FAMGUARD CORPORATION LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 12 months ended December 31st, 2023

Unaudited

FAMGUARD CORPORATION LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2023

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FAMGUARD CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

(Expressed in Bahamian dollars)

UNAUDITED

	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
ASSETS			
Financial investment assets	311,329,966	305,284,043	289,841,358
Cash and bank balances	13,608,958	13,987,239	13,180,153
Receivables and other assets, net	4,877,559	3,872,510	4,874,079
Property and equipment, net	28,393,924	29,287,102	30,502,863
Intangible assets, net	10,371,588	10,116,232	6,409,214
Reinsurance contract assets	8,195,202	8,094,173	7,388,495
TOTAL ASSETS	$ 376,777,197	$ 370,641,299	$ 352,196,162
LIABILITIES			
Insurance Contract Liabilities	244,739,913	240,314,769	223,247,228
Investment Contract Liabilities	594,359	534,865	645,765
Payables and other liabilities	8,966,607	10,488,590	11,654,074
Total liabilities	254,300,879	251,338,224	235,547,067
EQUITY:			
Ordinary shares	2,000,000	2,000,000	2,000,000
Share premium	10,801,080	10,801,080	10,801,080
Revaluation reserve	23,753,516	21,315,130	20,179,112
Retained earnings	85,921,722	85,186,865	83,668,903
Total equity	122,476,318	119,303,075	116,649,095
TOTAL LIABILITIES AND EQUITY	$ 376,777,197	$ 370,641,299	$ 352,196,162

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the TWELVE months ended December 31, 2023

(Expressed in Bahamian dollars)

UNAUDITED

	12 months to 31-Dec-23	12 months to 31-Dec-22 Restated	3 months to 31-Dec-23	3 months to 31-Dec-22 Restated
INCOME:				
Insurance revenue	$ 102,425,670	$ 97,927,704	$ 25,743,355	$ 24,474,888
Insurance service expenses	(86,310,681)	(81,508,266)	(18,120,417)	(19,887,711)
Net expenses from reinsurance contracts held	(4,858,669)	(7,675,675)	(1,489,017)	(1,918,387)
INSURANCE SERVICE RESULT	11,256,320	8,743,764	6,133,921	2,668,791
Net investment income	19,321,521	14,825,743	5,264,660	3,058,819
Net insurance finance expenses	(15,504,664)	(11,772,958)	(6,710,739)	(2,904,125)
NET INSURANCE AND INVESTMENT RESULT	15,073,177	11,796,548	4,687,842	2,823,484
Other operating income	2,082,408	2,297,916	514,787	911,396
Other operating expenses	(12,020,727)	(9,897,816)	(4,117,232)	(2,431,617)
NET INCOME	$ 5,134,858	$ 4,196,649	$ 1,085,397	$ 1,303,264
NET INCOME ATTRIBUTABLE TO:				
Ordinary Shareholders	$ 5,134,858	$ 4,196,649	$ 1,085,397	$ 1,303,264
Basic earnings per ordinary share	$ 0.31	$ 0.42	$ 0.04	$ 0.13

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended December 31, 2023

(Expressed in Bahamian dollars)

UNAUDITED

	31-Dec-23	31-Dec-22 Restated	$ var	% var
NET INCOME	$ 5,134,858	$ 4,196,649	938,209	22%
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified subsequently to net income:				
Net change in fair value on available-for-sale financial assets	2,438,386	1,136,018	1,302,368	115%
Items that will not be reclassified subsequently to net income:				
Remeasurement gain of post retirement employee benefit	-	259,363	(259,363)	-100%
Total other comprehensive income	2,438,386	1,395,381	1,043,005	74.7%
TOTAL COMPREHENSIVE INCOME	**$ 7,573,244**	**$ 5,592,030**	1,981,214	35%

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended December 31, 2023

(Expressed in Bahamian dollars)

UNAUDITED

	Ordinary Shares	Share Premium	Revaluation Reserve	Retained Earnings	Total
Restated balance as at December 31, 2022	**2,000,000**	**10,801,080**	**21,315,130**	**85,186,865**	**119,303,075**
Transactions with owners					
Dividends declared and paid -					
Ordinary shares ($0.36 per share)	-	-	-	(4,400,000)	(4,400,000)
Total transactions with owners	-	-	-	(4,400,000)	(4,400,000)
Comprehensive income					
Net Income	-	-	-	5,134,858	5,134,858
Other Comprehensive gain	-	-	2,438,386	-	2,438,386
Total Comprehensive income	**-**	**-**	**2,438,386**	**5,134,858**	**7,573,244**
Balance as at December 31, 2023	**2,000,000**	**10,801,080**	**23,753,516**	**85,921,722**	**122,476,318**

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended December 31, 2023
(Expressed in Bahamian dollars)
UNAUDITED

	31-Dec-23	**31-Dec-22 Restated**
Net Income	$ 5,134,858	$ 4,196,649
Adjustments for:		
Net cash (used in)/from operating activities	(6,180,091)	6,956,398
Net cash from/(used in) investing activities	10,243,195	(1,075,816)
Net cash used in financing activities	(4,441,385)	(5,073,496)
Net (decrease)/increase in cash and cash equivalents	(378,281)	807,086
Cash and cash equivalents at beginning of the period	13,987,239	13,180,153
Cash and cash equivalents at end of the period	**$ 13,608,958**	**$ 13,987,239**

See notes to unaudited consolidated financial statements

FAMGUARD CORPORATION LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Twelve months ended December 31, 2023
(Expressed in Bahamian Dollars)
Unaudited

1. General Information

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. Basis of Preparation

The condensed consolidated financial statements for the twelve months ended 31 December 2023 have been prepared in accordance with IAS 34 - "Interim Financial Reporting" unless otherwise noted. The condensed financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2022 audited financial statements, except for the adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Investments, which became effective for the Group from 1 January 2023.

The interim condensed consolidated financial statements do not include all the disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

3. Accounting Estimates and Judgements

In preparing these condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses.

4. Changes in Significant Accounting Policies

IFRS 17 Insurance Contracts

Effective 1 January 2023, IFRS 17 Insurance Contracts relaced IFRS 4 Insurance Contracts, which resulted in a material change in the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. The Group has restated comparative period results for 2022 in accordance with IFRS 17.

The standard introduces three measurement approaches to measure insurance contracts: the General Measurement Model (GMM), Variable Fee approach (VFA) and Premium Allocation approach (PAA).

4. Changes in Significant Accounting Policies (Continued)

GMM measures groups of insurance contracts based on estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts. An explicit risk adjustment is applied that reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk. The Contractual Service Margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts that represents the unearned profit that the Group will recognise as obligations are fulfilled under the insurance contracts.

At initial recognition, the positive CSM on a group of insurance contracts is recorded as a liability and is subsequently amortised to future income. When the calculation of present value of expected future cash flows results in a net cash outflow, the insurance contracts are classified as “Onerous” and the negative CSM is immediately recognised in income.

The VFA applies to insurance contracts issued with direct participation features, which are substantially investment-related service contracts under which the policyholder is promised an investment return based on underlying items, such as segregated funds and certain participating insurance contracts. The key difference between the VFA and the GMM is only evident at subsequent measurement, the transitional and at inception CSM is the same under both models. This difference is the ability to bring economic movements into the CSM each period as compared to income under the GMM.

PAA is applied to short duration contracts where the policy’s contract boundary is one year or less.

IFRS 17 introduces changes to the way in which the Group will present and disclose financial results. Insurance contract liabilities presented in the consolidated statement of financial position will consist of premiums receivable, deferred policy acquisition cash flows, unearned premiums, onerous loss component (if applicable), discounted and risk adjusted claim liabilities, and other related liabilities. Reinsurance contract assets will be separately presented in the consolidated statement of financial position and will include amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums paid. The consolidated statement of income will no longer include net premiums and policyholder benefits, instead it will include an insurance service result comprising insurance revenue and insurance service expenses.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach to the extent practicable.

Under the full retrospective approach, the Group:
- Identified, recognized and measured each group of insurance contracts as if IFRS17 had always been applied;
- Identified, recognized, and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied.
- Derecognized previously reported balances that would not have existed if IFRS17 had always been applied;
-Recognized any resulting net difference in equity.

4. Changes in Significant Accounting Policies (Continued)

Where the full retrospective approach was determined to be impracticable, the fair value approach was applied. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity.

IFRS 9

IFRS 9 replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement that relates to the recognition, classification, and measurement of financial assets and liabilities, derecognition of financial instruments, and introduces an expected credit loss model for the impairment of financial assets. IFRS 9 became effective for the Group's financial year beginning on 1 January 2018 but was deferred under options provided by the International Accounting Standards Board (IASB) to allow a temporary deferral until the effective date of IFRS 17. The Group has adopted IFRS 9 for the first time for the interim period ended 31 March 2023 and has restated comparative results for 2022.

The adoption of IFRS 9 resulted in changes to the Group's accounting policies

Classification
The Group classified its financial assets in the following measurement categories:
- those to be measured at amortised cost, and
- those to be measured subsequently at fair value either through other comprehensive income (OCI), or through profit or loss.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of income.

Subsequent to initial recognition, debt instruments are measured in accordance with the business models determined by the Group's respective business units for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classified its debt instruments:

- Amortised cost (AC): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at AC. Interest income from these financial assets is recognised in the consolidated statement of income using the effective interest rate method. Gains or losses arising on derecognition, and impairment gains or losses are recognised in the consolidated statement of income. In addition to certain debt securities, the Group's loans and receivables are carried at amortised cost.

4. Changes in Significant Accounting Policies (Continued)

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets are recognised in the consolidated statement of income using the effective interest rate method.
- FVPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the consolidated statement of income in the period in which it arises.

Subsequent to initial recognition, the Group measures equity investments at fair value, and changes in the fair value of equity instruments are recognized in the consolidated statement of income. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment
At each reporting date, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments for which credit risk has not increased significantly since initial recognition; for which the amount recognized is 12-month ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the consolidated statement of income

Transition

Impact of initial application of IFRS 9 The Group's financial statements been restated as at 1 January 2022 to reflect the impact of initial application of IFRS 9

(Expressed in Bahamian Dollars)

5. Earnings per ordinary share

	31-Dec-23	31-Dec-22 Restated
Weighted average number of shares outstanding	16,684,932	10,000,000
Consolidated net income attributable to ordinary shareholders	$ 5,134,858	$ 4,196,649
Earnings per ordinary share	$ 0.31	$ 0.42

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