

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2019
UNAUDITED**

Message from the Chairman

Dear Shareholders,

The Board of Directors is pleased to present the Company's results for the quarter ended March 31, 2019.

Total net income for the three months ended March 31, 2019 totalled \$4.0 million, compared with \$4.6 million during the same period in the prior year. Excluding preference share dividend distributions and non-controlling interests, net income attributable to the Company's ordinary shareholders was \$2.6 million or \$0.10 per ordinary share, compared to \$3.6 million or \$0.15 per ordinary share for the same period in the prior year.

Total revenues increased to \$45.7million compared to \$44.7 million for the three months ended March 31, 2018. The increase in revenues is attributed largely to an increase in net investment income which totalled \$10.6 million for the first quarter of 2019 up from \$7.7 million in the prior year. Premium revenues totalled \$32.9 million compared to \$34.7 million.

Benefits paid to policyholders totalled \$28.9 million for the 3 months ended March 31, 2019 compared to \$28.1 million for the same period in 2018. The Company has increased its policyholder reserves by \$5.3 million resulting in a provision for future policy benefits totalling \$440.3 million at March 31, 2019.

During the quarter, the Company continued with its strategies to direct funds towards the purchase of long-term investment securities. As a result, investment securities and other assets have increased by \$15.3 million to \$444.3 million at March 31, 2019 from \$429.0 million at December 31, 2018. Total assets stand at \$776.8 million, compared to \$759.9 million as at December 31, 2018. Invested assets remain the largest proportion of our total assets, which at March 31, 2019 comprised 80.0% of total assets.

The Board of Directors is also pleased to announce that the final dividend payment totalling \$4.0 million in respect of fiscal 2018 performance was declared for Class "A" Ordinary Shareholders. Also approved were preference shareholder dividend payments of \$0.6 million in respect of the first quarter of 2019.

Overall, we are pleased that the Company continues to maintain its balance sheet strength and we remained focused on achieving our targeted financial objectives over the long term. CHBL will continue to seek out opportunities which will enable the Company to deliver sustainable earnings in the future.



Terence Hilts
Chairman

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

As at March 31, 2019 with comparative figures as at December 31, 2018
(Expressed in Bahamian dollars)

	March 31, 2019	December 31, 2018
ASSETS		
Cash and demand balances	\$ 37,381,273	\$ 43,474,899
Term deposits	4,753,094	17,568,907
Investment securities and other financial assets	444,276,998	429,020,638
Receivables and other assets	88,538,046	66,264,018
Policy loans	68,314,869	69,443,735
Mortgages and commercial loans	27,937,832	28,480,688
Investment properties	59,836,417	59,461,743
Equity-accounted investees	16,477,553	16,619,083
Property and equipment	14,007,433	14,179,640
Goodwill	13,065,819	13,065,819
Other intangible assets	<u>2,228,798</u>	<u>2,344,722</u>
Total assets	<u>\$ 776,818,132</u>	<u>\$ 759,923,892</u>
LIABILITIES		
Provision for future policy benefits	\$ 440,299,556	\$ 434,961,581
Policy dividends on deposit	<u>27,903,774</u>	<u>27,901,230</u>
Total policy liabilities	468,203,330	462,862,811
Repurchase agreement	14,000,000	14,000,000
Other liabilities	<u>95,527,067</u>	<u>84,023,820</u>
Total liabilities	<u>577,730,397</u>	<u>560,886,631</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Contributed capital	5,960,299	5,960,299
Revaluation reserve	14,200,677	13,964,081
Retained earnings	<u>86,752,840</u>	<u>88,149,601</u>
Total ordinary shareholders' equity	131,643,429	132,803,594
Preference shares	<u>42,500,000</u>	<u>42,500,000</u>
Total shareholders' equity	174,143,429	175,303,594
Non-controlling interests	<u>24,944,306</u>	<u>23,733,667</u>
Total equity	<u>199,087,735</u>	<u>199,037,261</u>
Total liabilities and equity	<u>\$ 776,818,132</u>	<u>\$ 759,923,892</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Condensed Unaudited Statement of Profit or Loss and Other Comprehensive Income

For the three months ended March 31, 2019
with comparative figures for the three months ended March 31, 2018
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Revenues:		
Premium revenue	\$ 32,956,707	\$ 34,743,012
Less: Reinsurance premiums	<u>2,875,747</u>	<u>3,122,249</u>
Net premium revenue	30,080,960	31,620,763
Net investment income	10,582,200	7,678,412
Share of net (loss)/gain of associates	(141,530)	389,330
Net commission income	946,120	881,939
Investment management and other fees	3,468,522	3,141,551
Other income and fees	<u>779,643</u>	<u>945,217</u>
Total revenues	<u>45,715,915</u>	<u>44,657,212</u>
Benefits and expenses:		
Policyholders' benefits	28,996,426	28,112,983
Less: Reinsurance recoveries	<u>4,761,834</u>	<u>4,118,469</u>
Net policyholders' benefits	24,234,592	23,994,514
Changes in provision for future policy benefits	5,337,975	2,509,130
General and administrative expenses	8,597,779	9,543,481
Commission expense	2,044,727	2,202,121
Premium and other tax expense	1,009,461	1,311,192
Finance costs and interest	177,214	256,267
Other expenses	<u>294,849</u>	<u>285,303</u>
Total benefits and expenses	<u>41,696,597</u>	<u>40,102,008</u>
Net income for the period:	<u>\$ 4,019,318</u>	<u>\$ 4,555,204</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 3,170,915	\$ 4,247,661
Non-controlling interests	<u>848,403</u>	<u>307,543</u>
Net income for the period	<u>\$ 4,019,318</u>	<u>\$ 4,555,204</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.10</u>	<u>\$ 0.15</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Condensed Unaudited Statement of Profit or Loss and Other Comprehensive Income

For the three months ended March 31, 2019
with comparative figures for the three months ended March 31, 2018
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Net income for the period	\$ 4,019,318	\$ 4,555,204
Other comprehensive income:		
Change in available-for-sale financial assets	203,051	(583,445)
Total comprehensive income for the period	<u>\$ 4,222,369</u>	<u>\$ 3,971,759</u>
Attributable to:		
Equity shareholders of the Company	\$ 3,373,966	\$ 3,664,216
Non-controlling interests	848,403	307,543
Total comprehensive income for the period	<u>\$ 4,222,369</u>	<u>\$ 3,971,759</u>

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

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

For the three months ended March 31, 2019
with comparative figures for the three months ended March 31, 2018
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interests	Total Equity
Balance, January 1, 2018	\$ 24,729,613	\$ 5,960,299	\$ 15,228,318	\$ 42,500,000	\$ 83,741,479	\$ 22,172,296	\$ 194,332,005
Net loss on remeasurement of available-for-sale securities to fair value	-	-	(583,445)	-	-	-	(583,445)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	121,814	-	-	-	121,814
Net income for the period	-	-	-	-	4,247,661	307,543	4,555,204
Changes in non-controlling interests	-	-	-	-	-	(1,108,753)	(1,108,753)
Ordinary share dividend	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividend	-	-	-	-	(610,938)	-	(610,938)
Balance, March 31, 2018	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 14,766,687</u>	<u>\$ 42,500,000</u>	<u>\$ 83,421,464</u>	<u>\$ 21,371,086</u>	<u>\$ 192,749,149</u>
Balance, January 1, 2019	\$ 24,729,613	\$ 5,960,299	\$ 13,964,081	\$ 42,500,000	\$ 88,149,601	\$ 23,733,667	\$ 199,037,261
Net gain on remeasurement of available-for-sale securities to fair value	-	-	203,051	-	-	-	203,051
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	33,545	-	-	-	33,545
Net income for the period	-	-	-	-	3,170,915	848,403	4,019,318
Changes in non-controlling interests	-	-	-	-	-	362,236	362,236
Ordinary share dividend	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividend	-	-	-	-	(610,938)	-	(610,938)
Balance, March 31, 2019	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 14,200,677</u>	<u>\$ 42,500,000</u>	<u>\$ 86,752,840</u>	<u>\$ 24,944,306</u>	<u>\$ 199,087,735</u>

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

COLINA HOLDINGS BAHAMAS LIMITED
Condensed Unaudited Consolidated Statement of Cash Flows

For the three months ended March 31, 2019
with comparative figures for the three months ended March 31, 2018
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2018	3 Months Ended March 31, 2018
Cash flows from operating activities:		
Net income	\$ 4,019,318	\$ 4,555,204
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gains on fair value through income securities	(2,300,374)	809,273
Increase in provision for future policy benefits	5,337,975	2,509,130
Changes in loss provisions for loans and receivables	404,404	116,854
Depreciation and amortization charges	298,396	233,735
Net realized loss on fair value through income securities	11,112	102,549
Net realized gain on sale of available-for-sale securities	(11,112)	(117,243)
Interest income	(8,422,657)	(8,199,639)
Dividend income	(477,658)	(882,248)
Finance costs	472,065	541,570
Operating cash flows before changes in operating assets and liabilities	(668,531)	(330,815)
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	(20,808,113)	12,293,361
Increase in other liabilities	15,082,261	13,334,745
Net cash (used)/provided by in operating activities	<u>(6,394,383)</u>	<u>25,297,291</u>

(Continued)

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

COLINA HOLDINGS BAHAMAS LIMITED
Condensed Unaudited Consolidated Statement of Cash Flows

For the three months ended March 31, 2019
with comparative figures for the three months ended March 31, 2018
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2018	3 Months Ended March 31, 2018
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	12,815,813	1,240,293
Fair value through income securities purchased	(16,273,304)	(18,195,996)
Proceeds on disposal of fair value through income securities	7,694,374	15,560,436
Available-for-sale securities purchased	(12,211,209)	(6,947,275)
Proceeds on disposal of available-for-sale securities	8,070,749	3,778,113
Net decrease in loans to policyholders	1,089,723	517,558
Loan to SBL Ltd.	67,654	2,124,378
Net decrease in mortgage and commercial loans	431,342	1,385,126
Interest received	6,776,870	6,864,788
Dividends received	477,658	882,248
Additions to other Investment property	(374,674)	-
Additions to property and equipment	<u>(10,265)</u>	<u>(496,674)</u>
Net cash provided by investing activities	<u>8,554,731</u>	<u>6,712,995</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	362,236	(1,108,753)
Repayments on borrowings	(4,081,222)	(1,847)
Interest paid on guaranteed investment & other contracts	(472,065)	(541,570)
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividend to preference shareholders	<u>(610,938)</u>	<u>(610,938)</u>
Net cash used in financing activities	<u>(8,758,727)</u>	<u>(6,219,846)</u>
Net (decrease)/increase in cash and cash equivalents	(6,598,379)	25,790,440
Cash and cash equivalents, beginning of period	<u>41,988,547</u>	<u>52,432,068</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 35,390,168</u>	<u>\$ 78,222,508</u>

(Concluded)

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

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

For the period ended March 31, 2018
(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 Agents & 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, 2018 approximately 58.1% (2018: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2018: 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 Condensed Unaudited Consolidated Financial Statements

For the period ended March 31, 2018
(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, 2019	March 31, 2018
Term deposits	\$ 4,753,094	\$ 59,289,190
Less: Deposits with original maturities of greater than 90 days	<u>(4,480,337)</u>	<u>(49,028,005)</u>
Short-term deposits	272,757	10,261,185
Cash and demand balances	37,381,273	68,009,764
Less: Bank overdraft	<u>(2,263,862)</u>	<u>(48,441)</u>
Total cash and cash equivalents	<u>\$ 35,390,168</u>	<u>\$ 78,222,508</u>

4. Invested Assets

	March 31, 2019	December 31, 2018
Term deposits	4,753,094	17,568,907
Investment securities and other financial assets	444,276,998	429,020,638
Mortgages and commercial loans	27,937,832	28,480,688
Policy loans	68,314,869	69,443,735
Investment properties	59,836,417	59,461,743
Equity-accounted investees	<u>16,477,553</u>	<u>16,619,083</u>
Total invested assets	<u>\$ 621,596,763</u>	<u>\$ 620,594,794</u>

5. 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.

	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Net income attributable to equity shareholders	<u>\$ 3,170,915</u>	<u>\$ 4,247,661</u>
Net income attributable to ordinary shareholders	<u>\$ 2,559,977</u>	<u>\$ 3,636,723</u>
Weighted average number of ordinary shares outstanding	<u>24,729,613</u>	<u>24,729,613</u>
Basic earnings per ordinary share	<u>\$ 0.10</u>	<u>\$ 0.15</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 \$3,956,738 (\$0.16 per share) (2017: \$3,956,738 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$610,938 (2017: \$610,938).

The Company does not have any dilutive shares.