelihood and the way we conduct business resulting in travel and border restrictions, quarantines, and general market uncertainty. In response to this threat, the company has implemented several measures to mitigate the risk that this virus poses and to ensure the safety of our employees, customers, and other stakeholders. Management has been closely monitoring the updates and guidelines from the Ministry of Health and has implemented the appropriate sanitary and social distancing measures. Business continuity protocols have been initiated which has allowed staff to work remotely, with essential workers operating within the guidelines established by the Executive Orders, as we continue to serve our policyholders.

Despite these challenging economic conditions, I am pleased to report that for the first quarter ended 31 March 2020 the Group reported profits of \$1.7 million, representing \$0.17 per ordinary share for common shareholders. The Group was able to produce these results largely due to the hard work and commitment of our sales agents and support staff, and the leadership of our management team.

The group recorded revenues totaling \$32.9 million for the three months ended March 2020, an increase of 4.7% over the \$31.4 million recorded in March 2019. Gross premiums increased by 2.5% representing \$664 thousand; while premiums ceded to reinsurers increased by \$324 thousand resulting in an increase in net premium by \$340 thousand. Deposits on select life products and annuity deposits recorded a strong quarter, continuing its momentum from the previous year, and totaled \$4.6 million. Investment income contributed \$3.04 million to total revenue during the quarter, an 11% decline over the prior period. The COVID-19 pandemic led to considerable global market reactions in March which resulted in fluctuations in market prices. As a result, the Group was negatively impacted by unrealized losses on investment assets from its holdings in mutual funds with investments in international securities. Management also took steps to preserve liquidity by limiting subscriptions in investment assets as a part of our Business Continuity cash management strategy.

Policyholder benefits totaled \$22.0 million compared to \$20.2 million for the corresponding prior period. The increase in benefits is primarily attributed to an increase in medical claims incurred by our Group health business during the quarter. Total expenses show a positive variance over the corresponding prior period, due to efforts by Management to manage expenses and one-off expenses incurred in the first quarter of 2019.

The Company's balance sheet remains strong with total assets in excess of \$343 million, of which investment assets comprised \$264 million, representing 77% of our total asset base. The Company's insurance subsidiary, Family Guardian Insurance Company Limited continues to maintain capital solvency measures in excess of the local and international minimum requirements.

The financial performance of the Group will undoubtedly be tested as we continue to weather the storm as a result of the COVID-19 pandemic. Early predictions indicate that the domestic economy is expected to experience a negative downturn in 2020 as Tourism output is anticipated to be moderate while the unemployment rate is projected to increase over the near-term. I am pleased to advise that the Board of Directors declared a dividend of \$0.08 per share for shareholders of record as of 25 May 2020, payable on 2 June 2020. The Board of Directors will continue to actively monitor the developments surrounding COVID-19 and wish to advise shareholders that it may be required to adjust or possibly defer future dividends.

On behalf of the Board of Directors, management, staff, and agents of the group of companies, we wish to extend our sincere gratitude to all of the front line workers who have made the sacrifice to ensure the safety of the people of the Commonwealth of the Bahamas. We also extend our thoughts and prayers to all those who have lost loved ones as a result of COVID-19. We remain committed to our shareholders, policyholders, employees, and the Bahamian community and will continue to offer assistance and support in the restoration of the economy.

Sincerely,



Norbert Boissiere
Chairman

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	31 March	31 December
	2020	2019
ASSETS		
Fair value through profit or loss	\$ 19,471,838	\$ 19,900,129
Available-for-sale	10,825,355	11,467,971
Held-to-maturity	147,789,399	143,441,417
Loans	86,045,424	86,412,527
Total financial investment assets	<u>264,132,016</u>	<u>261,222,044</u>
Cash and bank balances	16,794,075	20,295,541
Reinsurance assets	3,450,748	3,536,748
Reinsurance recoveries	10,592,883	9,720,818
Receivables and other assets, net	3,613,838	3,745,309
Premiums receivable, net	6,332,822	4,592,010
Property, plant and equipment, net	<u>38,665,703</u>	<u>39,293,991</u>
TOTAL	<u><u>\$ 343,582,085</u></u>	<u><u>\$ 342,406,461</u></u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits	\$ 221,263,892	\$ 219,975,025
Other policyholders' funds	22,963,758	20,426,183
Policy liabilities	<u>244,227,650</u>	<u>240,401,208</u>
Payables and accruals	11,784,851	14,667,646
Total liabilities	<u>256,012,501</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	18,410,209	19,070,327
Retained earnings	51,358,295	50,466,200
Total equity	<u>87,569,584</u>	<u>87,337,607</u>
TOTAL	<u><u>\$ 343,582,085</u></u>	<u><u>\$ 342,406,461</u></u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended March 31, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	3 months to 31-Mar-20	3 months to 31-Mar-19
CONTINUING OPERATIONS		
INCOME:		
Gross premium income	\$ 27,665,004	\$ 27,001,371
Premium ceded to reinsurers	<u>(2,815,132)</u>	<u>(2,491,271)</u>
Net premium income	24,849,872	24,510,100
Annuity & other deposits	<u>4,601,445</u>	<u>2,980,938</u>
Net premium income and annuity deposits	29,451,317	27,491,038
Interest income	3,308,331	3,129,685
Dividend income	160,685	213,213
Unrealized (los) gain on investment assets	(428,292)	-
Realized gain from sale of investment assets	-	75,453
Other operating income	<u>368,235</u>	<u>477,027</u>
Total income	<u>32,860,276</u>	<u>31,386,416</u>
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	22,408,010	22,115,850
Reinsurance recoveries	<u>(1,747,424)</u>	<u>(1,526,876)</u>
Net policyholders' benefits	20,660,586	20,588,975
Change in reserves for policyholders' benefits	<u>1,374,866</u>	<u>(400,709)</u>
Total benefits	22,035,452	20,188,266
Expenses:		
Commissions	3,413,441	3,456,551
Operating expenses	4,483,411	4,772,350
Depreciation expense	571,338	361,496
Premium tax	830,038	810,271
Bad debt (recovery) expense	<u>(165,499)</u>	<u>205,255</u>
Total expenses	<u>9,132,729</u>	<u>9,605,923</u>
Total benefits and expenses	<u>31,168,181</u>	<u>29,794,189</u>
Net income from continuing operations	1,692,095	1,592,227
DISCONTINUED OPERATIONS		
Net income from discontinued operations	<u>-</u>	<u>609,214</u>
NET INCOME	<u>1,692,095</u>	<u>2,201,441</u>
NET INCOME ATTRIBUTABLE TO		
Ordinary Shareholders	\$ 1,692,095	\$ 1,857,251
Non-controlling interests	<u>-</u>	<u>344,191</u>
	<u>1,692,095</u>	<u>2,201,441</u>
Earnings per ordinary share	\$ 0.17	\$ 0.19

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Mar-20	3 Months to 31-Mar-19
NET INCOME	\$ 1,692,095	\$ 2,201,441
OTHER COMPREHENSIVE INCOME		
Net (loss) gain on available-for-sale financial assets	<u>(660,118)</u>	<u>15,707</u>
Total other comprehensive (loss) income	<u>(660,118)</u>	<u>15,707</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,031,977</u>	<u>\$ 2,217,148</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 1,031,977	\$ 1,872,958
Non controlling interests	<u>-</u>	<u>344,191</u>
	<u>\$ 1,031,977</u>	<u>\$ 2,217,148</u>
Earnings per ordinary share	<u>\$ 0.10</u>	<u>\$ 0.19</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2020

(Expressed in Bahamian dollars)

UNAUDITED

	<u>Share Capital</u>		<u>Share Premium</u>	<u>Revaluation Reserve</u>	<u>Retained Earnings</u>	Attributable to Owners of the <u>Parent</u>	<u>Total</u>
	<u>Preference Shares</u>	<u>Ordinary Shares</u>					
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 -							
Ordinary shares (\$0.08 per share)	-	-	-	-	(800,000)	(800,000)	(800,000)
Total transactions with owners	-	-	-	-	(800,000)	(800,000)	(800,000)
Comprehensive income							
Net Income	-	-	-	-	1,692,095	1,692,095	1,692,095
Other Comprehensive income	-	-	-	(660,118)	-	(660,118)	(660,118)
Total Comprehensive income	-	-	-	(660,118)	1,692,095	1,031,977	1,031,977
Balance as of March 31, 2020	5,000,000	2,000,000	10,801,080	18,410,209	51,358,295	87,569,584	87,569,584

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31, 2020
(Expressed in Bahamian dollars)
UNAUDITED

	3 months to 31-Mar-20	3 months to 31-Mar-19
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income from continuing operations	\$ 1,692,095	\$ 1,592,227
Adjustments for:		
Depreciation	571,338	361,496
Unrealized loss on investment assets	428,292	-
Realized gain on sale of investment assets	-	(75,453)
(Decrease) increase in provision for loans and receivables	(67,342)	107,909
Decrease (increase) in reinsurance assets	86,000	(29,609)
Change in reserve for future policyholders' benefits	1,288,867	(371,101)
Interest income	(3,308,331)	(3,129,685)
Dividend income	(160,685)	(213,213)
Operating income before working capital changes	530,234	(1,757,429)
Decrease (increase) in receivables and other assets	131,471	(679,676)
(Increase) decrease in reinsurance recoveries	(872,065)	524,938
Increase in premium receivables, net	(1,742,900)	(555,125)
Decrease in payables and accruals	(2,882,795)	(565,583)
Increase in other policyholders' funds	2,537,575	184,001
Net cash used in operating activities	(2,298,480)	(2,848,874)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(4,579,900)	(155,300)
Proceeds from maturity of investment securities	12,500	3,387,443
Proceeds from sale of equity securities	-	88,874
Net Loans repaid	651,034	555,449
Net purchase of property, plant and equipment	(49,082)	(317,079)
Proceeds from disposal of property, plant, and equipment	-	2,001
Interest received	3,401,777	3,414,152
Dividends received	160,685	213,213
Net cash (used in) from investing activities	(402,986)	7,188,753
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid on ordinary shares	(800,000)	(800,000)
Net cash used in financing activities	(800,000)	(800,000)
Net (decrease) increase in cash and cash equivalents from continuing operations	(3,501,466)	3,539,878
Net cash and cash equivalents from discontinued operations	-	(1,540,124)
CASH AND CASH EQUIVALENTS:		
Beginning of the period	20,295,541	9,853,144
End of the period	\$ 16,794,075	\$ 11,852,898

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March, 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 three months ended 31 March, 2020

(Expressed in Bahamian Dollars)

Unaudited

(Continued)

3. Earnings per ordinary share

	31-Mar-20	31-Mar-19
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 1,692,095</u>	<u>\$ 1,857,251</u>
Earnings per ordinary share	<u><u>\$ 0.17</u></u>	<u><u>\$ 0.19</u></u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$2,797,206 as at 31 March, 2020 (31 December 2019: \$3,669,745).

FamGuard Corporation Ltd. | No. 1 Shirley Street | P. O. Box SS-6232 | Nassau, Bahamas

www.famguardbahamas.com