

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2016
UNAUDITED**

Message from the Chairman

Dear Shareholders,

The Board of Directors is pleased to present the Company's results for the quarter ended March 31, 2016. The Company has had another profitable quarter, with financial results reflecting continued growth in net income and earnings per share.

Total net income for the three months ended March 31, 2016 totalled \$5.6 million, compared with \$5.1 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders increased to \$4.8 million or \$0.19 per ordinary share, compared to \$4.3 million or \$0.18 per ordinary share for the same period in the prior year.

Total gross premium revenues totalled \$33.0 million compared to \$38.0 million for the three months ended March 31, 2015 with the decrease attributed largely to fluctuations in premium revenues in respect of the Company's participation in reinsurance facilities. Gross policyholder benefits were lower than prior year experience totalling \$20.7 million for the three months ended March 31, 2016. Fluctuations in mark to market adjustments have resulted in \$6.9 million in net investment income for the first quarter of 2016 compared to \$8.8 million for the same period in the prior year.

Our high quality investments and disciplined execution of our strategies continue to fortify the Company's balance sheet. Total assets stand at \$729.7 million, compared to \$710.9 million as at December 31, 2015. The Board of Directors is pleased to have been able to approve ordinary and preference shareholder dividend payments of \$4.6 million during the quarter. We will continue our long-term strategy to direct new investments in high quality, fixed-income securities to ensure that invested assets remain the largest proportion of our total assets which at March 31, 2016 comprised 80.8% 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.



Terence Hilts
Chairman

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

As at March 31, 2016 with comparative figures as at December 31, 2015
(Expressed in Bahamian dollars)

	March 31, 2016	December 31, 2015
ASSETS		
Term deposits	\$ 49,487,995	\$ 44,905,119
Investment securities and other financial assets	361,108,181	363,193,466
Mortgages and commercial loans	41,160,349	42,504,002
Policy loans	70,009,084	70,138,729
Investment properties	55,155,357	55,155,393
Investment in associates	12,728,718	12,067,214
	<hr/>	<hr/>
Total invested assets	589,649,684	587,963,923
Cash and demand balances	28,406,659	29,309,126
Receivables and other assets	75,107,499	56,609,050
Property and equipment	19,426,777	19,787,836
Goodwill	13,469,916	13,469,916
Other intangible assets	3,619,881	3,735,805
	<hr/>	<hr/>
Total assets	\$ 729,680,416	\$ 710,875,656
LIABILITIES		
Provision for future policy benefits	\$ 390,967,756	\$ 387,181,176
Policy dividends on deposit	27,874,734	27,783,495
	<hr/>	<hr/>
Total policy liabilities	418,842,490	414,964,671
Repurchase agreement	35,000,000	35,000,000
Other liabilities	104,481,644	91,117,762
	<hr/>	<hr/>
Total liabilities	558,324,134	541,082,433
EQUITY		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Contributed capital	5,960,299	5,960,299
Revaluation reserve	11,355,641	10,753,156
Retained earnings	67,565,923	66,760,641
	<hr/>	<hr/>
Total ordinary shareholders' equity	109,560,927	108,153,160
Preference shares	42,500,000	42,500,000
	<hr/>	<hr/>
Total shareholders' equity	152,060,927	150,653,160
Non-controlling interests	19,295,355	19,140,063
	<hr/>	<hr/>
Total equity	171,356,282	169,793,223
	<hr/>	<hr/>
Total liabilities and equity	\$ 729,680,416	\$ 710,875,656

The accompanying notes are an integral part of these condensed consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Condensed Unaudited Consolidated Interim Statement of Income

For the three months ended March 31, 2016
with comparative figures for the three months ended March 31, 2015
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015
Revenues:		
Premium revenue	\$ 33,052,491	\$ 38,041,795
Less: Reinsurance premiums	<u>3,011,571</u>	<u>3,016,717</u>
Net premium revenue	30,040,920	35,025,078
Net investment income	6,850,915	8,772,562
Share of net gain of associates	661,504	428,794
Net commission income	845,724	869,914
Investment management and other fees	2,806,606	2,776,489
Other income and fees	<u>37,258</u>	<u>390,742</u>
Total revenues	<u>41,242,927</u>	<u>48,263,579</u>
Benefits and expenses:		
Policyholders' benefits	20,712,739	26,132,740
Less: Reinsurance recoveries	<u>2,302,869</u>	<u>2,106,027</u>
Net policyholders' benefits	18,409,870	24,026,713
Changes in provision for future policy benefits	3,786,580	5,173,460
General and administrative expenses	8,916,577	9,579,160
Commission expense	2,430,867	2,592,818
Premium and other tax expense	1,491,626	1,319,712
Finance costs and interest	348,765	186,240
Other expenses	<u>301,765</u>	<u>304,278</u>
Total benefits and expenses	<u>35,686,050</u>	<u>43,182,381</u>
Net income for the period:	<u>\$ 5,556,877</u>	<u>\$ 5,081,198</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 5,427,109	\$ 4,975,870
Non-controlling interests	<u>129,768</u>	<u>105,328</u>
Net income for the period	<u>\$ 5,556,877</u>	<u>\$ 5,081,198</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.19</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 Interim Statement of Other Comprehensive Income

For the three months ended March 31, 2016
with comparative figures for the three months ended March 31, 2015
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015
Net income for the period	\$ 5,556,877	\$ 5,081,198
Other comprehensive income:		
Reclassification during the period to profit and loss	-	1,545
Change in available-for-sale financial assets	602,485	287,591
Total comprehensive income for the period	<u>\$ 6,159,362</u>	<u>\$ 5,370,334</u>
Attributable to:		
Equity shareholders of the Company	\$ 6,029,594	\$ 5,265,006
Non-controlling interests	129,768	105,328
Total comprehensive income for the period	<u>\$ 6,159,362</u>	<u>\$ 5,370,334</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, 2016
with comparative figures for the three months ended March 31, 2015
(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, 2015	\$ 24,729,613	\$ (50,549)	\$ 5,960,299	\$ 10,148,509	\$ 40,500,000	\$ 58,665,932	\$ 17,726,016	\$ 157,679,820
Net gain on remeasurement of available-for-sale securities to fair value	-	-	-	287,591	-	-	-	287,591
Reclassification during the year to profit and loss	-	-	-	1,545	-	-	-	1,545
Net income for the period	-	-	-	-	-	4,975,870	105,328	5,081,198
Changes in non-controlling interests	-	-	-	-	-	-	229,915	229,915
Ordinary share dividend	-	-	-	-	-	(3,953,543)	-	(3,953,543)
Preference share dividend	-	-	-	-	-	(632,813)	-	(632,813)
Balance, March 31, 2015	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 10,437,645</u>	<u>\$ 40,500,000</u>	<u>\$ 59,055,446</u>	<u>\$ 18,061,259</u>	<u>\$ 158,693,713</u>
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	-	-	-	602,485	-	-	-	602,485
Net income for the period	-	-	-	-	-	5,427,109	129,768	5,556,877
Changes in non-controlling interests	-	-	-	-	-	-	25,524	25,524
Ordinary share dividend	-	-	-	-	-	(3,957,765)	-	(3,957,765)
Preference share dividend	-	-	-	-	-	(664,062)	-	(664,062)
Balance, March 31, 2016	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 11,355,641</u>	<u>\$ 42,500,000</u>	<u>\$ 67,565,923</u>	<u>\$ 19,295,355</u>	<u>\$ 171,356,282</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, 2016
with comparative figures for the three months ended March 31, 2015
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015
Cash flows from operating activities:		
Net income	\$ 5,556,877	\$ 5,081,198
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	986,595	(893,417)
Change in provision for future policy benefits	3,786,580	5,173,460
Changes in loss provisions for loans and receivables	523,212	365,808
Depreciation and amortization charges	875,245	843,270
Net realized loss on fair value through income securities	-	3,802
Net realized loss on sale of available-for-sale securities	(42,000)	(2,257)
Interest income	(7,764,448)	(7,738,441)
Dividend income	(658,555)	(653,838)
Operating cash flows before changes in operating assets and liabilities	3,263,506	2,179,585
Changes in operating assets and liabilities:		
Increase in other assets	(18,525,414)	(1,685,202)
Increase in other liabilities	8,259,880	12,406,538
Net cash (used in)/provided by operating activities	(7,002,028)	12,900,921

(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, 2016
with comparative figures for the three months ended March 31, 2015
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015
Cash flows from investing activities:		
Changes in non-controlling interests	25,524	229,915
Increase in term deposits with original maturities greater than 90 days	(4,582,809)	(2,044,990)
Fair value through income securities purchased	(5,688,113)	(11,712,527)
Proceeds on disposal of fair value through income securities	6,722,058	1,010,559
Available-for-sale securities purchased	(48,059)	(5,240,907)
Proceeds on disposal of available-for-sale securities	757,289	2,430,619
Decrease/(increase) in loans to policyholders	146,814	(96,871)
Disposals of investment property	36	-
Net change in mortgage and commercial loans	1,206,269	882,298
Interest received	6,726,912	7,017,573
Dividends received	658,555	653,838
Additions to property and equipment	<u>(398,262)</u>	<u>(398,262)</u>
Net cash provided by/(used in) investing activities	<u>5,526,214</u>	<u>(7,268,755)</u>
Cash flows used in financing activities:		
Dividend to ordinary shareholders	(3,957,765)	(3,953,543)
Dividend to preference shareholders	<u>(664,062)</u>	<u>(632,813)</u>
Net cash used in financing activities	<u>(4,621,827)</u>	<u>(4,586,356)</u>
Net (decrease)/increase in cash and cash equivalents	(6,097,641)	1,045,810
Cash and cash equivalents, beginning of period	<u>29,321,317</u>	<u>48,823,947</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 23,223,676</u>	<u>\$ 49,869,757</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 March 31, 2016
(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 March 31, 2016 approximately 58.1% (2015: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2015: 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, 2016
(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, 2016	March 31, 2015
Term deposits	\$ 49,487,995	\$ 40,099,987
Less: Deposits with original maturities of greater than 90 days	<u>(49,216,065)</u>	<u>(18,747,893)</u>
Short-term deposits	271,930	21,352,094
Cash and demand balances	28,406,659	33,266,688
Less: Bank overdraft	<u>(5,454,913)</u>	<u>(4,749,025)</u>
Total cash and cash equivalents	<u><u>\$ 23,223,676</u></u>	<u><u>\$ 49,869,757</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.

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015
Net income attributable to equity shareholders	<u>\$ 5,427,109</u>	<u>\$ 4,975,870</u>
Net income attributable to ordinary shareholders	<u>\$ 4,763,047</u>	<u>\$ 4,343,057</u>
Weighted average number of ordinary shares outstanding	<u>24,709,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u><u>\$ 0.19</u></u>	<u><u>\$ 0.18</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 \$3,957,765 (\$0.16 per share) (2015: \$3,953,543 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$664,062 (2015: \$632,813).

The Company does not have any dilutive shares.