

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2018
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, 2018.

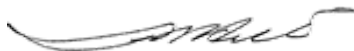
Total net income for the three months ended March 31, 2018 totalled \$4.6 million, compared with \$5.6 million during the same period in the prior year. Similarly, net income attributable to the Company's ordinary shareholders was \$3.6 million or \$0.15 per ordinary share, compared to \$4.6 million or \$0.19 per ordinary share for the same period in the prior year.

Total gross premium revenues totalled \$34.7 million compared to \$32.5 million for the three months ended March 31, 2017. The decrease in net income is primarily attributed to an increase in net policyholder benefits relative to prior year experience. Net policyholder benefits were \$3.8 million higher in the first quarter of 2018 compared to 2017. Offsetting the fluctuations in benefit payments, however, was an increase in net investment income to \$7.7 million for the first quarter of 2018 compared to \$5.4 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 \$757.7 million, compared to \$743.5 million as at December 31, 2017. Similarly, 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, 2018 comprised 80.1% of total assets.

The Board of Directors is also pleased to announce that the final dividend payment totalling \$4.0 million in respect of fiscal 2017 performance was declared for Class "A" Ordinary Shareholders and also approved were preference shareholder dividend payments of \$0.6 million in respect of the first quarter of 2018.

Overall, we are pleased that the Company continues to maintain its balance sheet strength and is well positioned to meet its targeted financial objectives over the long term. CHBL 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, 2018 with comparative figures as at December 31, 2017
(Expressed in Bahamian dollars)

	March 31, 2018	December 31, 2017
ASSETS		
Term deposits	\$ 59,289,190	\$ 52,006,821
Investment securities and other financial assets	375,502,792	370,954,280
Mortgages and commercial loans	32,635,639	33,851,653
Policy loans	68,860,909	69,407,663
Investment properties	54,845,002	54,845,002
Investment in associates	<u>15,934,986</u>	<u>15,545,657</u>
Total invested assets	607,068,518	596,611,076
Cash and demand balances	68,009,764	50,741,986
Receivables and other assets	48,859,339	62,588,326
Property and equipment	17,951,014	17,572,151
Goodwill	13,164,419	13,164,419
Other intangible assets	<u>2,692,492</u>	<u>2,808,416</u>
Total assets	<u>\$ 757,745,546</u>	<u>\$ 743,486,374</u>
LIABILITIES		
Provision for future policy benefits	\$ 424,176,698	\$ 421,667,568
Policy dividends on deposit	<u>28,004,454</u>	<u>28,196,322</u>
Total policy liabilities	452,181,152	449,863,890
Repurchase agreement	21,000,000	21,000,000
Other liabilities	<u>91,815,245</u>	<u>78,290,479</u>
Total liabilities	<u>564,996,397</u>	<u>549,154,369</u>
EQUITY		
Ordinary shares	24,729,613	24,729,613
Contributed capital	5,960,299	5,960,299
Revaluation reserve	14,766,687	15,228,318
Retained earnings	<u>83,421,464</u>	<u>83,741,479</u>
Total ordinary shareholders' equity	128,878,063	129,659,709
Preference shares	<u>42,500,000</u>	<u>42,500,000</u>
Total shareholders' equity	171,378,063	172,159,709
Non-controlling interests	<u>21,371,086</u>	<u>22,172,296</u>
Total equity	<u>192,749,149</u>	<u>194,332,005</u>
Total liabilities and equity	<u>\$ 757,745,546</u>	<u>\$ 743,486,374</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, 2018
with comparative figures for the three months ended March 31, 2017
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2018	3 Months Ended March 31, 2017
Revenues:		
Premium revenue	\$ 34,743,012	\$ 32,530,159
Less: Reinsurance premiums	<u>3,122,249</u>	<u>3,094,632</u>
Net premium revenue	31,620,763	29,435,527
Net investment income	7,678,412	5,419,890
Share of net gain of associates	389,330	324,008
Net commission income	881,939	735,176
Investment management and other fees	3,141,551	2,982,799
Other income and fees	<u>945,217</u>	<u>1,276,739</u>
Total revenues	<u>44,657,212</u>	<u>40,174,139</u>
Benefits and expenses:		
Policyholders' benefits	28,112,983	23,736,555
Less: Reinsurance recoveries	<u>4,118,469</u>	<u>3,530,633</u>
Net policyholders' benefits	23,994,514	20,205,922
Changes in provision for future policy benefits	2,509,130	775,766
General and administrative expenses	9,543,481	9,227,322
Commission expense	2,202,121	2,293,896
Premium and other tax expense	1,311,192	1,543,999
Finance costs and interest	256,267	287,013
Other expenses	<u>285,303</u>	<u>258,659</u>
Total benefits and expenses	<u>40,102,008</u>	<u>34,592,577</u>
Net income for the period:	<u>\$ 4,555,204</u>	<u>\$ 5,581,562</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 4,247,661	\$ 5,238,005
Non-controlling interests	<u>307,543</u>	<u>343,557</u>
Net income for the period	<u>\$ 4,555,204</u>	<u>\$ 5,581,562</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.15</u>	<u>\$ 0.19</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, 2018
with comparative figures for the three months ended March 31, 2017
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2018	3 Months Ended March 31, 2017
Net income for the period	\$ 4,555,204	\$ 5,581,562
Other comprehensive income:		
Change in available-for-sale financial assets	(583,445)	(168,918)
Total comprehensive income for the period	<u>\$ 3,971,759</u>	<u>\$ 5,412,644</u>
Attributable to:		
Equity shareholders of the Company	\$ 3,664,216	\$ 5,069,087
Non-controlling interests	307,543	343,557
Total comprehensive income for the period	<u>\$ 3,971,759</u>	<u>\$ 5,412,644</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, 2018
with comparative figures for the three months ended March 31, 2017
(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, 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	-	-	-	(168,918)	-	-	-	(168,918)
Net income for the period	-	-	-	-	-	5,238,005	343,557	5,581,562
Changes in non-controlling interests	-	-	-	-	-	-	91,785	91,785
Ordinary share dividend	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividend	-	-	-	-	-	(612,118)	-	(612,118)
Balance, March 31, 2017	<u>\$ 24,729,613</u>	<u>\$ (50,549)</u>	<u>\$ 5,960,299</u>	<u>\$ 12,323,375</u>	<u>\$ 42,500,000</u>	<u>\$ 75,689,667</u>	<u>\$ 21,155,451</u>	<u>\$ 182,307,856</u>
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	-	-	-	(583,445)	-	-	-	(583,445)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	-	121,814	-	-	-	121,814
Net income for the period	-	-	-	-	-	4,247,661	307,543	4,555,204
Changes in non-controlling interests	-	-	-	-	-	-	(1,108,753)	(1,108,753)
Ordinary share dividend	-	-	-	-	-	(3,956,738)	-	(3,956,738)
Preference share dividend	-	-	-	-	-	(610,938)	-	(610,938)
Balance, March 31, 2018	<u>\$ 24,729,613</u>	<u>\$ -</u>	<u>\$ 5,960,299</u>	<u>\$ 14,766,687</u>	<u>\$ 42,500,000</u>	<u>\$ 83,421,464</u>	<u>\$ 21,371,086</u>	<u>\$ 192,749,149</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, 2018
with comparative figures for the three months ended March 31, 2017
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2018	3 Months Ended March 31, 2017
Cash flows from operating activities:		
Net income	\$ 4,555,204	\$ 5,581,562
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gains on fair value through income securities	809,273	2,969,034
Increase in provision for future policy benefits	2,509,130	775,766
Changes in loss provisions for loans and receivables	116,854	15,151
Depreciation and amortization charges	233,735	436,290
Net realized loss on fair value through income securities	102,549	236,112
Net realized gain on sale of available-for-sale securities	(117,243)	(246,932)
Interest income	(8,199,639)	(8,507,795)
Dividend income	(882,248)	(601,205)
Finance costs	541,570	563,401
Operating cash flows before changes in operating assets and liabilities	(330,815)	1,221,384
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	12,293,361	(18,283,616)
Increase in other liabilities	13,334,745	6,753,931
Net cash provided by/(used) in operating activities	<u>25,297,291</u>	<u>(10,308,301)</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 three months ended March 31, 2018
with comparative figures for the three months ended March 31, 2017
(Expressed in Bahamian dollars)

	March 31, 2018	March 31, 2017
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	1,240,293	9,116,327
Fair value through income securities purchased	(18,195,996)	(20,527,350)
Proceeds on disposal of fair value through income securities	15,560,436	19,830,177
Available-for-sale securities purchased	(6,947,275)	(1,335,612)
Proceeds on disposal of available-for-sale securities	3,778,113	1,848,682
Net decrease in loans to policyholders	517,558	493,512
Loan to SBL Ltd.	2,124,378	5,000,000
Net decrease in mortgage and commercial loans	1,385,126	1,005,211
Interest received	6,864,788	8,027,081
Dividends received	882,248	601,205
Additions to property and equipment	<u>(496,674)</u>	<u>(40,107)</u>
Net cash provided by investing activities	<u>6,712,995</u>	<u>24,019,126</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	(1,108,753)	91,785
Repayments on borrowings	(1,847)	(5,000,000)
Interest paid on guaranteed investment & other contracts	(541,570)	(563,401)
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividend to preference shareholders	<u>(610,938)</u>	<u>(612,118)</u>
Net cash used in financing activities	<u>(6,219,846)</u>	<u>(10,040,472)</u>
Net increase in cash and cash equivalents	25,790,440	3,670,353
Cash and cash equivalents, beginning of period	<u>52,432,068</u>	<u>17,783,065</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 78,222,508</u>	<u>\$ 21,453,418</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, 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, 2018 approximately 58.1% (2017: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2017: 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, 2018	March 31, 2017
Term deposits	\$ 59,289,190	\$ 20,688,833
Less: Deposits with original maturities of greater than 90 days	<u>(49,028,005)</u>	<u>(16,503,041)</u>
Short-term deposits	10,261,185	4,185,792
Cash and demand balances	68,009,764	23,181,189
Less: Bank overdraft	<u>(48,441)</u>	<u>(5,913,563)</u>
Total cash and cash equivalents	<u>\$ 78,222,508</u>	<u>\$ 21,453,418</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, 2018	3 Months Ended March 31, 2017
Net income attributable to equity shareholders	<u>\$ 4,247,661</u>	<u>\$ 5,238,005</u>
Net income attributable to ordinary shareholders	<u>\$ 3,636,723</u>	<u>\$ 4,625,887</u>
Weighted average number of ordinary shares outstanding	<u>24,729,631</u>	<u>24,709,631</u>
Basic earnings per ordinary share	<u>\$ 0.15</u>	<u>\$ 0.19</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) (2017: \$3,956,738 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$610,938 (2017: \$612,118).

The Company does not have any dilutive shares.

5. Corresponding Figures

Balances related to finance costs and interest totaling \$563,401; and Loan to SBL Ltd. and repayments on borrowings totaling \$5,000,000 were included in corresponding figures on the interim consolidated statement of cash flows to facilitate a more comparative basis of the financial statements based on the current period's presentation.