

Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2020
UNAUDITED

Message from the Chairman

Dear Shareholders,

For the three months ended March 31, 2020, the Company recorded a net loss attributable to ordinary shareholders of (\$2.3) million or (\$0.09) per ordinary share. This compares to net income attributable to ordinary shareholders of \$2.6 million and \$0.10 per ordinary share for the same period in 2019. The Company's results were largely impacted by mark-to-market price adjustments on its investment securities.

These mark-to-market revaluation losses were reflected in Q1's net investment income which totalled a net investment loss of \$7.2 million compared to a net investment income gain of \$10.6 million in the prior year. The Company ensures that as part of its long-term strategy, that it maintains a strong capital base to withstand these interim periods of price volatility.

Total revenues for the first quarter were down \$19.9 million, totalling \$25.8 million for the 3 months ended March 31, 2020 compared to total revenues of \$45.7 million for the same period last year. Net premium revenues for the first quarter of 2020 totalled \$28.1 million compared to the prior year period of \$30.1 million.

Net policyholder benefits increased by \$0.9 million to \$25.2 million for the first 3 months of 2020 compared to \$24.2 million in the prior year.

Offsetting the impact of the negative investment returns is a release of provisions for future policyholder benefits totalling \$8.9 million compared to an increase in reserves for Q1/2019 totalling \$5.3 million.

The mark-to-market adjustments reflected in the income statement and revaluation reserve have affected the investment securities balance at March 31, 2020 which totals \$420.9 million, a decrease from \$445.8 million at December 31, 2019. Total assets at March 31, 2020 were \$779.9 million with invested assets remaining the largest component of total assets comprising 76.3% of total assets.

The Board of Directors has approved the Class "A" preference shareholder dividend distribution, which totals \$0.6 million in respect of the first quarter of 2020.

Overall, we are pleased that the Company continues to have the strong balance sheet to weather periodic income statement volatility and we remain focused on ensuring that the Company's capital base remains with sufficient margins to provide CHBL the flexibility it needs to continue to meet its obligations to its policyholders and customers within this challenging economic environment.



Terence Hilts
Chairman

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

As at March 31, 2020 with comparative figures as at December 31, 2019
(Expressed in Bahamian dollars)

	March 31, 2020	December 31, 2019
ASSETS		
Cash and demand balances	\$ 66,677,287	\$ 44,330,366
Term deposits	4,510,717	5,170,577
Investment securities and other financial assets	420,982,641	445,753,030
Receivables and other assets	89,701,295	94,542,220
Policy loans	68,267,029	69,614,153
Mortgages and commercial loans	24,976,493	25,330,141
Investment properties	59,981,633	59,036,402
Equity-accounted investees	16,695,552	17,532,501
Property and equipment	13,329,219	17,028,963
Goodwill	13,065,819	13,065,819
Other intangible assets	1,765,104	1,881,027
Total assets	\$ 779,952,789	\$ 793,285,199
LIABILITIES		
Provision for future policy benefits	\$ 449,741,802	\$ 458,614,942
Policy dividends on deposit	27,979,354	28,035,994
Total policy liabilities	477,721,156	486,650,936
Repurchase agreement	7,000,000	7,000,000
Loans and other borrowings	3,915,125	4,167,356
Other liabilities	84,455,367	83,020,960
Total liabilities	573,091,648	580,839,252
EQUITY		
Ordinary shares	24,729,613	24,729,613
Contributed capital	5,960,299	5,960,299
Revaluation reserve	11,238,148	13,902,509
Retained earnings	94,977,572	97,272,149
Total ordinary shareholders' equity	136,905,632	141,864,570
Preference shares	42,500,000	42,500,000
Total shareholders' equity	179,405,632	184,364,570
Non-controlling interests	27,455,509	28,081,377
Total equity	206,861,141	212,445,947
Total liabilities and equity	\$ 779,952,789	\$ 793,285,199

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, 2020
with comparative figures for the three months ended March 31, 2019
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2020	3 Months Ended March 31, 2019
Revenues:		
Premium revenue	\$ 31,704,019	\$ 32,956,707
Less: Reinsurance premiums	<u>3,639,281</u>	<u>2,875,747</u>
Net premium revenue	28,064,738	30,080,960
Net investment income / (loss)	(7,187,108)	10,582,200
Share of net loss of associates	(347,981)	(141,530)
Net commission income	985,965	946,120
Investment management and other fees	3,487,202	3,468,522
Other income and fees	<u>811,154</u>	<u>779,643</u>
Total revenues	<u>25,813,970</u>	<u>45,715,915</u>
Benefits and expenses:		
Policyholders' benefits	27,160,640	28,996,426
Less: Reinsurance recoveries	<u>2,007,272</u>	<u>4,761,834</u>
Net policyholders' benefits	25,153,368	24,234,592
Changes in provision for future policy benefits	(8,873,140)	5,337,975
General and administrative expenses	9,420,969	8,597,779
Commission expense	1,782,849	2,044,727
Premium and other tax expense	960,636	1,009,461
Finance costs and interest	247,707	177,214
Other expenses	<u>299,720</u>	<u>294,849</u>
Total benefits and expenses	<u>28,992,109</u>	<u>41,696,597</u>
Net income / (loss) for the period:	<u>\$ (3,178,139)</u>	<u>\$ 4,019,318</u>
Net income / (loss) attributable to:		
Equity shareholders of the Company	\$ (1,683,639)	\$ 3,170,915
Non-controlling interests	<u>(1,494,500)</u>	<u>848,403</u>
Net income / (loss) for the period	<u>\$ (3,178,139)</u>	<u>\$ 4,019,318</u>
Basic earnings per ordinary share (Note 4)	<u>\$ (0.09)</u>	<u>\$ 0.10</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, 2020
with comparative figures for the three months ended March 31, 2019
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2020	3 Months Ended March 31, 2019
Net income/(loss) for the period	\$ (3,178,139)	\$ 4,019,318
Other comprehensive income:		
Change in available-for-sale financial assets	(2,392,782)	203,051
Total comprehensive income/(loss) for the period	<u>\$ (5,570,921)</u>	<u>\$ 4,222,369</u>
Attributable to:		
Equity shareholders of the Company	\$ (4,076,421)	\$ 3,373,966
Non-controlling interests	(1,494,500)	848,403
Total comprehensive income/(loss) for the period	<u>\$ (5,570,921)</u>	<u>\$ 4,222,369</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, 2020
with comparative figures for the three months ended March 31, 2019
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interests	Total Equity
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>
Balance, January 1, 2020	\$ 24,729,613	\$ 5,960,299	\$ 13,902,509	\$ 42,500,000	\$ 97,272,149	\$ 28,081,377	\$ 212,445,947
Net loss on remeasurement of available-for-sale securities to fair value	-	-	(2,392,782)	-	-	-	(2,392,782)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	(271,579)	-	-	-	(271,579)
Net loss for the period	-	-	-	-	(1,683,639)	(1,494,500)	(3,178,139)
Changes in non-controlling interests	-	-	-	-	-	868,632	868,632
Preference share dividend	-	-	-	-	(610,938)	-	(610,938)
Balance, March 31, 2020	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 11,238,148</u>	<u>\$ 42,500,000</u>	<u>\$ 94,977,572</u>	<u>\$ 27,455,509</u>	<u>\$ 206,861,141</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, 2020
with comparative figures for the three months ended March 31, 2019
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2020	3 Months Ended March 31, 2019
Cash flows from operating activities:		
Net income/(loss)	\$ (3,178,139)	\$ 4,019,318
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gains on fair value through income securities	16,186,086	(2,300,374)
(Decrease)/increase in provision for future policy benefits	(8,873,140)	5,337,975
Changes in loss provisions for loans and receivables	462,468	404,404
Depreciation and amortization charges	3,815,667	298,396
Net realized loss on fair value through income securities	-	11,112
Net realized gain on sale of available-for-sale securities	(360,040)	(11,112)
Interest income	(8,727,271)	(8,422,657)
Dividend income	(365,815)	(477,658)
Finance costs	490,770	472,065
Operating cash flows before changes in operating assets and liabilities	(549,414)	(668,531)
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	7,300,869	(20,808,113)
Increase in other liabilities	1,125,536	15,082,261
Net cash provided by/(used) in operating activities	7,876,991	(6,394,383)

(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, 2020
with comparative figures for the three months ended March 31, 2019
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2020	3 Months Ended March 31, 2019
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	659,860	12,815,813
Fair value through income securities purchased	(7,422,819)	(16,273,304)
Proceeds on disposal of fair value through income securities	6,054,377	7,694,374
Available-for-sale securities purchased	(4,710,600)	(12,211,209)
Proceeds on disposal of available-for-sale securities	12,359,024	8,070,749
Net decrease in loans to policyholders	1,347,485	1,089,723
Loan to SBL Ltd.	(25,170)	67,654
Net decrease in mortgage and commercial loans	339,984	431,342
Interest received	6,680,281	6,776,870
Dividends received	365,815	477,658
Additions to other Investment property	(945,231)	(374,674)
Additions to property and equipment	-	(10,265)
Net cash provided by investing activities	<u>14,703,006</u>	<u>8,554,731</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	868,632	362,236
Repayments on borrowings	(252,231)	(4,081,222)
Interest paid on guaranteed investment & other contracts	(490,770)	(472,065)
Dividend to ordinary shareholders	-	(3,956,738)
Dividend to preference shareholders	(610,938)	(610,938)
Net cash used in financing activities	<u>(485,307)</u>	<u>(8,758,727)</u>
Net increase/(decrease) in cash and cash equivalents	22,346,921	(6,598,379)
Cash and cash equivalents, beginning of period	<u>44,330,366</u>	<u>41,988,547</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 66,677,287</u>	<u>\$ 35,390,168</u>

(Concluded)

The accompanying notes are an integral part of these condensed 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, 2020 approximately 58.1% (2019: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2019: 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, 2020	March 31, 2019
Term deposits	\$ 4,510,717	\$ 4,753,094
Less: Deposits with original maturities of greater than 90 days	<u>(4,510,717)</u>	<u>(4,480,337)</u>
Short-term deposits	-	272,757
Cash and demand balances	66,677,287	37,381,273
Less: Bank overdraft	<u>-</u>	<u>(2,263,862)</u>
Total cash and cash equivalents	<u><u>\$ 66,677,287</u></u>	<u><u>\$ 35,390,168</u></u>

4. Invested Assets

	March 31, 2020	December 31, 2019
Term deposits	\$ 4,510,717	\$ 5,170,577
Investment securities and other financial assets	420,982,641	445,753,030
Mortgages and commercial loans	24,976,493	25,330,141
Policy loans	68,267,029	69,614,153
Investment properties	59,981,633	59,036,402
Equity-accounted investees	<u>16,695,552</u>	<u>17,532,501</u>
Total invested assets	<u><u>\$ 595,414,065</u></u>	<u><u>\$ 622,436,804</u></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.

	March 31, 2020	March 31, 2019
Net income/(loss) attributable to equity shareholders	<u><u>\$ (1,683,639)</u></u>	<u><u>\$ 3,170,915</u></u>
Net income/(loss) attributable to ordinary shareholders	<u><u>\$ (2,294,577)</u></u>	<u><u>\$ 2,559,977</u></u>
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	<u><u>\$ (0.09)</u></u>	<u><u>\$ 0.10</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. For the period ended March 31, 2020, there were no dividends paid by the Company to ordinary shareholders in the period (2019: \$3,956,738 (\$0.16 per share)). Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$610,938 (2019: \$610,938).

The Company does not have any dilutive shares.