

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2021
UNAUDITED**

Message from the Chairman

Dear Shareholders,

For the six months ended June 30, 2021, the Company recorded net income attributable to ordinary shareholders of \$9.9 million or \$0.40 per ordinary share. This compares to the net income attributable to ordinary shareholders of \$4.8 million and \$0.19 per ordinary share for the same period in 2020.

The results through June 30, 2021 continue to reflect the improved market conditions, with the most notable impact reflected in net investment income for the 6 months ended June 30, 2021 totalling \$21.6 million compared to \$1.1 million for the same period in the prior year, representing an increase of \$20.5 million. Premium revenues are up, totalling \$64.5 million for the first half of 2021, increasing by 6.3% over the prior year's gross written premiums of \$60.7 million.

The increases in net investment income and premium revenues resulted in revenues of \$91.6 million for the six months ended June 30, 2021 compared to \$64.5 million in the prior year.

Net policyholders' benefits have increased through June 30, 2021 to \$43.1 million compared to \$38.7 million for the same period in the prior year. The June 2020 premiums and net benefits were below expected levels due to the business restrictions that were then implemented in response to the onset of the COVID-19 pandemic.

The change in provision for future policy benefits net of reinsurance assets ceded for the 6 months ended June 30, 2021 totalled \$9.6 million.

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

Total assets at June 30, 2021 were \$807.9 million with invested assets remaining the largest component of total assets, comprising 76.1% of total assets.

Shareholders' equity as at June 30, 2021 totalled \$182.5 million and is net of dividend distributions to the Class "A" preference shareholders for Q1 and Q2 totalling \$1.2 million and dividends to the ordinary shareholders of \$4.0 million or \$0.16 per ordinary share.

Overall, the Company's financials continue to reflect the positive economic effects of the reopening of The Bahamas. CHBL remains focused on strategies that will further strengthen 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 June 30, 2021 with corresponding figures as at December 31, 2020
(Expressed in Bahamian dollars)

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Cash and demand balances	3	\$ 58,557,417	\$ 31,271,815
Term deposits	3,4	15,025,539	15,660,104
Investment securities and other financial assets	4	438,140,725	443,758,594
Receivables and other assets		74,073,626	76,410,597
Reinsurance receivables		19,675,303	14,962,537
Reinsurance asset		16,898,466	16,687,479
Policy loans	4	67,105,720	67,471,882
Mortgages and commercial loans	4	22,418,290	23,493,544
Investment properties	4	56,609,849	56,609,849
Equity-accounted investees	4	15,533,082	14,997,768
Property and equipment		15,379,476	15,888,712
Goodwill		6,418,337	6,418,337
Other intangible assets		2,045,590	1,764,472
Total assets		\$ 807,881,420	\$ 785,395,690
LIABILITIES			
Provision for future policy benefits		\$ 481,378,637	\$ 471,585,838
Policy dividends on deposit		28,547,267	28,323,445
Total policy liabilities		509,925,904	499,909,283
Lease liabilities		2,859,119	4,048,056
Other liabilities		91,718,921	81,601,269
Total liabilities		604,503,944	585,558,608
EQUITY			
Ordinary shares		24,729,613	24,729,613
Share premium		5,960,299	5,960,299
Revaluation reserve		826,844	3,765,161
Retained earnings		108,494,092	102,530,695
Total ordinary shareholders' equity		140,010,848	136,985,768
Preference shares		42,500,000	42,500,000
Total shareholders' equity		182,510,848	179,485,768
Non-controlling interests		20,866,628	20,351,314
Total equity		203,377,476	199,837,082
Total liabilities and equity		\$ 807,881,420	\$ 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 six months ended June 30, 2021
with corresponding figures for the six months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Revenues:			
Premium revenue		\$ 64,537,012	\$ 60,675,756
Less: Reinsurance premiums		<u>7,987,009</u>	<u>7,609,815</u>
Net premium revenue		56,550,003	53,065,941
Net investment income		21,569,849	1,123,937
Share of net gain/(loss) of associates		424,805	(1,086,576)
Net commission income		2,187,145	2,010,194
Investment management and other fees		8,062,360	7,376,707
Other income and fees		<u>2,758,855</u>	<u>1,962,007</u>
Total revenues		<u>91,553,017</u>	<u>64,452,210</u>
Benefits and expenses:			
Policyholders' benefits		50,335,657	41,760,021
Less: Reinsurance recoveries		<u>7,280,920</u>	<u>3,098,833</u>
Net policyholders' benefits		43,054,737	38,661,188
Changes in provision for future policy benefits		9,581,812	(7,027,456)
General and administrative expenses		19,907,639	19,071,507
Commission expense		3,824,702	3,308,027
Premium and other tax expense		2,353,674	1,978,383
Finance costs and interest		712,062	717,139
Other expenses		<u>461,068</u>	<u>406,355</u>
Total benefits and expenses		<u>79,895,694</u>	<u>57,115,143</u>
Net income for the period:		<u>\$ 11,657,323</u>	<u>\$ 7,337,067</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 11,142,009	\$ 6,005,229
Non-controlling interests		<u>515,314</u>	<u>1,331,838</u>
Net income for the period		<u>\$ 11,657,323</u>	<u>\$ 7,337,067</u>
Basic earnings per ordinary share	5	<u>\$ 0.40</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 six months ended June 30, 2021
with corresponding figures for the six months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Net income for the period		\$ 11,657,323	\$ 7,337,067
Other comprehensive gains/(losses):			
Items that are or will be subsequently be reclassified to profit or loss:			
Reclassification during the year to profit or loss		-	(271,579)
Share of OCI of Equity-Accounted Investees		110,508	(1,175,125)
Change in available-for-sale financial assets		<u>(3,048,825)</u>	<u>(7,493,172)</u>
Other comprehensive expense for the period		<u>(2,938,317)</u>	<u>(8,939,876)</u>
Total comprehensive income / (loss) for the period		<u>\$ 8,719,006</u>	<u>\$ (1,602,809)</u>
Attributable to:			
Equity shareholders of the Company		\$ 8,203,692	\$ (2,934,647)
Non-controlling interests		<u>515,314</u>	<u>1,331,838</u>
Total comprehensive income / (loss) for the period		<u>\$ 8,719,006</u>	<u>\$ (1,602,809)</u>
Comprehensive earnings/(loss) per ordinary share	5	<u>\$ 0.28</u>	<u>\$ (0.17)</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 June 30, 2021
with corresponding figures for the three months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020
Revenues:			
Premium revenue		\$ 32,790,294	\$ 29,168,650
Less: Reinsurance premiums		<u>4,008,284</u>	<u>3,970,534</u>
Net premium revenue		28,782,010	25,198,116
Net investment income		13,541,358	7,231,735
Share of net gain/(loss) of associates		224,679	(1,271,157)
Net commission income		1,076,483	1,024,229
Investment management and other fees		4,467,828	3,889,505
Other income		<u>1,486,725</u>	<u>1,151,389</u>
Total revenues		<u>49,579,083</u>	<u>37,223,817</u>
Benefits and expenses:			
Policyholders' benefits		24,984,309	14,796,294
Less: Reinsurance recoveries		<u>3,224,151</u>	<u>1,091,561</u>
Net policyholders' benefits		21,760,158	13,704,733
Changes in provision for future policy benefits		6,635,204	1,845,684
General and administrative expenses		10,404,172	9,674,664
Commissions		1,989,980	1,525,178
Premium and other tax expense		1,186,990	1,021,089
Finance costs		431,666	469,432
Other expenses		<u>160,172</u>	<u>106,635</u>
Total benefits and expenses		<u>42,568,342</u>	<u>28,347,415</u>
Net income for the period:		<u>\$ 7,010,741</u>	<u>\$ 8,876,402</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 6,592,699	\$ 7,156,305
Non-controlling interests		<u>418,042</u>	<u>1,720,097</u>
Net income for the period		<u>\$ 7,010,741</u>	<u>\$ 8,876,402</u>
Basic earnings per share	5	<u>\$ 0.22</u>	<u>\$ 0.26</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 June 30, 2021
with corresponding figures for the three months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020
Net income for the period		\$ 7,010,741	\$ 8,876,402
Other comprehensive gains/(losses):			
Items that are or will be subsequently be reclassified to profit or loss:			
Reclassification during the year to profit or loss		(3,397)	-
Share of OCI of Equity-Accounted Investees		128,675	(642,563)
Change in available-for-sale financial assets		(596,659)	(5,100,390)
Other comprehensive expense for the period		<u>\$ (471,381)</u>	<u>\$ (5,742,953)</u>
Total comprehensive income for the period		<u>\$ 6,539,360</u>	<u>\$ 3,133,449</u>
Attributable to:			
Equity shareholders of the Company		\$ 6,121,318	\$ 1,413,352
Non-controlling interests		418,042	1,720,097
Total comprehensive income for the period		<u>\$ 6,539,360</u>	<u>\$ 3,133,449</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.20</u>	<u>\$ 0.03</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 six months ended June 30, 2021
with corresponding figures for the six months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	Ordinary Share Capital	Share Premium	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		-	-	(7,493,172)	-	-	-	(7,493,172)
Realized losses on available-for-sale securities		-	-	(271,579)	-	-	-	(271,579)
Share of OCI of Equity-Accounted Investees		-	-	(1,175,125)	-	-	-	(1,175,125)
Changes in non-controlling interests		-	-	-	-	-	(824,288)	(824,288)
Net income for the period		-	-	-	6,005,229	-	1,331,838	7,337,067
Ordinary share dividend	5	-	-	-	(3,956,738)	-	-	(3,956,738)
Preference share dividends	5	-	-	-	(1,221,875)	-	-	(1,221,875)
Balance, June 30, 2020		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 5,377,580</u>	<u>\$ 91,036,336</u>	<u>\$ 42,500,000</u>	<u>\$ 20,171,710</u>	<u>\$ 189,775,538</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		-	-	(3,048,825)	-	-	-	(3,048,825)
Share of OCI of Equity-Accounted Investees		-	-	110,508	-	-	-	110,508
Net income for the period		-	-	-	11,142,009	-	515,314	11,657,323
Ordinary share dividend	5	-	-	-	(3,956,738)	-	-	(3,956,738)
Preference share dividends	5	-	-	-	(1,221,874)	-	-	(1,221,874)
Balance, June 30, 2021		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 826,844</u>	<u>\$ 108,494,092</u>	<u>\$ 42,500,000</u>	<u>\$ 20,866,628</u>	<u>\$ 203,377,476</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 six months ended June 30, 2021
with corresponding figures for the six months ended June 30, 2020
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30, 2020	6 Months Ended June 30, 2020
Cash flows from operating activities:			
Net income		\$ 11,657,323	\$ 7,337,067
Adjustments to reconcile net income to net cash used in operating activities:			
Change in unrealized (gain)/loss on fair value through income securities		(3,699,906)	16,877,728
Increase/(decrease) in provision for future policy benefits net of reinsurance assets		9,581,812	(7,027,456)
Changes in loss provisions for loans and receivables		979,087	869,286
Depreciation and impairment/amortization charges		790,668	1,498,635
Net realized gain on fair value through income securities		-	(962,289)
Net realized losses on sale of available-for-sale securities		44,277	320,971
Interest income		(19,357,605)	(17,981,146)
Dividend income		(611,001)	(1,638,571)
Operating cash flows before changes in operating assets and liabilities		(615,345)	(705,775)
Changes in operating assets and liabilities:			
(Increase)/decrease in other assets		(3,536,730)	10,833,104
Increase in other liabilities		10,341,474	2,699,276
Net cash provided by operating activities		<u>6,189,399</u>	<u>12,826,605</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 six months ended June 30, 2021
with corresponding figures for the six months ended June 30, 2020
(Expressed in Bahamian dollars)

	6 Months Ended June 30, 2020	6 Months Ended June 30, 2020
Cash flows from investing activities:		
Decrease in term deposits with original maturities greater than 90 days	8,428,259	654,887
Fair value through income securities purchased	(8,213,553)	(12,490,541)
Proceeds on disposal of fair value through income securities	7,888,507	17,178,012
Available-for-sale securities purchased	(16,706,213)	(30,067,503)
Proceeds on disposal of available-for-sale securities	23,255,932	12,147,567
Repayment on loan to SBL Ltd.	-	92,771
Decrease in loans to policyholders	465,959	1,010,792
Net change in mortgage and commercial loans	846,010	516,684
Interest received	19,244,094	16,466,685
Dividends received	611,001	1,638,571
Additions to property and equipment	(49,585)	(544,001)
Additions to other intangible assets	(512,965)	-
	<u>35,257,446</u>	<u>6,603,924</u>
Net cash provided by investing activities		
Cash flows used in financing activities:		
Changes in non-controlling interests	-	(824,288)
Dividend to ordinary shareholders	(3,956,738)	(3,956,738)
Dividends to preference shareholders	(1,221,874)	(1,221,875)
Repayments of lease liabilities	(1,188,937)	(2,648,485)
	<u>(6,367,549)</u>	<u>(8,651,386)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	35,079,296	10,779,143
Cash and cash equivalents, beginning of period	<u>33,984,653</u>	<u>43,963,172</u>
Cash and cash equivalents, end of period	3	3
	\$ <u>69,063,949</u>	\$ <u>54,742,315</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 June 30, 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; Colina Financial Advisors Ltd. (“CFAL”), a wholly-owned financial services company; Indigo Insurance (Bahamas) Limited (“Indigo”) a wholly-owned general insurer.

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. Indigo is registered to operate as a general insurer in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At June 30, 2021 approximately 58.1% (December 31, 2020: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (December 31, 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 June 30, 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:

	June 30, 2021	June 30, 2020
Term deposits	\$ 15,025,539	\$ 4,515,690
Less: Deposits with original maturities of greater than 90 days	<u>(4,519,007)</u>	<u>(4,515,690)</u>
Short-term deposits	10,506,532	-
Cash and demand balances	<u>58,557,417</u>	<u>54,742,315</u>
Total cash and cash equivalents	<u>\$ 69,063,949</u>	<u>\$ 54,742,315</u>

4. Invested Assets

The following represent the Company's total invested assets which are comprised of the following:

	June 30, 2021	December 31, 2020
Term deposits	\$ 15,025,539	\$ 15,660,104
Investment securities and other financial assets	438,140,725	443,758,594
Mortgages and commercial loans	22,418,290	23,493,544
Policy loans	67,105,720	67,471,882
Investment properties	56,609,849	56,609,849
Equity-accounted investees	15,533,082	14,997,768
Total invested assets	<u>\$ 614,833,205</u>	<u>\$ 621,991,741</u>

Invested assets comprise 76.1% of total assets at June 30, 2021 (December 31, 2020: 79.2%).

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 June 30, 2021 (June 30, 2020: nil).

	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Net income attributable to equity shareholders	<u>\$ 11,142,009</u>	<u>\$ 6,005,229</u>
Net income attributable to ordinary shareholders	<u>\$ 9,920,135</u>	<u>\$ 4,783,354</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.40</u>	<u>\$ 0.19</u>
	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Comprehensive income/(loss) attributable to equity shareholders	<u>\$ 8,203,692</u>	<u>\$ (2,934,647)</u>
Comprehensive income/(loss) attributable to ordinary shareholders	<u>\$ 6,981,818</u>	<u>\$ (4,156,522)</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings/(loss) per ordinary share	<u>\$ 0.28</u>	<u>\$ (0.17)</u>

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

For the period ended June 30, 2021
(Expressed in Bahamian dollars)

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020
Net income attributable to equity shareholders	<u>\$ 6,592,699</u>	<u>\$ 7,156,305</u>
Net income attributable to ordinary shareholders	<u>\$ 5,370,825</u>	<u>\$ 6,545,268</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	<u>\$ 0.22</u>	<u>\$ 0.26</u>
	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020
Comprehensive income attributable to equity shareholders	<u>\$ 6,121,318</u>	<u>\$ 1,413,352</u>
Comprehensive income attributable to ordinary shareholders	<u>\$ 4,899,444</u>	<u>\$ 802,315</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	<u>\$ 0.20</u>	<u>\$ 0.03</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 6 months ended June 30, 2021, dividends paid or accrued by the Company to ordinary shareholders in the period totaled \$3,956,738 (June 30, 2020: \$3,956,738). Dividends paid or accrued by the Company to the Class "A" preference shareholders during the period totalled \$1,221,874 (June 30, 2020: \$1,221,875).

The Company does not have any dilutive shares.

6. 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.