

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Six Months Ended June 30, 2023
UNAUDITED**

Message from the Chairman

Dear Shareholders,

For the six months ended June 30, 2023, the Company recorded net income attributable to ordinary shareholders of \$8.5 million or \$0.34 per ordinary share. During the same period in 2022, the net income attributable to ordinary shareholders was \$6.4 million or \$0.26 per ordinary share.

Comprehensive income attributable to the ordinary shareholders totalled \$11.3 million or \$0.46 per ordinary share for the first half of 2023, compared to the period ended June 30, 2022 which reflected comprehensive income for the ordinary shareholders of \$7.0 million or \$0.28 per share.

Net investment income totals \$26.7 million for the 6 months ended June 30, 2023 compared to \$10.3 million for the same period in the prior year. Net investment income increased due to improvements in net fair value gains relative to losses that were experienced in the prior period on certain investment securities.

Premium revenues total \$74.7 million for the 6 months ended June 30, 2023, compared to the prior year's gross written premiums of \$87.1 million. Prior period gross premiums included revenues from a COVID-19 trip interruption product that was terminated in mid-2022. Excluding the premiums from the trip interruption product in 2022, the Company experienced growth in its other life, health and general insurance lines of business. Net policyholder benefits total \$44.6 million, a reduction from the prior year's net policyholder benefits of \$48.3 million, in part due to the terminated product as well as improved mortality claims experience relative to 2022.

Additional net reserves of \$17.0 million were booked during the period. These additional reserves are included in the provision for future policy benefits net of the changes in reinsurance assets at June 30, 2023.

Total assets at June 30, 2023 were \$886.3 million with invested assets totalling \$688.8 million comprising 77.7% of total assets.

Shareholders' equity as at June 30, 2023 totalled \$217.2 million and is net of dividend distributions to the Class "A" preference shareholders totalling \$1.2 million and Class "A" Ordinary Shareholders of \$4.5 million for the period.

CHBL continues to concentrate on strategies that will strengthen its balance sheet and capital position to provide the Company with the flexibility necessary to meet the ongoing needs of policyholders and customers.



Terence Hilts
Chairman

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

At June 30, 2023 with corresponding figures as at December 31, 2022
(Expressed in Bahamian dollars)

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Cash and demand balances	3	\$ 44,936,810	\$ 63,980,419
Term deposits	3,4	7,530,570	7,530,295
Investment securities and other financial assets	4	536,127,163	520,770,935
Receivables and other assets		90,785,419	58,912,555
Reinsurance receivables		16,062,182	16,611,073
Reinsurance asset		20,936,858	20,072,485
Policy loans	4	64,955,579	65,443,004
Mortgages and commercial loans	4	15,465,230	16,684,436
Investment properties	4	59,534,227	58,086,000
Equity-accounted investees	4	5,208,538	5,216,578
Property and equipment		17,422,208	17,912,588
Goodwill		6,418,337	6,418,337
Other intangible assets		950,688	1,464,840
Total assets		\$ 886,333,809	\$ 859,103,545
LIABILITIES			
Provision for future policy benefits		\$ 510,881,260	\$ 493,025,971
Policy dividends on deposit		28,798,753	28,674,118
Total policy liabilities		539,680,013	521,700,089
Bank Loan		30,000,000	-
Lease liabilities		2,446,147	2,805,618
Other liabilities		90,294,700	96,509,355
Total liabilities		662,420,860	621,015,062
EQUITY			
Ordinary shares		24,729,613	24,729,613
Share premium		5,960,299	5,960,299
Revaluation reserve		9,778,823	6,977,915
Retained earnings		134,207,787	130,174,428
Total ordinary shareholders' equity		174,676,522	167,842,255
Preference shares		42,500,000	42,500,000
Total shareholders' equity		217,176,522	210,342,255
Non-controlling interests		6,736,427	27,746,228
Total equity		223,912,949	238,088,483
Total liabilities and equity		\$ 886,333,809	\$ 859,103,545

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, 2023
with corresponding figures for the six months ended June 30, 2022
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30 2023	6 Months Ended June 30 2022
Revenues:			
Premium revenue		\$ 74,704,964	\$ 87,135,805
Less: Reinsurance premiums		<u>12,368,419</u>	<u>15,825,939</u>
Net premium revenue		62,336,545	71,309,866
Net investment income		26,732,647	10,347,767
Share of net gain of associates		137,085	196,636
Net commission income		2,943,082	2,112,930
Investment management and other fees		9,033,395	7,830,376
Other income and fees		<u>2,573,059</u>	<u>2,906,224</u>
Total revenues		<u>103,755,813</u>	<u>94,703,799</u>
Benefits and expenses:			
Policyholders' benefits		51,180,013	58,215,400
Less: Reinsurance recoveries		<u>6,570,280</u>	<u>9,914,241</u>
Net policyholders' benefits		44,609,733	48,301,159
Changes in provision for future policy benefits		16,990,916	10,495,218
General and administrative expenses		21,205,973	19,872,109
Commission expense		5,307,876	4,835,140
Premium and other tax expense		3,536,404	3,096,569
Finance costs and interest		599,328	698,934
Other expenses		<u>1,441,063</u>	<u>509,235</u>
Total benefits and expenses		<u>93,691,293</u>	<u>87,808,364</u>
Net income for the period:		<u>\$ 10,064,520</u>	<u>\$ 6,895,435</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 9,706,564	\$ 7,609,948
Non-controlling interests		<u>357,956</u>	<u>(714,513)</u>
Net income for the period		<u>\$ 10,064,520</u>	<u>\$ 6,895,435</u>
Basic earnings per ordinary share	5	<u>\$ 0.34</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 six months ended June 30, 2023
with corresponding figures for the six months ended June 30, 2022
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30 2023	6 Months Ended June 30 2022
Net income for the period		\$ 10,064,520	\$ 6,895,435
Other comprehensive gains:			
Items that are or will be subsequently be reclassified to profit or loss:			
Change in available-for-sale financial assets			
from unrealized available-for-sale net gains		<u>2,800,975</u>	<u>641,374</u>
Other comprehensive income for the period		<u>2,800,975</u>	<u>641,374</u>
Total comprehensive income for the period		<u>\$ 12,865,495</u>	<u>\$ 7,536,809</u>
Attributable to:			
Equity shareholders of the Company		\$ 12,507,539	\$ 8,251,322
Non-controlling interests		<u>357,956</u>	<u>(714,513)</u>
Total comprehensive income for the period		<u>\$ 12,865,495</u>	<u>\$ 7,536,809</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.46</u>	<u>\$ 0.28</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, 2023
with corresponding figures for the three months ended June 30, 2022
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30 2023	3 Months Ended June 30 2022
Revenues:			
Premium revenue		\$ 37,688,578	\$ 43,898,587
Less: Reinsurance premiums		<u>5,943,520</u>	<u>7,677,925</u>
Net premium revenue		31,745,058	36,220,662
Net investment income		16,073,057	5,718,168
Share of net gain of associates		8,501	89,470
Net commission income		1,527,872	1,063,855
Investment management and other fees		5,081,222	4,198,699
Other income		<u>1,232,788</u>	<u>1,411,872</u>
Total revenues		<u>55,668,498</u>	<u>48,702,726</u>
Benefits and expenses:			
Policyholders' benefits		27,434,295	29,792,576
Less: Reinsurance recoveries		<u>3,707,638</u>	<u>5,186,333</u>
Net policyholders' benefits		23,726,657	24,606,243
Changes in provision for future policy benefits		9,364,903	4,985,414
General and administrative expenses		11,152,678	10,655,374
Commissions		2,577,115	2,356,931
Premium and other tax expense		1,117,141	1,665,096
Finance costs		290,035	379,255
Other expenses		<u>683,030</u>	<u>284,461</u>
Total benefits and expenses		<u>48,911,559</u>	<u>44,932,774</u>
Net income for the period:		<u>\$ 6,756,939</u>	<u>\$ 3,769,952</u>
Net income attributable to:			
Equity shareholders of the Company		\$ 6,663,253	\$ 4,034,136
Non-controlling interests		<u>93,686</u>	<u>(264,184)</u>
Net income for the period		<u>\$ 6,756,939</u>	<u>\$ 3,769,952</u>
Basic earnings per share	5	<u>\$ 0.24</u>	<u>\$ 0.14</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, 2023
with corresponding figures for the three months ended June 30, 2022
(Expressed in Bahamian dollars)

	Notes	3 Months Ended June 30 2023	3 Months Ended June 30 2022
Net income for the period		\$ 6,756,939	\$ 3,769,952
Other comprehensive gains:			
Change in available-for-sale financial assets		<u>4,242,504</u>	<u>930,549</u>
Other comprehensive income for the period		<u>\$ 4,242,504</u>	<u>\$ 930,549</u>
Total comprehensive income for the period		<u>\$ 10,999,443</u>	<u>\$ 4,700,501</u>
Attributable to:			
Equity shareholders of the Company		\$ 10,905,757	\$ 4,964,685
Non-controlling interests		<u>93,686</u>	<u>(264,184)</u>
Total comprehensive income for the period		<u>\$ 10,999,443</u>	<u>\$ 4,700,501</u>
Comprehensive earnings per ordinary share	5	<u>\$ 0.42</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 Statement of Changes in Equity

For the six months ended June 30, 2023
with corresponding figures for the six months ended June 30, 2022
(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, 2022		\$ 24,729,613	\$ 5,960,299	\$ 3,704,969	\$ 120,364,345	\$ 42,500,000	\$ 20,253,664	\$ 217,512,890
Net gain on remeasurement of available-for-sale securities to fair value		-	-	641,374	-	-	-	641,374
Changes in non-controlling interests		-	-	-	-	-	6,746,217	6,746,217
Net income for the period		-	-	-	7,609,948	-	(714,513)	6,895,435
Ordinary share dividend	5	-	-	-	(3,956,738)	-	-	(3,956,738)
Preference share dividends	5	-	-	-	(1,221,874)	-	-	(1,221,874)
Balance, June 30, 2022		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 4,346,343</u>	<u>\$ 122,795,681</u>	<u>\$ 42,500,000</u>	<u>\$ 26,285,368</u>	<u>\$ 226,617,304</u>
Balance, January 1, 2023		\$ 24,729,613	\$ 5,960,299	\$ 6,977,915	\$ 130,174,428	\$ 42,500,000	\$ 27,746,228	\$ 238,088,483
Net gain on remeasurement of available-for-sale securities to fair value		-	-	2,800,908	-	-	-	2,800,908
Changes in non-controlling interests		-	-	-	-	-	(21,367,757)	(21,367,757)
Net income for the period		-	-	-	9,706,564	-	357,956	10,064,520
Ordinary share dividend	5	-	-	-	(4,451,330)	-	-	(4,451,330)
Preference share dividends	5	-	-	-	(1,221,875)	-	-	(1,221,875)
Balance, June 30, 2023		<u>\$ 24,729,613</u>	<u>\$ 5,960,299</u>	<u>\$ 9,778,823</u>	<u>\$ 134,207,787</u>	<u>\$ 42,500,000</u>	<u>\$ 6,736,427</u>	<u>\$ 223,912,949</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, 2023
with corresponding figures for the six months ended June 30, 2022
(Expressed in Bahamian dollars)

	Notes	6 Months Ended June 30 2023	6 Months Ended June 30 2022
Cash flows from operating activities:			
Net income	\$	10,064,520	\$ 7,609,948
Adjustments to reconcile net income to net cash used in operating activities:			
Change in unrealized (gain)/loss on fair value through income securities		(3,776,649)	7,353,233
Increase in provision for future policy benefits net of reinsurance assets		16,990,916	11,838,654
Changes in loss provisions for loans and receivables		1,234,017	555,862
Depreciation and impairment/amortization charges		1,004,532	733,695
Net realized (gain)/loss on sale of available-for-sale securities		(86,540)	15,541
Interest income		(25,486,645)	(19,206,566)
Dividend income		(408,328)	(693,144)
Operating cash flows before changes in operating assets and liabilities		(464,177)	8,207,223
Changes in operating assets and liabilities:			
(Increase)/decrease in other assets		(29,977,968)	45,218,445
(Decrease)/increase in other liabilities		(6,089,664)	10,817,642
Net cash (used in)/provided by operating activities		(36,531,809)	64,243,310

(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, 2023
with corresponding figures for the six months ended June 30, 2022
(Expressed in Bahamian dollars)

	6 Months Ended June 30 2023	6 Months Ended June 30 2022
Cash flows from investing activities:		
(Increase)/decrease in term deposits with original maturities greater than 90 days	(2,431,222)	416,143
Fair value through income securities purchased	(17,555,587)	(30,998,935)
Proceeds on disposal of fair value through income securities	29,180,124	22,959,630
Available-for-sale securities purchased	(50,167,679)	(21,758,229)
Proceeds on disposal of available-for-sale securities	29,850,812	9,183,188
Change in loans to policyholders	677,742	607,769
Additions to investment property	(1,448,227)	-
Net change in mortgage and commercial loans	668,435	1,236,326
Interest received	23,274,960	17,314,959
Dividends received	408,328	693,144
Repayments on loan to SBL Ltd.	-	(220,020)
Proceeds on disposal of investment properties	-	(132,257)
Net cash provided by/(used in) investing activities	<u>12,457,686</u>	<u>(698,282)</u>
Cash flows used in financing activities:		
Changes in non-controlling interests	(21,367,757)	6,031,704
Dividend to ordinary shareholders	(4,451,330)	(3,956,738)
Proceeds from loan	30,000,000	-
Dividends to preference shareholders	(1,221,875)	(1,221,874)
Repayments of lease liabilities	(359,471)	(352,772)
Net cash provided by financing activities	<u>2,599,567</u>	<u>500,320</u>
Net (decrease)/increase in cash and cash equivalents	(21,474,556)	64,045,348
Cash and cash equivalents, beginning of period	<u>66,411,366</u>	<u>34,439,108</u>
Cash and cash equivalents, end of period	3 <u>\$ 44,936,810</u>	<u>\$ 98,484,456</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, 2023
(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 June 30, 2023 approximately 58.1% (2022: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2022: 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 Company's historical accounts follow International Financial Reporting Standards (“IFRS”) in its accounting policies for interim financial information.

IFRS 17 – Insurance Contracts is a new standard that is effective for periods beginning on or after January 1, 2023. At the time of the preparation of these interim consolidated financial statements, the Company was still in the process of preparing its unaudited current and comparative records on the IFRS 17 basis. As a result, these interim unaudited consolidated financial statements are presented using the IFRS 4 Insurance Contracts reporting standard.

While these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements, in the opinion of management, with the exception of the implementation of IFRS 17, 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, 2023
(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, 2023	June 30, 2022
Term deposits	\$ 7,530,570	\$ 7,950,539
Less: Deposits with original maturities of greater than 90 days	<u>(7,530,570)</u>	<u>(4,519,007)</u>
Short-term deposits	-	3,431,532
Cash and demand balances	<u>44,936,810</u>	<u>95,052,924</u>
Total cash and cash equivalents	<u>\$ 44,936,810</u>	<u>\$ 98,484,456</u>

4. Invested Assets

	June 30, 2023	December 31, 2021
Term deposits	\$ 7,530,570	\$ 7,530,295
Investment securities and other financial assets	536,127,163	520,770,935
Mortgages and commercial loans	15,465,230	16,684,436
Policy loans	64,955,579	65,443,004
Investment properties	59,534,227	58,086,000
Equity-accounted investees	<u>5,208,538</u>	<u>5,216,578</u>
Total invested assets	<u>\$ 688,821,307</u>	<u>\$ 673,731,248</u>

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

For the period ended June 30, 2023
(Expressed in Bahamian dollars)

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, 2023 (June 30, 2022: nil).

	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022
Net income attributable to equity shareholders	\$ <u>9,706,564</u>	\$ <u>7,609,948</u>
Net income attributable to ordinary shareholders	\$ <u>8,484,689</u>	\$ <u>6,388,073</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.34</u>	\$ <u>0.26</u>

	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022
Comprehensive income attributable to equity shareholders	\$ <u>12,507,539</u>	\$ <u>8,251,322</u>
Comprehensive income attributable to ordinary shareholders	\$ <u>11,285,664</u>	\$ <u>7,029,447</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	\$ <u>0.46</u>	\$ <u>0.28</u>

	3 Months Ended June 30, 2023	3 Months Ended June 30, 2022
Net income attributable to equity shareholders	\$ <u>6,663,253</u>	\$ <u>4,034,136</u>
Net income attributable to ordinary shareholders	\$ <u>6,052,315</u>	\$ <u>3,423,198</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.24</u>	\$ <u>0.14</u>

	3 Months Ended June 30, 2023	3 Months Ended June 30, 2022
Comprehensive income attributable to equity shareholders	\$ <u>10,905,757</u>	\$ <u>4,964,685</u>
Comprehensive income attributable to ordinary shareholders	\$ <u>10,294,819</u>	\$ <u>4,353,747</u>
<i>Weighted average number of ordinary shares outstanding</i>	24,729,613	24,729,613
Comprehensive earnings per ordinary share	\$ <u>0.42</u>	\$ <u>0.18</u>

COLINA HOLDINGS BAHAMAS LIMITED

Selected Explanatory Notes to the Condensed Unaudited Consolidated Financial Statements

For the period ended June 30, 2023

(Expressed in Bahamian dollars)

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 June 30, 2023, dividends paid by the Company to ordinary shareholders in the period totaled \$4,451,330 (June 30, 2022: \$3,956,738). Dividends paid or accrued by the Company to the Class "A" preference shareholders during the period totalled \$1,221,875 (June 30, 2022: \$1,221,874). The Company does not have any dilutive shares.