



FAMGUARD CORPORATION LIMITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended June 30th, 2022
Unaudited

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE, 2022

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FAMGUARD CORPORATION LIMITED
CHAIRMAN'S REPORT
Unaudited Results for the Six months ended 30 June 2022

MESSAGE FROM THE CHAIRMAN

Dear Shareholders:

The half-year financial performance for FamGuard Corporation continues to reflect strong results amid the difficult economic conditions. The Group recorded profits of \$5.3 million, representing \$0.53 per share for common shareholders. The financial results continue to reflect the normalization of medical claims utilization in 2022, compared to 2021. However, the overall results remained solid, despite the impact of local inflation and rising global interest rates.

The Group reported total revenue of \$65.2 million for the six months ended June 30, 2022, a 2.7% decline compared to the \$67.0 million reported for the comparative prior period. As reported in the first quarter, the negative variance continues to be attributed to the decline in Annuity and Sundry deposits. Moreover, a corresponding decline in reserves for future policyholder benefits occurred in direct correlation. Gross premiums remained relatively comparable to the prior period and ended the quarter at \$56.7 million. Net investment income totaled \$7.7 million, a 4.6% increase over the prior year despite being impacted by the net fair value losses arising from the decline in equity and bond market prices. The unfavorable fair value movements were partially offset by an increase in investment income arising from the Group's increased investment in local debt securities.

Benefits across all lines of business totaled \$40.0 million compared to \$40.3 million in the prior year, reflecting the net results of a decrease in reserves for policyholder benefits on annuity and sundry deposits and a positive variance from death benefits over the prior year which trended higher than normal due to COVID related deaths. These positive impacts were partially offset by an increase in group and individual health benefits during the period. Total expenses, including commissions paid to agents and brokers, reported a positive variance of 4.7% over the prior year and are also within plan performance

The Group's statement of financial position remains strong with total assets of \$387.1 million, of which investment assets comprised \$320.7 million, representing 82.8% of our total assets. Liabilities amounted to \$285.3 million an increase of 2.5% over the December 31, 2021 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 \$101.8 million compared to \$97.4 million as of December 31, 2021. 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.

Based upon the overall performance of the Group for the half year, I am pleased to report that the Board of Directors declared a dividend of \$0.10 per share for shareholders of record as of 17 August 2022, payable on 1 September 2022. 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,



Dodridge Miller
Chairman

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022
(Expressed in Bahamian dollars)
UNAUDITED

	30 June 2022	31 December 2021
ASSETS		
Financial investment assets:		
Fair value through profit or loss	\$ 16,651,091	\$ 18,528,713
Available-for-sale	12,121,103	10,624,554
Held-to-maturity	218,435,804	203,666,764
Loans, net	<u>73,460,462</u>	<u>77,270,823</u>
Total financial investment assets	<u>320,668,460</u>	<u>310,090,854</u>
Cash and bank balances	13,006,591	13,180,153
Reinsurance assets	1,471,793	1,500,648
Reinsurance recoveries	4,978,072	4,777,522
Receivables and other assets, net	3,358,217	3,025,844
Premiums receivable, net	5,613,563	5,662,266
Right-of-use assets	594,286	617,743
Property and equipment, net	31,440,697	30,502,863
Intangible assets, net	5,968,859	6,409,214
TOTAL ASSETS	<u>\$ 387,100,538</u>	<u>\$ 375,767,107</u>
LIABILITIES		
Policy Liabilities:		
Reserves for future policyholders' benefits	\$ 246,530,212	\$ 241,133,613
Other policyholders' funds	<u>26,031,881</u>	<u>25,758,186</u>
Total Policy liabilities	<u>272,562,093</u>	<u>266,891,799</u>
Payables and accruals	12,126,992	10,774,298
Lease liabilities	<u>638,695</u>	<u>656,229</u>
Total liabilities	<u>285,327,780</u>	<u>278,322,326</u>
EQUITY:		
Ordinary shares	2,000,000	2,000,000
Share premium	10,801,080	10,801,080
Revaluation reserve	21,250,938	20,179,112
Retained earnings	<u>67,720,740</u>	<u>64,464,589</u>
Total equity	<u>101,772,758</u>	<u>97,444,781</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 387,100,538</u>	<u>\$ 375,767,107</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended June 30, 2022
(Expressed in Bahamian dollars)
UNAUDITED

	6 months to 30-Jun-22	6 months to 30-Jun-21
INCOME:		
Gross premium income	\$ 56,722,348	\$ 56,688,373
Premium ceded to reinsurers	<u>(5,787,650)</u>	<u>(5,507,372)</u>
Net premium income	50,934,698	51,181,001
Annuity & other deposits	<u>5,616,756</u>	<u>7,436,527</u>
Net premium income and annuity deposits	56,551,454	58,617,527
Net Interest income	7,946,818	7,162,253
Dividend income	298,866	362,749
Unrealized loss on financial assets	<u>(496,165)</u>	<u>(113,899)</u>
Other operating income	856,689	948,699
Total income	<u>65,157,662</u>	<u>66,977,329</u>
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits	35,029,083	37,598,823
Reinsurance recoveries	<u>(1,088,378)</u>	<u>(2,386,549)</u>
Net policyholders' benefits	33,940,705	35,212,274
Change in reserves for policyholders' benefits	<u>6,099,993</u>	<u>5,064,133</u>
Total benefits	<u>40,040,698</u>	<u>40,276,408</u>
Expenses:		
Commissions	6,503,494	6,404,890
Operating expenses	10,098,148	9,394,346
Depreciation expense	738,082	749,344
Amortization	856,514	1,110,248
Premium tax	1,701,983	1,700,651
Bad debt (recovery) expense	<u>(37,409)</u>	<u>1,065,402</u>
Total expenses	<u>19,860,812</u>	<u>20,424,881</u>
Total benefits and expenses	<u>59,901,510</u>	<u>60,701,289</u>
NET INCOME	<u>\$ 5,256,152</u>	<u>\$ 6,276,040</u>
NET INCOME ATTRIBUTABLE TO:		
Ordinary Shareholders	\$ 5,256,152	\$ 6,132,290
Preferred Shareholders	<u>-</u>	<u>143,750</u>
Basic earnings per ordinary share	<u>\$ 0.53</u>	<u>\$ 0.61</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Three months ended June 30, 2022
(Expressed in Bahamian dollars)
UNAUDITED

	3 months to 30-Jun-22	3 months to 30-Jun-21
INCOME:		
Net premium income	\$ 25,675,690	\$ 24,975,037
Annuity & other deposits	3,784,388	3,732,474
Net premium income and deposits	<u>29,460,078</u>	<u>28,707,510</u>
Investment income	3,932,096	3,735,256
Other operating income	440,597	435,472
Total income	<u>33,832,771</u>	<u>32,878,238</u>
BENEFITS AND EXPENSES:		
Net policyholder benefits	21,280,452	21,181,062
Commissions	3,211,917	3,311,741
Operating expenses	6,846,208	7,192,156
Total benefits and expenses	<u>31,338,577</u>	<u>31,684,959</u>
NET INCOME	<u>\$ 2,494,194</u>	<u>\$ 1,193,279</u>
NET PROFIT ATTRIBUTABLE TO :		
Ordinary Shareholders	\$ 2,494,194	\$ 1,049,529
Preferred Shareholders	-	143,750
Earnings per ordinary share	<u>\$ 0.25</u>	<u>\$ 0.10</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022

(Expressed in Bahamian dollars)

UNAUDITED

	6 Months to 30-Jun-22	6 Months to 30-Jun-21
NET INCOME	\$ 5,256,152	\$ 6,276,040
OTHER COMPREHENSIVE INCOME		
Net change in fair value on available-for-sale financial assets	1,071,826	(886,433)
Revaluation of property and equipment	<hr/> -	<hr/> 397,992
Total other comprehensive loss	1,071,826	(488,441)
TOTAL COMPREHENSIVE INCOME	\$ <u>6,327,978</u>	\$ <u>5,787,599</u>

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

(Expressed in Bahamian dollars)

UNAUDITED

	<u>Share Capital</u>					
	Preference Shares	Ordinary Shares	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at December 31, 2021	-	2,000,000	10,801,080	20,179,112	64,464,589	97,444,781
Transactions with owners						
Dividends declared and paid -						
Ordinary shares (\$0.20 per share)	-	-	-	-	(2,000,000)	(2,000,000)
Total transactions with owners	-	-	-	-	(2,000,000)	(2,000,000)
Comprehensive income						
Net Income	-	-	-	-	5,256,152	5,256,152
Other Comprehensive income	-	-	-	1,071,826	-	1,071,826
Total Comprehensive income	-	-	-	1,071,826	5,256,152	6,327,978
Balance as at June 30, 2022	-	2,000,000	10,801,080	21,250,938	67,720,740	101,772,758

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 2022
(Expressed in Bahamian dollars)
UNAUDITED

	6 months to 30-Jun-22	6 months to 30-Jun-21
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income from continuing operations	\$ 5,256,152	\$ 6,276,040
Adjustments for:		
Depreciation expense	738,082	749,344
Amortization of intangible asset	856,514	1,110,248
Unrealized loss on financial assets	496,165	113,899
Changes in provisions for loans and receivables	32,591	1,340,789
Decrease in reinsurance assets	28,855	721,958
Change in reserve for future policyholders' benefits	5,396,599	4,342,175
Interest income	(8,117,194)	(7,503,631)
Dividend income	(298,866)	(362,749)
Operating profit before working capital changes	4,388,898	6,788,073
Increase in receivables and other assets	(332,373)	(111,055)
(Increase)/decrease in reinsurance recoveries	(200,550)	365,814
Increase in premium receivables	48,703	577,101
Increase/(decrease) in payables and accruals	1,352,694	(615,090)
Increase in other policyholders' funds	273,695	486,750
Net cash from operating activities	5,531,067	7,491,593
Cash flows from investing activities:		
Pension forfeitures reinvested	(103,139)	(68,946)
Purchase of investment securities	(18,396,694)	(16,000,000)
Proceeds from maturity/redemption of investment securities	4,861,329	300,096
Net Loans repaid	3,645,243	2,128,065
Purchase of property and equipment	(150,645)	(1,151,874)
Purchase of intangible asset	(1,941,430)	(571,763)
Interest received	8,105,298	6,744,176
Dividends received	298,866	362,749
Net cash used in investing activities	(3,681,172)	(8,257,497)
Cash flows from financing activities		
Repayment of principal portion of lease liability	(23,457)	(43,740)
Dividends paid on preference shares	-	(143,750)
Dividends paid on ordinary shares	(2,000,000)	(1,800,000)
Net cash used in financing activities	(2,023,457)	(1,987,490)
Net decrease in cash and cash equivalents	(173,562)	(2,753,394)
Cash and cash equivalents at beginning of the period	13,180,153	18,663,649
Cash and cash equivalents at end of the period	\$ 13,006,591	\$ 15,910,255

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2022

(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, FG Insurance Agents & Brokers Limited (FGIAB), 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 Act, 2005. FG sells life and health insurance products in The Bahamas. FGIAB operates as an agent and broker for general insurance products in the Bahamas. All other wholly owned subsidiaries within the group are inactive.

The registered office of the Company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, The Bahamas. The ordinary shares of the Company are listed on The Bahamas International Securities Exchange (BISX).

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, 2021 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 2021.

FAMGUARD CORPORATION LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2022
(Expressed in Bahamian Dollars)
Unaudited
(Continued)

3. Earnings per ordinary share

	30-Jun-22	30-Jun-21
Weighted average number of shares outstanding	10,000,000	10,000,000
Consolidated net income attributable to ordinary shareholders	<u>\$ 5,256,152</u>	<u>\$ 6,132,290</u>
Earnings per ordinary share	<u>\$ 0.53</u>	<u>\$ 0.61</u>

4. Commitments

Outstanding commitments to extend credit under the mortgage loan agreements amounted to approximately \$776,512 as at 30th June, 2022 (31st December 2021: \$662,768).

5. Corresponding Figures

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

6. Dividends

On 4 August 2022, the Board of Directors declared a dividend of \$0.10 per share to ordinary shareholders of record as of 17th August 2022 and payable on 1st September 2022.

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