

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Nine Months Ended September 30, 2015  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

The Board of Directors is pleased to present the Company's results for the quarter ended September 30, 2015. The Company has had another profitable quarter, with financial results reflecting continued growth in net income and earnings per share.

Total net income for the nine months ended September 30, 2015 totalled \$11.2 million, compared with \$10.8 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders increased to \$9.1 million or \$0.37 per ordinary share, compared to \$8.6 million or \$0.35 per ordinary share for the same period in the prior year.

Total gross premium revenues totalled \$104.3 million compared to \$106.4 million for the nine months ended September 30, 2014. Gross policyholder benefits were lower than prior year experience at \$69.5 million for the nine months ended September 30, 2015.

Our high quality investments and disciplined execution of our strategies continue to fortify the Company's balance sheet. Total assets stand at \$674.8 million, compared to \$633.4 million as at December 31, 2014. Invested assets comprise 81.7% of the total assets and have yielded \$25.8 million in net investment income compared to \$22.7 million for the same period in the prior year.

Total equity has increased by 3.7% from \$157.7 million as at December 31, 2014 to \$163.5 million, and is net of \$4.9 million in distributions to ordinary shareholders through to September 30, 2015.

We are pleased that the Company has been able to produce continued strong financial and operating results in the current economic environment and will continue to seek out opportunities which will enable the Company to deliver sustainable earnings in the future.



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Terence Hilts  
Chairman

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Financial Position**

As at September 30, 2015 with comparative figures as at December 31, 2014  
(Expressed in Bahamian dollars)

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
Term deposits	\$ 46,280,513	\$ 44,579,342
Investment securities	323,884,436	308,347,632
Mortgages and commercial loans	44,261,300	48,444,180
Policy loans	70,222,467	69,561,430
Investment properties	54,171,224	54,165,435
Investment in associates	<u>12,221,428</u>	<u>10,678,574</u>
Total invested assets	551,041,368	535,776,593
Cash and demand balances	25,921,094	22,613,360
Receivables and other assets (Note 5)	60,343,305	36,193,930
Property and equipment	20,108,018	21,065,123
Goodwill	13,519,916	13,519,916
Other intangible assets	<u>3,851,728</u>	<u>4,243,694</u>
<b>Total assets</b>	<b><u>\$ 674,785,429</u></b>	<b><u>\$ 633,412,616</u></b>
<b>LIABILITIES</b>		
Provision for future policy benefits	\$ 384,246,906	\$ 369,693,794
Policy dividends on deposit	<u>27,664,190</u>	<u>27,685,794</u>
Total policy liabilities	411,911,096	397,379,588
Other liabilities (Note 5)	<u>99,328,025</u>	<u>78,353,208</u>
<b>Total liabilities</b>	<b><u>511,239,121</u></b>	<b><u>475,732,796</u></b>
<b>EQUITY</b>		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Share premium	5,960,299	5,960,299
Revaluation reserve	11,013,964	10,148,509
Retained earnings	<u>62,859,819</u>	<u>58,665,932</u>
Total ordinary shareholders' equity	104,513,146	99,453,804
Preference shares	<u>40,500,000</u>	<u>40,500,000</u>
Total shareholders' equity	145,013,146	139,953,804
Non-controlling interests	<u>18,533,162</u>	<u>17,726,016</u>
<b>Total equity</b>	<b><u>163,546,308</u></b>	<b><u>157,679,820</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ 674,785,429</u></b>	<b><u>\$ 633,412,616</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Income**

For the nine months ended September 30, 2015  
with comparative figures for the nine months ended September 30, 2014  
(Expressed in Bahamian dollars)

	<b>9 Months Ended September 30, 2015</b>	<b>9 Months Ended September 30, 2014</b>
<b>Revenues:</b>		
Premium revenue	\$ 104,261,675	\$ 106,410,243
Less: Reinsurance premiums	<u>9,202,368</u>	<u>9,234,970</u>
Net premium revenue	95,059,307	97,175,273
Net investment income	25,801,356	22,658,568
Share of net gain of associates	1,542,852	755,641
Net commission income	2,316,917	2,306,852
Investment management and other fees	8,563,704	8,494,542
Other income	<u>1,666,495</u>	<u>815,983</u>
Total revenues	<u>134,950,631</u>	<u>132,206,859</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	69,495,964	70,287,959
Less: Reinsurance recoveries	<u>4,814,536</u>	<u>6,976,822</u>
Net policyholders' benefits	64,681,428	63,311,137
Changes in provision for future policy benefits	14,553,112	17,303,342
General and administrative expenses	32,419,166	28,814,307
Commissions	7,661,345	7,894,427
Premium and other tax expense	2,870,298	2,799,437
Finance costs	878,741	917,045
Other expenses	<u>648,464</u>	<u>407,097</u>
Total benefits and expenses	<u>123,712,554</u>	<u>121,446,792</u>
<b>Net income for the period:</b>	<b><u>\$ 11,238,077</u></b>	<b><u>\$ 10,760,067</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 11,045,238	\$ 10,487,940
Non-controlling interests	<u>192,839</u>	<u>272,127</u>
<b>Net income for the period</b>	<b><u>\$ 11,238,077</u></b>	<b><u>\$ 10,760,067</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.37</u></b>	<b><u>\$ 0.35</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Comprehensive Income**

For the nine months ended September 30, 2015  
with comparative figures for the nine months ended September 30, 2014  
(Expressed in Bahamian dollars)

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	9 Months Ended September 30, 2015	9 Months Ended September 30, 2014
<b>Net income for the period</b>	\$ 11,238,077	\$ 10,760,067
<b>Other comprehensive gains:</b>		
Change in available-for-sale financial assets	<u>865,455</u>	<u>789,808</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 12,103,532</u></b>	<b><u>\$ 11,549,875</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 11,910,693	\$ 11,277,748
Non-controlling interests	<u>192,839</u>	<u>272,127</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 12,103,532</u></b>	<b><u>\$ 11,549,875</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Income**

For the three months ended September 30, 2015  
with comparative figures for the three months ended September 30, 2014  
(Expressed in Bahamian dollars)

	<b>3 Months Ended September 30, 2015</b>	<b>3 Months Ended September 30, 2014</b>
<b>Revenues:</b>		
Premium revenue	\$ 31,299,643	\$ 38,307,241
Less: Reinsurance premiums	<u>3,041,433</u>	<u>3,120,942</u>
Net premium revenue	28,258,210	35,186,299
Net investment income	9,124,779	6,623,434
Share of net gain of associates	613,191	410,062
Net commission income	791,889	764,165
Investment management and other fees	2,968,168	2,966,100
Other income	<u>731,727</u>	<u>284,820</u>
Total revenues	<u>42,487,964</u>	<u>46,234,880</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	19,741,804	26,098,829
Less: Reinsurance recoveries	<u>742,698</u>	<u>2,846,104</u>
Net policyholders' benefits	18,999,106	23,252,725
Changes in provision for future policy benefits	5,285,150	5,603,546
General and administrative expenses	10,401,627	10,138,543
Commissions	2,362,381	2,841,194
Premium and other tax expense	881,836	950,849
Finance costs	286,992	307,959
Other expenses	<u>305,376</u>	<u>146,107</u>
Total benefits and expenses	<u>38,522,468</u>	<u>43,240,923</u>
<b>Net income for the period:</b>	<b><u>\$ 3,965,496</u></b>	<b><u>\$ 2,993,957</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 3,907,426	\$ 3,441,609
Non-controlling interests	<u>58,070</u>	<u>(447,652)</u>
<b>Net income for the period</b>	<b><u>\$ 3,965,496</u></b>	<b><u>\$ 2,993,957</u></b>
<b>Basic earnings per share (Note 4)</b>	<b><u>\$ 0.13</u></b>	<b><u>\$ 0.11</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Interim Statement of Comprehensive Income**

For the three months ended September 30, 2015  
with comparative figures for the three months ended September 30, 2014  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended September 30, 2015</b>	<b>3 Months Ended September 30, 2014</b>
<b>Net income for the period</b>	\$ 3,965,496	\$ 2,993,957
<b>Other comprehensive gains:</b>		
Change in available-for-sale financial assets	<u>219,155</u>	<u>260,682</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,184,651</u></b>	<b><u>\$ 3,254,639</u></b>
Attributable to:		
Equity shareholders of the Company	\$ 4,126,581	\$ 3,702,291
Non-controlling interests	<u>58,070</u>	<u>(447,652)</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,184,651</u></b>	<b><u>\$ 3,254,639</u></b>

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Changes in Equity**

For the nine months ended September 30, 2015  
with comparative figures for the nine months ended September 30, 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 gain on remeasurement of available-for-sale securities to fair value	-	-	-	789,808	-	-	-	789,808
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	-	(369,000)	-	-	-	(369,000)
Net income for the period	-	-	-	-	-	10,487,940	272,127	10,760,067
Changes in non-controlling interests	-	-	-	-	-	-	1,178,378	1,178,378
Ordinary share dividends	-	-	-	-	-	(4,941,926)	-	(4,941,926)
Preference share dividends	-	-	-	-	-	(1,898,439)	-	(1,898,439)
Balance, September 30, 2014	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 9,708,749</u>	<u>\$ 40,500,000</u>	<u>\$ 55,266,959</u>	<u>\$ 18,458,160</u>	<u>\$ 154,573,231</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	-	-	-	865,455	-	-	-	865,455
Net income for the period	-	-	-	-	-	11,045,238	192,839	11,238,077
Changes in non-controlling interests	-	-	-	-	-	-	614,307	614,307
Distributions by subsidiaries	-	-	-	-	-	(10,986)	-	(10,986)
Ordinary share dividends	-	-	-	-	-	(4,941,926)	-	(4,941,926)
Preference share dividends	-	-	-	-	-	(1,898,439)	-	(1,898,439)
Balance, September 30, 2015	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 11,013,964</u>	<u>\$ 40,500,000</u>	<u>\$ 62,859,819</u>	<u>\$ 18,533,162</u>	<u>\$ 163,546,308</u>

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



**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Cash Flows**

For the nine months ended September 30, 2015  
with comparative figures for the nine months ended September 30, 2014  
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2015	9 Months Ended September 30, 2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 11,238,077	\$ 10,760,067
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(2,757,379)	307,124
Increase in provision for future policy benefits	14,553,112	17,303,342
Changes in loss provisions for loans and receivables	931,649	552,758
Depreciation and amortization charges	1,747,333	998,438
Net realized loss on fair value through income securities	-	18,114
Net realized (gain)/loss on sale of available-for-sale securities	(1,545)	369,000
Interest income	(22,946,020)	(23,032,961)
Dividend income	(1,612,153)	(1,677,125)
Operating cash flows before changes in operating assets and liabilities	<u>1,153,074</u>	<u>5,598,757</u>
Changes in operating assets and liabilities:		
Increase in other assets	(25,334,966)	(11,890,459)
Increase in other liabilities	<u>18,657,387</u>	<u>2,989,775</u>
Net cash used in operating activities	<u>(5,524,505)</u>	<u>(3,301,927)</u>

(Continued)

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

**COLINA HOLDINGS BAHAMAS LIMITED**  
**Unaudited Consolidated Statement of Cash Flows**

For the nine months ended September 30, 2015  
with comparative figures for the nine months ended September 30, 2014  
(Expressed in Bahamian dollars)

	<b>9 Months Ended September 30, 2015</b>	<b>9 Months Ended September 30, 2014</b>
<b>Cash flows from investing activities:</b>		
Changes in non-controlling interests	614,307	1,178,378
Increase in term deposits with original maturities greater than 90 days	(26,288,045)	(5,642,871)
Fair value through income securities purchased	(23,158,353)	(15,335,343)
Proceeds on disposal of fair value through income securities	12,932,613	3,047,756
Available-for-sale securities purchased	(8,822,978)	(8,484,597)
Proceeds on disposal of available-for-sale securities	7,136,293	3,231,127
Decrease in loans to policyholders	(436,551)	(1,893,414)
Additions to investment property	(5,789)	(45,120)
Net change in mortgage and commercial loans	3,854,677	4,416,496
Interest received	21,760,825	22,013,393
Dividends received	1,612,153	1,677,125
Additions to property and equipment	(398,262)	(184,890)
	<u>(11,199,110)</u>	<u>3,978,040</u>
Net cash (used in)/provided by investing activities		
<b>Cash flows used in financing activities:</b>		
Distributions by subsidiaries	(10,986)	-
Dividends to ordinary shareholders	(4,941,926)	(4,941,926)
Dividends to preference shareholders	(1,898,439)	(1,898,439)
	<u>(6,851,351)</u>	<u>(6,840,365)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(23,574,966)	(6,164,252)
Cash and cash equivalents, beginning of period	<u>48,823,947</u>	<u>39,808,922</u>
<b>Cash and cash equivalents, end of period (Note 3)</b>	<b><u>\$ 25,248,981</u></b>	<b><u>\$ 33,644,670</u></b>

(Concluded)

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

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

For the period ended September 30, 2015  
(Expressed in Bahamian dollars)

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**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 September 30, 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 September 30, 2015  
(Expressed in Bahamian dollars)

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**3. Cash and Cash Equivalents**

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

	September 30, 2015	September 30, 2014
Term deposits	\$ 46,280,513	\$ 44,658,414
Less: Deposits with original maturities of greater than 90 days	<u>(42,990,948)</u>	<u>(26,739,480)</u>
Short-term deposits	3,289,565	17,918,934
Cash and demand balances	25,921,094	17,229,163
Less: Bank overdraft	<u>(3,961,678)</u>	<u>(1,503,427)</u>
Total cash and cash equivalents	<u>\$ 25,248,981</u>	<u>\$ 33,644,670</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.

	9 Months Ended September 30, 2015	9 Months Ended September 30, 2014
Net income attributable to equity shareholders	<u>\$ 11,045,238</u>	<u>\$ 10,487,940</u>
Net income attributable to ordinary shareholders	<u>\$ 9,146,799</u>	<u>\$ 8,589,501</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.37</u>	<u>\$ 0.35</u>

	3 Months Ended September 30, 2015	3 Months Ended September 30, 2014
Net income attributable to equity shareholders	<u>\$ 3,907,426</u>	<u>\$ 3,441,609</u>
Net income attributable to ordinary shareholders	<u>\$ 3,274,613</u>	<u>\$ 2,808,796</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.13</u>	<u>\$ 0.11</u>

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

For the period ended September 30, 2015  
(Expressed in Bahamian dollars)

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**5. Borrowings and Loan to Affiliated Company**

During the period, the Company entered into a senior term loan facility (the FCIB Loan) with FirstCaribbean International Bank (Bahamas) Limited in the amount of \$15 million US Dollars at the interest rate of 3M LIBOR plus 2% per annum with interest due quarterly. The terms of the agreement require that the principal balance on the FCIB Loan be reduced to \$10 million by June 24, 2016. The remaining principal balance on the facility is due on maturity, December 24, 2016.

The proceeds of the \$15 million FCIB Loan were immediately used by the Company to issue a loan on the exact same interest and repayment terms to its affiliate, SBL Ltd. (Loan to SBL).

The FCIB Loan is collateralized by a pledge of assets owned by AF Holdings Ltd. along with guarantees by both AF Holdings Ltd. and SBL Ltd.

The FCIB Loan is included in "other liabilities" and the Loan to SBL is included in "receivables and other assets" on the consolidated balance sheet.

**6. Corresponding Figures**

The following corresponding figures have been reclassified to facilitate a more comparative basis of the financial statements based on current year presentation:

*Investment management and other fees*

Investment management and other fees totaling \$2,686,121 was reclassified from investment management and other fees to net investment income on the consolidated statement of operations.