



FAMGUARD
CORPORATION LIMITED

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March, 2021
(Unaudited)

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
31 March, 2021

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FAMGUARD CORPORATION LIMITED
CHAIRMAN'S REPORT
Unaudited Results for the Three months ended 31 March 2021

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

Despite the continual effects of the COVID-19 pandemic, the FamGuard Group recorded profits of \$5.1 million, representing \$0.51 per share for common shareholders for the three months ended March 31, 2021. The Group recorded revenues totaling \$34.1 million, an increase of 3.8% over the \$32.9 million recorded in March 2020. Revenue growth was driven primarily by an increase in gross premium income of 3.6% or \$1.0 million. Deposits on select life products and annuity deposits totaled \$3.7 million for the quarter, exceeding plan despite the lingering effects of the pandemic. Investment income contributed \$3.7 million to total revenue during the quarter, a 20.9% increase over the prior period.

Policyholder benefits totaled \$19.1 million compared to \$22.0 million for the corresponding prior period due to a decline in the utilization of medical services. We anticipate that claims utilization will gradually increase as we progress throughout the year. Total expenses, including commissions paid to agents and brokers, exceeded the prior year amount by 8.6% mainly due to an increase in provision for bad debt on premiums receivables and the loan portfolio in line with the increased credit risk as we continue through the economic impacts of the pandemic.

The Group's statement of financial position remains strong with total assets in excess of \$370 million, of which investment assets comprised \$298 million, representing 80% of our total asset base. Liabilities amounted to \$271.7 million an increase of 2% over the December 31, 2020 balance mainly due to increases in reserves for future policyholder liabilities which comprise obligations to holders of long-term and short-term insurance policies. Shareholder's equity stood at \$99.2 million compared to \$95.5 million as at December 31, 2020. The Group's capital remains strong and continues to measure well in excess of the local minimum requirements established by the Insurance Commission of the Bahamas.

I am pleased to report that the Board of Directors declared a dividend of \$0.10 per share for shareholders of record as of the 26 May 2021, payable on 1 June 2021. 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 March 31, 2021

(Expressed in Bahamian dollars)

UNAUDITED

	31 March 2021	31 December 2020
ASSETS		
Financial Investment Assets:		
Fair value through profit or loss	\$ 18,286,683	\$ 18,540,887
Available-for-sale	9,769,774	10,331,155
Held-to-maturity	188,743,992	177,729,365
Loans, net	81,685,577	82,488,556
Total financial investment assets	298,486,026	289,089,963
Cash and bank balances	17,731,864	18,663,649
Reinsurance assets	2,140,766	2,451,215
Reinsurance recoveries	4,485,990	4,822,780
Receivables and other assets, net	2,997,294	2,801,178
Premiums receivable, net	6,222,495	4,822,125
Right-of-use assets	655,115	688,067
Property, plant and equipment, net	38,197,302	38,494,848
TOTAL ASSETS	\$ 370,916,852	\$ 361,833,825
LIABILITIES		
Policy Liabilities:		
Reserves for future policyholders' benefits	\$ 233,401,834	\$ 230,278,175
Other policyholders' funds	24,959,534	24,274,672
Total Policy liabilities	258,361,368	254,552,847
Payables and accruals	12,644,318	11,060,397
Lease liabilities	680,498	688,067
Total liabilities	271,686,184	266,301,311
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	18,918,753	19,503,360
Retained earnings	62,510,835	58,228,074
Total equity	99,230,668	95,532,514
TOTAL LIABILITIES AND EQUITY	\$ 370,916,852	\$ 361,833,825

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended March 31, 2021

(Expressed in Bahamian dollars)

UNAUDITED

	3 months to 31-Mar-21	3 months to 31-Mar-20
INCOME:		
Gross premium income	\$ 28,674,358	\$ 27,665,004
Premium ceded to reinsurers	<u>(2,468,394)</u>	<u>(2,815,132)</u>
Net premium income	26,205,964	24,849,873
Annuity & other deposits	<u>3,704,053</u>	<u>4,601,445</u>
Net premium income and annuity deposits	29,910,017	29,451,318
Interest income	3,784,184	3,308,331
Dividend income	176,743	160,685
Unrealized loss on investment assets	(285,080)	(428,292)
Other operating income	<u>513,227</u>	<u>368,235</u>
Total income	<u>34,099,091</u>	<u>32,860,277</u>
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	16,386,271	22,408,010
Reinsurance recoveries	<u>(725,033)</u>	<u>(1,747,424)</u>
Net policyholders' benefits	15,661,238	20,660,586
Change in reserves for policyholders' benefits	<u>3,434,108</u>	<u>1,374,866</u>
Total benefits	<u>19,095,346</u>	<u>22,035,452</u>
Expenses:		
Commissions	3,093,149	3,413,441
Operating expenses	4,593,561	4,483,411
Depreciation expense	694,463	571,338
Premium tax	860,231	830,038
Bad debt expense/(recovery)	<u>679,580</u>	<u>(165,499)</u>
Total expenses	<u>9,920,984</u>	<u>9,132,728</u>
Total benefits and expenses	<u>29,016,330</u>	<u>31,168,180</u>
NET INCOME	<u>5,082,761</u>	<u>1,692,097</u>
NET INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	<u>\$ 5,082,761</u>	<u>\$ 1,692,097</u>
Basic earnings per ordinary share	<u>\$ 0.51</u>	<u>\$ 0.17</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2021

(Expressed in Bahamian dollars)

UNAUDITED

	3 Months to 31-Mar-21	3 Months to 31-Mar-20
NET INCOME	\$ 5,082,761	\$ 1,692,097
OTHER COMPREHENSIVE INCOME:		
Net loss on available-for-sale financial assets	<u>(584,607)</u>	<u>(660,118)</u>
Total other comprehensive loss	<u>(584,607)</u>	<u>(660,118)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,498,154</u>	<u>\$ 1,031,979</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, 2021

(Expressed in Bahamian dollars)

UNAUDITED

	Share Capital		Share Premium	Revaluation Reserve	Retained Earnings	Attributable	Total
	Preference Shares	Ordinary Shares				of the Parent	
Balance as at December 31, 2020	5,000,000	2,000,000	10,801,080	19,503,360	58,228,074	95,532,514	95,532,514
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	-	-	-	-	5,082,761	5,082,761	5,082,761
Other Comprehensive loss	-	-	-	(584,607)	-	(584,607)	(584,607)
Total Comprehensive (loss)/income	-	-	-	(584,607)	5,082,761	4,498,154	4,498,154
Balance as at March 31, 2021	5,000,000	2,000,000	10,801,080	18,918,753	62,510,835	99,230,668	99,230,668

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31, 2021
(Expressed in Bahamian dollars)
UNAUDITED

	31-Mar-21	31-Mar-20
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 5,082,761	\$ 1,692,097
Adjustments for:		
Depreciation	694,463	571,338
Unrealized loss on financial assets	285,080	428,292
Increase/(decrease) in provision for loans and receivables	512,390	(67,343)
Decrease in reinsurance assets	310,449	86,000
Change in reserve for future policyholders' benefits	3,123,659	1,288,867
Interest income	(3,784,184)	(3,308,331)
Dividend income	(176,743)	(160,685)
Operating profit before working capital changes	6,047,875	530,234
(Increase)/decrease in receivables and other assets	(196,116)	131,471
Decrease/(increase) in reinsurance recoveries	336,790	(872,065)
Increase in premium receivables	(1,400,370)	(1,742,900)
Increase/(decrease) in payables and accruals	1,583,921	(2,882,795)
Increase in other policyholders' funds	684,862	2,537,575
Net cash from/(used in) operating activities	7,056,962	(2,298,480)
Cash flows from investing activities:		
Pension forfeitures reinvested	(30,876)	-
Purchase of investment securities	(11,000,000)	(4,579,900)
Proceeds from redemption/maturities of investment securities	3,502	12,500
Net Loans repaid	510,670	651,034
Net purchase of property and equipment	(396,917)	(49,082)
Interest received	3,581,084	3,401,777
Dividends received	176,743	160,685
Net cash used in investing activities	(7,155,794)	(402,986)
Cash flows from financing activities		
Payment of principal portion of lease liability	(32,952)	-
Dividends paid on ordinary shares	(800,000)	(800,000)
Net cash used in financing activities	(832,952)	(800,000)
Net decrease in cash and cash equivalents	(931,785)	(3,501,466)
Cash and cash equivalents at beginning of the period	18,663,649	20,295,541
Cash and cash equivalents at end of the period	\$ 17,731,864	\$ 16,794,075

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(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, 2009. 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, 2020 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 2020.

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Expressed in Bahamian Dollars)

Unaudited

(Continued)

3. Earnings per ordinary share

	31-M ar-21	31-M ar-20
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 5,082,761</u>	<u>\$ 1,692,097</u>
Earnings per ordinary share	<u>\$ 0.51</u>	<u>\$ 0.17</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$1,024,716 as at 31 March, 2021 (31 December 2020: \$1,368,995).

5. Corresponding Figures

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

6. Dividends

On 13 May 2021, the Board of Directors declared a dividend of \$0.10 per share or \$1,000,000 to shareholders of record as at 26 May 2021 and payable 1 June 2021.

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www.famguardbahamas.com