

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2015
UNAUDITED**

Message from the Chairman

Dear Shareholders,

I am pleased to report the results for the first quarter ended March 31, 2015.

Total net income for the three months ended March 31, 2015 totaled \$5.1 million, compared with \$4.3 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders increased to \$4.3 million or \$0.18 per ordinary share, compared to \$3.5 million or \$0.14 per ordinary share for the same period in the prior year.

Total equity remains strong at \$158.7 million at March 31, 2015 and is net of a \$3.9 million ordinary dividend issued in the first quarter in respect of fiscal 2014.

Total gross premium revenues during the first quarter of 2015 totaled \$38.0 million compared to \$34.4 million for the three months ended March 31, 2014. Gross policyholder benefits increased by \$2.5 million compared to prior year, totaling \$26.1 million for the three months ended March 31, 2015.

Total assets have increased to \$655.1 million as at March 31, 2015 compared to \$633.4 million as at December 31, 2014. Invested assets remain a significant proportion of the asset base, comprising 83.3% of total assets.

Colina remains committed to continue our growth in our core businesses while pursuing sound investment and operational efficiency initiatives to increase value for our customers and shareholders.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at March 31, 2015 with comparative figures as at December 31, 2014
(Expressed in Bahamian dollars)

	March 31, 2015	December 31, 2014
ASSETS		
Term deposits	\$ 40,099,987	\$ 44,579,342
Investment securities	323,040,896	308,347,632
Mortgages and commercial loans	47,528,853	48,444,180
Policy loans	69,709,291	69,561,430
Investment properties	54,165,435	54,165,435
Investment in associates	<u>11,107,368</u>	<u>10,678,574</u>
Total invested assets	545,651,830	535,776,593
Cash and demand balances	33,266,688	22,613,360
Receivables and other assets	37,787,437	36,193,930
Property and equipment	20,780,233	21,065,123
Goodwill	13,519,916	13,519,916
Other intangible assets	<u>4,083,576</u>	<u>4,243,694</u>
Total assets	<u>\$ 655,089,680</u>	<u>\$ 633,412,616</u>
LIABILITIES		
Provision for future policy benefits	\$ 374,867,254	\$ 369,693,794
Policy dividends on deposit	<u>27,640,078</u>	<u>27,685,794</u>
Total policy liabilities	402,507,332	397,379,588
Other liabilities	<u>93,888,635</u>	<u>78,353,208</u>
Total liabilities	<u>496,395,967</u>	<u>475,732,796</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Share premium	5,960,299	5,960,299
Revaluation reserve	10,437,645	10,148,509
Retained earnings	<u>59,055,446</u>	<u>58,665,932</u>
Total ordinary shareholders' equity	100,132,454	99,453,804
Preference shares	<u>40,500,000</u>	<u>40,500,000</u>
Total shareholders' equity	140,632,454	139,953,804
Non-controlling interests	<u>18,061,259</u>	<u>17,726,016</u>
Total equity	<u>158,693,713</u>	<u>157,679,820</u>
Total liabilities and equity	<u>\$ 655,089,680</u>	<u>\$ 633,412,616</u>

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the three months ended March 31, 2015
with comparative figures for the three months ended March 31, 2014
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014
Revenues:		
Premium revenue	\$ 38,041,795	\$ 34,393,949
Less: Reinsurance premiums	<u>3,016,717</u>	<u>2,865,731</u>
Net premium revenue	35,025,078	31,528,218
Net investment income	8,772,562	6,421,874
Share of net gain of associates	428,794	239,044
Net commission income	869,914	795,169
Investment management and other fees	2,776,489	2,616,359
Other income	<u>390,742</u>	<u>348,828</u>
Total revenues	<u>48,263,579</u>	<u>41,949,492</u>
Benefits and expenses:		
Policyholders' benefits	26,132,740	23,676,540
Less: Reinsurance recoveries	<u>2,106,027</u>	<u>3,588,871</u>
Net policyholders' benefits	24,026,713	20,087,669
Changes in provision for future policy benefits	5,173,460	4,609,122
General and administrative expenses	9,579,160	8,967,374
Commissions	2,592,818	2,623,428
Premium and other tax expense	1,319,712	896,533
Finance costs	186,240	117,768
Other expenses	<u>304,278</u>	<u>301,228</u>
Total benefits and expenses	<u>43,182,381</u>	<u>37,603,122</u>
Net income for the period:	<u>\$ 5,081,198</u>	<u>\$ 4,346,370</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,975,870	\$ 4,114,610
Non-controlling interests	<u>105,328</u>	<u>231,760</u>
Net income for the period	<u>\$ 5,081,198</u>	<u>\$ 4,346,370</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.18</u>	<u>\$ 0.14</u>

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the three months ended March 31, 2015
with comparative figures for the three months ended March 31, 2014
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014
Net income for the period	\$ 5,081,198	\$ 4,346,370
Other comprehensive income:		
Change in available-for-sale financial assets	<u>289,136</u>	<u>(351,734)</u>
Total comprehensive income for the period	<u>\$ 5,370,334</u>	<u>\$ 3,994,636</u>
Attributable to:		
Equity shareholders of the Company	\$ 5,265,006	\$ 3,762,876
Non-controlling interests	<u>105,328</u>	<u>231,760</u>
Total comprehensive income for the period	<u>\$ 5,370,334</u>	<u>\$ 3,994,636</u>

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Equity

For the three months ended March 31, 2015
with comparative figures for the three months ended March 31, 2014
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interests	Total Equity
Balance, January 1, 2014	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 9,287,941	\$ 40,500,000	\$ 51,619,384	\$ 17,007,655	\$ 149,054,343
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(351,734)	-	-	-	(351,734)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(82,000)	-	-	-	(82,000)
Net income for the period	-	-	-	-	-	4,114,610	231,760	4,346,370
Changes in non-controlling interests	-	-	-	-	-	-	(813,889)	(813,889)
Ordinary share dividend	-	-	-	-	-	(3,953,541)	-	(3,953,541)
Preference share dividend	-	-	-	-	-	(632,813)	-	(632,813)
Balance, March 31, 2014	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 8,854,207</u>	<u>\$ 40,500,000</u>	<u>\$ 51,147,640</u>	<u>\$ 16,425,526</u>	<u>\$ 147,566,736</u>
Balance, January 1, 2015	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 10,148,509	\$ 40,500,000	\$ 58,665,932	\$ 17,726,016	\$ 157,679,820
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	289,136	-	-	-	289,136
Net income for the period	-	-	-	-	-	4,975,870	105,328	5,081,198
Changes in non-controlling interests	-	-	-	-	-	-	229,915	229,915
Ordinary share dividend	-	-	-	-	-	(3,953,543)	-	(3,953,543)
Preference share dividend	-	-	-	-	-	(632,813)	-	(632,813)
Balance, March 31, 2015	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 10,437,645</u>	<u>\$ 40,500,000</u>	<u>\$ 59,055,446</u>	<u>\$ 18,061,259</u>	<u>\$ 158,693,713</u>

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the three months ended March 31, 2015
with comparative figures for the three months ended March 31, 2014
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014
Cash flows from operating activities:		
Net income	\$ 5,081,198	\$ 4,346,370
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(893,417)	1,167,594
Change in provision for future policy benefits	5,173,460	4,609,122
Changes in loss provisions for loans and receivables	365,808	222,762
Depreciation and amortization charges	843,270	773,000
Net realized loss/(gain) on fair value through income securities	3,802	(151,039)
Net realized (gain)/loss on sale of available-for-sale securities	(2,257)	50,164
Interest income	(7,738,441)	(7,434,832)
Dividend income	(653,838)	(676,127)
Operating cash flows before changes in operating assets and liabilities	<u>2,179,585</u>	<u>2,907,014</u>
Changes in operating assets and liabilities:		
Increase in other assets	(1,685,202)	(5,368,559)
Increase in other liabilities	<u>12,406,538</u>	<u>9,787,907</u>
Net cash provided by operating activities	<u>12,900,921</u>	<u>7,326,362</u>

(Continued)

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the three months ended March 31, 2015
with comparative figures for the three months ended March 31, 2014
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014
Cash flows from investing activities:		
Changes in non-controlling interests	229,915	(813,889)
Increase in term deposits with original maturities greater than 90 days	(2,044,990)	(11,748,131)
Fair value through income securities purchased	(11,712,527)	(4,948,435)
Proceeds on disposal of fair value through income securities	1,010,559	1,099,602
Available-for-sale securities purchased	(5,240,907)	(4,636,061)
Proceeds on disposal of available-for-sale securities	2,430,619	1,227,739
Increase in loans to policyholders	(96,871)	(928,791)
Additions to investment property	-	(860)
Net change in mortgage and commercial loans	882,298	1,507,062
Interest received	7,017,573	7,098,417
Dividends received	653,838	676,127
Additions to property and equipment	<u>(398,262)</u>	<u>(398,262)</u>
Net cash used in investing activities	<u>(7,268,755)</u>	<u>(11,865,482)</u>
Cash flows used in financing activities:		
Dividend to ordinary shareholders	(3,953,543)	(3,953,541)
Dividend to preference shareholders	<u>(632,813)</u>	<u>(632,813)</u>
Net cash used in financing activities	<u>(4,586,356)</u>	<u>(4,586,354)</u>
Net increase/(decrease) in cash and cash equivalents	1,045,810	(9,125,474)
Cash and cash equivalents, beginning of period	<u>48,823,947</u>	<u>39,808,922</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 49,869,757</u>	<u>\$ 30,683,448</u>

(Concluded)

The accompanying notes are an integral part of these unaudited consolidated interim financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Consolidated Financial Statements

For the period ended March 31, 2015
(Expressed in Bahamian dollars)

1. General Information

Colina Holdings Bahamas Limited (“the Company”) was incorporated under the laws of the Commonwealth of The Bahamas on July 6, 1993.

The Company acts principally as a holding company of its principal subsidiaries, Colina Insurance Limited (“Colina”), a wholly-owned life and health insurer incorporated in The Bahamas; Colina General Insurance Agency & Brokers Limited (“CGIA”), a wholly-owned general insurance agent and broker; and Colina Financial Advisors Ltd. (“CFAL”), a wholly-owned financial services company.

Colina is registered to operate as a life and health insurer in The Bahamas, The Cayman Islands, and The Turks and Caicos Islands. CGIA holds a dual registration as a general insurance broker and agent for operations in The Bahamas. CFAL is licensed as a broker dealer in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At March 31, 2015 approximately 58.1% (2014: 58.1%) of the Company’s issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2014: 41.9%) by the Bahamian public.

The registered office of the Company is located at Trinity Place Annex, Frederick and Shirley Streets, P.O. Box N-4805, Nassau, The Bahamas and its principal place of business is located at 308 East Bay Street, P.O. Box N-4728, Nassau, The Bahamas.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by IFRS for complete financial statements. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. The preparation of unaudited condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes to the Unaudited Consolidated Financial Statements

For the period ended March 31, 2015
(Expressed in Bahamian dollars)

3. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	March 31, 2015	March 31, 2014
Term deposits	\$ 40,099,987	\$ 50,756,249
Less: Deposits with original maturities of greater than 90 days	<u>(18,747,893)</u>	<u>(32,844,740)</u>
Short-term deposits	21,352,094	17,911,509
Cash and demand balances	33,266,688	15,509,950
Less: Bank overdraft	<u>(4,749,025)</u>	<u>(2,738,011)</u>
Total cash and cash equivalents	<u>\$ 49,869,757</u>	<u>\$ 30,683,448</u>

4. Basic Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing net income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued and outstanding during the period, excluding ordinary shares of the Company acquired by Colina held as treasury shares.

	March 31, 2015	March 31, 2014
Net income attributable to equity shareholders	<u>\$ 4,975,870</u>	<u>\$ 4,114,610</u>
Net income attributable to ordinary shareholders	<u>\$ 4,343,057</u>	<u>\$ 3,481,797</u>
Weighted average number of ordinary shares outstanding	24,709,631	24,709,631
Basic earnings per ordinary share	<u>\$ 0.18</u>	<u>\$ 0.14</u>