

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2016
UNAUDITED**

Message from the Chairman

Dear Shareholders,

I am pleased to report that the Company has continued with its strong performance, achieving total net income of \$13.3 million for the 9 months ended September 30, 2016 compared to \$11.2 million in the prior period.

Net income attributable to the Company's ordinary shareholders increased to \$10.5 million or \$0.43 per ordinary share for the nine months ended September 30, 2016, compared to \$9.1 million or \$0.37 per ordinary share for the same period in the prior year.

Premium revenues in respect of the Company's participation in reinsurance facilities have declined compared to prior year, representing \$4.4 million of the decrease in gross premium revenues. Net policyholder benefits were lower than the prior year experience totalling \$59.3 million for the nine months ended September 30, 2016 compared to \$64.7 million. Net investment income totalled \$21.6 million, a decrease from \$25.8 million in the prior year due to fluctuations in mark to market adjustments.

Total equity grew by \$7.9 million to \$177.7 million at September 30, 2016 and is net of distributions to ordinary shareholders of \$5.4 million and to preference shareholders of \$2.0 million.

Total assets have increased to \$731.0 million as at September 30, 2016, compared to \$710.9 million as at December 31, 2015. Invested assets remain a significant proportion of the asset base, comprising 80.5% of total assets.

As always, Colina remains committed to growing our core businesses while delivering value to every stakeholder, and on behalf of the Board of Directors, I extend sincere thanks to our shareholders for their continued support.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at September 30, 2016 with comparative figures as at December 31, 2015
(Expressed in Bahamian dollars)

	September 30, 2016	December 31, 2015
ASSETS		
Term deposits	\$ 37,833,094	\$ 44,905,119
Investment securities and other financial assets	371,406,647	363,193,466
Mortgages and commercial loans	39,573,903	42,504,002
Policy loans	70,337,497	70,138,729
Investment properties	55,155,357	55,155,393
Investment in associates	14,185,934	12,067,214
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Total invested assets	588,492,432	587,963,923
Cash and demand balances	26,264,596	29,309,126
Receivables and other assets	80,516,572	56,609,050
Property and equipment	18,889,304	19,787,836
Goodwill	13,469,916	13,469,916
Other intangible assets	3,388,034	3,735,805
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Total assets	\$ 731,020,854	\$ 710,875,656
LIABILITIES		
Provision for future policy benefits	\$ 398,861,147	\$ 387,181,176
Policy dividends on deposit	27,778,629	27,783,495
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Total policy liabilities	426,639,776	414,964,671
Repurchase agreement	35,000,000	35,000,000
Other liabilities	91,656,151	91,117,762
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Total liabilities	553,295,927	541,082,433
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	12,414,349	10,753,156
Retained earnings	71,873,205	66,760,641
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Total ordinary shareholders' equity	114,926,917	108,153,160
Preference shares	42,500,000	42,500,000
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Total shareholders' equity	157,426,917	150,653,160
Non-controlling interests	20,298,010	19,140,063
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Total equity	177,724,927	169,793,223
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Total liabilities and equity	\$ 731,020,854	\$ 710,875,656

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, 2016
with comparative figures for the nine months ended September 30, 2015
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2016	9 Months Ended September 30, 2015
Revenues:		
Premium revenue	\$ 98,296,204	\$ 104,261,675
Less: Reinsurance premiums	<u>9,080,087</u>	<u>9,202,368</u>
Net premium revenue	89,216,117	95,059,307
Net investment income	21,617,981	25,801,356
Share of net gain of associates	2,118,720	1,542,852
Net commission income	2,534,626	2,316,917
Investment management and other fees	8,047,403	8,563,704
Other income	<u>2,520,202</u>	<u>1,666,495</u>
Total revenues	<u>126,055,049</u>	<u>134,950,631</u>
Benefits and expenses:		
Policyholders' benefits	64,500,611	69,495,964
Less: Reinsurance recoveries	<u>5,172,368</u>	<u>4,814,536</u>
Net policyholders' benefits	59,328,243	64,681,428
Changes in provision for future policy benefits	11,679,971	14,553,112
General and administrative expenses	29,660,683	32,419,166
Commissions	7,584,706	7,661,345
Premium and other tax expense	2,655,277	2,870,298
Finance costs	889,562	878,741
Other expenses	<u>991,643</u>	<u>648,464</u>
Total benefits and expenses	<u>112,790,085</u>	<u>123,712,554</u>
Net income for the period:	<u>\$ 13,264,964</u>	<u>\$ 11,238,077</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 12,540,873	\$ 11,045,238
Non-controlling interests	<u>724,091</u>	<u>192,839</u>
Net income for the period	<u>\$ 13,264,964</u>	<u>\$ 11,238,077</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.43</u>	<u>\$ 0.37</u>

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, 2016
with comparative figures for the nine months ended September 30, 2015
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2016	9 Months Ended September 30, 2015
Net income for the period	\$ 13,264,964	\$ 11,238,077
Other comprehensive gains:		
Change in available-for-sale financial assets	<u>1,661,193</u>	<u>865,455</u>
Total comprehensive income for the period	<u>\$ 14,926,157</u>	<u>\$ 12,103,532</u>
Attributable to:		
Equity shareholders of the Company	\$ 14,202,066	\$ 11,910,693
Non-controlling interests	<u>724,091</u>	<u>192,839</u>
Total comprehensive income for the period	<u>\$ 14,926,157</u>	<u>\$ 12,103,532</u>

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, 2016
with comparative figures for the three months ended September 30, 2015
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2016	3 Months Ended September 30, 2015
Revenues:		
Premium revenue	\$ 32,848,338	\$ 31,299,643
Less: Reinsurance premiums	3,387,331	3,041,433
Net premium revenue	29,461,007	28,258,210
Net investment income	7,037,729	9,124,779
Share of net gain of associates	911,683	613,191
Net commission income	910,540	791,889
Investment management and other fees	3,252,510	2,968,168
Other income	922,545	731,727
Total revenues	<u>42,496,014</u>	<u>42,487,964</u>
Benefits and expenses:		
Policyholders' benefits	22,375,317	19,741,804
Less: Reinsurance recoveries	1,653,557	742,698
Net policyholders' benefits	20,721,760	18,999,106
Changes in provision for future policy benefits	3,471,617	5,285,150
General and administrative expenses	10,733,765	10,401,627
Commissions	2,619,891	2,362,381
Premium and other tax expense	902,432	881,836
Finance costs	298,101	286,992
Other expenses	282,817	305,376
Total benefits and expenses	<u>39,030,383</u>	<u>38,522,468</u>
Net income for the period:	<u>\$ 3,465,631</u>	<u>\$ 3,965,496</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 3,104,844	\$ 3,907,426
Non-controlling interests	360,787	58,070
Net income for the period	<u>\$ 3,465,631</u>	<u>\$ 3,965,496</u>
Basic earnings per share (Note 4)	<u>\$ 0.10</u>	<u>\$ 0.13</u>

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, 2016
with comparative figures for the three months ended September 30, 2015
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2016	3 Months Ended September 30, 2015
Net income for the period	\$ 3,465,631	\$ 3,965,496
Other comprehensive gains:		
Change in available-for-sale financial assets	<u>332,915</u>	<u>219,155</u>
Total comprehensive income for the period	<u>\$ 3,798,546</u>	<u>\$ 4,184,651</u>
Attributable to:		
Equity shareholders of the Company	\$ 3,437,759	\$ 4,126,581
Non-controlling interests	<u>360,787</u>	<u>58,070</u>
Total comprehensive income for the period	<u>\$ 3,798,546</u>	<u>\$ 4,184,651</u>

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, 2016
with comparative figures for the nine months ended September 30, 2015
(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, 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>
Balance, January 1, 2016	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 10,753,156	\$ 42,500,000	\$ 66,760,641	\$ 19,140,063	\$ 169,793,223
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	1,661,193	-	-	-	1,661,193
Net income for the period	-	-	-	-	-	12,540,873	724,091	13,264,964
Changes in non-controlling interests	-	-	-	-	-	-	433,856	433,856
Ordinary share dividends	-	-	-	-	-	(5,436,121)	-	(5,436,121)
Preference share dividends	-	-	-	-	-	(1,992,188)	-	(1,992,188)
Balance, September 30, 2016	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 12,414,349</u>	<u>\$ 42,500,000</u>	<u>\$ 71,873,205</u>	<u>\$ 20,298,010</u>	<u>\$ 177,724,927</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, 2016
with comparative figures for the nine months ended September 30, 2015
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2016	9 Months Ended September 30, 2015
Cash flows from operating activities:		
Net income	\$ 13,264,964	\$ 11,238,077
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	2,651,468	(2,757,379)
Increase in provision for future policy benefits	11,679,971	14,553,112
Changes in loss provisions for loans and receivables	1,155,456	931,649
Depreciation and amortization charges	1,306,420	1,747,333
Net realized gain on fair value through income securities	(1,649,669)	-
Net realized loss/(gains) on sale of available-for-sale securities	1,435,762	(1,545)
Interest income	(24,271,134)	(22,946,020)
Dividend income	(1,712,265)	(1,612,153)
Operating cash flows before changes in operating assets and liabilities	<u>3,860,973</u>	<u>1,153,074</u>
Changes in operating assets and liabilities:		
Increase in other assets	(25,231,183)	(25,334,966)
(Decrease)/increase in other liabilities	<u>(4,276,914)</u>	<u>18,657,387</u>
Net cash used in operating activities	<u>(25,647,124)</u>	<u>(5,524,505)</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, 2016
with comparative figures for the nine months ended September 30, 2015
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2016	9 Months Ended September 30, 2015
Cash flows from investing activities:		
Changes in non-controlling interests	433,856	614,307
Decrease/(increase) in term deposits with original maturities greater than 90 days	11,626,569	(26,288,045)
Fair value through income securities purchased	(14,743,992)	(23,158,353)
Proceeds on disposal of fair value through income securities	13,027,576	12,932,613
Available-for-sale securities purchased	(11,968,604)	(8,822,978)
Proceeds on disposal of available-for-sale securities	4,695,470	7,136,293
Increase in loans to policyholders	(35,425)	(436,551)
Additions to investment property	36	(5,789)
Net change in mortgage and commercial loans	2,820,027	3,854,677
Interest received	22,267,349	21,760,825
Dividends received	1,712,265	1,612,153
Additions to property and equipment	(60,117)	(398,262)
	<u>29,775,010</u>	<u>(11,199,110)</u>
Net cash provided by/(used) in investing activities		
Cash flows used in financing activities:		
Distributions by subsidiaries	-	(10,986)
Dividend to ordinary shareholders	(5,436,121)	(4,941,926)
Dividends to preference shareholders	(1,992,188)	(1,898,439)
	<u>(7,428,309)</u>	<u>(6,851,351)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(3,300,423)	(23,574,966)
Cash and cash equivalents, beginning of period	<u>29,321,317</u>	<u>48,823,947</u>
	<u>\$ 26,020,894</u>	<u>\$ 25,248,981</u>
Cash and cash equivalents, end of period (Note 3)		

(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, 2016
(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 September 30, 2016 approximately 58.1% (2015: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2015: 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, 2016
(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:

	September 30, 2016	September 30, 2015
Term deposits	\$ 37,833,094	\$ 46,280,513
Less: Deposits with original maturities of greater than 90 days	<u>(33,006,687)</u>	<u>(42,990,948)</u>
Short-term deposits	4,826,407	3,289,565
Cash and demand balances	26,264,596	25,921,094
Less: Bank overdraft	<u>(5,070,109)</u>	<u>(3,961,678)</u>
Total cash and cash equivalents	<u>\$ 26,020,894</u>	<u>\$ 25,248,981</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, 2016	9 Months Ended September 30, 2015
Net income attributable to equity shareholders	<u>\$ 12,540,873</u>	<u>\$ 11,045,238</u>
Net income attributable to ordinary shareholders	<u>\$ 10,548,685</u>	<u>\$ 9,146,799</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.43</u>	<u>\$ 0.37</u>
	3 Months Ended September 30, 2016	3 Months Ended September 30, 2015
Net income attributable to equity shareholders	<u>\$ 3,104,844</u>	<u>\$ 3,907,426</u>
Net income attributable to ordinary shareholders	<u>\$ 2,440,782</u>	<u>\$ 3,274,613</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.10</u>	<u>\$ 0.13</u>

Dividends to the Company's shareholders are recognized as a liability in the period in which they are declared by the Board of Directors. Dividends paid by the Company to ordinary shareholders in the period totalled \$5,436,121 (\$0.22 per share) (2015: \$4,941,926 (\$0.20 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$1,992,188 (2015: \$1,898,439).

The Company does not have any dilutive shares.