

Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2017
UNAUDITED

Message from the Chairman

Dear Shareholders,

The Board of Directors is pleased to present the Company's results for the six months ended June 30, 2017. The Company's financial results continue to trend positively, showing steady growth in net income and earnings per share.

Total net income for the six months ended June 30, 2017 totalled \$9.8 million, compared with \$9.4 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders was \$8.6 million or \$0.35 per ordinary share, compared to \$8.1 million or \$0.33 per ordinary share for the same period in the prior year.

Total revenues for the six months ended June 30, 2017 increased to \$84.1 million from \$83.6 million in the prior year, as a result of the Company's strategies to diversify its income streams. Gross premium revenues remain the most significant contributor to total revenues comprising \$64.7 million compared to \$65.4 million for the six months ended June 30, 2016. From an expense perspective, gross policyholder benefits were higher than prior year totalling \$49.0 million for the six months ended June 30, 2017 due to increased claims experience. Net investment income for the first half of 2017 totalled \$13.9 million compared to \$14.6 million for the six months ended June 30, 2016.

Our high quality investments and disciplined execution of our strategies continue to fortify the Company's balance sheet. Total assets stand at \$743.4 million, compared to \$726.6 million as at December 31, 2016. The Board of Directors is pleased to have been able to approve ordinary and preference shareholder dividend payments of \$4.0 million and \$1.2 million respectively during the first half of 2017. We will continue our long-term strategy to direct funds in investments in high quality, fixed-income securities to ensure that invested assets remain the largest proportion of our total assets which at June 30, 2017 comprised 77.4% of total assets.

We are pleased that the Company has been able to produce continued strong financial and operating results in the current economic environment and will continue to seek out opportunities which will enable the Company to deliver sustainable earnings in the future.

As always, I speak for the Board of Directors in thanking our shareholders for their respect and loyalty. Colina remains committed to continue our growth in our core businesses while delivering value to every stakeholder.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at June 30, 2017 with comparative figures as at December 31, 2016
(Expressed in Bahamian dollars)

	June 30, 2017	December 31, 2016
ASSETS		
Term deposits	\$ 22,243,014	\$ 25,940,507
Investment securities and other financial assets	375,402,664	368,797,947
Mortgages and commercial loans	37,903,347	39,534,099
Policy loans	69,503,074	70,053,596
Investment properties	55,720,002	55,720,002
Investment in associates	<u>14,852,270</u>	<u>13,921,852</u>
Total invested assets	575,624,371	573,968,003
Cash and demand balances	23,482,656	18,766,968
Receivables and other assets	109,868,814	98,612,207
Property and equipment	18,034,720	18,589,716
Goodwill	13,371,374	13,371,374
Other intangible assets	<u>3,040,263</u>	<u>3,272,110</u>
Total assets	<u>\$ 743,422,198</u>	<u>\$ 726,580,378</u>
LIABILITIES		
Provision for future policy benefits	\$ 409,178,356	\$ 404,115,806
Policy dividends on deposit	<u>28,193,215</u>	<u>27,896,992</u>
Total policy liabilities	437,371,571	432,012,798
Repurchase agreement	28,000,000	28,000,000
Other liabilities	<u>91,764,895</u>	<u>85,195,297</u>
Total liabilities	<u>557,136,466</u>	<u>545,208,095</u>
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	12,378,595	12,492,293
Retained earnings	<u>79,651,269</u>	<u>75,020,518</u>
Total ordinary shareholders' equity	122,669,227	118,152,174
Preference shares	<u>42,500,000</u>	<u>42,500,000</u>
Total shareholders' equity	165,169,227	160,652,174
Non-controlling interests	<u>21,116,505</u>	<u>20,720,109</u>
Total equity	<u>186,285,732</u>	<u>181,372,283</u>
Total liabilities and equity	<u>\$ 743,422,198</u>	<u>\$ 726,580,378</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 six months ended June 30, 2017
with comparative figures for the six months ended June 30, 2016
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2017	6 Months Ended June 30, 2016
Revenues:		
Premium revenue	\$ 64,738,448	\$ 65,447,866
Less: Reinsurance premiums	<u>6,100,272</u>	<u>5,692,756</u>
Net premium revenue	58,638,176	59,755,110
Net investment income	13,929,471	14,580,252
Share of net gain of associates	930,418	1,207,037
Net commission income	1,722,736	1,624,086
Investment management and other fees	6,780,827	4,794,893
Other income	<u>2,126,830</u>	<u>1,597,657</u>
Total revenues	<u>84,128,458</u>	<u>83,559,035</u>
Benefits and expenses:		
Policyholders' benefits	49,016,236	42,125,294
Less: Reinsurance recoveries	<u>7,242,272</u>	<u>3,518,811</u>
Net policyholders' benefits	41,773,964	38,606,483
Changes in provision for future policy benefits	5,062,550	8,208,354
General and administrative expenses	19,276,211	18,926,918
Commissions	4,675,511	4,964,815
Premium and other tax expense	1,773,971	1,752,845
Finance costs	556,997	591,461
Other expenses	<u>572,939</u>	<u>708,826</u>
Total benefits and expenses	<u>73,692,143</u>	<u>73,759,702</u>
Net income for the period:	<u>\$ 10,436,315</u>	<u>\$ 9,799,333</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 9,810,544	\$ 9,436,029
Non-controlling interests	<u>625,771</u>	<u>363,304</u>
Net income for the period	<u>\$ 10,436,315</u>	<u>\$ 9,799,333</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.35</u>	<u>\$ 0.33</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 six months ended June 30, 2017
with comparative figures for the six months ended June 30, 2016
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2017	6 Months Ended June 30, 2016
Net income for the period	\$ 10,436,315	\$ 9,799,333
Other comprehensive gains:		
Change in available-for-sale financial assets	(113,698)	1,328,278
Total comprehensive income for the period	<u>\$ 10,322,617</u>	<u>\$ 11,127,611</u>
Attributable to:		
Equity shareholders of the Company	\$ 9,696,846	\$ 10,764,307
Non-controlling interests	625,771	363,304
Total comprehensive income for the period	<u>\$ 10,322,617</u>	<u>\$ 11,127,611</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 June 30, 2017
with comparative figures for the three months ended June 30, 2016
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2017	3 Months Ended June 30, 2016
Revenues:		
Premium revenue	\$ 32,208,289	\$ 32,395,375
Less: Reinsurance premiums	<u>3,005,640</u>	<u>2,681,185</u>
Net premium revenue	29,202,649	29,714,190
Net investment income	8,509,581	7,729,337
Share of net gain of associates	606,410	545,533
Net commission income	987,560	778,362
Investment management and other fees	3,798,028	1,988,287
Other income	<u>850,091</u>	<u>1,560,399</u>
Total revenues	<u>43,954,319</u>	<u>42,316,108</u>
Benefits and expenses:		
Policyholders' benefits	25,279,681	21,412,555
Less: Reinsurance recoveries	<u>3,711,639</u>	<u>1,215,942</u>
Net policyholders' benefits	21,568,042	20,196,613
Changes in provision for future policy benefits	4,286,784	4,421,774
General and administrative expenses	10,048,889	9,440,144
Commissions	2,381,615	2,533,948
Premium and other tax expense	229,972	831,416
Finance costs	269,984	242,696
Other expenses	<u>314,280</u>	<u>407,061</u>
Total benefits and expenses	<u>39,099,566</u>	<u>38,073,652</u>
Net income for the period:	<u>\$ 4,854,753</u>	<u>\$ 4,242,456</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,572,539	\$ 4,008,920
Non-controlling interests	<u>282,214</u>	<u>233,536</u>
Net income for the period	<u>\$ 4,854,753</u>	<u>\$ 4,242,456</u>
Basic earnings per share (Note 4)	<u>\$ 0.15</u>	<u>\$ 0.14</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 June 30, 2017
with comparative figures for the three months ended June 30, 2016
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2017	3 Months Ended June 30, 2016
Net income for the period	\$ 4,854,753	\$ 4,242,456
Other comprehensive gains:		
Change in available-for-sale financial assets	55,220	725,793
Total comprehensive income for the period	<u>\$ 4,909,973</u>	<u>\$ 4,968,249</u>
Attributable to:		
Equity shareholders of the Company	\$ 4,627,759	\$ 4,734,713
Non-controlling interests	282,214	233,536
Total comprehensive income for the period	<u>\$ 4,909,973</u>	<u>\$ 4,968,249</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 six months ended June 30, 2017
with comparative figures for the six months ended June 30, 2016
(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, 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	-	-	-	1,328,278	-	-	-	1,328,278
Net income for the period	-	-	-	-	-	9,436,029	363,304	9,799,333
Changes in non-controlling interests	-	-	-	-	-	-	189,997	189,997
Ordinary share dividend	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividends	-	-	-	-	-	(1,328,126)	-	(1,328,126)
Balance, June 30, 2016	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 12,081,434</u>	<u>\$ 42,500,000</u>	<u>\$ 70,911,806</u>	<u>\$ 19,693,364</u>	<u>\$ 175,825,967</u>
Balance, January 1, 2017	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 12,492,293	\$ 42,500,000	\$ 75,020,518	\$ 20,720,109	\$ 181,372,283
Net loss on remeasurement of available-for-sale securities to fair value	-	-	-	(113,698)	-	-	-	(113,698)
Net income for the period	-	-	-	-	-	9,810,544	625,771	10,436,315
Changes in non-controlling interests	-	-	-	-	-	-	(229,375)	(229,375)
Ordinary share dividend	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividends	-	-	-	-	-	(1,223,055)	-	(1,223,055)
Balance, June 30, 2017	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 12,378,595</u>	<u>\$ 42,500,000</u>	<u>\$ 79,651,269</u>	<u>\$ 21,116,505</u>	<u>\$ 186,285,732</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, 2017
with comparative figures for the six months ended June 30, 2016
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2017	6 Months Ended June 30, 2016
Cash flows from operating activities:		
Net income	\$ 10,436,315	\$ 9,799,333
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss on fair value through income securities	1,886,009	1,333,969
Increase in provision for future policy benefits	5,062,550	8,208,354
Changes in loss provisions for loans and receivables	895,234	877,770
Depreciation and amortization charges	786,843	920,997
Net realized loss on fair value through income securities	-	33,370
Net realized gains on sale of available-for-sale securities	(91,616)	(16,685)
Interest income	(16,444,307)	(15,917,819)
Dividend income	<u>(1,081,341)</u>	<u>(1,101,414)</u>
Operating cash flows before changes in operating assets and liabilities	1,449,687	4,137,875
Changes in operating assets and liabilities:		
Increase in other assets	(12,395,705)	(19,061,300)
Increase\decrease) in other liabilities	<u>4,112,663</u>	<u>(6,174,251)</u>
Net cash used in operating activities	<u>(6,833,355)</u>	<u>(21,097,676)</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, 2017
with comparative figures for the six months ended June 30, 2016
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2017	6 Months Ended June 30, 2016
Cash flows from investing activities:		
Changes in non-controlling interests	(229,375)	189,997
Decrease in term deposits with original maturities greater than 90 days	4,179,817	733,164
Fair value through income securities purchased	(25,144,483)	(8,388,703)
Proceeds on disposal of fair value through income securities	16,442,900	11,041,335
Available-for-sale securities purchased	(2,622,799)	(2,505,231)
Proceeds on disposal of available-for-sale securities	2,811,575	827,157
Decrease in loans to policyholders	560,320	180,214
Disposal of investment property	-	36
Net change in mortgage and commercial loans	1,332,690	1,817,616
Interest received	16,046,017	14,842,860
Dividends received	1,081,341	1,101,414
Additions to property and equipment	-	(60,117)
Net cash provided by investing activities	<u>14,458,003</u>	<u>19,779,742</u>
Cash flows used in financing activities:		
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividends to preference shareholders	<u>(1,223,055)</u>	<u>(1,328,126)</u>
Net cash used in financing activities	<u>(5,179,793)</u>	<u>(5,284,864)</u>
Net increase/(decrease) in cash and cash equivalents	2,444,855	(6,602,798)
Cash and cash equivalents, beginning of period	<u>17,783,065</u>	<u>29,321,317</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 20,227,920</u>	<u>\$ 22,718,519</u>

(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, 2017
(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 June 30, 2017 approximately 58.1% (2016: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2016: 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, 2017
(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, 2017	June 30, 2016
Term deposits	\$ 22,243,015	\$ 44,172,090
Less: Deposits with original maturities of greater than 90 days	<u>(21,439,551)</u>	<u>(43,900,092)</u>
Short-term deposits	803,464	271,998
Cash and demand balances	23,482,656	33,185,440
Less: Bank overdraft	<u>(4,058,200)</u>	<u>(10,738,919)</u>
Total cash and cash equivalents	<u><u>\$ 20,227,920</u></u>	<u><u>\$ 22,718,519</u></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.

	2017	2016
Net income attributable to equity shareholders	\$ 9,810,544	\$ 9,436,029
Net income attributable to ordinary shareholders	<u><u>\$ 8,587,489</u></u>	<u><u>\$ 8,107,903</u></u>
Weighted average number of ordinary shares outstanding	24,709,631	24,709,631
Basic earnings per ordinary share	<u><u>\$ 0.35</u></u>	<u><u>\$ 0.33</u></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) (2016: \$3,956,738 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$1,223,055 (2016: \$1,328,126).

The Company does not have any dilutive shares.