

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2022
UNAUDITED**

Message from the Chairman

Dear Shareholders,

For the six months ended June 30, 2022, the Company recorded net income attributable to ordinary shareholders of \$6.4 million or \$0.26 per ordinary share. During the same period in 2021, the net income attributable to ordinary shareholders was \$9.9 million or \$0.40 per ordinary share.

Comprehensive income attributable to the ordinary shareholders totalled \$7.0 million or \$0.28 per ordinary share for the first half of 2022. This is compared to comprehensive income attributable to the ordinary shareholders of \$6.9 million or \$0.28 per ordinary share for the same period in 2021.

Premium revenues total \$87.1 million for the 6 months ended June 30, 2022, increasing over the prior year's gross written premiums of \$64.5 million. In addition to the Company expanding into general insurance business, the increase in premium revenues is also attributable to a short-term medical insurance product. These new lines of business have contributed to the increase in net policyholder benefits which totalled \$48.3 million for the first half of 2022, compared to the \$43.0 million experienced for the same period in 2021.

Net investment income totals \$10.3 million for the 6 months ended June 30, 2022 compared to \$21.6 million for the same period in the prior year. The large change in net investment income is due to unrealized losses on certain investment securities being experienced in 2022 compared to net unrealized gains on investment security positions held during the same period in the prior year.

Additional net reserves of \$10.5 million were booked during the period. These additional reserves are included in the provision for future policy benefits net of the changes in reinsurance assets at June 30, 2022.

During the period, the Company received some significant repayments of certain of its receivable balances which resulted in the large cash balances held at quarter end. These assets are expected to be largely redirected, through the balance of the year, towards investment purchases aligned with the Company's long-term investment strategy.

Total assets at June 30, 2022 were \$858.3 million with invested assets remaining the largest component of total assets, comprising 70.0% of total assets.

Shareholders' equity as at June 30, 2022 totalled \$200.3 million and is net of a dividend distribution of \$3.9 million to its ordinary shareholders and dividend distributions to the Class "A" preference shareholders totalling \$1.2 million.

Generally, the Company's financials reflect continuing recovery from the COVID-19 pandemic, most notably the positive economic effects of the reopening of The Bahamas and related uptick in revenue and employment. CHBL's ongoing concentration on methods that fortify its balance sheet and capital position provides the Company with the flexibility necessary to facilitate the needs of policyholders and customers within these ever-changing fiscal conditions.



Terence Hilts
Chairman

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

At June 30, 2022 with corresponding figures as at December 31, 2021
(Expressed in Bahamian dollars)

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Cash and demand balances	3	\$ 95,052,924	\$ 31,923,719
Term deposits	3,4	7,950,539	7,450,539
Investment securities and other financial assets	4	445,549,268	431,662,321
Receivables and other assets		98,190,018	122,594,451
Reinsurance receivables		18,590,151	24,162,470
Reinsurance asset		19,101,081	18,423,301
Policy loans	4	65,626,128	66,128,152
Mortgages and commercial loans	4	17,891,455	19,711,150
Investment properties	4	58,678,854	58,458,824
Equity-accounted investees	4	5,131,260	15,471,354
Property and equipment		18,288,302	19,304,546
Goodwill		6,418,337	6,418,337
Other intangible assets		1,810,552	2,152,898
Total assets		\$ 858,278,869	\$ 823,862,062
LIABILITIES			
Provision for future policy benefits		\$ 491,821,166	\$ 479,304,732
Policy dividends on deposit		28,558,020	28,397,049
Total policy liabilities		520,379,186	507,701,781
Lease liabilities		2,893,576	3,246,348
Other liabilities		108,388,803	95,401,043
Total liabilities		631,661,565	606,349,172
EQUITY			
Ordinary shares		24,729,613	24,729,613
Share premium		5,960,299	5,960,299
Revaluation reserve		4,346,343	3,704,969
Retained earnings		122,795,681	120,364,345
Total ordinary shareholders' equity		157,831,936	154,759,226
Preference shares		42,500,000	42,500,000
Total shareholders' equity		200,331,936	197,259,226
Non-controlling interests		26,285,368	20,253,664
Total equity		226,617,304	217,512,890
Total liabilities and equity		\$ 858,278,869	\$ 823,862,062

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 six months ended June 30, 2022
with corresponding figures for the six months ended June 30, 2021
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Revenues:			
Premium revenue		\$ 87,135,805	\$ 64,537,012
Less: Reinsurance premiums		<u>15,825,939</u>	<u>7,987,009</u>
Net premium revenue		71,309,866	56,550,003
Net investment income		10,347,767	21,569,849
Share of net gain of associates		196,636	424,805
Net commission income		2,112,930	2,187,145
Investment management and other fees		7,830,376	8,062,360
Other income and fees		<u>2,906,224</u>	<u>2,758,855</u>
Total revenues		<u>94,703,799</u>	<u>91,553,017</u>
Benefits and expenses:			
Policyholders' benefits		58,215,400	50,335,657
Less: Reinsurance recoveries		<u>9,914,241</u>	<u>7,280,920</u>
Net policyholders' benefits		48,301,159	43,054,737
Changes in provision for future policy benefits		10,495,218	9,581,812
General and administrative expenses		19,872,109	19,907,639
Commission expense		4,835,140	3,824,702
Premium and other tax expense		3,096,569	2,353,674
Finance costs and interest		698,934	712,062
Other expenses		<u>509,235</u>	<u>461,068</u>
Total benefits and expenses		<u>87,808,364</u>	<u>79,895,694</u>
Net income for the period:		<u>\$ 6,895,435</u>	<u>\$ 11,657,323</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 7,609,948	\$ 11,142,009
Non-controlling interests		<u>(714,513)</u>	<u>515,314</u>
Net income for the period		<u>\$ 6,895,435</u>	<u>\$ 11,657,323</u>
Basic earnings per ordinary share	5	<u>\$ 0.26</u>	<u>\$ 0.40</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 six months ended June 30, 2022
with corresponding figures for the six months ended June 30, 2021
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Net income for the period		\$ 6,895,435	\$ 11,657,323
Other comprehensive gains/(losses):			
Items that are or will be subsequently be reclassified to profit or loss:			
Share of OCI of Equity-Accounted Investees		-	110,508
Change in available-for-sale financial assets		641,374	(3,048,825)
Other comprehensive expense for the period		641,374	(2,938,317)
Total comprehensive income for the period		<u>\$ 7,536,809</u>	<u>\$ 8,719,006</u>
Attributable to:			
Equity shareholders of the Company		\$ 8,251,322	\$ 8,203,692
Non-controlling interests		(714,513)	515,314
Total comprehensive income for the period		<u>\$ 7,536,809</u>	<u>\$ 8,719,006</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.28</u>	<u>\$ 0.28</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 June 30, 2022
with corresponding figures for the three months ended June 30, 2021
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021
Revenues:			
Premium revenue		\$ 43,898,587	\$ 32,790,294
Less: Reinsurance premiums		<u>7,677,925</u>	<u>4,008,284</u>
Net premium revenue		36,220,662	28,782,010
Net investment income		5,718,168	13,541,358
Share of net gain/(loss) of associates		89,470	224,679
Net commission income		1,063,855	1,076,483
Investment management and other fees		4,198,699	4,467,828
Other income		<u>1,411,872</u>	<u>1,486,725</u>
Total revenues		<u>48,702,726</u>	<u>49,579,083</u>
Benefits and expenses:			
Policyholders' benefits		29,792,576	24,984,309
Less: Reinsurance recoveries		<u>5,186,333</u>	<u>3,224,151</u>
Net policyholders' benefits		24,606,243	21,760,158
Changes in provision for future policy benefits		4,985,414	6,635,204
General and administrative expenses		10,655,374	10,404,172
Commissions		2,356,931	1,989,980
Premium and other tax expense		1,665,096	1,186,990
Finance costs		379,255	431,666
Other expenses		<u>284,461</u>	<u>160,172</u>
Total benefits and expenses		<u>44,932,774</u>	<u>42,568,342</u>
Net income for the period:		<u>\$ 3,769,952</u>	<u>\$ 7,010,741</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 4,034,136	\$ 6,592,699
Non-controlling interests		<u>(264,184)</u>	<u>418,042</u>
Net income for the period		<u>\$ 3,769,952</u>	<u>\$ 7,010,741</u>
Basic earnings per share	5	<u>\$ 0.14</u>	<u>\$ 0.22</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 June 30, 2022
with corresponding figures for the three months ended June 30, 2021
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021
Net income for the period		\$ 3,769,952	\$ 7,010,741
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		-	(3,397)
Share of OCI of Equity-Accounted Investees		-	128,675
Change in available-for-sale financial assets		930,549	(596,659)
Other comprehensive expense for the period		<u>\$ 930,549</u>	<u>\$ (471,381)</u>
Total comprehensive income for the period		<u>\$ 4,700,501</u>	<u>\$ 6,539,360</u>
Attributable to:			
Equity shareholders of the Company		\$ 4,964,685	\$ 6,121,318
Non-controlling interests		(264,184)	418,042
Total comprehensive income for the period		<u>\$ 4,700,501</u>	<u>\$ 6,539,360</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.18</u>	<u>\$ 0.20</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 six months ended June 30, 2022
with corresponding figures for the six months ended June 30, 2021
(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, 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		-	-	(3,048,825)	-	-	-	(3,048,825)
Share of OCI of Equity-Accounted Investees		-	-	110,508	-	-	-	110,508
Net income for the period		-	-	-	11,142,009	-	515,314	11,657,323
Ordinary share dividend	5	-	-	-	(3,956,738)	-	-	(3,956,738)
Preference share dividends	5	-	-	-	(1,221,874)	-	-	(1,221,874)
Balance, June 30, 2021		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 826,844</u>	<u>\$ 108,494,092</u>	<u>\$ 42,500,000</u>	<u>\$ 20,866,628</u>	<u>\$ 203,377,476</u>
Balance, January 1, 2022		\$ 24,729,613	\$ 5,960,299	\$ 3,704,969	\$ 120,364,345	\$ 42,500,000	\$ 20,253,664	\$ 217,512,890
Net gain on remeasurement of available-for-sale securities to fair value		-	-	641,374	-	-	-	641,374
Net income for the period		-	-	-	7,609,948	-	(714,513)	6,895,435
Changes in non-controlling interests		-	-	-	-	-	6,746,217	6,746,217
Ordinary share dividend	5	-	-	-	(3,956,738)	-	-	(3,956,738)
Preference share dividends	5	-	-	-	(1,221,874)	-	-	(1,221,874)
Balance, June 30, 2022		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 4,346,343</u>	<u>\$ 122,795,681</u>	<u>\$ 42,500,000</u>	<u>\$ 26,285,368</u>	<u>\$ 226,617,304</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 six months ended June 30, 2022
with corresponding figures for the six months ended June 30, 2021
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2020	6 Months Ended June 30, 2021
Cash flows from operating activities:			
Net income		\$ 7,609,948	\$ 11,657,323
Adjustments to reconcile net income to net cash used in operating activities:			
Change in unrealized loss/(gain) on fair value through income securities		7,353,233	(3,699,906)
Increase in provision for future policy benefits net of reinsurance assets		11,838,654	9,581,812
Changes in loss provisions for loans and receivables		555,862	979,087
Depreciation and impairment/amortization charges		733,695	790,668
Net realized losses on sale of available-for-sale securities		15,541	44,277
Interest income		(19,206,566)	(19,357,605)
Dividend income		(693,144)	(611,001)
Operating cash flows before changes in operating assets and liabilities		8,207,223	(615,345)
Changes in operating assets and liabilities:			
Decrease/(increase) in other assets		45,218,445	(3,536,730)
Increase in other liabilities		10,817,642	10,341,474
Net cash provided by operating activities		<u>64,243,310</u>	<u>6,189,399</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 six months ended June 30, 2022
with corresponding figures for the six months ended June 30, 2021
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2020	6 Months Ended June 30, 2021
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	416,143	8,428,259
Fair value through income securities purchased	(30,998,935)	(8,213,553)
Proceeds on disposal of fair value through income securities	22,959,630	7,888,507
Available-for-sale securities purchased	(21,758,229)	(16,706,213)
Proceeds on disposal of available-for-sale securities	9,183,188	23,255,932
Decrease in loans to policyholders	607,769	465,959
Net change in mortgage and commercial loans	1,236,326	846,010
Interest received	17,314,959	19,244,094
Dividends received	693,144	611,001
Additions to investment property	(220,020)	-
Additions to property and equipment	(132,257)	(49,585)
Additions to other intangible assets	-	(512,965)
	<u> </u>	<u> </u>
Net cash (used in)/provided by investing activities	(698,282)	35,257,446
Cash flows used in financing activities:		
Changes in non-controlling interests	6,031,704	-
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividends to preference shareholders	(1,221,874)	(1,221,874)
Repayments of lease liabilities	(352,772)	(1,188,937)
	<u> </u>	<u> </u>
Net cash (provided by)/used in financing activities	500,320	(6,367,549)
Net increase in cash and cash equivalents	64,045,348	35,079,296
Cash and cash equivalents, beginning of period	<u>34,439,108</u>	<u>33,984,653</u>
Cash and cash equivalents, end of period	3	3
	\$ <u>98,484,456</u>	\$ <u>69,063,949</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 June 30, 2022
(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 June 30, 2022 approximately 58.1% (2021: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2021: 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 June 30, 2022
(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:

	June 30, 2022	June 30, 2021
Term deposits	\$ 7,950,539	\$ 15,025,539
Less: Deposits with original maturities of greater than 90 days	<u>(4,519,007)</u>	<u>(4,519,007)</u>
Short-term deposits	3,431,532	10,506,532
Cash and demand balances	<u>95,052,924</u>	<u>58,557,417</u>
Total cash and cash equivalents	<u>\$ 98,484,456</u>	<u>\$ 69,063,949</u>

4. Invested Assets

	June 30, 2022	December 31, 2021
Term deposits	\$ 7,950,539	\$ 7,450,539
Investment securities and other financial assets	445,549,268	431,662,321
Mortgages and commercial loans	17,891,455	19,711,150
Policy loans	65,626,128	66,128,152
Investment properties	58,678,854	58,458,824
Equity-accounted investees	<u>5,131,260</u>	<u>15,471,354</u>
Total invested assets	<u>\$ 600,827,504</u>	<u>\$ 598,882,340</u>

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

For the period ended June 30, 2022
(Expressed in Bahamian dollars)

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 June 30, 2022 (June 30, 2021: nil).

	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Net income attributable to equity shareholders	\$ <u>7,609,948</u>	\$ <u>11,142,009</u>
Net income attributable to ordinary shareholders	\$ <u>6,388,074</u>	\$ <u>9,920,135</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.26</u>	\$ <u>0.40</u>
	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Comprehensive income attributable to equity shareholders	\$ <u>8,251,322</u>	\$ <u>8,203,692</u>
Comprehensive income attributable to ordinary shareholders	\$ <u>7,029,448</u>	\$ <u>6,981,818</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	\$ <u>0.28</u>	\$ <u>0.28</u>
	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021
Net income attributable to equity shareholders	\$ <u>4,034,136</u>	\$ <u>6,592,699</u>
Net income attributable to ordinary shareholders	\$ <u>3,423,199</u>	\$ <u>5,370,825</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.14</u>	\$ <u>0.22</u>
	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021
Comprehensive income attributable to equity shareholders	\$ <u>4,964,685</u>	\$ <u>6,121,318</u>
Comprehensive income attributable to ordinary shareholders	\$ <u>4,353,748</u>	\$ <u>4,899,444</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	\$ <u>0.18</u>	\$ <u>0.20</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 period ended June 30, 2022, dividends paid by the Company to ordinary shareholders in the period totaled \$3,956,738 (June 30, 2021: \$3,956,738). Dividends paid or accrued by the Company to the Class "A" preference shareholders during the period totalled \$1,221,874 (June 30, 2021: \$1,221,874). The Company does not have any dilutive shares.