

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2021
UNAUDITED**

Message from the Chairman

Dear Shareholders,

For the nine months ended September 30, 2021, the Company recorded net income attributable to ordinary shareholders of \$12.4 million or \$0.50 per ordinary share. This compares to the net income attributable to ordinary shareholders of \$9.8 million and \$0.40 per ordinary share for the same period in 2020.

The results through September 30, 2021 continue to reflect the improved market conditions relative to 2020. Net investment income totals \$22.7 million for the 9 months ended September 30, 2021 compared to \$8.2 million for the same period in the prior year. The onset of the pandemic in 2020 contributed to significant mark to market valuation losses on investment securities negatively affecting the prior year's net investment income. Premium revenues are up, totalling \$96.4 million for the 9 months ended September 30, 2021, increasing by 2.2% over the prior year's gross written premiums of \$94.3 million.

The increases in net investment income and premium revenues resulted in revenues totalling \$127.1 million for the nine months ended September 30, 2021 compared to \$108.5 million for the same period in the prior year.

Net policyholders' benefits have increased through September 30, 2021 to \$64.4 million compared to \$60.1 million for the same period in the prior year. The September 2020 net benefits were below expected levels due to the business restrictions that were then implemented in response to the onset of the COVID-19 pandemic.

Additional reserves of \$8.0 million were booked during the period to increase the provision for future policy benefits to \$480.3 million from \$471.6 million at December 31, 2020.

During the period, the Company continued rebalancing its investment portfolio and facilitated some disposal of securities. Proceeds from these sales are reflected in the increase in cash at September 30, 2021, relative to December 31, 2020.

Total assets at September 30, 2021 were \$810.1 million with invested assets remaining the largest component of total assets, comprising 74.4% of total assets.

Shareholders' equity as at September 30, 2021 totalled \$181.9 million and is net of dividend distributions to the Class "A" preference shareholders through September 30, 2021 totalling \$1.8 million and dividends to the ordinary shareholders of \$5.4 million or \$0.22 per ordinary share.

Overall, the Company's financials continue to reflect the positive economic effects of the reopening of The Bahamas as it navigates the ongoing pandemic. CHBL remains focused on strategies that will further strengthen its balance sheet and capital position to provide the Company with the flexibility it needs to continue to meet the needs of policyholders and customers within this changing economic environment.



Terence Hilts
Chairman

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

At September 30, 2021 with corresponding figures as at December 31, 2020
(Expressed in Bahamian dollars)

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Cash and demand balances	3	\$ 46,768,119	\$ 31,271,815
Term deposits	3,4	7,012,198	15,660,104
Investment securities and other financial assets	4	435,962,753	443,758,594
Receivables and other assets		97,934,335	76,410,597
Reinsurance receivables		21,487,059	14,962,537
Reinsurance asset		17,415,206	16,687,479
Policy loans	4	66,586,791	67,471,882
Mortgages and commercial loans	4	21,457,869	23,493,544
Investment properties	4	56,609,849	56,609,849
Equity-accounted investees	4	15,372,854	14,997,768
Property and equipment		15,090,822	15,888,712
Goodwill		6,418,337	6,418,337
Other intangible assets		1,953,403	1,764,472
Total assets		\$ 810,069,595	\$ 785,395,690
LIABILITIES			
Provision for future policy benefits		\$ 480,344,827	\$ 471,585,838
Policy dividends on deposit		28,585,161	28,323,445
Total policy liabilities		508,929,988	499,909,283
Lease liabilities		3,429,926	4,048,056
Other liabilities		95,574,381	81,601,269
Total liabilities		607,934,295	585,558,608
EQUITY			
Ordinary shares		24,729,613	24,729,613
Share premium		5,960,299	5,960,299
Revaluation reserve		(772,103)	3,765,161
Retained earnings		109,476,115	102,530,695
Total ordinary shareholders' equity		139,393,924	136,985,768
Preference shares		42,500,000	42,500,000
Total shareholders' equity		181,893,924	179,485,768
Non-controlling interests		20,241,376	20,351,314
Total equity		202,135,300	199,837,082
Total liabilities and equity		\$ 810,069,595	\$ 785,395,690

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 nine months ended September 30, 2021
with corresponding figures for the nine months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Revenues:			
Premium revenue		\$ 96,403,539	\$ 94,285,687
Less: Reinsurance premiums		12,373,755	11,419,311
Net premium revenue		84,029,784	82,866,376
Net investment income		22,683,409	8,187,191
Share of net gain/(loss) of associates		747,042	(823,846)
Net commission income		3,192,739	2,804,426
Investment management and other fees		11,904,817	11,634,064
Other income and fees		4,495,088	3,879,187
Total revenues		<u>127,052,879</u>	<u>108,547,398</u>
Benefits and expenses:			
Policyholders' benefits		76,572,662	65,828,790
Less: Reinsurance recoveries		12,169,929	5,774,569
Net policyholders' benefits		64,402,733	60,054,221
Changes in provision for future policy benefits		8,031,262	(3,108,413)
General and administrative expenses		28,870,692	28,642,254
Commission expense		5,842,158	4,832,967
Premium and other tax expense		3,515,869	2,974,573
Finance costs and interest		1,060,762	1,071,717
Other expenses		661,519	656,490
Total benefits and expenses		<u>112,384,995</u>	<u>95,123,809</u>
Net income for the period:		<u>\$ 14,667,884</u>	<u>\$ 13,423,589</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 14,218,752	\$ 11,623,840
Non-controlling interests		449,132	1,799,749
Net income for the period		<u>\$ 14,667,884</u>	<u>\$ 13,423,589</u>
Basic earnings per ordinary share	5	<u>\$ 0.50</u>	<u>\$ 0.40</u>

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

For the nine months ended September 30, 2021
with corresponding figures for the nine months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Net income for the period		\$ 14,667,884	\$ 13,423,589
Other comprehensive gains/(losses):			
Items that are or will be subsequently be reclassified to profit or loss:			
Reclassification during the year to profit or loss		-	(693,223)
Share of OCI of Equity-Accounted Investees		(371,955)	(1,203,460)
Change in available-for-sale financial assets		(4,165,309)	(7,666,947)
Other comprehensive expense for the period		<u>(4,537,264)</u>	<u>(9,563,630)</u>
Total comprehensive income for the period		<u>\$ 10,130,620</u>	<u>\$ 3,859,959</u>
Attributable to:			
Equity shareholders of the Company		\$ 9,681,488	\$ 2,060,210
Non-controlling interests		449,132	1,799,749
Total comprehensive income for the period		<u>\$ 10,130,620</u>	<u>\$ 3,859,959</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.32</u>	<u>\$ 0.01</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 September 30, 2021
with corresponding figures for the three months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	3 Months Ended September 30 2021	3 Months Ended September 30 2020
Revenues:			
Premium revenue		\$ 31,866,527	\$ 33,609,931
Less: Reinsurance premiums		4,386,746	3,809,496
Net premium revenue		<u>27,479,781</u>	<u>29,800,435</u>
Net investment income		1,113,560	7,063,254
Share of net gain of associates		322,237	262,730
Net commission income		1,005,594	794,232
Investment management and other fees		3,842,457	4,257,357
Other income		<u>1,736,233</u>	<u>1,917,180</u>
Total revenues		<u>35,499,862</u>	<u>44,095,188</u>
Benefits and expenses:			
Policyholders' benefits		26,237,005	24,068,769
Less: Reinsurance recoveries		<u>4,889,009</u>	<u>2,675,736</u>
Net policyholders' benefits		21,347,996	21,393,033
Changes in provision for future policy benefits		(1,550,550)	3,919,043
General and administrative expenses		8,963,053	9,570,747
Commissions		2,017,456	1,524,940
Premium and other tax expense		1,162,195	996,190
Finance costs		348,700	354,578
Other expenses		<u>200,451</u>	<u>250,135</u>
Total benefits and expenses		<u>32,489,301</u>	<u>38,008,666</u>
Net income for the period:		<u>\$ 3,010,561</u>	<u>\$ 6,086,522</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 3,076,743	\$ 5,618,611
Non-controlling interests		<u>(66,182)</u>	<u>467,911</u>
Net income for the period		<u>\$ 3,010,561</u>	<u>\$ 6,086,522</u>
Basic earnings per share	5	<u>\$ 0.10</u>	<u>\$ 0.20</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 September 30, 2021
with corresponding figures for the three months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	3 Months Ended September 30 2021	3 Months Ended September 30 2020
Net income for the period		\$ 3,010,561	\$ 6,086,522
Other comprehensive gains/(losses):			
Items that are or will be subsequently be reclassified to profit or loss:			
Reclassification during the year to profit or loss		-	(421,644)
Share of OCI of Equity-Accounted Investees		(482,463)	(28,335)
Change in available-for-sale financial assets		(1,116,484)	(173,775)
Other comprehensive expense for the period		<u>\$ (1,598,947)</u>	<u>\$ (623,754)</u>
Total comprehensive income for the period		<u>\$ 1,411,614</u>	<u>\$ 5,462,768</u>
Attributable to:			
Equity shareholders of the Company		\$ 1,477,796	\$ 4,994,857
Non-controlling interests		(66,182)	467,911
Total comprehensive income for the period		<u>\$ 1,411,614</u>	<u>\$ 5,462,768</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.04</u>	<u>\$ 0.18</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 nine months ended September 30, 2021
with corresponding figures for the nine months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	Ordinary Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Preference Share Capital	Non-controlling Interests	Total Equity
Balance, January 1, 2020		\$ 24,729,613	\$ 5,960,299	\$ 14,317,456	\$ 90,209,720	\$ 42,500,000	\$ 19,664,160	\$ 197,381,248
Net loss on remeasurement of available-for-sale securities to fair value		-	-	(7,666,947)	-	-	-	(7,666,947)
Realized losses on available-for-sale securities		-	-	(693,223)	-	-	-	(693,223)
Share of OCI of Equity-Accounted Investees		-	-	(1,203,460)	-	-	-	(1,203,460)
Changes in non-controlling interests		-	-	-	-	-	(1,072,266)	(1,072,266)
Net income for the period		-	-	-	11,623,840	-	1,799,749	13,423,589
Ordinary share dividend	5	-	-	-	(5,440,518)	-	-	(5,440,518)
Preference share dividends	5	-	-	-	(1,832,814)	-	-	(1,832,814)
Balance, September 30, 2020		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 4,753,826</u>	<u>\$ 94,560,228</u>	<u>\$ 42,500,000</u>	<u>\$ 20,391,643</u>	<u>\$ 192,895,609</u>
Balance, January 1, 2021		\$ 24,729,613	\$ 5,960,299	\$ 3,765,161	\$ 102,530,695	\$ 42,500,000	\$ 20,351,314	\$ 199,837,082
Net loss on remeasurement of available-for-sale securities to fair value		-	-	(4,165,309)	-	-	-	(4,165,309)
Share of OCI of Equity-Accounted Investees		-	-	(371,955)	-	-	-	(371,955)
Changes in non-controlling interests		-	-	-	-	-	(559,070)	(559,070)
Net income for the period		-	-	-	14,218,752	-	449,132	14,667,884
Ordinary share dividend	5	-	-	-	(5,440,518)	-	-	(5,440,518)
Preference share dividends	5	-	-	-	(1,832,814)	-	-	(1,832,814)
Balance, September 30, 2021		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ (772,103)</u>	<u>\$ 109,476,115</u>	<u>\$ 42,500,000</u>	<u>\$ 20,241,376</u>	<u>\$ 202,135,300</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 nine months ended September 30, 2021
with corresponding figures for the nine months ended September 30, 2020
(Expressed in Bahamian dollars)

	Notes	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash flows from operating activities:			
Net income		\$ 14,667,884	\$ 13,423,589
Adjustments to reconcile net income to net cash used in operating activities:			
Change in unrealized loss on fair value through income securities		3,692,910	15,938,248
Increase/(decrease) in provision for future policy benefits net of reinsurance assets		8,031,262	(3,108,413)
Changes in loss provisions for loans and receivables		2,165,776	1,254,497
Depreciation and impairment/amortization charges		1,158,130	1,939,558
Net realized (gains)/losses on sale of available-for-sale securities		(175,899)	283,609
Interest income		(28,284,869)	(26,866,714)
Dividend income		(942,294)	(2,124,527)
Operating cash flows before changes in operating assets and liabilities		312,900	739,847
Changes in operating assets and liabilities:			
(Increase)/decrease in other assets		(26,579,143)	6,649,782
Increase in other liabilities		14,234,828	5,540,553
Net cash (used in)/provided by operating activities		(12,031,415)	12,930,182

(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 nine months ended September 30, 2021
with corresponding figures for the nine months ended September 30, 2020
(Expressed in Bahamian dollars)

	9 Months Ended September 30 2021	9 Months Ended September 30 2020
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	8,437,116	654,887
Fair value through income securities purchased	(13,093,616)	(14,023,116)
Proceeds on disposal of fair value through income securities	9,633,812	19,461,438
Available-for-sale securities purchased	(32,914,801)	(49,397,930)
Proceeds on disposal of available-for-sale securities	36,488,126	25,217,967
Repayment on loan to SBL Ltd.	-	1,611,642
Decrease in loans to policyholders	1,082,434	556,629
Disposal of investment property	-	1,341,251
Net change in mortgage and commercial loans	1,069,723	720,480
Interest received	24,671,544	23,054,503
Dividends received	942,294	2,124,527
Additions to property and equipment	(36,206)	(544,001)
Additions to other intangible assets	(512,965)	-
Net cash provided by investing activities	<u>35,767,461</u>	<u>10,778,276</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	(559,070)	(1,072,266)
Dividend to ordinary shareholders	(5,440,518)	(5,440,518)
Dividends to preference shareholders	(1,832,814)	(1,832,814)
Repayments of lease liabilities	(618,130)	(2,648,485)
Net cash used in financing activities	<u>(8,450,532)</u>	<u>(10,994,083)</u>
Net increase in cash and cash equivalents	15,285,514	12,714,375
Cash and cash equivalents, beginning of period	<u>33,984,653</u>	<u>43,963,172</u>
Cash and cash equivalents, end of period	3 <u><u>\$ 49,270,167</u></u>	<u><u>\$ 56,677,547</u></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 September 30, 2021
(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; Colina Financial Advisors Ltd. (“CFAL”), a wholly-owned financial services company; Indigo Insurance (Bahamas) Limited (“Indigo”) a wholly-owned general insurer.

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. Indigo is registered to operate as a general insurer in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At September 30, 2021 approximately 58.1% (December 31, 2020: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (December 31, 2020: 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.

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, 2021	September 30, 2020
Term deposits	\$ 7,012,198	\$ 15,015,690
Less: Deposits with original maturities of greater than 90 days	<u>(4,510,150)</u>	<u>(4,515,690)</u>
Short-term deposits	2,502,048	10,500,000
Cash and demand balances	<u>46,768,119</u>	<u>46,177,547</u>
Total cash and cash equivalents	<u>\$ 49,270,167</u>	<u>\$ 56,677,547</u>

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

For the period ended September 30, 2021
(Expressed in Bahamian dollars)

4. Invested Assets

The following represent the Company's total invested assets which are comprised of the following:

	September 30, 2021	December 31, 2020
Term deposits	\$ 7,012,198	\$ 15,660,104
Investment securities and other financial assets	435,962,753	443,758,594
Mortgages and commercial loans	21,457,869	23,493,544
Policy loans	66,586,791	67,471,882
Investment properties	56,609,849	56,609,849
Equity-accounted investees	15,372,854	14,997,768
Total invested assets	<u>\$ 603,002,314</u>	<u>\$ 621,991,741</u>

Invested assets comprise 74.4% of total assets at September 30, 2021 (December 31, 2020: 79.2%).

5. Earnings Per Share and Dividends Per 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. There were no treasury shares held by Colina as at September 30, 2021 (September 30, 2020: nil).

	9 Months Ended September 30, 2021	9 Months Ended September 30, 2020
Net income attributable to equity shareholders	<u>\$ 14,218,752</u>	<u>\$ 11,623,840</u>
Net income attributable to ordinary shareholders	<u>\$ 12,385,938</u>	<u>\$ 9,791,026</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.50</u>	<u>\$ 0.40</u>
	9 Months Ended September 30, 2021	9 Months Ended September 30, 2020
Comprehensive income attributable to equity shareholders	<u>\$ 9,681,488</u>	<u>\$ 2,060,210</u>
Comprehensive income attributable to ordinary shareholders	<u>\$ 7,848,674</u>	<u>\$ 227,396</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	<u>\$ 0.32</u>	<u>\$ 0.01</u>

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

For the period ended September 30, 2021
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2021	3 Months Ended September 30, 2020
Net income attributable to equity shareholders	<u>\$ 3,076,743</u>	<u>\$ 5,618,611</u>
Net income attributable to ordinary shareholders	<u>\$ 2,465,803</u>	<u>\$ 5,007,672</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.10</u>	<u>\$ 0.20</u>
	3 Months Ended September 30, 2021	3 Months Ended September 30, 2020
Comprehensive income attributable to equity shareholders	<u>\$ 1,477,796</u>	<u>\$ 4,994,857</u>
Comprehensive income attributable to ordinary shareholders	<u>\$ 866,856</u>	<u>\$ 4,383,918</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	<u>\$ 0.04</u>	<u>\$ 0.18</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. For the nine months ended September 30, 2021, dividends paid or accrued by the Company to ordinary shareholders in the period totalled \$5,440,518 (September 30, 2020: \$5,440,518). Dividends paid or accrued by the Company to the Class "A" preference shareholders during the period totalled \$1,832,814 (September 30, 2020: \$1,832,814).

The Company does not have any dilutive shares.

6. Corresponding figures

Certain corresponding figures have been reclassified to facilitate a more comparative basis of the financial statements based on the current year's presentation.