

**Condensed Unaudited Consolidated Interim Financial Statements of  
Colina Holdings Bahamas Limited  
Three Months Ended March 31, 2017  
UNAUDITED**

## Message from the Chairman

Dear Shareholders,

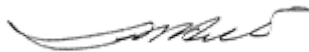
The Board of Directors is pleased to present the Company's results for the quarter ended March 31, 2017. The Company has had another successful start to its fiscal year, with financial results reflecting continued growth in net income and earnings per share.

Total net income for the three months ended March 31, 2017 totalled \$5.6 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 \$4.6 million or \$0.19 per ordinary share, compared to \$4.8 million or \$0.19 per ordinary share for the same period in the prior year.

Total gross premium revenues totalled \$32.5 million compared to \$33.0 million for the three months ended March 31, 2016. Gross policyholder benefits were higher than prior year experience totalling \$23.7 million for the three months ended March 31, 2017. Fluctuations in mark to market adjustments have resulted in a decrease to \$5.4 million in net investment income for the first quarter of 2017 compared to \$6.9 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 \$744.6 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 \$0.6 million respectively 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, 2017 comprised 75.8% 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.



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Terence Hilts  
Chairman

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

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Term deposits	\$ 20,688,833	\$ 25,940,507
Investment securities and other financial assets	365,854,921	368,797,947
Mortgages and commercial loans	38,669,244	39,534,099
Policy loans	69,537,728	70,053,596
Investment properties	55,720,002	55,720,002
Investment in associates	<u>14,245,860</u>	<u>13,921,852</u>
Total invested assets	564,716,588	573,968,003
Cash and demand balances	23,181,189	18,766,968
Receivables and other assets	121,919,376	98,612,207
Property and equipment	18,309,456	18,589,716
Goodwill	13,371,374	13,371,374
Other intangible assets	<u>3,156,187</u>	<u>3,272,110</u>
<b>Total assets</b>	<b><u>\$ 744,654,170</u></b>	<b><u>\$ 726,580,378</u></b>
<b>LIABILITIES</b>		
Provision for future policy benefits	\$ 404,891,572	\$ 404,115,806
Policy dividends on deposit	<u>28,045,230</u>	<u>27,896,992</u>
Total policy liabilities	432,936,802	432,012,798
Repurchase agreement	28,000,000	28,000,000
Other liabilities	<u>101,409,512</u>	<u>85,195,297</u>
<b>Total liabilities</b>	<b><u>562,346,314</u></b>	<b><u>545,208,095</u></b>
<b>EQUITY</b>		
Ordinary shares	24,729,613	24,729,613
Treasury shares	(50,549)	(50,549)
Contributed capital	5,960,299	5,960,299
Revaluation reserve	12,323,375	12,492,293
Retained earnings	<u>75,689,667</u>	<u>75,020,518</u>
Total ordinary shareholders' equity	118,652,405	118,152,174
Preference shares	<u>42,500,000</u>	<u>42,500,000</u>
Total shareholders' equity	161,152,405	160,652,174
Non-controlling interests	<u>21,155,451</u>	<u>20,720,109</u>
<b>Total equity</b>	<b><u>182,307,856</u></b>	<b><u>181,372,283</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ 744,654,170</u></b>	<b><u>\$ 726,580,378</u></b>

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, 2017  
with comparative figures for the three months ended March 31, 2016  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2017</b>	<b>3 Months Ended March 31, 2016</b>
<b>Revenues:</b>		
Premium revenue	\$ 32,530,159	\$ 33,052,491
Less: Reinsurance premiums	<u>3,094,632</u>	<u>3,011,571</u>
Net premium revenue	29,435,527	30,040,920
Net investment income	5,419,890	6,850,915
Share of net gain of associates	324,008	661,504
Net commission income	735,176	845,724
Investment management and other fees	2,982,799	2,806,606
Other income and fees	<u>1,276,739</u>	<u>37,258</u>
Total revenues	<u>40,174,139</u>	<u>41,242,927</u>
<b>Benefits and expenses:</b>		
Policyholders' benefits	23,736,555	20,712,739
Less: Reinsurance recoveries	<u>3,530,633</u>	<u>2,302,869</u>
Net policyholders' benefits	20,205,922	18,409,870
Changes in provision for future policy benefits	775,766	3,786,580
General and administrative expenses	9,227,322	8,916,577
Commission expense	2,293,896	2,430,867
Premium and other tax expense	1,543,999	1,491,626
Finance costs and interest	287,013	348,765
Other expenses	<u>258,659</u>	<u>301,765</u>
Total benefits and expenses	<u>34,592,577</u>	<u>35,686,050</u>
<b>Net income for the period:</b>	<b><u>\$ 5,581,562</u></b>	<b><u>\$ 5,556,877</u></b>
Net income attributable to:		
Equity shareholders of the Company	\$ 5,238,005	\$ 5,427,109
Non-controlling interests	<u>343,557</u>	<u>129,768</u>
<b>Net income for the period</b>	<b><u>\$ 5,581,562</u></b>	<b><u>\$ 5,556,877</u></b>
<b>Basic earnings per ordinary share (Note 4)</b>	<b><u>\$ 0.19</u></b>	<b><u>\$ 0.19</u></b>

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, 2017  
with comparative figures for the three months ended March 31, 2016  
(Expressed in Bahamian dollars)

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	<b>3 Months Ended March 31, 2017</b>	<b>3 Months Ended March 31, 2016</b>
<b>Net income for the period</b>	\$ 5,581,562	\$ 5,556,877
<b>Other comprehensive income:</b>		
Change in available-for-sale financial assets	<u>(168,918)</u>	<u>602,485</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 5,412,644</u></b>	<b><u>\$ 6,159,362</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	\$ 5,069,087	\$ 6,029,594
Non-controlling interests	<u>343,557</u>	<u>129,768</u>
<b>Total comprehensive income for the period</b>	<b><u>\$ 5,412,644</u></b>	<b><u>\$ 6,159,362</u></b>

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, 2017  
with comparative figures for the three months ended March 31, 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	-	-	-	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>
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>

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, 2017  
with comparative figures for the three months ended March 31, 2016  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2017</b>	<b>3 Months Ended March 31, 2016</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,581,562	\$ 5,556,877
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss on fair value through income securities	2,969,034	986,595
Change in provision for future policy benefits	775,766	3,786,580
Changes in loss provisions for loans and receivables	15,151	523,212
Depreciation and amortization charges	436,290	875,245
Net realized loss on fair value through income securities	236,112	-
Net realized gain on sale of available-for-sale securities	(246,932)	(42,000)
Interest income	(8,507,795)	(7,764,448)
Dividend income	<u>(601,205)</u>	<u>(658,555)</u>
Operating cash flows before changes in operating assets and liabilities	657,983	3,263,506
Changes in operating assets and liabilities:		
Increase in other assets	(18,283,616)	(18,525,414)
Increase in other liabilities	<u>6,753,931</u>	<u>8,259,880</u>
Net cash used in operating activities	<u>(10,871,702)</u>	<u>(7,002,028)</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, 2017  
with comparative figures for the three months ended March 31, 2016  
(Expressed in Bahamian dollars)

	<b>3 Months Ended March 31, 2017</b>	<b>3 Months Ended March 31, 2016</b>
<b>Cash flows from investing activities:</b>		
Changes in non-controlling interests	91,785	25,524
Decrease/(increase) in term deposits with original maturities greater than 90 days	9,116,327	(4,582,809)
Fair value through income securities purchased	(20,527,350)	(5,688,113)
Proceeds on disposal of fair value through income securities	19,830,177	6,722,058
Available-for-sale securities purchased	(1,335,612)	(48,059)
Proceeds on disposal of available-for-sale securities	1,848,682	757,289
Decrease in loans to policyholders	493,512	146,814
Disposals of investment property	-	36
Net change in mortgage and commercial loans	1,005,211	1,206,269
Interest received	8,027,081	6,726,912
Dividends received	601,205	658,555
Additions to property and equipment	(40,107)	(398,262)
Net cash provided by investing activities	<u>19,110,911</u>	<u>5,526,214</u>
<b>Cash flows used in financing activities:</b>		
Dividend to ordinary shareholders	(3,956,738)	(3,957,765)
Dividend to preference shareholders	(612,118)	(664,062)
Net cash used in financing activities	<u>(4,568,856)</u>	<u>(4,621,827)</u>
Net increase/(decrease) in cash and cash equivalents	3,670,353	(6,097,641)
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><b>\$ 21,453,418</b></u>	<u><b>\$ 23,223,676</b></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, 2017  
(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 March 31, 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 Condensed Unaudited Consolidated Financial Statements**

For the period ended March 31, 2017  
(Expressed in Bahamian dollars)

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**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>March 31, 2017</b>	<b>March 31, 2016</b>
Term deposits	\$ 20,688,833	\$ 49,487,995
Less: Deposits with original maturities of greater than 90 days	<u>(16,503,041)</u>	<u>(49,216,065)</u>
Short-term deposits	4,185,792	271,930
Cash and demand balances	23,181,189	28,406,659
Less: Bank overdraft	<u>(5,913,563)</u>	<u>(5,454,913)</u>
Total cash and cash equivalents	<u>\$ 21,453,418</u>	<u>\$ 23,223,676</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.

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Net income attributable to equity shareholders	<u>\$ 5,238,005</u>	<u>\$ 5,427,109</u>
Net income attributable to ordinary shareholders	<u>\$ 4,625,887</u>	<u>\$ 4,763,047</u>
Weighted average number of ordinary shares outstanding	24,709,631	24,709,631
Basic earnings per ordinary share	<u>\$ 0.19</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) (2016: \$3,957,765 (\$0.16 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$612,118 (2016: \$664,062).

The Company does not have any dilutive shares.