

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Six Months Ended June 30, 2019  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

The Board of Directors is pleased to present the Company's results for the quarter ended June 30, 2019.

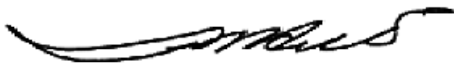
Total net income for the six months ended June 30, 2019 totalled \$8.9 million, compared with \$6.9 million during the same period in the prior year. Excluding preference share dividend distributions and non-controlling interests, net income attributable to the Company's ordinary shareholders was \$6.6 million or \$0.27 per ordinary share, compared to \$5.3 million or \$0.22 per ordinary share for the same period in the prior year.

Total revenues increased to \$91.0 million compared to \$84.1 million for the six months ended June 30, 2018. The increase in revenues is attributed largely to an increase in net investment income which totalled \$21.5 million for the first half of 2019 up from \$12.6 million in the prior year. Premium revenues totalled \$58.5 million compared to \$60.8 million for the six months ended June 30, 2018.

Benefits paid to policyholders totalled \$44.2 million for the 6 months ended June 30, 2019 compared to \$45.7 million for the same period in 2018. The Company has increased its policyholder reserves by \$12.1 million resulting in a provision for future policy benefits totalling \$447.1 million at June 30, 2019.

Colina's investment securities and other assets have increased by \$22.8 million to \$451.8 million at June 30, 2019 from \$429.0 million at December 31, 2018. Total assets stand at \$779.1 million, compared to \$759.9 million as at December 31, 2018. Invested assets remain the largest proportion of our total assets, which at June 30, 2019 comprised 80.6% of total assets.

Overall, we are pleased that the Company continues to maintain its balance sheet strength and we remain focused on achieving our targeted financial objectives over the long term. Colina Holdings Bahamas Limited will continue to pursue opportunities that 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 Income**

For the six months ended June 30, 2019  
with comparative figures for the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2019</b>	<b>6 Months Ended June 30, 2018</b>
<b>Revenues:</b>		
Premium revenue	\$ 65,283,272	\$ 67,493,807
Less: Reinsurance premiums	<u>6,815,321</u>	<u>6,649,984</u>
Net premium revenue	58,467,951	60,843,823
Net investment income	21,549,488	12,580,013
Share of net (loss)/gain of associates	(142,166)	563,685
Net commission income	1,966,529	1,972,032
Investment management and other fees	7,298,889	6,478,530
Other income	<u>1,848,527</u>	<u>1,716,522</u>
Total revenues	<u>90,989,218</u>	<u>84,154,605</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	51,349,854	52,791,639
Less: Reinsurance recoveries	<u>7,143,855</u>	<u>7,102,579</u>
Net policyholders' benefits	44,205,999	45,689,060
Changes in provision for future policy benefits	12,116,155	5,483,828
General and administrative expenses	18,844,889	18,578,909
Commissions	4,063,639	4,460,738
Premium and other tax expense	1,813,931	1,843,414
Finance costs	592,323	571,819
Other expenses	<u>405,117</u>	<u>661,980</u>
Total benefits and expenses	<u>82,042,053</u>	<u>77,289,748</u>
<b>Net income for the period:</b>	<b><u>\$ 8,947,165</u></b>	<b><u>\$ 6,864,857</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 7,802,694	\$ 6,545,502
Non-controlling interests	<u>1,144,471</u>	<u>319,355</u>
<b>Net income for the period</b>	<b><u>\$ 8,947,165</u></b>	<b><u>\$ 6,864,857</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.27</u></b>	<b><u>\$ 0.22</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 six months ended June 30, 2019  
with comparative figures for the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

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	<b>6 Months Ended June 30, 2019</b>	<b>6 Months Ended June 30, 2018</b>
<b>Net income for the period</b>	\$ 8,947,165	\$ 6,864,857
<b>Other comprehensive gains/(losses):</b>		
Change in available-for-sale financial assets	10,554	(2,253,779)
<b>Total comprehensive income for the period</b>	<b><u>\$ 8,957,719</u></b>	<b><u>\$ 4,611,078</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 7,813,248	\$ 4,291,723
Non-controlling interests	1,144,471	319,355
<b>Total comprehensive income for the period</b>	<b><u>\$ 8,957,719</u></b>	<b><u>\$ 4,611,078</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 June 30, 2019  
with comparative figures for the three months ended June 30, 2018  
(Expressed in Bahamian dollars)

	<b>3 Months Ended June 30, 2019</b>	<b>3 Months Ended June 30, 2018</b>
<b>Revenues:</b>		
Premium revenue	\$ 32,326,565	\$ 32,750,795
Less: Reinsurance premiums	<u>3,939,574</u>	<u>3,527,735</u>
Net premium revenue	28,386,991	29,223,060
Net investment income	10,967,288	4,901,601
Share of net (loss)/gain of associates	(636)	174,355
Net commission income	1,020,409	1,090,093
Investment management and other fees	3,830,367	3,336,979
Other income	<u>1,068,884</u>	<u>771,305</u>
Total revenues	<u>45,273,303</u>	<u>39,497,393</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	22,353,428	24,678,656
Less: Reinsurance recoveries	<u>2,382,021</u>	<u>2,984,110</u>
Net policyholders' benefits	19,971,407	21,694,546
Changes in provision for future policy benefits	6,778,180	2,974,698
General and administrative expenses	10,247,110	9,035,428
Commissions	2,018,912	2,258,617
Premium and other tax expense	804,470	532,222
Finance costs	415,109	315,552
Other expenses	<u>110,268</u>	<u>376,677</u>
Total benefits and expenses	<u>40,345,456</u>	<u>37,187,740</u>
<b>Net income for the period:</b>	<b><u>\$ 4,927,847</u></b>	<b><u>\$ 2,309,653</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,631,779	\$ 2,297,841
Non-controlling interests	<u>296,068</u>	<u>11,812</u>
<b>Net income for the period</b>	<b><u>\$ 4,927,847</u></b>	<b><u>\$ 2,309,653</u></b>
<b>Basic earnings per share (Note 4)</b>	<b><u>\$ 0.16</u></b>	<b><u>\$ 0.07</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 June 30, 2019  
with comparative figures for the three months ended June 30, 2018  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended June 30, 2019</b>	<b>3 Months Ended June 30, 2018</b>
<b>Net income for the period</b>	\$ 4,927,847	\$ 2,309,653
<b>Other comprehensive losses:</b>		
Change in available-for-sale financial assets	(192,497)	(1,670,334)
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,735,350</u></b>	<b><u>\$ 639,319</u></b>
Attributable to:		
Equity shareholders of the Company	\$ 4,439,282	\$ 627,507
Non-controlling interests	296,068	11,812
<b>Total comprehensive income for the period</b>	<b><u>\$ 4,735,350</u></b>	<b><u>\$ 639,319</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 six months ended June 30, 2019  
with comparative figures for the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Share Premium	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	-	-	(2,253,779)	-	-	-	(2,253,779)
Realized gains on available-for-sale securities	-	-	90,696	-	-	-	90,696
Net income for the period	-	-	-	-	6,545,502	319,355	6,864,857
Changes in non-controlling interests	-	-	-	-	-	(673,434)	(673,434)
Ordinary share dividend	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividends	-	-	-	-	(1,221,876)	-	(1,221,876)
Balance, June 30, 2018	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 13,065,235</u>	<u>\$ 42,500,000</u>	<u>\$ 85,108,367</u>	<u>\$ 21,818,217</u>	<u>\$ 193,181,731</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	-	-	10,554	-	-	-	10,554
Reclassification during the year to profit and loss	-	-	244,783	-	-	-	244,783
Net income for the period	-	-	-	-	7,802,694	1,144,471	8,947,165
Changes in non-controlling interests	-	-	-	-	-	394,964	394,964
Ordinary share dividend	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividends	-	-	-	-	(1,221,876)	-	(1,221,876)
Balance, June 30, 2019	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 14,219,418</u>	<u>\$ 42,500,000</u>	<u>\$ 90,773,681</u>	<u>\$ 25,273,102</u>	<u>\$ 203,456,113</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 six months ended June 30, 2019  
with comparative figures for the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2019</b>	<b>6 Months Ended June 30, 2018</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 8,947,165	\$ 6,864,857
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized (gain)/loss on fair value through income securities	(4,296,332)	3,403,955
Increase in provision for future policy benefits	12,116,155	5,483,828
Changes in loss provisions for loans and receivables	696,045	827,411
Depreciation and amortization charges	843,586	264,926
Net realized loss on fair value through income securities	244,816	34,614
Interest income	(17,389,681)	(16,205,287)
Dividend income	<u>(1,495,082)</u>	<u>(1,086,400)</u>
Operating cash flows before changes in operating assets and liabilities	(333,328)	(412,096)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(9,691,045)	3,794,819
Increase in other liabilities	<u>6,266,574</u>	<u>4,225,906</u>
Net cash (used in)/provided by operating activities	<u>(3,757,799)</u>	<u>7,608,629</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 six months ended June 30, 2019  
with comparative figures for the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

	<b>6 Months Ended June 30, 2019</b>	<b>6 Months Ended June 30, 2018</b>
<b>Cash flows from investing activities:</b>		
Changes in non-controlling interests	394,964	(673,434)
Decrease/(increase) in term deposits with original maturities greater than 90 days	12,809,348	(14,385,571)
Fair value through income securities purchased	(29,026,896)	(24,568,824)
Proceeds on disposal of fair value through income securities	16,024,471	16,094,246
Available-for-sale securities purchased	(34,403,901)	(30,557,772)
Proceeds on disposal of available-for-sale securities	28,959,387	4,747,883
Repayment on loan to SBL Ltd.	67,654	2,063,762
Decrease in loans to policyholders	1,222,214	211,025
Disposal of investment property	(399,795)	-
Net change in mortgage and commercial loans	1,300,308	2,957,436
Interest received	16,691,558	15,166,808
Dividends received	1,495,082	1,086,400
Additions to property and equipment	(348,732)	(348,732)
Net cash provided by/(used in) by investing activities	<u>14,785,662</u>	<u>(28,206,773)</u>
<b>Cash flows used in financing activities:</b>		
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividends to preference shareholders	(1,221,876)	(1,221,876)
Repayments on borrowings	(4,081,222)	-
Net cash used in financing activities	<u>(9,259,836)</u>	<u>(5,178,614)</u>
Net increase/(decrease) in cash and cash equivalents	1,768,027	(25,776,758)
Cash and cash equivalents, beginning of period	<u>41,988,547</u>	<u>52,432,068</u>
<b>Cash and cash equivalents, end of period (Note 3)</b>	<b><u>\$ 43,756,574</u></b>	<b><u>\$ 26,655,310</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 June 30, 2019  
(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 June 30, 2019 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 Unaudited Consolidated Financial Statements**

For the period ended June 30, 2019  
(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:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Term deposits	\$ 4,759,558	\$ 64,926,558
Less: Deposits with original maturities of greater than 90 days	<u>(4,486,802)</u>	<u>(64,653,869)</u>
Short-term deposits	272,756	272,689
Cash and demand balances	45,747,680	30,140,177
Less: Bank overdraft	<u>(2,263,862)</u>	<u>(3,757,556)</u>
Total cash and cash equivalents	<u>\$ 43,756,574</u>	<u>\$ 26,655,310</u>

**4. Invested Assets**

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Term deposits	4,759,558	17,568,907
Investment securities and other financial assets	451,774,431	429,020,638
Mortgages and commercial loans	26,836,061	28,480,688
Policy loans	68,279,652	69,443,735
Investment properties	59,861,538	59,461,743
Equity-accounted investees	<u>16,476,917</u>	<u>16,619,083</u>
Total invested assets	<u>\$ 627,988,157</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.

	<b>6 Months Ended June 30, 2019</b>	<b>6 Months Ended June 30, 2018</b>
Net income attributable to equity shareholders	<u>\$ 7,802,694</u>	<u>\$ 6,545,502</u>
Net income attributable to ordinary shareholders	<u>\$ 6,580,818</u>	<u>\$ 5,323,626</u>
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.27</u>	<u>\$ 0.22</u>

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

For the period ended June 30, 2019  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended June 30, 2019</b>	<b>3 Months Ended June 30, 2018</b>
Net income attributable to equity shareholders	\$ 4,631,779	\$ 2,297,841
Net income attributable to ordinary shareholders	<u>\$ 4,020,841</u>	<u>\$ 1,686,903</u>
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.16</u>	<u>\$ 0.07</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) (2018: \$3,956,738 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$1,221,876 (2018: \$1,221,876).

The Company does not have any dilutive shares.