

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Three Months Ended March 31, 2021
UNAUDITED**

Message from the Chairman

Dear Shareholders,

For the three months ended March 31, 2021, the Company recorded net income attributable to ordinary shareholders of \$4.5 million or \$0.18 per ordinary share. This compares to the net loss attributable to ordinary shareholders of (\$1.8) million and (\$0.07) per ordinary share for the same period in 2020 when market volatility arose with the onset of the COVID-19 pandemic, driving the prior year's net investment income losses.

Market conditions have slowly begun to recover and are reflected in net investment income for the quarter of \$8.0 million compared to the prior year's loss of \$6.1 million, representing an increase of \$14.1 million. Premium revenues are up, totalling \$31.7 million for the first three months of 2021 compared to \$31.5 million in 2020.

Revenues for the first quarter have increased by \$14.7 million, totalling \$41.9 million for the three months ended March 31, 2021 compared to total revenues of \$27.2 million for the same period last year.

Net policyholders' benefits totalled \$21.3 million, decreasing by \$3.7 million compared to the prior period net policyholders' benefits of \$25.0 million.


Additional reserves totalling \$2.9 million were charged in the period to further increase the provisions for future policy benefits, net of reinsurance assets ceded.

During the period, the Company continued rebalancing its investment portfolio and facilitated some disposals of securities. Proceeds from these sales are reflected in the increase in cash at quarter end relative to the prior period.

Total assets at March 31, 2021 were \$797.9 million with invested assets remaining the largest component of total assets, comprising 75.6% of total assets.

In April 2021, the Board of Directors approved the Q1 and Q2 dividend distributions to Class "A" preference shareholders and further approved dividends to the ordinary shareholders of \$0.16 per share. These distributions will be reflected in the Q2/2021 interim financials to coincide with the approval dates of the dividends.

Overall, we are pleased that the Company's financials are beginning to reflect the positive economic effects that the reopening of The Bahamas is expected to bring. CHBL continues to focus efforts on strengthening its balance sheet and capital position to provide the Company with the flexibility it needs to continue to meet the needs of policyholders and customers within this changing economic environment.



Terence Hilts
Chairman

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

At March 31, 2021 with corresponding figures as at December 31, 2020
(Expressed in Bahamian dollars)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Cash and demand balances	\$ 46,384,015	\$ 31,271,815
Term deposits	14,999,706	15,660,104
Investment securities and other financial assets	426,070,724	443,758,594
Receivables and other assets	91,265,782	76,410,597
Reinsurance receivables	16,211,083	14,962,537
Reinsurance assets	17,164,985	16,687,479
Policy loans	67,157,299	67,471,882
Mortgages and commercial loans	22,886,315	23,493,544
Investment properties	56,609,849	56,609,849
Equity-accounted investees	15,179,726	14,997,768
Property and equipment	15,655,212	15,888,712
Goodwill	6,418,337	6,418,337
Other intangible assets	1,990,081	1,764,472
Total assets	\$ 797,993,114	\$ 785,395,690
LIABILITIES		
Provision for future policy benefits	\$ 475,009,952	\$ 471,585,838
Policy dividends on deposit	28,540,993	28,323,445
Total policy liabilities	503,550,945	499,909,283
Lease liabilities	3,691,199	4,048,056
Other liabilities	88,734,242	81,601,269
Total liabilities	595,976,386	585,558,608
EQUITY		
Ordinary shares	24,729,613	24,729,613
Contributed capital	5,960,299	5,960,299
Revaluation reserve	1,298,225	3,765,161
Retained earnings	107,080,005	102,530,695
Total ordinary shareholders' equity	139,068,142	136,985,768
Preference shares	42,500,000	42,500,000
Total shareholders' equity	181,568,142	179,485,768
Non-controlling interests	20,448,586	20,351,314
Total equity	202,016,728	199,837,082
Total liabilities and equity	\$ 797,993,114	\$ 785,395,690

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, 2021
with corresponding figures for the three months ended March 31, 2020
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Revenues:		
Premium revenue	\$ 31,746,718	\$ 31,507,106
Less: Reinsurance premiums	<u>3,978,725</u>	<u>3,639,281</u>
Net premium revenue	27,767,993	27,867,825
Net investment income / (loss)	8,028,491	(6,107,798)
Share of net income of associates	200,126	184,581
Net commission income	1,110,662	985,965
Investment management and other fees	3,594,532	3,487,202
Other income and fees	<u>1,272,130</u>	<u>810,618</u>
Total revenues	<u>41,973,934</u>	<u>27,228,393</u>
Benefits and expenses:		
Policyholders' benefits	25,351,348	26,963,727
Less: Reinsurance recoveries	<u>4,056,769</u>	<u>2,007,272</u>
Net policyholders' benefits	21,294,579	24,956,455
Changes in provision for future policy benefits	2,946,608	(8,873,140)
General and administrative expenses	9,503,467	9,396,843
Commission expense	1,834,722	1,782,849
Premium and other tax expense	1,166,684	957,294
Finance costs and interest	280,396	247,707
Other expenses	<u>300,896</u>	<u>299,720</u>
Total benefits and expenses	<u>37,327,352</u>	<u>28,767,728</u>
Net income / (loss) for the period:	<u>\$ 4,646,582</u>	<u>\$ (1,539,335)</u>
Net income / (loss) attributable to:		
Equity shareholders of the Company	\$ 4,549,310	\$ (1,151,076)
Non-controlling interests	<u>97,272</u>	<u>(388,259)</u>
Net income / (loss) for the period	<u>\$ 4,646,582</u>	<u>\$ (1,539,335)</u>
Basic earnings/(loss) per ordinary share (Note 5)	<u>\$ 0.18</u>	<u>\$ (0.07)</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, 2021
with corresponding figures for the three months ended March 31, 2020
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Net income/(loss) for the period	\$ 4,646,582	\$ (1,539,335)
Other Comprehensive Income:		
<i>Items that are or will be subsequently be reclassified to profit or loss:</i>		
Share of OCI of Equity-Accounted Investees	(18,167)	(532,562)
Reclassification during the period to profit and loss	3,397	(271,579)
Change in available-for-sale financial assets	<u>(2,452,166)</u>	<u>(2,392,782)</u>
Total comprehensive income/(loss) for the period	<u>\$ 2,179,646</u>	<u>\$ (4,736,258)</u>
Attributable to:		
Equity shareholders of the Company	\$ 2,082,374	\$ (4,347,999)
Non-controlling interests	<u>97,272</u>	<u>(388,259)</u>
Total comprehensive income/(loss) for the period	<u>\$ 2,179,646</u>	<u>\$ (4,736,258)</u>
Comprehensive earnings/(loss) per ordinary share (Note 5)	<u>0.08</u>	<u>(0.20)</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, 2021
with corresponding figures for the three months ended March 31, 2021
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Retained Earnings	Preference Share Capital	Non-controlling Interests	Total Equity
Balance, January 1, 2020	\$ 24,729,613	\$ 5,960,299	\$ 14,317,456	\$ 90,209,720	\$ 42,500,000	\$ 19,664,160	\$ 197,381,248
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)
Share of OCI of Equity-Accounted Investees	-	-	(532,562)	-	-	-	(532,562)
Net loss for the period	-	-	-	(1,151,076)	-	(388,259)	(1,539,335)
Changes in non-controlling interests	-	-	-	-	-	591,342	591,342
Preference share dividend	-	-	-	(610,938)	-	-	(610,938)
Balance, March 31, 2020	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 11,120,533</u>	<u>\$ 88,447,706</u>	<u>\$ 42,500,000</u>	<u>\$ 19,867,243</u>	<u>\$ 192,625,394</u>
Balance, January 1, 2021	\$ 24,729,613	\$ 5,960,299	\$ 3,765,161	\$ 102,530,695	\$ 42,500,000	\$ 20,351,314	\$ 199,837,082
Net loss on remeasurement of available-for-sale securities to fair value	-	-	(2,452,166)	-	-	-	(2,452,166)
Net fair value gain transferred to income on disposal of available-for-sale securities	-	-	3,397	-	-	-	3,397
Net income for the period	-	-	-	4,549,310	-	97,272	4,646,582
Share of OCI of Equity-Accounted Investees	-	-	(18,167)	-	-	-	(18,167)
Balance, March 31, 2021	<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 1,298,225</u>	<u>\$ 107,080,005</u>	<u>\$ 42,500,000</u>	<u>\$ 20,448,586</u>	<u>\$ 202,016,728</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, 2021
with corresponding figures for the three months ended March 31, 2020
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Cash flows from operating activities:		
Net income	\$ 4,646,582	\$ (1,539,335)
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized gains on fair value through income securities	698,901	15,662,276
(Decrease)/increase in provision for future policy benefits net of reinsurance assets	2,946,608	(8,873,140)
Changes in loss provisions for loans and receivables	546,909	462,468
Depreciation and impairment/amortization charges	696,563	456,746
Net realized gain on sale of available-for-sale securities	(199,641)	(1,013,464)
Interest income	(9,265,326)	(8,694,850)
Dividend income	(320,843)	(320,260)
Finance costs and interest	581,292	490,770
Operating cash flows before changes in operating assets and liabilities	331,045	(3,368,789)
Changes in operating assets and liabilities:		
(Increase)/decrease in other assets	(14,089,984)	10,138,038
Increase in other liabilities	7,350,521	1,685,262
Net cash (used in)/provided by operating activities	<u>(6,408,418)</u>	<u>8,454,511</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, 2021
with corresponding figures for the three months ended March 31, 2020
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	5,947,560	659,860
Fair value through income securities purchased	(666,841)	(5,798,372)
Proceeds on disposal of fair value through income securities	1,819,877	4,829,510
Available-for-sale securities purchased	(3,952,597)	(4,710,600)
Proceeds on disposal of available-for-sale securities	17,536,005	12,359,024
Reclassification during the year to profit or loss	3,397	(271,579)
Net change in loans to policyholders	323,707	1,347,485
Repayments from loan to SBL Ltd.	-	(25,170)
Net decrease in mortgage and commercial loans	581,510	339,985
Interest received	6,521,140	6,640,710
Dividends received	320,843	320,260
Additions to other Investment property	-	(945,231)
Additions to other intangible assets	(688,672)	-
Net cash provided by investing activities	<u>27,745,929</u>	<u>14,745,882</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	-	591,342
Interest paid on guaranteed investment & other contracts	(525,452)	(490,770)
Repayments of lease liabilities	(412,697)	(252,231)
Dividend to preference shareholders	-	(610,938)
Net cash used in financing activities	<u>(938,149)</u>	<u>(762,597)</u>
Net increase in cash and cash equivalents	20,399,362	22,437,796
Cash and cash equivalents, beginning of period	<u>33,984,653</u>	<u>43,963,172</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 54,384,015</u>	<u>\$ 66,400,968</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, 2021
(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, 2021 approximately 58.1% (2020: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2020: 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, 2021
(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, 2021	March 31, 2020
Term deposits	\$ 14,999,706	\$ 4,510,717
Less: Deposits with original maturities of greater than 90 days	<u>(6,999,706)</u>	<u>(4,510,717)</u>
Short-term deposits	8,000,000	-
Cash and demand balances	<u>46,384,015</u>	<u>66,400,968</u>
Total cash and cash equivalents	<u>\$ 54,384,015</u>	<u>\$ 66,400,968</u>

4. Invested Assets

	March 31, 2021	December 31, 2020
Term deposits	\$ 14,999,706	\$ 15,660,104
Investment securities and other financial assets	426,070,724	443,758,594
Mortgages and commercial loans	22,886,315	23,493,544
Policy loans	67,157,299	67,471,882
Investment properties	56,609,849	56,609,849
Equity-accounted investees	<u>15,179,726</u>	<u>14,997,768</u>
Total invested assets	<u>\$ 602,903,619</u>	<u>\$ 621,991,741</u>

5. Earnings Per Share and Dividends Per 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. There were no treasury shares held by Colina as at March 31, 2021 (March 31, 2020: nil).

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Net income/(loss) attributable to equity shareholders	<u>\$ 4,549,310</u>	<u>\$ (1,151,076)</u>
Net income/(loss) attributable to ordinary shareholders	<u>\$ 4,549,310</u>	<u>\$ (1,762,014)</u>
Weighted average number of ordinary shares outstanding	<u>24,729,613</u>	<u>24,729,613</u>
Basic earnings/(loss) per ordinary share	<u>\$ 0.18</u>	<u>\$ (0.07)</u>

COLINA HOLDINGS BAHAMAS LIMITED
Selected Explanatory Notes to the Condensed Unaudited Consolidated Financial Statements

For the period ended March 31, 2021
(Expressed in Bahamian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Comprehensive income/(loss) attributable to equity shareholders	\$ 2,082,374	\$ (4,347,999)
Comprehensive income/(loss) attributable to ordinary shareholders	\$ 2,082,374	\$ (4,958,937)
Weighted average number of ordinary shares outstanding	<u>24,729,613</u>	<u>24,729,613</u>
Comprehensive basic earnings/(loss) per ordinary share	<u>\$ 0.08</u>	<u>\$ (0.20)</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, 2021, there were no dividends paid or accrued by the Company to ordinary shareholders in the period (March 31, 2020: nil). Dividends paid or accrued by the Company to the Class "A" preference shareholders during the period totalled \$nil (March 31, 2020: \$610,938).

The Company does not have any dilutive shares.

6. Other Subsequent Events

Dividends declared for Ordinary and Preference Shareholders

The Board of Directors by resolution dated April 1, 2021, authorized the payment of preference share dividends for the Class "A" Preference Shareholders of the Company for the quarter ended March 31, 2021.

The Board further approved, by resolutions dated April 15, 2021, the payment of preference share dividends for the Class "A" Preference Shareholders of the company for the quarter ended June 30, 2021 and an ordinary dividend of \$0.16 per share for all issued and outstanding class "A" Ordinary Shareholders of record on June 30, 2021.

7. Corresponding figures

Certain corresponding figures have been restated to facilitate a more comparative basis of the financial statements based on the current year's presentation.