

**Condensed Unaudited Consolidated Interim Financial Statements of
Colina Holdings Bahamas Limited
Nine Months Ended September 30, 2020
UNAUDITED**

Dear Shareholders,

For the nine months ended September 30, 2020, the Company recorded net income attributable to ordinary shareholders of \$8.6 million or \$0.35 per ordinary share. This compares to net income attributable to ordinary shareholders of \$8.9 million and \$0.36 per ordinary share for the same period in 2019.

Comprehensive income attributable to equity shareholders for the nine months ended September 30, 2020 totalled \$2.7 million compared to \$11.5 million for the same period in the prior year – reflecting the significant impact that the mark-to-market price adjustments on its investment securities continues to have on the Company's comprehensive income results.

These mark-to-market revaluation losses were reflected in net investment income which totals \$8.6 million compared to \$32.9 million in the prior year. Additional fair value losses were recognized through the revaluation reserve on investment securities classified as available for sale totalling \$7.7 million. The Company ensures that as part of its long-term strategy, that it maintains a strong capital base to withstand these interim periods of price volatility.

The mark-to-market revaluation adjustments affecting net investment income is the primary driver for the reduction in total revenues which totalled \$108.3 million for the 9 months ended September 30, 2020 compared to \$138.7 million in the prior year. Gross premium revenues through September 30, 2020 were down \$4.3 million as new business and renewal premiums were challenged by the effects of the ongoing pandemic. Net premium revenues through September 30, 2020 totalled \$83.5 million compared to \$88.7 million for the same period in 2019.

The decrease in revenues was offset slightly by a reduction in claims experience with net policyholder benefits totalling \$60.6 million for the 9 months ended September 30, 2020 compared to \$67.6 million in the prior year. Additionally, offsetting the impact of the negative investment returns is a release of provisions for future policyholder benefits totalling \$3.1 million compared to an increase in reserves in the prior year totalling \$20.1 million.

The mark-to-market adjustments reflected in the income statement and revaluation reserve have affected the investment securities balance at September 30, 2020 which totals \$439.3 million, a decrease from \$445.8 million at December 31, 2019. Total assets at September 30, 2020 were \$788.6 million with invested assets remaining the largest component of total assets comprising 78.8% of total assets.

The Company continues to have a strong balance sheet to weather income statement volatility, particularly during these times of economic changes and uncertainty. We remain focused on ensuring that the Company's capital base remains sufficiently strong to meet its obligations to its policyholders and shareholders.



Terence Hilts
Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Financial Position

As at September 30, 2020 with comparative figures as at December 31, 2019
(Expressed in Bahamian dollars)

	September 30, 2020	December 31, 2019
ASSETS		
Cash and demand balances	\$ 46,652,594	\$ 44,330,366
Term deposits	15,015,690	5,170,577
Investment securities and other financial assets	439,251,278	445,753,030
Receivables and other assets	90,011,265	94,542,220
Policy loans	69,327,993	69,614,153
Mortgages and commercial loans	24,542,937	25,330,141
Investment properties	57,695,151	59,036,402
Equity-accounted investees	15,505,195	17,532,501
Property and equipment	15,981,177	17,028,963
Goodwill	13,065,819	13,065,819
Other intangible assets	1,533,256	1,881,027
Total assets	\$ 788,582,355	\$ 793,285,199
LIABILITIES		
Provision for future policy benefits	\$ 455,506,528	\$ 458,614,942
Policy dividends on deposit	27,478,331	28,035,994
Total policy liabilities	482,984,859	486,650,936
Repurchase agreement	-	7,000,000
Loans and other borrowings	1,518,871	4,167,356
Other liabilities	96,423,919	83,020,960
Total liabilities	580,927,649	580,839,252
EQUITY		
Ordinary shares	24,729,613	24,729,613
Share premium	5,960,299	5,960,299
Revaluation reserve	5,542,339	13,902,509
Retained earnings	100,419,198	97,272,149
Total ordinary shareholders' equity	136,651,449	141,864,570
Preference shares	42,500,000	42,500,000
Total shareholders' equity	179,151,449	184,364,570
Non-controlling interests	28,503,257	28,081,377
Total equity	207,654,706	212,445,947
Total liabilities and equity	\$ 788,582,355	\$ 793,285,199

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the nine months ended September 30, 2020
with comparative figures for the nine months ended September 30, 2019
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Revenues:		
Premium revenue	\$ 94,876,428	\$ 99,168,720
Less: Reinsurance premiums	<u>11,419,311</u>	<u>10,510,295</u>
Net premium revenue	83,457,117	88,658,425
Net investment income	8,555,767	32,978,636
Share of net loss of associates	(2,027,306)	423,961
Net commission income	2,804,426	2,834,651
Investment management and other fees	11,634,064	10,838,434
Other income and fees	<u>3,879,724</u>	<u>2,946,962</u>
Total revenues	<u>108,303,792</u>	<u>138,681,069</u>
Benefits and expenses:		
Policyholders' benefits	66,419,531	76,549,203
Less: Reinsurance recoveries	<u>5,774,569</u>	<u>8,974,914</u>
Net policyholders' benefits	60,644,962	67,574,289
Changes in provision for future policy benefits	(3,108,413)	20,159,246
General and administrative expenses	28,707,624	28,421,085
Commission expense	4,832,967	6,184,996
Premium and other tax expense	2,978,977	2,736,018
Finance costs and interest	1,071,717	886,240
Other expenses	<u>656,490</u>	<u>581,729</u>
Total benefits and expenses	<u>95,784,324</u>	<u>126,543,603</u>
Net income for the period:	<u>\$ 12,519,468</u>	<u>\$ 12,137,466</u>
Net income attributable to:		
Equity shareholders of the Company	\$ 10,420,381	\$ 10,750,164
Non-controlling interests	<u>2,099,087</u>	<u>1,387,302</u>
Net income for the period	<u>\$ 12,519,468</u>	<u>\$ 12,137,466</u>
Basic earnings per ordinary share (Note 4)	<u>\$ 0.35</u>	<u>\$ 0.36</u>

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the nine months ended September 30, 2020
with comparative figures for the nine months ended September 30, 2019
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Net income for the period	\$ 12,519,468	\$ 12,137,466
Other comprehensive (losses)/gains:		
Change in available-for-sale financial assets	(7,666,947)	793,304
Total comprehensive income for the period	<u>\$ 4,852,521</u>	<u>\$ 12,930,770</u>
Attributable to:		
Equity shareholders of the Company	\$ 2,753,434	\$ 11,543,468
Non-controlling interests	2,099,087	1,387,302
Total comprehensive income for the period	<u>\$ 4,852,521</u>	<u>\$ 12,930,770</u>

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Income

For the three months ended September 30, 2020
with comparative figures for the three months ended September 30, 2019
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019
Revenues:		
Premium revenue	\$ 33,806,845	\$ 33,885,448
Less: Reinsurance premiums	<u>3,809,496</u>	<u>3,694,974</u>
Net premium revenue	29,997,349	30,190,474
Net investment income	7,582,884	11,429,148
Share of net loss of associates	234,396	566,127
Net commission income	794,232	868,122
Investment management and other fees	4,257,357	3,539,545
Other income	<u>1,917,181</u>	<u>1,098,435</u>
Total revenues	<u>44,783,399</u>	<u>47,691,851</u>
Benefits and expenses:		
Policyholders' benefits	24,265,683	25,199,349
Less: Reinsurance recoveries	<u>2,675,736</u>	<u>1,831,059</u>
Net policyholders' benefits	21,589,947	23,368,290
Changes in provision for future policy benefits	3,919,043	8,043,091
General and administrative expenses	9,592,960	9,576,196
Commissions	1,524,940	2,121,357
Premium and other tax expense	996,573	922,087
Finance costs	354,578	293,917
Other expenses	<u>250,135</u>	<u>176,612</u>
Total benefits and expenses	<u>38,228,176</u>	<u>44,501,550</u>
Net income for the period:	\$ 6,555,223	\$ 3,190,301
Net income attributable to:		
Equity shareholders of the Company	\$ 5,590,277	\$ 2,947,470
Non-controlling interests	<u>964,946</u>	<u>242,831</u>
Net income for the period	\$ 6,555,223	\$ 3,190,301
Basic earnings per share (Note 4)	\$ 0.20	\$ 0.09

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Interim Statement of Comprehensive Income

For the three months ended September 30, 2020
with comparative figures for the three months ended September 30, 2019
(Expressed in Bahamian dollars)

	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019
Net income for the period	\$ 6,555,223	\$ 3,190,301
Other comprehensive (losses)/gains:		
Change in available-for-sale financial assets	(173,775)	782,750
Total comprehensive income for the period	<u>\$ 6,381,448</u>	<u>\$ 3,973,051</u>
Attributable to:		
Equity shareholders of the Company	\$ 5,416,502	\$ 3,730,220
Non-controlling interests	964,946	242,831
Total comprehensive income for the period	<u>\$ 6,381,448</u>	<u>\$ 3,973,051</u>

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2020
with comparative figures for the nine months ended September 30, 2019
(Expressed in Bahamian dollars)

	Ordinary Share Capital	Share Premium	Revaluation Reserve	Preference Share Capital	Retained Earnings	Non-controlling Interests	Total Equity
Balance, January 1, 2019	\$ 24,729,613	\$ 5,960,299	\$ 13,964,081	\$ 42,500,000	\$ 88,149,601	\$ 23,733,667	\$ 199,037,261
Net gain on remeasurement of available-for-sale securities to fair value	-	-	793,304	-	-	-	793,304
Realized gains on available-for-sale securities	-	-	244,783	-	-	-	244,783
Net income for the period	-	-	-	-	10,750,164	1,387,302	12,137,466
Changes in non-controlling interests	-	-	-	-	-	789,448	789,448
Ordinary share dividends	-	-	-	-	(5,440,515)	-	(5,440,515)
Preference share dividends	-	-	-	-	(1,832,814)	-	(1,832,814)
Balance, September 30, 2019	\$ 24,729,613	\$ 5,960,299	\$ 15,002,168	\$ 42,500,000	\$ 91,626,436	\$ 25,910,417	\$ 205,728,933
Balance, January 1, 2020	\$ 24,729,613	\$ 5,960,299	\$ 13,902,509	\$ 42,500,000	\$ 97,272,149	\$ 28,081,377	\$ 212,445,947
Net loss on remeasurement of available-for-sale securities to fair value	-	-	(7,666,947)	-	-	-	(7,666,947)
Net fair value loss transferred to income on disposal of available-for-sale securities	-	-	(693,223)	-	-	-	(693,223)
Net income for the period	-	-	-	-	10,420,381	2,099,087	12,519,468
Changes in non-controlling interests	-	-	-	-	-	(1,677,207)	(1,677,207)
Ordinary share dividends	-	-	-	-	(5,440,518)	-	(5,440,518)
Preference share dividends	-	-	-	-	(1,832,814)	-	(1,832,814)
Balance, September 30, 2020	\$ 24,729,613	\$ 5,960,299	\$ 5,542,339	\$ 42,500,000	\$ 100,419,198	\$ 28,503,257	\$ 207,654,706

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the nine months ended September 30, 2020
with comparative figures for the nine months ended September 30, 2019
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Cash flows from operating activities:		
Net income	\$ 12,519,468	\$ 12,137,466
Adjustments to reconcile net income to net cash used in operating activities:		
Change in unrealized loss/(gain) on fair value through income securities	16,994,621	(7,310,545)
(Decrease)/increase in provision for future policy benefits	(3,108,414)	20,159,246
Changes in loss provisions for loans and receivables	1,254,497	522,729
Depreciation and amortization charges	1,939,558	910,635
Net realized (gain)/loss on fair value through income securities	(1,852,800)	192,453
Interest income	(26,859,566)	(26,160,474)
Dividend income	<u>(2,124,527)</u>	<u>(1,707,647)</u>
Operating cash flows before changes in operating assets and liabilities	(430,236)	(1,256,137)
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	7,293,438	(24,326,478)
Increase in other liabilities	<u>5,845,296</u>	<u>7,782,608</u>
Net cash provided by/(used in) operating activities	<u>12,708,498</u>	<u>(17,800,007)</u>

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Unaudited Consolidated Statement of Cash Flows

For the nine months ended September 30, 2020
with comparative figures for the nine months ended September 30, 2019
(Expressed in Bahamian dollars)

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Cash flows from investing activities:		
Changes in non-controlling interests	(1,677,207)	789,448
(Increase)/decrease in term deposits with original maturities greater than 90 days	(9,845,113)	13,082,105
Fair value through income securities purchased	(17,668,939)	(38,995,389)
Proceeds on disposal of fair value through income securities	23,640,051	22,853,375
Available-for-sale securities purchased	(49,397,930)	(38,680,201)
Proceeds on disposal of available-for-sale securities	25,619,652	38,723,970
Repayment on loan by affiliate	1,611,644	2,058,675
Decrease in loans to policyholders	556,629	610,231
Net change in investment property	1,341,251	(199,266)
Net change in mortgage and commercial loans	720,480	1,811,183
Interest received	23,054,503	24,063,025
Dividends received	2,124,527	1,707,647
Additions to property and equipment	(544,001)	(348,732)
Net cash (used in)/provided by investing activities	<u>(464,453)</u>	<u>27,476,071</u>
Cash flows used in financing activities:		
Dividends to ordinary shareholders	(5,440,518)	(5,440,515)
Dividends to preference shareholders	(1,832,814)	(1,832,814)
Repayments on borrowings	(2,648,485)	(4,081,222)
Net cash used in financing activities	<u>(9,921,817)</u>	<u>(11,354,551)</u>
Net increase / (decrease) in cash and cash equivalents	2,322,228	(1,678,487)
Cash and cash equivalents, beginning of period	<u>44,330,366</u>	<u>41,988,547</u>
Cash and cash equivalents, end of period (Note 3)	<u>\$ 46,652,594</u>	<u>\$ 40,310,060</u>

(Concluded)

The accompanying notes are an integral part of these consolidated financial statements.

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

For the period ended September 30, 2020
(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 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 September 30, 2020 approximately 58.1% (2019: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. (“AFH”) and 41.9% (2019: 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 Unaudited Consolidated Financial Statements

For the period ended September 30, 2020
(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:

	September 30, 2020	September 30, 2019
Term deposits	\$ 15,015,690	\$ 4,486,801
Less: Deposits with original maturities of greater than 90 days	<u>(15,015,690)</u>	<u>(4,214,045)</u>
Short-term deposits	-	272,756
Cash and demand balances	46,652,594	42,883,927
Less: Bank overdraft	<u>-</u>	<u>(2,846,623)</u>
Total cash and cash equivalents	<u>\$ 46,652,594</u>	<u>\$ 40,310,060</u>

4. Invested Assets

	September 30, 2020	December 31, 2019
Term deposits	\$ 15,015,690	\$ 5,170,577
Investment securities and other financial assets	439,251,278	445,753,030
Mortgages and commercial loans	24,542,937	25,330,141
Policy loans	69,327,993	69,614,153
Investment properties	57,695,151	59,036,402
Equity-accounted investees	<u>15,505,195</u>	<u>17,532,501</u>
Total invested assets	<u>\$ 621,338,244</u>	<u>\$ 622,436,804</u>

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

For the period ended September 30, 2020
(Expressed in Bahamian dollars)

5. 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. At September 30, 2020, there were no treasury shares outstanding (2019: nil).

	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Net income attributable to equity shareholders	\$ <u>10,420,381</u>	\$ <u>10,750,164</u>
Net income attributable to ordinary shareholders	\$ <u>8,587,567</u>	\$ <u>8,917,350</u>
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.35</u>	\$ <u>0.36</u>

	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019
Net income attributable to equity shareholders	\$ <u>5,590,277</u>	\$ <u>2,947,470</u>
Net income attributable to ordinary shareholders	\$ <u>4,979,338</u>	\$ <u>2,336,532</u>
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	\$ <u>0.20</u>	\$ <u>0.09</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 \$5,440,518 (\$0.22 per share) (2019: \$5,440,515 (\$0.22 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during the period totalled \$1,832,814 (2019: \$1,832,814).

The Company does not have any dilutive shares.