ANNUAL REPORT

2022

Pledge To Excel

COLINA
HOLDINGS BAHAMAS LIMITED

CONTENTS

Chairman's Report

Colina Holdings Bahamas Limited's (CHBL) obligations to shareholders drives everything we do. In fiscal 2022, CHBL performed well and maintained its profitability due to the combined financial strength of its subsidiaries and prudence of its Board. During the period, the Company received some significant repayments of certain of its receivable balances and reinvested the same, according to our established prudential criteria, with the balance reflected in the cash position at year end.

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. We remain adequately positioned to withstand local and global market changes due to our strong foundation. Allow me to highlight the following key indicators from fiscal 2022:

- Net income attributable to equity shareholders totalled $18.2 million, compared to $24.5 million in 2021.
- Earnings per ordinary share totalled $0.64 in 2022, compared to $0.89 in 2021.
- Comprehensive income attributable to equity shareholders totalled $21.5 million, compared to $24.5 million in 2021.
- Comprehensive earnings per ordinary share totalled $0.77 per share, compared to $0.89 per share in 2021.
- Total revenues for the year ended December 31, 2022 were $180.8 million, compared to $174.6 million in 2021.
- Total assets at December 31, 2022 totalled $859.1 million, compared to $823.9 million in 2021.
- Total equity grew to $ 238.1 million, up from $217.5 million in 2021.
- The Company continued to honour its commitment to policyholders, paying over $111.5 million in benefits in 2022. Payments to policyholders represented over 72.4% of gross premiums.

In 2022, following its annual review, CIL's AM Best Credit Ratings were negatively impacted by The Bahamas' Sovereign Ratings downgrade. AM Best acknowledged that CIL's balance sheet strength remained strong, as evidenced by its capital ratios which had been steadily increasing and were at their highest levels ever. AM Best further assessed CIL's operating performance as strong, its business profile as neutral and its enterprise risk management as appropriate. Nevertheless, the Company's Financial Strength Rating (FSR) went from A- (Excellent) to B++ (Good). AM Best adjusted the outlook of CIL's ratings from negative to stable. The FSR B++ rating reflected AM Best's opinion that CIL has a good ability to meet its ongoing insurance policy and contract obligations.

This fiscal, CFAL celebrated 25 years of growing wealth for future generations of Bahamians. CFAL received the Global Award for Best Pension Administration firm in The Bahamas, from M&A Today. Anthony R. Ferguson, CFAL's President, was named 'Person of the Year 2022' in the annual Jones Communications Network Civil Society Awards

CHBL continues to provide digital property and casualty insurance, via Indigo Insurance (Bahamas) Limited which was launched in The Bahamas in June 2021 and in Cayman earlier this year.

The Bahamas' economic outlook is improving, with businesses and global travel slowly returning to pre-pandemic levels. We remain carefully optimistic that, in 2023, the economy will continue to recover from the impact of the COVID-19 pandemic.

We are grateful to you, our shareholders, for your continuing support of CHBL and its subsidiaries. Your partnership and steadfast confidence in the Board of Directors to use sound judgment as we work towards ensuring value on your investment are appreciated.

Gratitude is extended to our customers and clients. We will continue to focus on providing innovative products and outstanding service as we do our best to surpass your expectations in 2023 and beyond.

Our Company's success is a result of the collective efforts of our executives, managers and team members across all subsidiaries, powered by a talented and aggressive sales force. We appreciate the daily dedication of each and every person towards the accomplishment of our goals.

On behalf of CHBL's Board of competent directors with diverse and extensive professional capability, thank you all. We pledge to excel, providing direction and seeking opportunities to enhance shareholder value.

TERRY HILTS | *Chairman*

Management's Discussion & Analysis

Foward-Looking **Statements**

Colina Holdings Bahamas Limited
Management Discussion & Analysis
For the period ended December 31, 2022
This MD&A is dated April 30, 2022

OVERVIEW

Colina Holdings Bahamas Limited ("CHBL" or "the Company") is a holding company, incorporated in 1993. CHBL subsidiaries provide financial services solutions through the production, distribution, and administration of insurance and investment products. CHBL's wholly-owned principal subsidiaries include Colina Insurance Limited ("CIL"), Colina General Insurance Agents & Brokers Limited ("CGIA"), Colina Financial Advisors Ltd. ("CFAL") and Indigo Insurance ("Indigo").

CIL is a life and health insurer whose principal operations are conducted largely in The Bahamas and which is also registered to operate in the Cayman Islands and The Turks and Caicos Islands. CGIA holds a dual registration as a general insurance agent and broker for operations in The Bahamas. CFAL is an investment advisory firm, established to provide financial services including investment management, pension management and administration, corporate advisory services, escrow, registrar and transfer agent services. Indigo is registered as a general insurer in The Bahamas and the Cayman Islands.

All references to financial information presented are in relation to the consolidated financial statements of the Company and its subsidiaries (collectively, "The Group"), unless otherwise identified.

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Company, on which the information presented in this report is based, have been prepared in accordance with International Financial Reporting Standards. This report should be read in conjunction with the annual consolidated financial statements and accompanying note disclosures.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group's accounting policies require the use of judgments relating to a variety of assumptions and estimates that affect amounts reported in the Consolidated Financial Statements. In particular, with respect to insurance related assumptions and estimates, these include expectations of current and future mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. Management has also applied judgment in its assessment of valuations of real estate and goodwill which include assumptions and estimates in relation to rates such as discount, growth, vacancy, and inflation. In applying its accounting policies, management makes subjective and complex judgments that frequently estimate matters which are inherently uncertain. Many of these policies are common in the insurance and financial services industries; others are specific to the Group's business and operations. Due to the inherent uncertainty of using the assumptions and estimates, the effect of certain accounting policies under different conditions or assumptions could be materially different from those reported in the consolidated financial statements. A discussion of the most significant accounting policies follows:

Provision for future policy benefits:

The establishment of adequate actuarial reserves to meet the Group's obligations to its policyholders involves estimating liabilities for future policy benefits on life and health insurance policies and requires the use of assumptions such as those relative to future investment yields, mortality, morbidity, longevity, persistency, expenses, and other applicable assumptions based on historical experience – modified as necessary to reflect anticipated trends and to include margins for risk and possible adverse deviation.

Goodwill and Other Intangible assets:

Intangible assets on the Company's consolidated balance sheet include goodwill and other intangible assets. The assessment of goodwill requires an annual estimate of future cash flows of the respective cash-generating units. Revisions to the estimates that result in the impairment of the carrying value of these assets cause the amounts to be expensed in the reporting period in which the revisions are made. Other intangible assets include acquired computer software licenses which are capitalized on the basis of the costs incurred for its acquisition and implementation. Management reviews the carrying amounts annually to determine if there are any indications that these assets are impaired at which time, the impairment losses are recognized.

Revaluation of property and equipment, investment properties, and other real estate holdings:

The Group carries investment properties at fair value with changes in fair value recognized in the consolidated statement of income. Land and buildings that are company-occupied are measured at their revalued amounts with changes in fair value recognized in the revaluation reserve. Other real estate holdings such as land held for development and properties assumed under mortgage default are held at the lower of cost or realizable value. The valuation of real estate for impairment and changes in fair value are assessed annually by management with reference to periodic appraisals obtained from independent appraisers in intervening periods. Management's assessment of the appropriateness of the carrying amounts are carried out using a number of valuation methodologies including the discounted cash flow (DCF) model which requires the use of assumptions including capitalization rates, vacancy rates, rental and expense growth rates.

OVERALL PERFORMANCE

Changes In Accounting Policies:

A description of changes in accounting policies and disclosures is included in Note 2.5 to the Consolidated Financial Statements.

Summary of Financial Performance

The Company's revenues reflected an increase over 2021 attributable to new lines of medical and general insurance business. Net premium revenues were $126.6 million for the 12 months ended December 31, 2022 compared to $116.1 million in the prior year. The Company's general insurance company, Indigo, has had a full year of operations contributing positively to the complement of financial services offered by the Group. Revenues in 2022 also included a temporary boost in premiums from a COVID-related trip interruption product issued to assist travellers to The Bahamas until travel restrictions were fully lifted mid-2022.

The new lines of business have had a modest impact on net policyholder benefits which totalled $91.7 million for the period, compared to $89.6 million in the prior year. In addition to insurance claims activity related to the general and medical insurance products discussed above, claims activity

Overall **Performance**

Colina Holdings Bahamas Limited Statistical Financial Reporting Data

(All data in B$000s with the exception of $/per share amounts)

For the period ended December 31, 2022

	2022	2021	2020
Net income for the year	$ 17,765	$ 25,094	$ 20,592
Net income for equity shareholders	$ 18,189	$ 24,545	$ 20,095
Net income for ordinary shareholders	$ 15,745	$ 22,101	$ 17,652
Gross premium revenue	$ 154,031	$ 134,325	$ 123,488
Net premium revenue	$ 126,565	$ 116,056	$ 107,744
Net commission income	$ 3,474	$ 4,028	$ 3,649
Investment management and other fees	$ 15,780	$ 16,281	$ 15,435
Total revenues	$ 180,796	$ 174,648	$ 146,215
Comprehensive income for the year	$ 21,038	$ 25,034	$ 10,039
Comprehensive income for equity shareholders	$ 21,462	$ 24,485	$ 9,543
Comprehensive income for ordinary shareholders	$ 19,018	$ 22,041	$ 7,099
Total assets	$ 859,103	$ 823,862	$ 785,395
Total invested assets	$ 673,731	$ 598,882	$ 621,992
Total ordinary shareholders' equity	$ 167,842	$ 154,759	$ 136,986
Total equity	$ 238,088	$ 217,513	$ 199,837
Shareholders' equity	$ 210,342	$ 197,259	$ 179,486
Return as % of total assets	2.1%	3.0%	2.6%
Return on total opening ordinary equity	10.2%	16.1%	13.1%
Earnings per ordinary share	$ 0.64	$ 0.89	$ 0.71
Comprehensive Earnings per ordinary share	$ 0.77	$ 0.89	$ 0.29
Return for equity shareholders	9.2%	13.7%	11.3%
Comprehensive return for equity shareholders	10.9%	13.6%	5.4%
Cash dividends declared per share by class			
Class (A) Preference Shares	$ 0.06	$ 0.06	$ 0.06
Class (A) Ordinary Shares	$ 0.24	$ 0.22	$ 0.22

Colina Holdings Bahamas Limited
Quarterly Financial Information
(All data in B$000s with the exception of $/per share amounts)

	2022					2021				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Net premium revenue *(for the quarter)*	$ 126,565	$ 28,353	$ 26,902	$ 36,221	$ 35,089	$ 116,056	$ 32,026	$ 27,480	$ 28,782	$ 27,768
Total revenue *(for the quarter)*	$ 180,796	$ 49,822	$ 36,270	$ 48,703	$ 46,001	$ 174,648	$ 47,595	$ 35,500	$ 49,579	$ 41,974
Net Earnings by Quarter										
Total net income	$ 17,765	$ 11,885	$ (1,015)	$ 3,770	$ 3,125	$ 25,094	$ 10,425	$ 3,011	$ 7,011	$ 4,647
Net income attributable to equity shareholders	$ 18,189	$ 11,252	$ (673)	$ 4,034	$ 3,576	$ 24,545	$ 10,326	$ 3,077	$ 6,593	$ 4,549
Net income attributable to ordinary shareholders	$ 15,745	$ 10,641	$ (1,284)	$ 3,423	$ 2,965	$ 22,101	$ 9,715	$ 2,466	$ 5,371	$ 4,549
Quarterly Earnings per Ordinary Share	$ 0.64	$ 0.43	$ (0.05)	$ 0.14	$ 0.12	$ 0.89	$ 0.39	$ 0.10	$ 0.22	$ 0.18

for 2022 reflected a full year of 'normalized' post-pandemic claims life and medical insurance activity. Additional net reserves of $12.1 million were booked during the period, reflecting the growth in business and changes in the actuarial liabilities.

The Company remains steadfast with its long-term strategic objectives designed to ensure the appropriate balance of liquidity and risk within its investment portfolios to mitigate movements in claims reserves and policyholder claims.

Net investment income totalled $30.3 million, a slight decrease compared to $30.9 million in the prior year. Market value fluctuated through 2022 with significant market value unrealized mark-to-market movements increasing the volatility of the quarterly results in 2022 compared to 2021 fiscal.

The Company continued to focus its efforts to rebalance assets within its investment portfolio. To this end, the Group purchased an additional $155.9 million in new investment securities, funded in part by the proceeds from the disposal and/or maturity of other securities that are less suited to the Company's evolving asset/liability matching profile.

During 2022, additional net reserve provisions of $12.1 million were made, which contributed to the increase in gross provision for future policyholder liabilities to $493.0 million (net of reinsurance). The Company's robust reserving methodologies remain more than adequate to fulfil the Company's obligations to its policyholders.

The Company divides its operating segments into three classifications of Life, Health and Other. The Life and Health divisions include the Company's Individual Life Insurance and Individual and Group Health Insurance business respectively. Results from the Company's reinsurance and other subsidiaries and associate operating activities are captured in "Other".

LIQUIDITY ANALYSIS

The Company's current and short-term cash needs are generally met through funding generated from its regular operations. Cash in excess of short-term needs are invested in a managed portfolio where the Company also maintains adequate levels of liquid investments, in accordance with established liquidity margin requirements as per the Company's investment mandate. At December 31, 2022, the Company held cash and liquid short-term investments of $71.5 million ($39.3 million in 2021). The Company and its subsidiaries held over $492.0 million in debt securities, over 89.8% of these debt securities were investments in government and sovereign debt comprised primarily of investments in Bahamas Government Registered Stock. The Company maintains a sufficient amount of liquid assets to meet unanticipated cash flow requirements prior to their maturity.

An analysis of the maturity profile of the financial liabilities of the Company based on remaining contractual obligations on an undiscounted cash flow basis is summarized in Note 35 to the Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2022, the Company did not provide any guarantees to third parties. Included, however, in term deposits and investment securities are $2.9 million and $5.2 million, respectively, in restricted balances held in favour of various regulatory bodies.

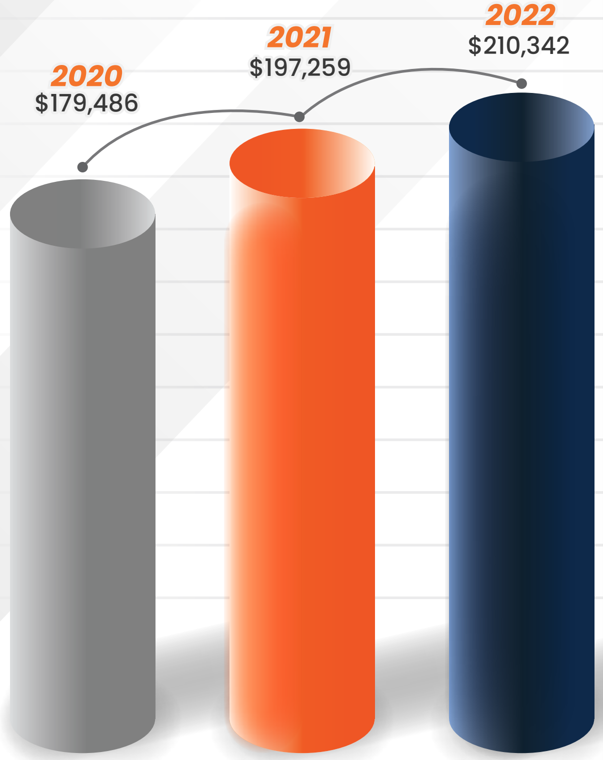
Other contingent liabilities and commitments are discussed in Note 24 to the Consolidated Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Risk exposures that arise as a result of the financial instruments that the Company invests in – such as financial, interest rate, credit and liquidity risks – are discussed in Note 35 to the Consolidated Financial Statements. The Group's activities also include trading activities which introduce settlement risk exposures which are also discussed in Note 35.

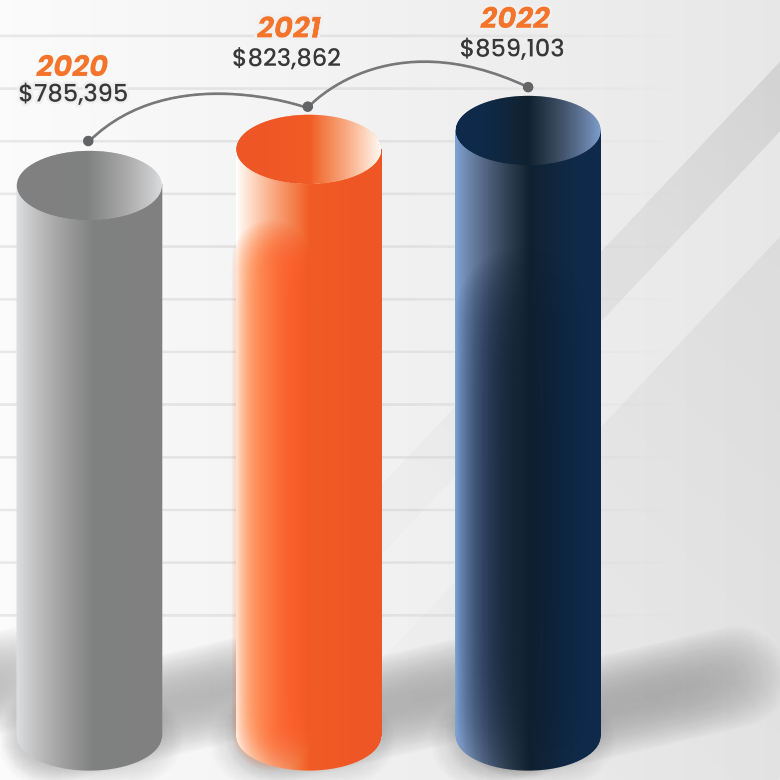
Total Shareholder's **Equity**

(In B$ thousands)



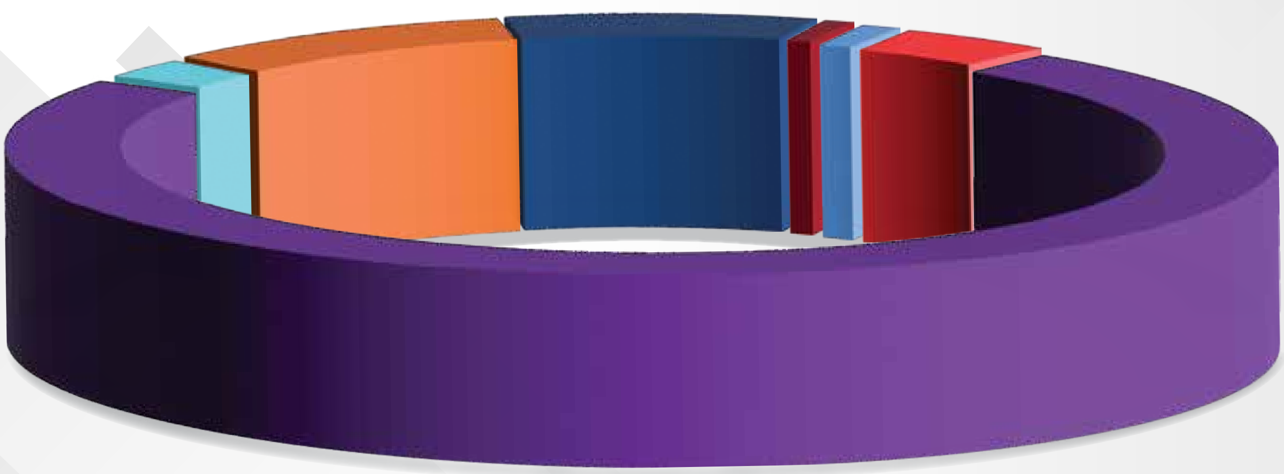
Total **Assets**

(In B$ thousands)



Invested Assets **Composition**

As at December 31, 2022



DEBT SECURITIES *73.0%*

MORTGAGES AND COMMERCIAL LOANS *2.5%*

POLICY LOANS *9.7%*

INVESTMENT PROPERTIES *8.6%*

INVESTMENT IN ASSOCIATES *0.8%*

TERM DEPOSITS *1.1%*

EQUITY SECURITIES *4.3%*

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company has entered into transactions with related parties and affiliates. These balances and transactions are identified and discussed in Note 34 to the Consolidated Financial Statements.

CAPITAL MANAGEMENT

The Company's total ordinary shareholders' equity has increased to $167.8 million at December 31, 2022 compared to $154.8 million in 2021. The growth in retained earnings was as a result of the fiscal performance in 2022 from the Group's operations which further enabled the Company to declare dividends to the Class "A" Ordinary Shareholders of $5.9 million ($0.24 per share) / share after dividend distributions to the Class "A" Preference Shareholders of $2.4 million.

COLINA INSURANCE LIMITED (CIL)

Company Foundation

CIL is a diversified financial services company offering a comprehensive life and health insurance solutions. CIL was built on a firm foundation of trust, integrity and responsibility, evolving over the years to become The Bahamas' largest life and health insurer, with a solid reputation for providing insurance and related financial services products that help clients prepare for life's unexpected events.

FINANCIAL STRENGTH

Throughout 2022, and at the fiscal year end, CIL exceeded the statutory risk based capital requirements as set by the Insurance Commission of The Bahamas.

CIL also measures its solvency ratio using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR). The Canadian Insurance regulator has set a MCCSR supervisory target of 150% and at December 31, 2022, CIL's MCCSR exceeded the target.

LIFE DIVISION

CIL's Life Division offers a wide range of whole life and term insurance, pension, annuity, and savings and investment products.

The Life Division contributed $0.2 million to CIL's operating profit, a decrease from the prior year's divisional contribution of $9.7 million. Net claims and reserve charges were higher than experienced in the prior year, reducing the division's profitability in the period.

HEALTH DIVISION

CIL's Health Division offers a wide range of comprehensive individual medical and group life and medical insurance.

The health division contributed $13.3 million to total net income in 2022 compared to $11.3 million in 2021. Results for the health division were boosted by the COVID-related product. Health claims increased in 2022 due to an increase in general claims experience along with the settlement of claims related to this product.

Mindful of the volatility of claims, CIL continues to rigorously assess renewals of existing business to ensure that they adequately reflect perceived risk exposure and changes in claims experience. CIL will maintain this discipline as it has proven to be effective over the long-term and has enabled CIL to limit losses in high claims years.

Colina Insurance Limited (CIL)

Meet the Executive **Team**

Emanuel M. Alexiou
Executive Vice Chairman, CHBL; Chief Executive Officer, CIL

Anthony R. Ferguson
President, CFAL

Stephen Haughey
Chief Operating Officer, CHBL

Catherine Williams
Vice President, Finance CIL

Marcus J. Bosland
Resident Actuary, CIL

Sapna Chatlani
Vice President, Group & Health Benefits, CIL

DeAndrea R. Lewis
Vice President, Life Operations, CIL

D'Andra A. Johnson
Legal Counsel, CHBL

Ruvania E. Deveaux
Chief Risk & Compliance Officer, CHBL

Maxine Seymour
Director of Communications, CHBL

Elrod Outten
Director of Sales, CIL

Charles Nevins III
General Manager, CMCO

Leonardo Ferguson
Chief Group Internal Auditor, CHBL

Patricia Bain
Director, Human Resources

CIL's Management **Team**

Sherelle Johnson
AVP, Group and Health

Lauren Saunders
Actuary

Sandra Thomas
Manager, Claims and Administration

Cheryl Martins
Manager, Group Sales & Administration

Lavaughn Fernander
Manager, Customer Service

Beverly Ferguson
Manager, Credit Collections

Nickara Roberts-Burrows
Senior Manager, IT Applications & Projects

Charmaine S. Parker
Manager, Contact Centre and New Business

Company **Foundation**

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FINANCIAL STRENGTH

Throughout 2021, and at the fiscal year end, CIL exceeded the statutory risk based capital requirements as set by the Insurance Commission of The Bahamas. CIL also measures its solvency ratio using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR). The Canadian Insurance regulator has set a MCCSR supervisory target of 150% and at December 31, 2021, CIL's MCCSR exceeded the target.

LIFE DIVISION

CIL's Life Division offers a wide range of whole life and term insurance, pension, annuity, and savings and investment products.
The Life Division contributed $9.7 million to CIL's operating profit, an increase over the prior year's divisional contribution of $3.1 million.

Samantha Adderley
Manager, Life Claims

Enrique Pyfrom
Manager, IT Operations

Ramon Meadows
Financial Controller

Simone Coakley
Financial Reporting Officer

Paula Hospedales
Manager, Reinsurance Administration

Nyoshi Ward
Manager, Payments

Derick McIntosh
Assistant Financial Controller

Kendrick Knowles Jr.
Senior Manager, IT Service & Operations

Frank Ellis
Manager, Facilities

Tanya Wemyss
Manager, Central Processing

Trina March
Manager, Underwriting

Vashti L. Adderley
Manager, Application Support & Quality Assurance

The division's profitability improved as a result of the significant increase in net investment income relative to the prior year which more than offset the increased policyholder benefits and expenses that were experienced in the period.

HEALTH DIVISION

CIL's Health Division offers a wide range of comprehensive individual medical and group life and medical insurance.

The health division contributed $11.3 million to total net income in 2021 compared to $15.6 million in 2020. Health claims experience was muted during 2020 largely due to the restriction of movement during the COVID-19 shutdowns that occurred as well as insureds deferring elective or other non-urgent medical services as a result.

Mindful of the volatility of claims, CIL continues to rigorously assess renewals of existing business to ensure that they adequately reflect perceived risk exposure and changes in claims experience. CIL will maintain this discipline as it has proven to be effective over the long-term and has enabled CIL to limit losses in high claims years.

Chris Frye
Manager, Commercial Business

CIL in the **Community**

GOVERNOR GENERAL AWARDS CIL FOR LEGACY SPONSORSHIP OF DOE GOLF TOURNAMENT

(L to R) John Bethell Jr., Chairman, Board of Trustees, GGYA; His Excellency the Most Honourable Sir Cornelius A. Smith, Governor General; Maxine V. Seymour, Director, Corporate Communications, CIL and Audrey Oswell, President, Atlantis Paradise Island.

CIL received the award from His Excellency the Most Honourable Sir Cornelius A. Smith, Governor General of the Commonwealth of The Bahamas on the 20th Anniversary of the Duke of Edinburgh (DOE) Cup Semi-Finals Golf Tournament being held in The Bahamas. Funds benefit the Governor General's Youth Award (GGYA) programme.

Marcus Bosland, Resident Actuary, Colina, discussed the important impact R.E.A.C.H has had on his family.

THE BAHAMAS RESOURCE AND EDUCATIONAL SOURCE FOR AUTISM AND OTHER RELATED CHALLENGES (R.E.A.C.H.)

CIL commemorated Autism Awareness month by donating $10,000 to R.E.A.C.H. For a second consecutive year, Colina showcased blue light displays at the 308 East Bay Street and 21 Collins Avenue locations. Employees also supported the cause and raised funds by purchasing and wearing special t-shirts that they wore during the month.

CIL's Christmas Elves decorated Sandilands Rehabilitation Centre for the holidays.

SANDILANDS REHABILITATION CENTRE

CIL donated decorations to put smiles on the faces of those facing mental health challenges as well as the elderly residents of the Geriatric Unit during the festive season.

THE BAHAMAS RED CROSS

(L to R) Anthony Lonely, Sales Representative, CIL; Maxine V. Seymour, Director, Corporate Communications, CIL and Lisa Pinder, Director General, Bahamas Red Cross.

The Bahamas Red Cross received $10,000 from CIL to assist with preparations for the 2022 hurricane season.

UB-NORTH CAMPUS RECEIVES BOOK DONATION FROM COLINA

(L to R) Former Prime Minister Hubert Ingraham and Elrod Outten, Branch Manager, Northern Branch, CIL.

CIL donated copies of Former Prime Minister Hubert Ingraham's book "I Say What I Mean and I Mean What I Say: Hubert A. Ingraham In His Own Words" to The University of The Bahamas' (UB) North (Grand Bahama) and Oakes Field campuses.

Catherine Williams, V.P. Finance and Sandra Walkes volunteer at Great Commission

GREAT COMMISSION MINISTRIES

CIL representatives, led by the 'Golden Eagles' of the 21 Collins Avenue branch, assisted Great Commission Ministries with preparation and distribution of lunch packages to individuals in need, in time for the festive season.

JUNIOR BASEBALL LEAGUE OF NASSAU (JBLN)

Colina Crushers girls' softball team players on Opening Day at the Field of Dreams Complex at St. Andrew's, Nassau East. (missing from photo: Stephen "Bishop" Beneby, head coach)

CIL sponsored JBLN's 2022-23 season, with two teams: CIL Astros in the Coach-Pitch (ages 7-8) division and CIL Crushers in the Girls' Softball (under-21) division.

'PAINT DA STREETS PINK' FUN, RUN, WALK

'Paint Da Streets Pink' Fun, Run, Walk participant celebrates successful completion of the race.

CIL was a platinum sponsor of Rotaract Club of Southeast Nassau Centennial's 9th annual "Paint Da Streets Pink" Fun, Run, Walk event. Employee volunteers distributed water along the route. Part proceeds benefit the Sister Sister Breast Cancer Support Group.

Sales Managers

Jeffrey Randall
Branch Manager

Sandradee Henfield
Branch Manager

Kino McCartney
Branch Manager

Karen Sweeting
Manager, Marketing Administration

Clothie Lockhart
Manager, Sales Training

Yvonne Gibson-Sands
Sales Manager

Sandra Walkes
Asst. Branch Manager

2022 Sales Awards

Top Sales Achievers

Veoshe Johnson
Lynette Thompson
Bridgette Sands
Alfreda Knowles
Sandradee Henfield
Sandra Smith
La'Tarsha Cleare
Shakira Dean
Wayne Miller
Admirah Ann Hutchinson

MDRT Qualifers

Lynette Thompson
(Executive)
Sandra Smith
(Executive)
Veoshe Johnson
La'Tarsha Cleare
Aisha Lightbourn
Shakira Dean
Wayne Miller
Alfreda Knowles
Bridgette Sands
Sandradee Henfield
Carmenrita Major
Beryl Norris

Wall of Fame

Alfreda Knowles

During her 26 years at Colina, Alfreda achieved numerous awards including Top Sales Person, Top Producer, Top Case Writer and Quality Life. She is a Life Million Dollar Round Table (MDRT) Member, having qualified 25 times. She is also a President's Conference and Sales Conference Qualifier and holds the Certified Life Underwriter (CLU) designation.
Alfreda loves working in the Insurance Industry. She often says, "If I had to do it all over again I would choose the same career!"

2022 Top **Achievers**

Top Producer Of The Year

Veoshe Johnson

Employee Of The Year

Leonardo Ferguson

Executive Salesperson Of The Year

Lynette Thompson

Seasoned Salesperson Of The Year

Veoshe Johnson

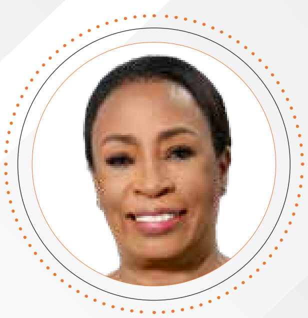
Individual Medical Award

Aisha Lightbourn-Adderley
Collins Branch

CGIA Top Performer

Eleanor Stuart
Northern Branch

Group Medical Award



Yvonne Gibson-Sands
Centreville Branch

Colina Financial Advisors Limited (CFAL)


Anthony R. Ferguson
President, CFAL


Pamela Q. Ferguson
VP Investments


Sophia Thurston
VP Operations
Pension Administration


Tamara Evans
Manager, Settlements

CELEBRATING OUR PAST, EMBRACING OUR FUTURE

In 2022, the CFAL team was delighted to celebrate 25 years of growing wealth for future generations of Bahamians. Founded in 1997 by Anthony R. Ferguson, Kenwood Kerr, and Larry Gibson, the launch of the company marked a new era in the Bahamian investment management industry – one where every Bahamian had access superior investment, savings, wealth management, and trading products at competitive rates like never before. The start of CFAL also created new opportunities for local institutional investors.

Anthony Ferguson, President of CFAL, recounted the origins of the firm in a 2022 CFAL Talks podcast episode. "When we started twenty-five years ago, the investment world was fairly new. Most people were catering to the international offshore community. We saw an opportunity to provide the same investment advice that was being shared with the international clients with the local market."

"We wanted to help people prepare for their futures without being dependent on their families, the government, and NIB," he continued. "We wanted to provide good investment services and timely reports at a reasonable price. We also wanted CFAL to be a research-driven shop – one of the overriding themes that governs how we work and how we invest our clients' assets, which continues to this day."

Today, CFAL is a prominent investment management firm in The Bahamas and is the leader in pension management services with over $2 billion assets under management.

OUR SERVICES

Investment Management

CFAL's experienced and knowledgeable investment team is able to design an appropriate mix of fixed income and equity securities that provides a portfolio consistent with the risk and return objectives of each client. The protection and enhancement of clients' assets is the most important aspect of CFAL's responsibilities.

Wealth Services

CFAL provides a comprehensive array of wealth services to investors. CFAL's combination of competitive rates and outstanding professional service set it apart from its competitors.

Mutual Funds

CFAL Advisors can help clients choose from a suite of professionally managed funds as part of an investment strategy that is individually tailored to each client's individual investment profile, investment approach or risk appetite.

Retirement Planning & Pension Consulting

CFAL provides extensive pension consultation to ensure companies are able to provide employees the kind of retirement they've worked so hard to achieve.

Corporate Advisory

This team comprises experienced investment advisors who assist companies in achieving their strategic goals, whether through mergers, acquisitions, IPOs, debt financing or equity investments.

Tiffany Cartwright
Manager, Investments

Dionne Comery
Pension Manager

Richard Pinder
Operations Supervisor

Lashell White
Investments Manager

Jomarie Thompson
Office Manager & IT Supervisor

Jeanelle Francis
Manager, Private Wealth & Trading

Financial Strength Overview

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

CFAL has, over the past 24 years, developed the financial strength and capital resources to boost and implement its strategic goals while executive management simultaneously remains focused on growing the company's asset base and developing the core business. CFAL has seen its Assets under Management grow from $2.6 million in 1997 to over $2.1 billion in 2022, which comprises Pension and Investment Assets.

CFAL continues to manage its administrative costs carefully, with overall costs remaining within acceptable levels relative to revenue generated.

CFAL In The **Community**

A CELEBRATION OF OUR HISTORY

We dedicated four episodes of our CFAL Talks podcast to a leadership series featuring the thoughts and opinions of the founders of CFAL – Anthony R. Ferguson, Kenwood Kerr, and Larry Gibson - and our Chairman, James Smith. In this enlightening series, these industry influencers shared their perspectives on how far we have come, what the future may look like, and the significant role that CFAL has played in the development of the sector. They also shared excellent advice for up-and-coming investment management and business professionals. The CFAL Talks podcast is available at cfal.com/podcast and on the Apple Podcasts and Google Podcasts networks.

A CELEBRATION OF EXCELLENCE

In December, our President, Anthony R. Ferguson, was recognized as the Person of the Year 2022 in the annual Jones Communications Network Civil Society Awards. He was selected for his pioneering work as an investment and wealth management specialist with special emphasis on his effort to monetize carbon credits on behalf of the people of The Bahamas and for providing financial advisory services in the Nassau Cruise Port equity raise – a redevelopment project valued at $300 million.

Anthony R. Ferguson, President of CFAL and 2022 Jones Communications Person of the Year.

A CELEBRATION OF SERVICE

The year would not have been complete without thanking our outstanding team members for their exemplary service. We hosted our annual Long Service & Recognition awards in September to honour those who have worked with us extensively and to recognize the commitment and dedication of the team that helped us achieve our 25th anniversary.

(L to R): Samantha Collie (second from left) receives her award for five years of excellent service from James Smith, CBE, Chairman of CFAL (far left), Pamela Ferguson, VP of Investments, and Sophia Thurston, VP of Pension Administration and Operations.

Jean Neeley (second from left) accepts her award for 10 years of outstanding service from James Smith, CBE, Chairman of CFAL (far left), Pamela Ferguson, VP of Investments, and Sophia Thurston, VP of Pension Administration and Operations.

A CELEBRATION OF GIVING

In July, CFAL donated $25,000 to local non-profit organizations to thank our community for 25 years of continuous support. The donations, valued at $5,000 each, went to the Bahamas Feeding Network, the R.E.A.C.H. Bahamas Foundation, the Bahamas Harvest Church Angel Foundation, Bahamas Children's Emergency Hostel, and Bahamas Youth Climate Conference. CFAL has donated over $1 million to local charitable organizations to date.

The Bahamas Children's Emergency Hostel (left) and the Bahamas Feeding Network (below left) were two of the recipients of $5,000 donations made by CFAL in honour of its 25th anniversary. CFAL donated $25,000 in total to mark the occasion.

R.E.A.C.H. Bahamas (left) and the Bahamas Harvest Church Angel Foundation (top right) were also two of the CFAL 25th anniversary donation recipients.

EMBRACING THE NEXT GENERATION

Our 25th anniversary provided a perfect opportunity to continue to pour into our youth through sponsorships, donations, and educational outreach initiatives. In September, we co-sponsored the Bahamas Financial Services Board Student of the Year Award, which we presented to Tiasha Lewis-Moxey, a native of Grand Bahama. CFAL has participated in the presentation of this award for over 10 years.

(L to R): Jeanelle Francis, Manager, Private Wealth; Dionne Comery, Pension Manager, Tiasha Lewis-Moxey, BFSB Student of the Year; and Sophia Thurston, VP of Pension Administration and Operations.

M&A TODAY GLOBAL AWARD

CFAL was also recognized by M&A Today, receiving the Global Award for Best Pension Administration firm in The Bahamas. Winners are selected based on their domestic and international work according to a comprehensive set of criteria. The judging process focuses strongly on the complexity and strategic significance of the work conducted, which underlines the importance of the recognition of each winner. The awards are presented annually by EMG Publishing, U.K., to highlight global firms “that are truly leaders within their chosen areas of specialization.” Votes for the winners are received from readers around the world in 163 countries.

Colina General Insurance Agents & Brokers Limited (CGIA)

Ednol Farquharson
Chief Executive Officer

Zania Arthur
Operations Manager

Anthony Lowe
Financial Controller

Jacqueline Gardiner
Manager, Underwriting

Carlton Adderley
Asst. Operations Manager/ Human Resources Manager

The financial highlights for the 12 months period ending December 31, 2022, have shown that the company has registered premium and commission revenue increases of 9.23% and 7.04% respectively when compared with performance achieved in 2021. These increases have been attributed largely to premium growth in all classes of business with fire classes generating notable improvements over the previous year results.

Success has not been accomplished without disruptive challenges. There has been significant local and regional market volatility that has had short and long-term implications for capacity shortage that negatively impacted the availability of catastrophe coverage for the property lines of business.

To address the foregoing concerns around these emerging market risk trends, the company has engaged local and international insurers in strategic placement arrangements to address the reinsurance capacity challenges. This initiative proved to be successful and consequently mitigated placement difficulties that significantly threatened both top and bottom-line growth.

Additionally, in response to the growing concerns around operational risk management in the changing insurance landscape, steps have been taken to reposition the company's talent base, and digital competencies further into alignment with its business structure and processes. This strategic move invariably increased operational efficiency and helped the company to maintain its strength and innovative edge in the face of changing market conditions.

The company has successfully delivered value to its customer based despite evolving market dynamics and will continue to build internal structures, long term competencies and culture required to foster innovation for future success.

LONG SERVICE AWARDS

Long Service Award for 5 years being presented to Denise Fertil, Customer Service Representative (center) by Carlton Adderley, Asst. Operations Mgr, and Zania Arthur, Operations Mgr.

Long Service Award for 10 years being presented to Carlton Adderley, Asst. Operations Mgr (center) by Ednol Farquharson, Managing Director, and Zania Arthur, Operations Manager.

Employees **of the Year**

Freeport – Taneshia Rolle-Russell

Nassau – Leshann McPhee

GOLDEN YEARS RETIREMENT PLANNING AT QC

(L to R) Wayne Miller, Colina; Ruth Bowe, Human Resources Manager, QC; Sylvia Beneby, Vice Principal, Head Of Primary Years, QC; Rev. Henry Knowles, Principal, QC; Shawn Turnquest, Vice Principal, Head of High School, QC; Joiclyn Taylor, Vice Principal, Head of Foundation Years, QC; Jacqueline Gardiner, Colina General; Richard Pinder, CFAL and Kino McCartney, Colina.

Representatives from Colina General and Colina Insurance presented to the principal, administration, teachers and staff at Queen's College (QC) during their Golden Years Information Session on Retirement Concepts on November 25.

BILNEY LANE DONATION

The youngsters at the Bilney Lane Children's Home had added excitement to start the school year thanks to back to school packages provided by Colina General Insurance Agents and Brokers (Colina General). The back to school packages consisted of an assortment of school supplies, snacks and toiletries.

CGIA has been an annual contributor to the Sister Sister Breast Cancer Support Group for many years, and 2022 was no exception as donations were made to the support group and CGIA also participated in Sister Sister's prayer breakfast.

Indigo Insurance

Indigo is a digital property and casualty insurance company creating a better insurance experience that is easy, flexible, and enjoyable for everyone. With its strong technological backbone, the company offers car and home insurance in the Bahamas and the Cayman Islands. Indigo replaces complexity and manual paperwork with smart bots, automation, and the human touch, allowing customers to file claims or change their coverage in real-time (Cayman) with just a few clicks. Indigo has no on-premise technology: website, core applications, and phone are cloud-based and facilitate instant support from anywhere in the world.

Technology is at the heart of our offering and we're proud to be at the forefront of innovation in the Caribbean.

Launched in The Bahamas in June 2021, Indigo has grown more than 30% quarter over quarter and the trend is expected to continue despite the limited capacity to write home insurance due to reinsurance constraints. Indigo's Cayman operation commenced in February 2023 as an online direct insurer. Customers transact using phone or laptop with no need to visit the office or seek scaffolded help from our team. More to come as we iterate processes and technology.


Terence Hilts
Chairman


Emanuel M. Alexiou
Executive Vice Chairman


Anthony Ferguson
Director


Glenn V. Bannister
Director


Lloyd Steinke
Director


Ednol Farquharson
Director


Sandra J. Knowles
Director


Macgregor Robertson
Director

Corporate Governance

BOARD COMPOSITION

The composition of CHBL's Board has been designed to include individuals with a broad range of skills, expertise, knowledge and valuable experience to ensure effective oversight of the Company's business. Directors are also expected to possess high standards of integrity, honesty and loyalty to the Company. CHBL's Corporate Governance Manual outlines its Board selection procedures with are reviewed annually by the Compensation, Nominating & Corporate Governance Committee. The Company's shareholders elect board members at the Annual General Meeting each year while the Board Chairman, Committee Members and Committee Chairpersons are selected by the Compensation, Nominating & Corporate Governance Committee.

Directors receive periodic training on key risk areas that affect the operations of the Company.

PHILOSOPHY

It is the philosophy of the Board that good corporate governance is a pre-requisite to the achievement of the Company's goals and objectives. The Directors remain committed to the upholding of high standards of corporate governance in the execution of their duties and in the delivery of sustainable value to shareholders.

LEADERSHIP

The roles of the Chairman of the Board of Directors and Executive Vice Chairman (EVC) are distinct and clearly defined to ensure appropriate balance and to dilute the powers of decision between both offices. The Chairman is responsible for the long–term strategic development of the Company as well as the leadership and governance of the Board. The EVC is responsible for the development of business plans, the management of the daily affairs of the Company and the implementation of the Board's strategy. The EVC is advised and assisted in the discharge of his duties, as delegated by the Board, by an executive management team which comprises functional specialists and professionals.

The Compensation, Nominating & Corporate Governance Committee evaluates each director's performance annually. Each director completes an annual certification and assessment on corporate governance and oversight of the company while every committee completes an assessment of their performance against the terms of reference of that committee.

Willie A. Moss
Director

Earle Bethell
Director

Andrew Alexiou
Director

Phaedra Mackey-Knowles
Director

D'Andra A. Johnson
Corporate Secretary

Board COMMITTEES

1. Audit & Finance
2. Compensation, Nominating & Corporate Governance
3. Complaints Review
4. Conduct Review
5. Information Technology
6. Investment
7. Participating Policy
8. Risk Management
9. Reinsurance Steering

The DIRECTORS

Terence Hilts (Chairman) [2,6]
Retired Banking Executive
New Providence, The Bahamas
Director since 2004

Emanuel M. Alexiou [2,3,6,7,9]
(Executive Vice Chairman)
CEO, CIL
Consultant, Alexiou, Knowles & Co.
Publisher, The Nassau Guardian (1844) Ltd
New Providence, The Bahamas
Director since 2002

Anthony R. Ferguson [2,3,5,8,9]
President, CFAL
New Providence, The Bahamas
Director since 2002

Sandra J. Knowles
Chairperson, Cable Cares Foundation
New Providence, The Bahamas
Director since 2004

Glenn V. Bannister [1,2,4,6]
Retired Executive
New Providence, The Bahamas
Director since 2005

Ednol Farquharson [3]
President, CGIA
New Providence, The Bahamas
Director since 2005

Macgregor Robertson [1,4,8]
Retired Chartered Accountant
New Providence, The Bahamas
Director since 2005

Earle Bethell [3,5]
General Manager, Ni Ltd.
Director since 2006

Willie A. Moss [1,4,7,8]
Partner, Graham, Thompson & Co.
Grand Bahama, The Bahamas
Director since 2007

Lloyd Steinke [9]
Executive Consultant
Toronto, Canada
Director since 2012

Andrew Alexiou [9]
Managing Director
Ansbacher (Bahamas) Limited
New Providence, The Bahamas
Director since 2016

Phaedra Mackey-Knowles [1]
Financial Consultant
Retired Financial Executive
Director since 2020

D'Andra A. Johnson
Corporate Secretary

All information pertaining to the re-election of directors is outlined in the proxy which is sent to shareholders along with notice of the Annual General Meeting. Full biographical sketches of board members are available online at **www.colina.com/board-of-directors/**

Board and Committee Meetings Attended

Members of the Board and its standing Committees meet multiple times each year, generally once per quarter. Specific attendance for the year 2022 is reflected in the chart below:

Board Member	Board Meetings		Committee Meetings	
	Invites	Attended	Invites	Attended
Terence Hilts	4	4	9	9
Emanuel M. Alexiou	4	4	15	11
Anthony R. Ferguson	4	3	11	3
Glenn V. Bannister	4	4	14	13
Lloyd Steinke	4	3	4	4
Ednol Farquharson	4	3	4	3
Sandra J. Knowles	4	3	nil	nil
Macgregor Robertson	4	2	9	7
Willie A. Moss	4	4	10	10
Earle Bethell	4	4	4	4
Andrew Alexiou	4	4	nil	nil
Phaedra Mackey-Knowles	4	4	5	5

Directors and employees annually certify individual compliance with CHBL's code of business conduct and ethics, understanding that a breach of any of the provisions will lead to disciplinary actions by the Company including suspension, termination and legal prosecution. The Board has complied with CHBL's rules of professional conduct and can confirm that no breach has been identified among any of the directors or employees during 2022.

CHBL's philosophy is that risk management is a positive and enabling process which helps the Company achieve its overall objectives by enhancing the quality of decision- making within CHBL and its subsidiaries. CHBL takes the view that the effective use of risk management facilitates the pursuit of innovative opportunities based on a clear understanding and management of risk exposures. Risk management is aligned with corporate aims, objectives and priorities. CHBL's approach is to embed risk management throughout the organization via a culture that spreads risk awareness best practice and lessons learnt. Risk management is proactive so that corporate and operational risks are identified and the impact and likelihood of occurrence are assessed and actively managed.

In recognition of its ultimate responsibility for risk management within CHBL, the Board of Directors has established a risk governance framework to ensure the successful implementation of a robust enterprise risk management (ERM) framework.

The Board sets the risk appetite and oversees the executive management team which is responsible for setting underlying risk tolerances that fit with the overall risk appetite of the Company. The Board is satisfied that the risk management process is functioning effectively.

In order to effectively discharge its duties and fulfil its mandate, the Board has established the following standing Committees to oversee and debate important issues of policy outside of main Board meetings:

AUDIT & FINANCE

Chaired by Macgregor Robertson, the Committee's principal role is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements, strategy and objectives. This Committee supervises the qualification, independence and performance of the external auditor and internal auditors of the Company.

CHBL has a robust Internal Audit Department. The internal controls established by the department are aligned with best practices and function optimally to effectively manage risks across the Group.

COMPENSATION, NOMINATING, & CORPORATE GOVERNANCE

Chaired by Terence Hilts, the Committee's principal role is to assist in the review and oversight of the evaluation of the performance of the executives of the Company, including setting their compensation (including benefits, compensation plans, policies and programmes) and succession planning.

The Committee annually reviews the Board's performance and develops criteria for selecting new Board members and identifying and considering candidates.

COMPLAINTS REVIEW

Chaired by Emanuel M. Alexiou, the Committee reviews and approves policies and procedures concerning customer complaints, and reviews trends identified in relation to complaints received with a view to recommending and implementing corrective action. The Committee oversees the investigation of any discrepancies, complaints and regulatory concerns emanating from customer complaints or grievances.

CONDUCT REVIEW

Chaired by Macgregor Robertson, the Committee's principal role is to ensure management establishes procedures for identifying transactions with related parties of the Company that may have a material effect on the stability or solvency of the Company. The Committee is charged with reviewing established procedures to ensure compliance with rules on related party transactions. The Committee ensures compliance with the provisions of the Insurance (General) Regulations 2010 (in relation to related party transactions) and the Company's Related Party Transactions Policy.

INFORMATION TECHNOLOGY

Chaired by Anthony Ferguson, the Committee serves as an oversight committee on matters of Information
Technology and is responsible for setting the Company's overall IT strategic direction. The Committee is charged with recommending and reviewing companywide IT policies, procedures and standards for operational efficiency and system security.
The Committee assumes responsibility for developing and approving an effective and robust IT Risk Management Framework and reviews IT risk assessments as conducted by management or external consultants. The Committee also determines priorities for the implementation of applications and capital requests.

INVESTMENT

Chaired by Emanuel M. Alexiou, the Committee establishes the Company's policies, standards and procedures, and reviews, approves and monitors the Company's investment strategy, portfolio and results. The Investment Committee designates an Investment Manager and is responsible for the Investment Manager's compliance with the investment policy at all times.

PARTICIPATING POLICY

Chaired by Emanuel M. Alexiou, the Committee is mandated to review and approve policies governing participating policies issued or proposed by the Company, periodically reviewing the rate of premium for participating policies as approved by the Company's actuary for participating policies. The Company's dividend policy, vis-a-vis participating policies, is also reviewed by this Committee, which oversees the investigation of any discrepancies, complaints and regulatory concerns affecting participating policies issued by the Company.

RISK MANAGEMENT

Chaired by Anthony Ferguson, the Committee is charged with identifying and monitoring the key risks to which the Company is exposed (including operational, credit, liquidity, regulatory, legal and reputational risk) and assessing the Company's business strategies and plans from a risk perspective. The Committee approves risk management policies that establish the appropriate approval levels for decisions and other checks and balances to manage risk.
The Board, led by its Risk Management Committee, deliberates on risk data and analysis and continues to develop and implement the enterprise risk management framework.
CHBL and its subsidiaries continue to maintain good relationships with relevant regulatory agencies by demonstrating ongoing commitment to compliance with applicable laws, regulations and guidelines. The Board has delegated specific oversight of risk management, legal, and regulatory matters to the Risk Management Committee. The Committee aims to ensure that the Company is in compliance with legal and regulatory requirements.
The Committee monitored new legislation, regulations, guidelines and initiatives and assessed the aforementioned to determine any possible impact on the Company. The Committee reviewed examination reports from regulators and reports from executive management and legal counsel concerning significant legal and regulatory matters. The Committee is satisfied that the compliance system is operating efficiently and effectively.

REINSURANCE STEERING

Chaired by Lloyd Steinke, the Committee is charged with oversight over all reinsurance matters pertaining to individual products, group products, and assumed reinsurance. The Committee assesses and monitors retention levels and reinsurance arrangements on a regular basis.

All Board Committees operate within defined terms of reference as contained in the Company's Corporate Governance Manual. The Chairpersons of the aforementioned Committees reported to the Board at regular intervals during the year. Additionally, minutes of the Committees' meetings were readily available to all members of the Board for review.
The Board and its committees are in compliance with the rules of its regulators, according to the terms outlined in CHBL's Corporate Governance Manual. During the 2022 fiscal year, members of the Board and its various committees have successfully executed on its obligations with emphasis on risk management.

About
Colina HOLDINGS BAHAMAS LIMITED

(Publicly traded company on the Bahamas International Stock Exchange (BISX))
CHBL is comprised of four principal subsidiary operating companies:

COLINA INSURANCE LIMITED

Life Division (Life Insurance, Retirement and Investment Planning Products)

Life products include Whole Life, Term and Endowment plans that meet a variety of needs over one's lifetime and which can be built into one's financial plan for final expenses, income protection, investments or retirement.

Health Division (Individual & Group Health Coverage)

CIL's flexible and cost-effective comprehensive health plans offer Individuals and Groups access to vital medical services, preventative care, prescription drugs and the country's largest overseas health network to access top medical facilities in The Bahamas and North America.
Restore Group Critical Illness coverage is the first of its kind in The Bahamas.

COLINA FINANCIAL ADVISORS LTD.

Pensions, Investments, Brokerage, Corporate Advisory

CFAL is a leading investment and advisory firm and the largest pension provider in The Bahamas, with a long and proven record of financial stability and integrity in all economic climates.
CFAL provides innovative financial planning solutions for institutions and individuals and advises clients both internationally and in The Bahamas on a range of services including pension management, brokerage and investment management accounts.

COLINA GENERAL INSURANCE AGENTS & BROKERS LIMITED

CGIA is a wholly owned subsidiary of CHBL which offers general insurance coverage for home, auto, marine and business and safeguards the financial wellbeing of its clients by providing general insurance solutions that best suit their needs and financial position.

INDIGO INSURANCE

A general insurer to carry on business in The Bahamas and in the Cayman Islands. Indigo launched its first sales of auto and property general insurance in The Bahamas in Q2/21 and in Cayman in Q1/23.

1899
Imperial Life Assurance Company of Canada establishes agency in The Bahamas.

1965
Insurance Company of North America (INA) (later CIGNA International), begins operations in The Bahamas.

1997
Colina Insurance Company Limited (CICL) is purchased from CIGNA by Bahamian INVESCO Ltd. Name, later changed to A.F. Holdings Ltd.

2002
A.F. Holdings Ltd. buys Global Life Holdings Company Limited (just a holding company), a public company, traded on the Bahamas International Stock Exchange (BISX) and its wholly owned operating subsidiary company, Global Life Assurance Bahamas Limited, (life and health insurance company). A.F. Holdings Ltd. then changes the name of Global Life Holdings Limited to Colina Holdings Bahamas Limited (CHBL) and remains registered on BISX.
A.F. Holdings Ltd. and Global Life Holdings Ltd. agree to merge CICL and Global Life Assurance Bahamas Limited with the surviving company being named CICL.

2003
CICL announces the purchase of Canada Life Insurance Company and finalizes acquisition of same.

2004
CICL announces the intended acquisition of the Bahamas operations of Imperial Life Financial a branch of Desjardins Financial of Quebec Canada.
CICL earns an A- (Excellent) rating from A.M. Best Company.

2005
CICL completes the acquisition of Imperial Life Financial, forming the largest life and health insurer in The Bahamas – CICL changes its name to ColinaImperial Insurance Limited.

2009
The name "Imperial" is retired. The Company is now known as Colina Insurance Limited (CIL) and adopts a new logo.

2010
CIL acquires majority interest in RND Holdings Limited, which later changed its name to Colina Real Estate Fund Ltd. (CREFL).

2011
CHBL acquires all issued and outstanding shares in Colina General Insurance Agency Limited ("CGIA").

2012

Colina General Insurance Agency Limited ("CGIA") changes its name to Colina General Insurance Agents & Brokers Limited.

2013

CHBL acquires all issued and outstanding shares of Colina Financial Advisors Ltd. ("CFAL") and its wholly owned subsidiary CFAL Securities Ltd.

2021

Indigo Insurance (Bahamas) Limited became registered as a general insurer to carry on general insurance business in The Bahamas. Indigo launched its first sales of auto and property general insurance in Q2/21.

2023

Indigo Insurance (Cayman) Limited
A general insurer to carry on general insurance business in The Cayman Islands. Indigo Cayman launched its first sales of auto and property general insurance in Q1/23.

Shareholder **INFORMATION**

As required by the Company's Corporate Governance guidelines, CHBL and its subsidiaries review its relationships with key service providers on an annual basis and from time to time may rotate appointments.

CHBL's key professional relationships and other shareholder references are summarized below:

CORPORATE HEADQUARTERS

308 East Bay Street
Second Floor
PO Box N-4728
Nassau, The Bahamas

GENERAL ENQUIRIES

242.396.2000
info@colina.com
www.colina.com

LISTING

Bahamas International Securities Exchange (BISX)
Symbol: CHL

REGISTRAR AND TRANSFER AGENT

Bahamas Central Securities Depository Ltd.
310 Cotton Tree Plaza - Unit 4
East Bay Street
Nassau, The Bahamas

AUDITORS

Deloitte & Touché Chartered Accountants

LEGAL COUNSEL

Alexiou Knowles & Co.

BANKERS

CIBC FirstCaribbean International Bank Ltd.
Citibank, N.A.

REINSURERS

Munich Reinsurance Company Canada Branch (Life)
International Reinsurance Managers, LLC
Swiss Re Life and Health Canada
Optimum Re Insurance Company
RGA Life Reinsurance Company of Canada
Pacific Services Canada Limited
Everest Re Group, Ltd.

ACTUARIAL CONSULTANTS

Oliver Wyman

COMMUNICATION WITH SHAREHOLDERS

The following reports are available on our website
www.colina.com
Annual Report
Quarterly Reports

The Annual General Meeting of the Company will be held at 5:00 p.m. on Thursday, May 18, 2023 at the JW Pinder Centre at 21 Collins Avenue, New Providence, The Bahamas.

The Notice of the Meeting, detailing the business of the meeting, is sent to all shareholders.

Consolidated Financial Statements

Audited Consolidated Financial Statements

Year Ended December 31, 2022
With Report of Independent Auditors

Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville,
P.O. Box N-7120
Nassau, Bahamas

Tel: +1 (242) 302 4800
Fax: +1 (242) 322 3101

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
Colina Holdings Bahamas Limited:

Opinion

We have audited the consolidated financial statements of Colina Holdings Bahamas Limited and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of Goodwill	Under IFRSs, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of $6,418,337 as at December 31, 2022 is material to the consolidated financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically discount rates, growth rates on terminal value, growth rate on revenues, and growth rate on expenses, which are affected by expected future market and economic conditions.	In evaluating the impairment of goodwill, we performed various procedures, including the following: • We assessed the Group's design and implementation of controls relating to the carrying value of goodwill. • We tested underlying data (including cash flow, forecasts, and financial statement data) used in developing estimates. • We involved our internal fair value specialists to assess the appropriateness of the valuation methodology to assist with the testing of the discount rate and the long-term growth rate and sensitivity analysis around key assumptions used by management in the goodwill impairment testing. • We perform sensitivity analyses on the key drivers of the cash flow projections and the appropriateness of management's disclosures.
Valuation of Provision for Future Policy Benefits	As at December 31, 2022, the Group had recorded provision for future policy benefits of $493,025,971 (see Note 18 of the consolidated financial statements), which is material to the consolidated financial statements. Management makes key judgments and estimates in determining the valuation of the provision for future policy benefits. Key areas of judgment include expected future policy lapse rates, mortality, morbidity, investment yield, policy maintenance expense assumptions, and any other relevant contingency. This requires special audit consideration because of the assumptions, as small changes in assumptions may have a material impact on the provision.	In evaluating the valuation of the provision for future policy benefits, we performed various procedures, including the following: • Understanding and evaluating the process and controls in place to determine the provision for future policy benefits. • We obtained an understanding of management's actuary (the "actuary"), including their qualifications. • We engaged our actuarial specialists to (1) obtain and inspect the reports of management's actuary, (2) assess the appropriateness of the assumptions and judgments made by the actuary, (3) assess whether the methods used by the actuary was in accordance with

		professional actuarial standards, (4) develop an independent range of reasonable provision for future policy benefits valuations and (5) perform retrospective procedures to assess the adequacy of previously determined reserves. • Testing the completeness and accuracy of the data used in the calculation of the provision for future policy benefits; and • Assessing the adequacy of the disclosures in the consolidated financial statements.
Valuation of Investment Properties	Investment properties as at December 31, 2022, were $58,086,000 (see Note 13 of the consolidated financial statements). Investment properties are measured at fair value in the consolidated financial statements. Investment properties are valued using a combination of the discounted cash flow method, cost approach, income approach, and the sales comparison approach. These methods require certain key assumptions, and significant judgments to be made by management, including rental income, market rents, operating expenses, vacancies, discounts rates, and capitalization rates. We considered this a key audit matter due to the significant judgments made by management in determining the fair value of the investment properties through the use of various valuation methods and assumptions.	In evaluating the valuation of investment properties, we performed various procedures including the following: • Understanding and evaluating the process and controls in place for valuing investment properties. • We obtained an understanding of management's fair value specialist(s), including their qualifications. • We engaged our fair value specialists to (1) evaluate the appropriates of the valuation methods used by management, (2) test the underlying data used in the valuation methods, (3) evaluate the reasonableness of key assumptions such as vacancies, rental income, capitalization rates, market rents, discounts rates and operating expenses. • Testing the completeness and accuracy of the data used in the valuation models; and • Assessing the adequacy of the disclosures in the consolidated financial statements.

Premium Revenue	Premium revenue is the Group's primary source of revenue. The occurrence and accuracy of premium revenue is considered to be a key audit area due to manual intervention of certain revenue transactions.	In evaluating the occurrence and accuracy of premium revenue, we performed various procedures including the following: • Understanding management's process for recording these transactions. • We assessed whether the Group's revenue recognition policies complied with IFRS. • We assessed the Group's design and implementation of controls; and • We selected samples and tested entries subject to manual intervention.

Other Information

Management and those charged with governance are responsible for the Other Information. The Other Information comprises all the information in the Colina Holdings Bahamas Limited and its subsidiaries' 2022 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon ("the Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is S. Tshombe Godet.

Deloitte & Touche

April 6, 2023

Jacques Tremblay FCIA, MAAA, FSA
Partner

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April 6, 2023

Subject: **2022 certification of actuarial liabilities**

I have valued the actuarial liabilities of Colina Holdings Bahamas Limited for its consolidated balance sheet as of December 31, 2022, for a total amount of $472,953,486 and their change in the consolidated statement of operations for the year then ended in accordance with accepted actuarial practice, the Canadian Institute of Actuaries' Standards of Practice (for Life companies), and the Canadian valuation method ("CALM"), all of which are accepted in The Bahamas, including selection of appropriate assumptions and methods.

The total actuarial liabilities reflects the gross actuarial liabilities of $493,025,971 adjusted for the reinsurance asset of $20,072,485.

In my opinion, the amount of the actuarial liabilities reported above makes appropriate provision for all future policyholder obligations, and the consolidated financial statements of Colina Holdings Bahamas Limited present fairly the results of the valuation.

Respectfully submitted,

Jacques Tremblay FCIA, MAAA, FSA,

Fellow of Canadian Institute of Actuaries, Member of the American Academy of Actuaries, Fellow of Society of Actuaries

Appointed Actuary for Colina Insurance Limited

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Financial Position

At December 31, 2022 with corresponding figures at December 31, 2021
(Expressed in Bahamian dollars)

	Notes		2022		2021
ASSETS					
Cash and demand balances	8	$	63,980,419	$	31,923,719
Term deposits	7,8		7,530,295		7,450,539
Investment securities and other financial assets	7,9		520,770,935		431,662,321
Receivables and other assets	10		58,912,555		122,594,451
Reinsurance receivables			16,611,073		24,162,470
Reinsurance asset	18		20,072,485		18,423,301
Policy loans	7,11		65,443,004		66,128,152
Mortgages and commercial loans	7,12		16,684,436		19,711,150
Investment properties	7,13		58,086,000		58,458,824
Equity-accounted investees	7,14		5,216,578		15,471,354
Property and equipment	15		17,912,588		19,304,546
Goodwill	16		6,418,337		6,418,337
Other intangible assets	17		1,464,840		2,152,898
Total assets		**$**	**859,103,545**	**$**	**823,862,062**
LIABILITIES					
Provision for future policy benefits	18	$	493,025,971	$	479,304,732
Policy dividends on deposit			28,674,118		28,397,049
Total policy liabilities			521,700,089		507,701,781
Lease liabilities	19		2,805,618		3,246,348
Other liabilities	20		96,509,355		95,401,043
Total liabilities			621,015,062		606,349,172
EQUITY					
Ordinary shares	22		24,729,613		24,729,613
Contributed capital			5,960,299		5,960,299
Revaluation reserve	23		6,977,915		3,704,969
Retained earnings			130,174,428		120,364,345
Total ordinary shareholders' equity			167,842,255		154,759,226
Preference shares	22		42,500,000		42,500,000
Total shareholders' equity			210,342,255		197,259,226
Non-controlling interests	21		27,746,228		20,253,664
Total equity			238,088,483		217,512,890
Total liabilities and equity		**$**	**859,103,545**	**$**	**823,862,062**

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements. The financial statements were approved by the Board of Directors on April 6, 2023 and signed on its behalf by:

T. Hilts - Chairman

E. M. Alexiou – Executive Vice-Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Profit or Loss

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	Notes	2022	2021
Revenues:			
Premium revenue	26	$ 154,031,265	$ 134,325,358
Less: Reinsurance premiums	26	(27,466,024)	(18,269,020)
Net premium revenue	26	126,565,241	116,056,338
Net investment income	13,27	30,322,346	30,897,770
Share of (loss)/profit of equity-accounted investees	14	(660,563)	1,146,298
Net commission income		3,474,160	4,028,012
Investment management and other fees		15,780,070	16,280,859
Other income and fees		5,315,232	6,238,671
Total revenues		180,796,486	174,647,948
Benefits and expenses:			
Policyholders' benefits	28	111,490,011	107,101,144
Less: Reinsurance recoveries	28	(19,814,519)	(17,520,807)
Net policyholders' benefits	28	91,675,492	89,580,337
Changes in provision for future policy benefits	18	12,072,055	5,983,072
General and administrative expenses	13,29	43,078,679	39,758,716
Commission expense		9,235,850	8,260,930
Premium and other tax expense		4,394,758	3,703,271
Finance costs and interest	30	2,574,926	2,267,405
Total benefits and expenses		163,031,760	149,553,731
Net income for the year		**$ 17,764,726**	**$ 25,094,217**
Net income attributable to:			
Equity shareholders of the Company	31	$ 18,188,940	$ 24,544,865
Non-controlling interests	21	(424,214)	549,352
Net income for the year		**$ 17,764,726**	**$ 25,094,217**
Basic earnings per ordinary share	31	**$ 0.64**	**$ 0.89**

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	Notes	2022	2021
Net income for the year		$ 17,764,726	$ 25,094,217
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Revaluation of land and building	13,15,23	(649,000)	4,995,317
Transfers to retained earnings	23	-	(1,173,050)
Items that are or will subsequently be reclassified to profit or loss			
Share of OCI of Equity-Accounted Investees	23	902,764	(672,713)
Change in available-for-sale financial assets	23,27	3,019,182	(3,209,746)
Other comprehensive income/(loss) for the year		3,272,946	(60,192)
Total comprehensive income for the year		**$ 21,037,672**	**$ 25,034,025**
Attributable to:			
Equity shareholders of the Company	31	$ 21,461,886	$ 24,484,673
Non-controlling interests	21	(424,214)	549,352
Total comprehensive income for the year		**$ 21,037,672**	**$ 25,034,025**
Comprehensive earnings per ordinary share	31	**$ 0.77**	**$ 0.89**

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	Notes	Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Retained Earnings	Preference Share Capital	Non-controlling Interests	Total Equity
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 income for the year		-	-	-	24,544,865	-	549,352	25,094,217
Adjustment for revaluation reserve of investment								
Share of OCI of Equity-Accounted Investees	14	-	-	(672,713)	-	-	-	(672,713)
Net loss on remeasurement of								
available-for-sale securities to fair value	23	-	-	(3,209,746)	-	-	-	(3,209,746)
Revaluation of investment property	23	-	-	38,161	-	-	-	38,161
Revaluation of investment property formerly owner-occupied	23	-	-	4,957,156	-	-	-	4,957,156
Transfers to retained earnings	23	-	-	(1,173,050)	1,173,050	-	-	-
Changes in non-controlling interests	21	-	-	-	-	-	(647,002)	(647,002)
Dividends paid to ordinary shareholders	31	-	-	-	(5,440,515)	-	-	(5,440,515)
Preference share dividends	31	-	-	-	(2,443,750)	-	-	(2,443,750)
Balance at December 31, 2021		$ 24,729,613	$ 5,960,299	$ 3,704,969	$ 120,364,345	$ 42,500,000	$ 20,253,664	$ 217,512,890
Net income for the year		-	-	-	18,188,940	-	(424,214)	17,764,726
Share of OCI of Equity-Accounted Investees	14	-	-	902,764	-	-	-	902,764
Net gain on remeasurement of								
available-for-sale securities to fair value	23	-	-	3,019,182	-	-	-	3,019,182
Revaluation of investment property formerly owner-occupied	23	-	-	(649,000)	-	-	-	(649,000)
Changes in non-controlling interests	21	-	-	-	-	-	7,916,778	7,916,778
Dividends paid to ordinary shareholders	31	-	-	-	(5,935,107)	-	-	(5,935,107)
Preference share dividends	31	-	-	-	(2,443,750)	-	-	(2,443,750)
Balance, December 31, 2022		**$ 24,729,613**	**$ 5,960,299**	**$ 6,977,915**	**$ 130,174,428**	**$ 42,500,000**	**$ 27,746,228**	**$ 238,088,483**

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	Notes	2022	2021
Cash flows from operating activities:			
Net income		$ 17,764,726	$ 25,094,217
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Change in unrealized losses on fair value through profit or loss securities		6,694,542	2,712,399
Increase in provision for future policy benefits net of reinsurance assets		12,072,055	5,983,072
Changes in loss provisions for loans and receivables		1,159,228	3,514,169
Depreciation and impairment/amortization charges		2,791,596	2,411,054
Net realized losses on fair value through profit or loss securities		52,457	139,887
Net realized (gains)/losses on sale of available-for-sale securities		(32,327)	60,487
Interest income		(40,785,128)	(38,376,877)
Dividend income		(1,235,493)	(1,099,561)
Net fair value gains on investment properties		(15,122)	(1,313,181)
Finance costs and interest		2,752,311	2,477,002
Operating cash flows before changes in operating assets and liabilities		1,218,845	1,602,668
Changes in operating assets and liabilities:			
Increase/(decrease) in other assets		82,955,340	(56,785,544)
Decrease in other liabilities		1,385,381	13,873,378
Net cash provided by/(used in) operating activities		85,559,566	(41,309,498)

(Continued)

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	Notes	2022	2021
Cash flows from investing activities:			
(Increase)/decrease in term deposits with original maturities greater than 90 days		(3,136)	7,851,054
Fair value through profit or loss securities purchased		(55,328,978)	(20,892,200)
Proceeds on disposal of fair value through profit or loss securities		37,355,071	13,393,374
Available-for-sale securities purchased		(100,619,323)	(35,970,522)
Proceeds on disposal of available-for-sale securities		26,017,947	49,443,102
Reclassification during the year to profit or loss		(228,821)	-
Net change in loans to policyholders		591,111	1,315,471
Net decrease in mortgages and commercial loans		2,490,827	1,665,244
Additions to investment property		(321,054)	(497,633)
Proceeds from sale of investment property		60,000	-
Additions to other intangibles		(296,143)	(1,050,543)
Interest received		39,691,317	37,263,575
Dividends received		1,235,493	1,099,561
Proceeds on disposal of property and equipment, net		33,540	423,929
Additions to property and equipment		(448,977)	(631,544)
Net cash (used in)/provided by investing activities		(49,771,126)	53,412,868
Cash flows from financing activities:			
Changes in non-controlling interests		7,916,778	(647,002)
Interest paid on other contracts		(2,397,541)	(2,057,808)
Payments on borrowings		(177,385)	(209,597)
Increase in lease liabilities		257,841	60,867
Payment of lease liabilities		(875,956)	(1,072,172)
Dividends paid to ordinary shareholders		(5,935,107)	(5,440,515)
Dividends paid to preference shareholders		(2,443,750)	(2,443,750)
Net cash used in financing activities		(3,655,120)	(11,809,977)
Net increase in cash and cash equivalents		32,133,320	293,393
Cash and cash equivalents, beginning of year		34,278,046	33,984,653
Cash and cash equivalents, end of year	8	**$ 66,411,366**	**$ 34,278,046**

(Concluded)

Premium and other taxes paid during the period totaled $4,232,208 (2021: $3,623,716).

The accompanying notes on pages 47-103 are an integral part of these consolidated financial statements.

1. Reporting Entity

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; Colina Financial Advisors Ltd. ("CFAL"), a wholly-owned financial services company; and CPCH Bahamas Limited ("CPCH"), a holding company for the Group's general insurance business.

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 December 31, 2022, approximately 58.1% (2021: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2021: 41.9%) by the Bahamian public. All significant balances and transactions with AFH and parties related to AFH are disclosed as related party transactions in these consolidated financial statements (See Note 34).

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.

The consolidated financial statements of the Company and its subsidiaries (collectively, "the Group") for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Company's Board of Directors on April 6, 2023.

2. Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 35.

2.2 Basis of accounting

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment properties that are required to be remeasured at fair value. The Company, with the concurrence of The Insurance Commission of The Bahamas, uses actuarial practices generally accepted in Canada for the valuation of its provision for future policyholder benefits as no specific guidance is provided by IFRS for determining such provisions. The adoption of IFRS 4 – Insurance Contracts, permits the Group to continue with this valuation policy.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period where there has been a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

2.3 Functional currency and foreign currency transactions

The Group's functional and presentation currency is the Bahamian dollar. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated to Bahamian dollars using the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Income and expense items denominated in foreign currencies are translated at a rate of exchange that approximates the actual rate prevailing at the time of the transaction. Resulting differences are recognized in profit or loss in the reporting period in which they arise.

2.4 Use of judgement and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Valuation of long-term insurance contract liabilities and investment contract liabilities with a Discretionary Participation Feature ("DPF") and Reinsurance Assets

The liability for life insurance contracts and investment contracts with DPF is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates, and discount rates. The Group bases mortality and morbidity rates on standard industry Canadian mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The net carrying value at December 31, 2022 of long-term insurance contract liabilities with DPF is $213,633,515 (2021: $216,420,558) and of investment contract liabilities with DPF is $2,763,022 (2021: $3,047,737) (See Note 18).

(b) Accident and health insurance contract liabilities

For medical insurance contracts, estimates have to be made for the expected ultimate cost of claims reported at the consolidated statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for certain types of policies, IBNR claims form the majority of the consolidated statement of financial position liability for accident and health insurance.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence, ultimate claims costs.

The net carrying value at the reporting date of accident & health insurance contract liabilities is $19,819,215 (2021: $18,771,297) (See Note 18).

(c) Goodwill impairment testing

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The carrying value of goodwill is $6,418,337 (2021: $6,418,337) (See Note 16).

(d) Revaluation of property and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. In addition, it measures certain land and buildings at revalued amounts with changes in fair value being recognized in the revaluation reserve. The Group assesses its property holdings through the use of independent valuation specialists on a periodic basis, performing management assessments in the intervening years. For investment properties, a valuation methodology based on a discounted cash flow ("DCF") model was used, as there is a lack of comparable market data due to the nature of the properties. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Key assumptions used to determine the fair value of the properties and sensitivity analysis are discussed in Note 13.

2.5 Changes in accounting policies

In the current year, there were several new and amended standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee of the IASB effective for annual reporting periods beginning on or after January 1, 2022. The adoption of the following standards and interpretations has not led to any material changes in the Group's accounting policies.

- COVID-19 Related Rent Concessions (Amendment to IFRS 16); and
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

2.6 New standards and interpretations not yet effective

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following amendments and interpretations are effective for the year ended December 31, 2022.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 9 Financial Instruments

IFRS 16 Leases

IAS 41 Agriculture

NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Group.

The following are standards, effective for annual periods beginning on or after January 1, 2023:

- IFRS 17 – Insurance Contracts – New Standard
- Amendments to IFRS10 and IAS 28* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(*) The effective date of the amendments has yet to be set by the IAS Board; however, earlier application of the amendments is permitted.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard and requires entities to identify and account for portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. The IASB has issued a temporary exemption for the effective date of implementation of IFRS 9 for insurance companies which meet certain qualifying criteria. This exemption allows the application of IFRS 9 to be deferred until the adoption of IFRS 17 – Insurance Contracts, which is effective for periods commencing on or after January 1, 2023. At December 31, 2022, the Group and its major subsidiary, Colina Insurance Limited, meet these qualifying criteria based on the following and have therefore deferred implementation of IFRS 9.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Effective January 1, 2018, the Group adopted the amendments to IFRS 4. The detail, nature and effects of the changes are explained below:

Amendments to IFRS 4 – Insurance Contracts provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, Financial Instruments (effective January 1, 2018), and IFRS 17 – Insurance Contracts (effective January 1, 2023).

IFRS 9 is generally effective for annual reporting periods beginning on or after January 1, 2018. In September 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 4 - Insurance contracts ("IFRS 4"), which provide optional relief to eligible insurers in respect of IFRS 9. The options permit (a) entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 – Insurance contracts ("IFRS 17") a temporary exemption to defer the implementation of IFRS 9, or alternatively (b) give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9. Entities that apply either of the options will be required to adopt IFRS 9 on January 1, 2023, which aligns with the effective date of IFRS 17.

The Group evaluated its liabilities at December 31, 2015, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. At December 31, 2015, the provision for future policy benefits totaled $387,181,176. Of this amount, 98% were liabilities that arose from contracts within the scope of IFRS 4. Total liabilities at December 31, 2015 amounted to $541,082,433 and 93% of these liabilities arose because the Group issues insurance contracts and fulfil obligations arising from insurance contracts. The Group has determined that it does not engage in significant activity unconnected with insurance as over 90% of its revenues are derived from insurance-related activity.

Additionally, the Group has not previously applied any version of IFRS 9. Therefore, the Group is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018 (IFRS 9 effective date), the Group has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The Group will continue to apply IAS 39 – Financial instruments: Recognition and measurement ("IAS 39") until January 1, 2023. See Note 10, Investment securities and other financial assets for additional disclosures which enable comparison between the Group and entities that applied IFRS 9 at January 1, 2018.

At December 31, 2022, the Group's corporate bonds, mutual funds, unquoted and quoted investments are classified as Available-for-Sale ("AFS") in accordance with IAS 39. The AFS financial assets are recorded at fair value on the Group's statements of financial position with changes in their fair value recorded in other comprehensive income.

Management has not yet assessed the full impact of the relevant adoption of these standards and interpretations in future periods against the consolidated financial statements of the Group.

The accounting policies adopted are consistent with those of the previous financial year except as discussed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

3.1 Principles of consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of equity in the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

Where the Company has control, subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests consist of the amount of those interests at the date of the original business combination (See Note 3.2) and the non-controlling interest's share of changes in equity since the date of the combination. Changes in the Group's ownership interest of consolidated subsidiaries that don't result in loss of control are accounted for directly in equity.

All material inter-company balances and transactions are eliminated on consolidation. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2 Business combinations

Business combinations are accounted for using the acquisition method. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and any resulting gain or loss is recognized through profit or loss. It is then considered in the determination of goodwill.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.3 Equity-accounted investees

The Group's equity-accounted investees are accounted for using the equity method of accounting. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. As goodwill relating to an associate forms part of the carrying amount of an equity-accounted investee and is not separately recognized, it is neither amortized nor individually tested for impairment.

After application of the equity method, the Group assesses at each reporting date whether there is any objective evidence that the entire carrying amount of the equity-accounted investee is impaired by comparing its carrying value to its recoverable amount. Any impairment losses are recognized immediately in the consolidated statement of profit or loss.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income reflect the share of the profit or loss and OCI of associates, respectively. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over an associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

3.4 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise: cash on hand and demand deposits; and term deposits with original maturities of 90 days or less, net of bank overdrafts.

3.5 Financial assets

Classification

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the classification at every reporting date.

Financial assets at fair value through profit or loss ("FVPL")

Financial assets at FVPL have two sub categories - namely, financial assets held for trading, and those designated at fair value through profit or loss at inception. Investments typically purchased with the intention to sell in the near future are classified as held for trading. For investments designated at initial recognition as at FVPL, the following criteria must be met:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets and liabilities or recognizing gains and losses on a different basis; or

The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at FVPL or available-for-sale. Balances that are included in this classification include: certain investment securities designated as loans and receivables at initial recognition, mortgages and commercial loans, policy loans, receivables arising from insurance contracts, and term deposits with maturities of greater than 90 days.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Recognition

Regular way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus, in the case of all financial assets not carried at FVPL, transaction costs that are directly attributable to their acquisition.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Measurement

AFS financial assets and financial assets at FVPL are carried at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets classified in the FVPL category are included in the consolidated statement of profit or loss in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of financial assets classified as AFS are recognized in the revaluation reserve in the consolidated statement of changes in equity. When financial assets classified as AFS are sold or impaired, the difference between cost or amortized cost and estimated fair value is removed from the revaluation reserve and charged to the consolidated statement of profit or loss.

Loans and receivables are measured at amortised cost.

3.6 *Fair value measurement*

The Group measures financial instruments and non-financial assets such as investment properties and certain items of property and equipment at fair value at each reporting date. Fair value is defined under accounting guidance currently applicable to the Group to be the prices that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or;
- In the absence of a principal market, in the most advantageous and accessible market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no material changes in the Group's valuation techniques in the period represented in these consolidated financial statements.

3.7 *Impairment of financial assets*

Financial assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset ('a loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor**;**
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, though the decrease cannot yet be identified with the individual financial assets in the group, including:

  - adverse changes in the payment status of issuers or debtors in the group; or

  - local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

Financial assets carried at fair value

The Group assesses at each reporting date whether there is objective evidence that an AFS financial asset is impaired, including in the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost. If any evidence exists for AFS financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated statement of profit or loss. The impairment loss is reversed through the consolidated statement of profit or loss if in a subsequent period the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3.8 Investment properties

Investment properties comprise freehold land and buildings, residential rental properties, and commercial properties that are held for long-term yields and capital appreciation. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, such properties are measured at estimated fair value based on open market value determined periodically by external appraisers with management valuations in intervening periods. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party, or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the consolidated statement of profit or loss.

Rental income from investment property is recognized in net investment income on a straight-line basis over the term of the lease.

3.9 Property and equipment

Property and equipment, with the exception of certain Land improvements and Buildings, are carried at cost less accumulated depreciation and any accumulated impairment losses. Land improvements and buildings are carried at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. Depreciation is charged using the straight-line method to allocate the cost of the assets over their estimated useful lives, as follows:

- Furniture, fixtures and equipment — 5 to 10 years
- Computer hardware — 3 to 5 years
- Motor vehicles — 4 to 5 years
- Leasehold improvements — 5 to 15 years, or shorter lease term
- Land improvements and buildings — 5 to 40 years

Land is not depreciated. The assets' useful lives are reviewed at each reporting date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of profit or loss.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity. After revaluation the depreciable amount of revalued buildings is based on its revalued amount.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

3.10 Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses related to goodwill cannot be reversed in future periods. Goodwill is allocated to Cash Generating Units ("CGUs") for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For goodwill arising from the purchase of insurance related business, goodwill is allocated to CGUs identified according to the nature and type of insurance contract by major block of business.

For each CGU, the impairment charge is calculated by comparing the present value of the in force and projected new business at time of purchase and currently to determine how much the value has decreased relative to the original amount of goodwill recorded.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 3.3.

Other intangible assets

Other intangible assets include acquired computer software licenses which are capitalized on the basis of the costs incurred to acquire and implement the specific software. These costs are amortized using the straight-line method over the estimated useful life, not exceeding a period of three years and are included in general and administrative expenses in the consolidated statement of profit or loss. At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Other intangible assets included in equity-accounted investees

These intangible assets include customer relationships, non-competitive agreement, trade name, and software and are carried at cost less accumulated amortization. Intangible assets included in equity-accounted investees are amortized on a straight-line basis as follows:

Customer relationships	10 years
Non-competitive agreement	2 years
Trade name	5 to 9 years
Software	3 years

The carrying amount of intangible assets included in equity-accounted investees is reviewed at each reporting date to assess whether it is recorded in excess of its recoverable amount. Where the carrying value exceeds this estimated value the asset is written down to the recoverable amount.

3.11 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. Significant insurance risk is defined as the probability of paying significantly more on the occurrence of an insured event than if the insured event did not occur.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

A number of insurance and investment contracts contain a Discretionary Participation Feature (“DPF”). This feature entitles the contract holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group, and;
- that are contractually based on:
    - the performance of a specified pool of contracts or a specified type of contract;
    - realized and/or unrealized investment returns on a specified pool of assets held by the Group; or
    - the profit or loss of the Group, fund or other entity that issues the contract.

The amount and timing of the distribution to individual contract holders is at the discretion of the Group, subject to the advice of the Appointed Actuary.

Insurance contracts and investment contracts with and without DPF are classified into three main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

Short duration life insurance contracts protect the Group’s customers from the financial consequences of events (such as death, sickness, or disability). Benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims IBNR.

Individual health, group life and health insurance premiums are recognized as revenue over the related contract periods.

Property and casualty contracts are generally one-year renewable contracts issued by the Group covering insurance risks over property, motor and general accident. Property and casualty premiums written are recognized as income over the periods covered by the related policies taking into consideration the exposure period to which they relate. The adjustment to apportion the gross premiums written and ceded over the life of the policy is made through the movement in unearned premiums.

Unearned premiums at year end represent the proportion of the premiums which relate to periods of insurance subsequent to the statement of financial position date. This amount is calculated on a pro-rated basis.

Long-term insurance and other contracts

Long-term insurance and other contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commissions. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are reviewed annually. A margin for adverse deviations is included in the assumptions.

Long-term insurance and other contracts are further classified into the following sub-categories:

- with fixed and guaranteed terms;
- with fixed and guaranteed terms and with DPF;
- without fixed and guaranteed terms; and
- without fixed and guaranteed terms and with DPF.

The contracts containing DPF participate in the profits of the Colina. As Colina declares the amount to be paid, it is credited to the individual policyholders and a liability for these declared amounts included in the provision for future policy benefits.

Long-term investment contracts with DPF

The fair value of these contracts is determined with reference to the fair value of the underlying financial assets and they are recorded at inception at their fair value.

3.12 Provision for future policy benefits

The provision for future policy benefits represents the amount required, in addition to future premiums and investment income, to provide for estimated future benefit payments, taxes (other than income taxes), commissions and policy administration expenses for all insurance and annuity policies in force with the Group. The Group's Appointed Actuary is responsible for determining the provision for future policy benefits.

The provision for future policy benefits is determined using accepted actuarial practices established by the Canadian Institute of Actuaries ("CIA"), which are accepted in The Bahamas. In accordance with these standards, the actuarial liabilities have been determined by the Appointed Actuary using the Canadian Asset Liability Method ("CALM") and the CIA Standards of Practice (Practice – Specific Standards For Insurers), Section 2300, Life and Health Insurance ("SOP").

CALM involves the projection of future interest rate scenarios in order to determine the amount of assets needed to provide for all future obligations. The method consists of four basic steps:

1. Determination of the period over which these projections are performed.
2. Projection of liability cash flows.
3. Projection of asset cash flows.
4. Performance of interest rate scenario testing under a variety of plausible economic conditions.

The Group maintains specific assets to back the policy liabilities by lines of business. The projection of liability and asset cash flows recognizes these specific assets. The projection period is chosen so as to include all insured events in the valuation process.

The actuarial liabilities for very small blocks of business have been set up as 100% of their annual premiums. IBNR reserves for group life, accident and health are computed as a percentage of related premiums based on experience studies. These bases are in accordance with CALM and SOP.

3.13 Commission expense

Commission expenses comprise commissions earned by the Group's salespersons in respect of insurance and investment products sold. Commission expenses are recognized when payable.

3.14 Pension business

The pension business consists of third-party pension plans with fund accumulations at rates of interest determined by the Group. There are no future interest or annuity rate guarantees. The liability established for future pension benefits for each of these plans is equal to the fund balance at the valuation date. Such third-party pension liabilities are included in 'other liabilities,' see Note 20.

3.15 Policy dividends on deposit

Policy dividends on deposit comprise dividends declared on policies but not withdrawn from the Group, together with accrued interest. Policy dividends are recognized as a liability when declared and are expensed through policyholders' benefits on the consolidated statement of profit or loss.

3.16 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Where any subsidiary purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs.

Dividends on ordinary and preference shares are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

3.17 Revenue recognition

Non-insurance revenue comprises net investment income, commission income, investment management and other fees, and other income and fees. Revenue from contracts with customers is recognized when or as the underlying services are provided to the customer in a manner that depicts the Group's satisfaction of the performance obligations in the contract. Revenue is based on the transaction price in the contract with the customer, which is the amount of consideration which the Group is or expects to be entitled to for providing the underlying services.

Interest income for financial assets that are not classified as at FVPL is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive payment is established – this is the ex-dividend date for equity securities. Commission income is earned on the completion of the sale and is recognized at a point in time, being the effective date of writing the policy. Interest income on financing of premiums to customers is recognized using the effective interest method over the financing period. The Group earns revenue from corporate advisory services, investment management services, pension management services, registrar and transfer agent services, and administrative services only ("ASO") insurance contracts. These other income and fees are recognized based on the consideration specified in the contract which is allocated to the performance obligations of the contract. The Group recognizes revenues related to these contracts either at a point in time or over time as the services specified have been transferred or provided. Investment management and other fee income is recorded on an accrual basis when the related trade is executed or over time as the service is provided.

The Group's policy for recognition of revenue from operating leases is described in Note 3.23. For the revenue recognition policies surrounding insurance contracts, see Note 3.11.

3.18 Reinsurance

In the normal course of business, the Group seeks to limit its exposure to loss on any single insured and to recover benefits paid, by ceding premiums to reinsurers under excess coverage contracts. Contracts entered into that meet the classification requirements of insurance contracts are classified as reinsurance contracts held. Amounts recoverable from reinsurers are estimated in a manner consistent with the policy liability associated with the reinsured and in accordance with the terms of each reinsurance contract and are classified as reinsurance assets on the consolidated balance sheet.

Reinsurance liabilities are primarily premiums due for reinsurance contracts and are recognized as an expense when due.

An impairment review of recoverable amounts is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the consolidated statement of profit or loss.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for non-life insurance contracts. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

3.19 Defined contribution pension plan

The Group's subsidiaries operate separate defined contribution pension plans. Contributions are made to the plans on a mandatory and voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's portion of the contributions is charged to the consolidated statement of profit or loss as employee/salespersons' benefits expense in the year to which they relate.

3.20 Share-based payments

The Group's subsidiaries operate separate Employee Share Ownership Plans ("ESOP"). Under these plans, eligible employees and salespersons can purchase common shares of the Company on the open market through regular payroll deductions up to a maximum of 10% of eligible earnings. Employee and salespersons' contributions are matched by the Company at rates ranging between 20% to 100% of eligible earnings. The Group's matching contribution fully vests to the employee or salesperson after a period of 1-4 years, subject to the individual plan requirements. These share-based payments to employees and salespersons are measured at the fair value of the equity instruments at the grant date. The cost of matching employee and salespersons' contributions amounted to $49,694 in 2022 (2021: $39,025) and is included in employee/salespersons' benefits expense.

3.21 Taxation

The Group is subject to tax on taxable gross premium income at the flat rate of 3% (2021: 3%). Premium taxes are included in premium and other tax expense in the consolidated statement of profit or loss. The Group is also subject to Value Added Tax ("VAT") on taxable supplies at the standard rate of 10.0% (2021: 12%). The Group is eligible, however, for input tax credits to reduce its VAT liability based on an apportionment formula based on its proportion of standard rated taxable supplies to non-taxable supplies. VAT incurred by the Group in excess of input tax credits received are apportioned to the Group's general and administrative expenses. There are no other corporate, income or capital gains taxes levied on the Group in The Bahamas or in any other jurisdictions in which the Group operates. There are no uncertain tax liabilities requiring accrual in the consolidated statement of financial position (2021: Nil).

3.22 Segregated fund

With the acquisition of Imperial Life in 2005, certain contracts were acquired which allow unit holders to invest in a segregated fund managed by the Group for their benefit. Substantially all risks and rewards of ownership accrue to the unit holders and, consequently, the assets held in the segregated fund account are excluded from the assets in the Group's general funds and are therefore not included in the consolidated statement of financial position. As of December 31, 2022, these assets amounted to $58.8 million (2021: $53.2 million). The Group has entered into a sub-investment management agreement with Colina Financial Advisors Ltd. to manage a significant portion of these assets.

3.23 Leases

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets ("ROU" assets) representing the right to use the underlying assets.

i) Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financial sources and make certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made of the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property and equipment' and lease liabilities in "loans and borrowing" in the statement of financial position.

iii) Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the main lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If a main lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of “rental income”.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

3.24 Bank borrowings

Bank borrowings are initially recognized at fair value, which is the cost of the consideration received, net of issue costs and any discount or premium on settlement. Subsequent to initial recognition, they are measured at amortized cost, using the effective interest rate method.

Borrowing costs are recognized as an expense when incurred.

3.25 Other financial liabilities and insurance, trade and other payables

These items are recognized when due and measured on initial recognition at the fair value of the consideration paid. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Financial liabilities and insurance, trade and other payables are derecognized when the obligation under the liability is discharged, cancelled or expired. When the existing liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

3.26 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation at the reporting date and are discounted to present value.

4. Responsibilities of the Appointed Actuary and Independent Auditors

The Appointed Actuary is appointed by the Board of Directors and is responsible for carrying out an annual valuation of the Group's policy liabilities in accordance with accepted actuarial practice and reporting thereon to the Board of Directors. In performing the valuation, the Appointed Actuary makes assumptions as to the future rates of interest, asset default, mortality, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies taking into consideration the circumstances of the Group and the policies in force. The Appointed Actuary's report outlines the scope of the valuation and the actuary's opinion.

The Independent Auditors have been appointed by the shareholders and are responsible for conducting an independent and objective audit of the consolidated financial statements in accordance with International Standards on Auditing. They report to the shareholders regarding the fairness of the presentation of the Group's consolidated financial statements in accordance with IFRS.

(Expressed in Bahamian dollars)

5. Subsidiaries

Subsidiaries of the Company as of December 31, 2022 are as follows:

Name	Place of Incorporation	Shareholding
Life and Health Insurance Company		
Colina Insurance Limited ("Colina")	The Bahamas	100%
Mortgage Company		
Colina Mortgage Corporation Ltd. ("CMCO")	The Bahamas	100%
Investment Property Holding Companies		
Bay St. Holdings Ltd.	The Bahamas	100%
Colina Real Estate Fund Ltd. ("CREFL")	The Bahamas	84%
ColImpco One Ltd.	The Bahamas	100%
Dax Limited	The Bahamas	100%
Goodman's Bay Development Company Limited ("GBDC")	The Bahamas	86%
IMPCO Properties (Bahamas) Limited	The Bahamas	100%
IMPCO Real Estate Holdings (Bahamas) Limited	The Bahamas	100%
NCP Holdings Ltd.	The Bahamas	100%
P.I. Investments Ltd.	The Bahamas	100%
Wednesday Holding Company Ltd.	The Bahamas	100%
Investment Holding Companies		
August Property Holdings Ltd.	The Bahamas	100%
Colina MTS Limited	The Bahamas	100%
CPCH Bahamas Limited	The Bahamas	100%
Fairway Close Development Company Ltd.	The Bahamas	100%
Partner Investment Ltd.	The Bahamas	100%
PRO Health Holdings Ltd.	The Bahamas	100%
Sharp Investment Ltd.	The Bahamas	100%
Investment Funds		
CFAL Global Bond Fund Ltd. ("CGBF")	The Bahamas	85%
Ikonic Fund SAC Limited	The Bahamas	93%
General Insurance		
Colina General Insurance Agents & Brokers Limited ("CGIA")	The Bahamas	100%
Indigo Insurance (Bahamas) Limited ("Indigo Bahamas")	The Bahamas	100%
Indigo Insurance (Cayman) Limited ("Indigo Cayman")	The Cayman Islands	100%
Investment Brokerage and Advisory Services		
Colina Financial Advisors Ltd. ("CFAL")	The Bahamas	100%
CFAL Securities Ltd.	The Bahamas	100%

(Expressed in Bahamian dollars)

6. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has three reportable operating segments as follows:

- Life Division - offers a wide range of whole life and term insurance, pension, annuity, and savings and investment products.
- Group and Health Division – offers a wide range of individual medical and group life and health medical insurance.
- Other – includes the Group's participation in International Reinsurance Managers, LLC ("IRM") reinsurance facilities and the operations of its other subsidiary and associated companies.

Segment performance is evaluated based on profit or loss, which in certain respects is measured differently from profit or loss in the consolidated financial statements.

Intersegment transactions have occurred between operating segments at an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results would then include those transfers between business segments which would then be eliminated on consolidation.

The segment results for the period ended December 31 are as follows:

	2022			
	Life	Health	Other	Total
INCOME				
Net premium revenue	44,660,375	72,933,329	8,971,537	$ 126,565,241
Net investment income and share of income from equity-accounted investees	27,039,513	803,224	1,819,046	29,661,783
Net commission income	-	-	3,474,160	3,474,160
Investment management and other fees	-	7,614,468	8,165,602	15,780,070
Other income and fees	342,018	2,988,975	1,984,239	5,315,232
Total revenues	72,041,906	84,339,996	24,414,584	180,796,486
POLICYHOLDER BENEFITS	47,835,376	50,204,499	5,707,672	103,747,547
EXPENSES	23,991,823	20,865,467	14,426,923	59,284,213
NET INCOME	$ 214,707	$ 13,270,030	$ 4,279,989	$ 17,764,726
TOTAL ASSETS	$ 743,702,805	$ 64,064,666	$ 51,336,074	$ 859,103,545
TOTAL LIABILITIES	$ 563,361,892	$ 43,797,951	$ 13,855,219	$ 621,015,062

	2021			
	Life	Health	Other	Total
INCOME				
Net premium revenue	$ 45,618,711	$ 59,620,358	$ 10,817,269	$ 116,056,338
Net investment income and share of income from equity-accounted investees	27,914,886	832,082	3,297,100	32,044,068
Net commission income	-	-	4,028,012	4,028,012
Investment management and other fees	-	7,919,761	8,361,098	16,280,859
Other income and fees	473,077	3,380,661	2,384,933	6,238,671
Total revenues	74,006,674	71,752,862	28,888,412	174,647,948
POLICYHOLDER BENEFITS	43,062,150	43,497,280	9,003,979	95,563,409
EXPENSES	21,206,825	16,943,818	15,839,679	53,990,322
NET INCOME	$ 9,737,699	$ 11,311,764	$ 4,044,754	$ 25,094,217
TOTAL ASSETS	$ 711,867,315	$ 63,760,416	$ 48,234,331	$ 823,862,062
TOTAL LIABILITIES	$ 550,822,531	$ 40,842,194	$ 14,684,447	$ 606,349,172

(Expressed in Bahamian dollars)

7. Invested Assets

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

		2022		2021
Term deposits	$	7,530,295	$	7,450,539
Investment securities and other financial assets		520,770,935		431,662,321
Mortgages and commercial loans		16,684,436		19,711,150
Policy loans		65,443,004		66,128,152
Investment properties		58,086,000		58,458,824
Equity-accounted investees		5,216,578		15,471,354
Total invested assets	$	673,731,248	$	598,882,340

Invested assets comprise 78.4% of total assets at December 31, 2022 (2021: 72.7%).

8. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

		2022		2021
Term deposits	$	7,530,295	$	7,450,539
Less: Deposits with original maturities of greater than 90 days		(5,099,348)		(5,096,212)
Short-term deposits (cash equivalents)		2,430,947		2,354,327
Cash and demand balances		63,980,419		31,923,719
Total cash and cash equivalents	$	66,411,366	$	34,278,046

Term deposits with original maturities of less than 90 days totaled $2,430,947 (2021: $2,354,327). The weighted-average interest rate on deposits with original maturities greater than 90 days is 2.0% (2021: 2.4%) per annum.

Included in deposits with original maturities of greater than 90 days are restricted balances held in favour of regulatory bodies in the Turks & Caicos Islands and the Cayman Islands totaling $2,895,724 (2021: $2,887,049). No restricted amounts are included in cash and demand balances (2021: Nil).

(Expressed in Bahamian dollars)

9. Investment Securities and other Financial Assets

Investment securities and other financial assets comprise equity and debt securities classified into the following categories:

		2022		2021
Equity securities				
Fair value through profit or loss	$	16,788,282	$	16,350,254
Available-for-sale		11,977,650		10,833,029
Total equity securities		28,765,932		27,183,283
Non-pledged debt securities				
Fair value through profit or loss		99,201,715		88,219,974
Available-for-sale		348,653,248		272,109,024
Loans and receivables		44,150,040		44,150,040
Total debt securities		492,005,003		404,479,038
Total investment securities and other financial assets	$	520,770,935	$	431,662,321

Included in financial assets at fair value through profit or loss are financial instruments in the Bahamas Investment Fund (See Note 33).

Included in investment securities and other financial assets are government debt securities which are mainly comprised of fixed rate and variable rate bonds tied to the Bahamian $ Prime Rate issued by The Bahamas Government. These securities have interest rates ranging from 4.1% to 6.75% per annum (2021: from 4.1% to 6.5% per annum) and scheduled maturities between 2024 and 2065 (2021: between 2022 and 2065).

Included in debt securities classified as 'available-for-sale' is $2,185,000 (2021: $2,185,000) and $3,013,000 (2021: $3,013,000) representing restricted balances held in favour of the CILStatutory Trust and The Mint (Insurance) Bahamas Trust (the "Trusts"), respectively. The CILStatutory Trust and The Mint (Insurance) Bahamas Trust were established by Colina Insurance Limited and Indigo Insurance (Bahamas) Limited, respectively, in accordance with the Insurance Act, 2005 and Insurance (General) Regulations 2010 (as amended) which require that certain assets be deposited in favour of the Insurance Commission of The Bahamas by registered insurers in respect of entities which propose to carry on life, health, or general insurance business.

The movements in the categories of investment securities are as follows:

		FVPL		Available-for-sale		Loans and receivables		Total
At December 31, 2020	$	95,618,645	$	303,989,909	$	44,150,040	$	443,758,594
Transfers, net		4,305,043		(4,305,043)		-		-
Additions		20,892,200		35,970,522		-		56,862,722
Disposals and maturities		(13,393,374)		(49,443,102)		-		(62,836,476)
Net fair value losses		(2,852,286)		(3,270,233)		-		(6,122,519)
At December 31, 2021	$	104,570,228	$	282,942,053	$	44,150,040	$	431,662,321
Additions		55,328,978		100,619,323		-		155,948,301
Disposals and maturities		(37,355,071)		(26,017,947)		-		(63,373,018)
Net fair value gains/(losses)		(6,746,999)		3,051,509		-		(3,695,490)
Realized gains		192,861		35,960		-		228,821
At December 31, 2022	$	115,989,997	$	360,630,898	$	44,150,040	$	520,770,935

Realized net fair value gains/(losses) are included in net investment income in the consolidated statement of profit or loss and other comprehensive income.

(Expressed in Bahamian dollars)

The following table shows an analysis of financial instruments by level within the fair value hierarchy:

At December 31, 2022	**Level 1**	**Level 2**	**Total Fair Value**
Financial assets designated at fair value through profit or loss:			
Equity securities	$ 5,467,221	$ 2,166,442	$ 7,633,663
Shares in investment funds	-	9,154,619	9,154,619
Government securities	-	74,224,295	74,224,295
Preferred shares	-	403,575	403,575
Other debt securities	-	24,573,845	24,573,845
Total	$ 5,467,221	$ 110,522,776	$ 115,989,997
Available-for-sale financial assets:			
Equity securities	$ 7,529,160	$ 3,704,758	$ 11,233,918
Shares in investment funds	-	743,732	743,732
Government securities	-	323,264,917	323,264,917
Preferred shares	-	4,974,292	4,974,292
Other debt securities	-	20,414,039	20,414,039
Total	$ 7,529,160	$ 353,101,738	$ 360,630,898
Loans and receivables:			
Sovereign debt	-	26,613,000	26,613,000
Total	$ -	$ 26,613,000	$ 26,613,000

The Group did not have any financial instruments classified as Level 3 as at December 31, 2022.

At December 31, 2021	**Level 1**	**Level 2**	**Total Fair Value**
Financial assets designated at fair value through profit or loss:			
Non-Pledged Securities			
Equity securities	$ 5,005,380	$ 1,869,041	$ 6,874,421
Shares in investment funds	-	9,475,833	9,475,833
Government securities	-	67,412,303	67,412,303
Preferred shares	-	403,572	403,572
Other debt securities	-	20,404,099	20,404,099
Total	$ 5,005,380	$ 99,564,848	$ 104,570,228
Available-for-sale financial assets:			
Equity securities	$ 7,263,024	$ 3,043,493	$ 10,306,517
Shares in investment funds	-	526,512	526,512
Government securities	-	240,258,242	240,258,242
Preferred shares	-	10,793,975	10,793,975
Other debt securities	-	21,056,807	21,056,807
Total	$ 7,263,024	$ 275,679,029	$ 282,942,053
Loans and receivables:			
Sovereign debt	$ -	$ 34,708,500	$ 34,708,500
Total	$ -	$ 34,708,500	$ 34,708,500

The Group did not have any financial instruments classified as Level 3 as at December 31, 2021.

The following table presents the fair value and the amount of change in the fair value of the Company's financial assets as at and for the year ended December 31, 2022 and 2021 showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

	2022				
Financial Assets		**SPPI Financial Assets**		**Non-SPPI Financial Assets**	
(in B$000s)	**Total Carrying Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
Term deposits	$ 7,530,295	$ -	$ -	$ 7,530,295	$ -
Equity securities	18,867,581	-	-	18,867,581	-
Shares in investment funds	9,898,351	-	-	9,898,351	-
Government securities	397,489,212	-	-	397,489,212	-
Preferred shares	5,377,867	-	-	5,377,867	-
Other debt securities	44,987,884	-	-	44,987,884	-
Sovereign debt	44,150,040	26,613,000	-	-	-

	2021				
Financial Assets		**SPPI Financial Assets**		**Non-SPPI Financial Assets**	
(in B$000s)	**Total Carrying Value**	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
Term deposits	$ 7,450,539	$ -	$ -	$ 7,450,539	$ -
Equity securities	17,180,938	-	-	17,180,938	-
Shares in investment funds	10,002,345	-	-	10,002,345	-
Government securities	307,670,545	-	-	307,670,545	-
Preferred shares	11,197,547	-	-	11,197,547	-
Other debt securities	41,460,906	-	-	41,460,906	-
Sovereign debt	44,150,040	34,708,500	-	-	-

10. Receivables and Other Assets

Receivables and other assets are comprised of the following:

	2022	**2021**
Financial assets		
Premiums receivable	$ 5,107,487	$ 9,929,534
Less: Provision on premiums receivable	(1,643,232)	(1,712,305)
Net balances receivable on ASO plans	22,258,871	80,109,628
Agents' balances	800,557	782,160
Less: Provision on agents' balances	(800,557)	(775,582)
Accrued interest income	5,732,252	5,211,843
Receivables from related parties (Note 34)	207,655	269,506
Participation in IRM reinsurance facilities	6,675,114	5,775,958
Non-financial assets		
Properties assumed under mortgage defaults	1,753,400	1,753,400
Land held for development	4,426,185	4,505,522
Prepayments and other assets	14,394,823	16,744,787
Total receivables and other assets	$ 58,912,555	$ 122,594,451

Administrative Services Only (ASO) receivables

Included in receivables and other assets are net amounts due from groups to whom the Group provides administrative services only ("ASO").

(Expressed in Bahamian dollars)

Participation in IRM reinsurance facilities

The Group participates in reinsurance facilities managed by International Reinsurance Managers, LLC ("IRM"), an underwriting management company domiciled in the United States of America which provides group health reinsurance services to small and medium sized insurance companies in the Caribbean and Latin America. The Group's participation in these facilities varies from 10% to 50% for differing underwriting years and its interest is included above. The underlying assets of the reinsurance facilities are principally comprised of US Treasury money market instruments.

11. Policy Loans

Policy loans are comprised of:

		2022		2021
Policy loans	$	61,798,056	$	62,389,167
Accrued interest on policy loans		3,651,245		3,744,833
Subtotal		65,449,301		66,134,000
Less: Provisions		(6,297)		(5,848)
Policy loans, net	$	65,443,004	$	66,128,152

Policy loans are secured by the cash surrender values of the policies on which the loans are made with the exception of $6,297 (2021: $5,848) in policy overloans. Policy overloans represent policy loans in excess of the cash surrender values of the policies on which the loans are made. These overloans are not secured by cash surrender values, however, the related policies remain in force. The policy overloans have been fully provided for at December 31, 2022. Interest is accrued on a monthly basis and the loans are settled on termination of the policy, if not repaid while the policy remains in force. The approximate annual effective interest rate on policy loans is 11.8% (2021: 11.8%).

12. Mortgages and Commercial Loans

Mortgages and commercial loans are comprised of the following:

		2022		2021
Mortgages and commercial loans	$	27,295,906	$	29,786,733
Accrued interest		14,943,795		14,276,805
Subtotal		42,239,701		44,063,538
Less: Provisions		(25,555,265)		(24,352,388)
Mortgages and commercial loans, net	$	16,684,436	$	19,711,150

Mortgages and commercial loans are classified into the following categories:

		2022		2021
Residential mortgages	$	12,991,786	$	15,275,601
Commercial mortgages		11,605,311		11,812,929
Commercial paper		2,698,809		2,698,203
Subtotal		27,295,906		29,786,733
Accrued interest		14,943,795		14,276,805
Total	$	42,239,701	$	44,063,538

(Expressed in Bahamian dollars)

The totals represent the Group's gross exposure on mortgages and commercial loans. It is the Group's policy not to lend more than 75% of collateralized values.

Included in residential mortgages at December 31, 2022 are loans to employees and salespersons amounting to $1,469,121 (2021: $1,905,889).

Provisions on mortgages and commercial loans are as follows:

	2022	2021
Residential mortgages	$ 3,431,733	$ 3,743,435
Commercial mortgages	6,136,284	5,709,861
Commercial paper	1,599,564	1,141,121
Accrued interest	14,387,684	13,757,971
Total provisions on mortgages and commercial loans	$ 25,555,265	$ 24,352,388

The movement in loan loss provisions is as follows:

	2022	2021
Balance, beginning of year	$ 24,352,388	$ 20,737,917
Increase in provisions	1,895,693	4,352,456
Provisions written back to income	(692,816)	(737,985)
Balance, end of year	$ 25,555,265	$ 24,352,388

As of the reporting date, the approximate weighted average interest rates on mortgages and commercial loans are as follows:

	2022	2021
Residential mortgages	7.60%	7.54%
Commercial mortgages	9.24%	9.22%
Commercial paper	7.90%	7.90%

(Expressed in Bahamian dollars)

13. Investment Properties

The Group's investment properties consist of land holdings, residential rental properties, and commercial office rental properties and are carried at fair value. All investment properties have been classified as Level 3 in the fair value measurement hierarchy and there were no transfers from or to Level 3 during the period. Movements in investment properties classified by category are as follows:

	Land	Residential	Commercial Office	Total
At December 31, 2020	$ 3,140,000	$ 630,000	$ 52,839,849	$ 56,609,849
Additions	-	-	497,633	497,633
Gain from fair value adjustments through revaluation reserve (Note 23)	-	-	38,161	38,161
Gain from fair value adjustments (Note 27)	-	-	1,313,181	1,313,181
At December 31, 2021	$ 3,140,000	$ 630,000	$ 54,688,824	$ 58,458,824
Additions	-	-	321,054	321,054
Disposals	-	-	(60,000)	(60,000)
Loss from fair value adjustments through revaluation reserve (Note 23)	-	-	(649,000)	(649,000)
Gain from fair value adjustments (Note 27)	100,000	-	(84,878)	15,122
At December 31, 2022	$ 3,240,000	$ 630,000	$ 54,216,000	$ 58,086,000

A revaluation loss of $649,000 (2021: revaluation gain of $38,161) was recognized through the revaluation reserve for an investment property which was originally owner-occupied and transferred from property and equipment to investment property. Net gains/(losses) on all other investment properties from fair value adjustments are included in net investment income on the consolidated statement of profit or loss (See Note 27).

In accordance with the Group's policy for the valuation of investment property holdings in intervening periods, the fair values of all properties at December 31, 2022 were based on valuations performed by external independent appraisers and management using the Discounted Cash Flow Method (DCF), Income Approach Method (IA) and the Sales Comparison Method (SC). (2021: DCF, RC, IA, and SC).

Significant unobservable inputs used in the valuations in 2022 were as follows:

Property Classification	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and land lots	SC	Sales price / acre	$9,000 - $325,000 ($10,640)
Residential	SC	Sales price / sq.ft.	$330 ($330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a. Discount rate Rent growth p.a. Expense inflation p.a. Capitalization rate for terminal value Vacancy rate	$11 - $80 9.8% to 11% 2% - 3% 2% - 3% 8.5% - 9.75% 7% - 27%
	SC	Sales price / sq. ft.	$50 ($50)
	IA	Capitalization rate Vacancy rate	9.0% 17%

(Expressed in Bahamian dollars)

Significant unobservable inputs used in the valuations in 2021 were as follows:

Property Classification	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted average)**
Land and land lots	SC	Sales price / acre	$10,000 - $375,000 ($12,141)
Residential	SC	Sales price / sq.ft.	$330 ($330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a.	$27 - $48
		Discount rate	9.8%
		Rent growth p.a.	2.0%
		Expense inflation p.a.	2.0%
		Capitalization rate for terminal value	8.5%
		Vacancy rate	5.0%
	SC	Sales price / sq. ft.	$6-$50 ($27)
	RC	Replacement cost / sq. ft.	$7-$350 ($194)
	IA	Capitalization rate	8.0%-9.0%
		Vacancy rate	6.4%-57.4%

Under the Income Approach (IA) method, the projected net annual income net of estimated building expenses is determined and is divided by the capitalization rate. The capitalization rate is the expected rate of return used on similar investments.

The Replacement Cost (RC) method bases the cost of replacing the subject property with a structure providing similar utility. The cost estimate may not be necessarily based on similar materials if considered appropriate by the appraiser based on current construction standards.

Under the Discounted Cash Flow (DCF) method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. A market-derived discount rate is applied to establish the present value of the income streams associated with the property. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of the inflows and outflows are determined by events such as lease renewals, and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of property. Periodic cash flows are typically estimated as gross rental income less vacancy, non-recoverable expenses, maintenance and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Under the Sales Comparison (SC) method, fair value is determined by a comparison of recent property sales similar to the subject property. The prices for these properties provide the basis for estimating the value of the subject by comparison. Appropriate adjustments are made for the differences in the properties as they compare to the subject property. The adjusted process yields various indicators of value which are analyzed and correlated to provide a value estimate for the subject property.

(Expressed in Bahamian dollars)

Significant increases (decreases) in estimated rental values and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the property. Significant increase (decrease) in long-term vacancy rates and discount rates in isolation would result in a significantly lower (higher) fair value. Increases/(decreases) in the capitalization rate would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate and an opposite change in the long term vacancy rate.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment property for repair, maintenance and enhancement.

Investment properties, with carrying values totaling approximately $11.8 million (2021: $12.3 million), have been mortgaged in support of loans advanced to subsidiary companies by the Group. The referenced loans have been eliminated on consolidation. Rental income from investment properties totaled $4,609,853 (2021: $4,800,596), (See Note 27). Direct expenses related to generating rental income from investment properties, amounting to $2,239,063 (2021: $2,300,063), are included in general and administrative expenses. Repairs and maintenance costs included in these direct expenses total $380,447 (2021: $552,538).

14. Equity-accounted investees

Equity-accounted investees are comprised of:

		2022		2021
Walk-In Holdings Limited	$	4,472,773	$	4,226,341
SBL Ltd.		743,805		11,245,013
Total	$	5,216,578	$	15,471,354

Gains and losses from the Group's equity-accounted investees are comprised of the following:

		2022		2021
Share of profit / (loss) of equity-accounted investees				
Walk-In Holdings Limited	$	246,432	$	326,723
SBL Ltd.		(906,995)		819,575
Total share of profit / (loss) of equity-accounted investees	$	(660,563)	$	1,146,298

Gains and losses recognized in revaluation reserve from the Group's equity-accounted investees are comprised of the following:

		2022		2021
Share of OCI of equity-accounted investees				
Walk-In Holdings Limited	$	(2,831)	$	(2,831)
SBL Ltd.		905,595		(669,882)
Total share of OCI of equity-accounted investees (Note 23)	$	902,764	$	(672,713)

(Expressed in Bahamian dollars)

Walk-In Holdings Limited

In November 2007, the Group, through its wholly-owned subsidiary, PRO Health Holdings Ltd., acquired interest in Walk-In Holdings Limited ("WIHL"), a privately-held company incorporated in The Bahamas at a cost of $3,402,631. At the balance sheet date, the Group owns 31% (2021: 31%) of WIHL. WIHL owns and operates medical clinics in The Bahamas.

The investment in WIHL is comprised of the following:

		2022		2021
Total assets	$	13,438,612	$	12,654,419
Total liabilities		(1,364,728)		(1,375,479)
Net assets of WIHL	$	12,073,884	$	11,278,940
Company's share of WIHL's net assets	$	3,740,072	$	3,493,640
Goodwill		732,701		732,701
Total investment in WIHL	$	4,472,773	$	4,226,341

Management estimates that the carrying value of the investment in WIHL approximates its fair value at the reporting date.

The Group's share of WIHL's comprehensive net income is as follows:

		12 Months Ended Dec. 31, 2022		12 Months Ended Dec. 31, 2021
Total revenue	$	8,676,617	$	8,571,945
Net Income before OCI for the period	$	794,944	$	1,053,946
Other comprehensive income for the period		9,133		9,133
Total comprehensive income for the period	$	804,077	$	1,063,079
Share of WIHL's net profit	$	246,432	$	326,723
Share of WIHL's OCI through revaluation reserve	$	(2,831)	$	(2,831)

SBL Ltd.

In July 2009, the Company and Colina, purchased 7% and 12% of SBL Ltd. ("SBL") at a cost of $3 million and $5 million respectively. In considering the classification of its 19% equity holding in SBL, the Group classified its investment in SBL as an equity-accounted investee as two of the ten Board members of SBL are also Directors of the Company. In May 2009, SBL acquired the issued and outstanding shares of Ansbacher (Bahamas) Limited ("ABL") and in July 2009, merged ABL subsequently with Sentinel Bank & Trust Limited ("SBT") with the surviving entity retaining the name Ansbacher (Bahamas) Limited. ABL's principal activities comprise private and specialist banking, wealth protection and management, and fiduciary services.

During 2013, the Company and Colina made additional capital contributions of $124,473 and $213,382 respectively in SBL Ltd. The funds were used by SBL's subsidiary, ABL to partially fund the acquisition of Finter Bank and Trust (Bahamas) Limited. CHBL and Colina's percentage ownership in SBL Ltd. after the capital contribution remained at 7% and 12% respectively.

The Company made additional investments in SBL and ABL during 2015. However, these additional investments did not impact the Company's consolidated percentage ownership in SBL nor its classification as an equity-accounted investee. In June 2015, the Company facilitated a $15 million loan to SBL using proceeds received from bank borrowings. This loan was fully repaid in August 2021. In December 2015, the Company purchased 1 Series B Preference Share of ABL with a par value of $0.01 and Share Premium of $4,999,999.99

(Expressed in Bahamian dollars)

for a total investment of $5 million. The Preference Share was issued at the rate of 7% per annum and is cumulative and non-voting and was redeemed on March 31, 2022.

In January 2022, Deltec Bank and Trust Limited ("Deltec") and SBL Ltd. executed a share purchase agreement for Ansbacher (Bahamas) Limited ("ABL"). The transaction received regulatory approvals and was finalized effective March 31, 2022.

The Investment in SBL is comprised of the following:

	As at March 31, 2022*	As at December 31, 2021
Total assets	$ 541,974,169	$ 495,446,050
Total liabilities	(507,702,765)	(436,261,770)
Net assets of SBL	$ 34,271,404	$ 59,184,280
Share of SBL's net assets	$ 6,165,072	$ 10,823,681
Share of SBL's OCI through revaluation reserve	346,495	421,332
	$ 6,511,567	$ 11,245,013

(*) Prior to sale to Deltec

Management estimates that the carrying value of the investment in SBL approximates its fair value at the reporting date.

At the closing of the ABL transaction the Company received a cash payment of $6,021,019. Management has estimated that a further $491,331 would be received. To date, the Company has received $84,373 of the projected payments.

The Group's share of SBL's comprehensive net income is as follows:

	3 Months Ended Dec. 31, 2022	12 Months Ended Dec. 31, 2021
Total revenue	$ 5,958,535	$ 26,858,252
Net Income before OCI for the period	$ 264,474	$ 4,313,555
Other comprehensive loss for the period	(1,585,462)	(3,525,694)
Total comprehensive (loss)/income for the period	$ (1,320,988)	$ 787,861
Share of SBL's net profit	$ 50,250	$ 819,575
Share of SBL's OCI through revaluation reserve	$ (301,238)	$ (669,882)

The following table shows an analysis of goodwill and other intangible assets included in equity-accounted investees for the years ending December 31, 2022 and 2021:

	Goodwill	Other Intangibles Assets	Total
Balance as of December 31 , 2020	$ 732,701	$ 876,117	$ 1,608,818
Amortization	-	(454,785)	(454,785)
Balance as of December 31 , 2021	$ 732,701	$ 421,332	1,154,033
Amortization	-	(74,837)	(74,837)
Disposals during the year	-	(346,495)	(346,495)
Balance as of December 31 , 2022	$ 732,701	$ -	$ 732,701

(Expressed in Bahamian dollars)

15. Property and Equipment

	Land, land improvements and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost / revalued amounts:					
At January 1, 2021	$ 26,535,248	$ 1,613,212	$ 5,626,293	$ 79,769	$ 33,854,522
Additions	176,182	1,718	426,456	27,188	631,544
Disposals	(1,023,007)	-	(292)	-	(1,023,299)
Revaluation adjustments through OCI (Note 23)	4,957,156	-	-	-	4,957,156
At December 31, 2021	$ 30,645,579	$ 1,614,930	$ 6,052,457	$ 106,957	$ 38,419,923
Additions	257,842	2,564	188,571	-	448,977
Disposals	(77,976)	-	(1,255)	(17,853)	(97,084)
At December 31, 2022	$ 30,825,445	$ 1,617,494	$ 6,239,773	$ 89,104	$ 38,771,816
Accumulated depreciation:					
At January 1, 2021	$ 11,972,201	$ 1,400,937	$ 4,538,393	$ 54,279	$ 17,965,810
Disposals	(599,078)	-	(292)	-	(599,370)
Depreciation charge	1,247,899	82,405	408,900	9,733	1,748,937
At December 31, 2021	$ 12,621,022	$ 1,483,342	$ 4,947,001	$ 64,012	$ 19,115,377
Disposals	(53,284)	-	(1,255)	(9,005)	(63,544)
Depreciation charge	1,415,170	70,269	311,299	10,657	1,807,395
At December 31, 2022	$ 13,982,908	$ 1,553,611	$ 5,257,045	$ 65,664	$ 20,859,228
Net book value:					
At December 31, 2022	$ 16,842,537	$ 63,883	$ 982,728	$ 23,440	$ 17,912,588
At December 31, 2021	$ 18,024,557	$ 131,588	$ 1,105,456	$ 42,945	$ 19,304,546

Property, plant and equipment includes ROU assets with a net book value of $2,199,508 (2021: $2.590,995) related to leased properties that do not meet the definition of investment property:

	2022	2021
Gross	$ 4,597,236	$ 4,417,371
Accumulated depreciation	(2,397,728)	(1,826,376)
Total ROU assets	$ 2,199,508	$ 2,590,995

ROU assets have an average lease term of 6 years (2021: 6 years)

The revalued amounts of land, land improvements and buildings is comprised of the following:

	2022	2021
Land and land improvements	$ 4,648,501	$ 4,648,501
ROU assets (gross)	4,597,236	4,417,371
Buildings	21,579,708	21,579,707
Total cost/revalued amount	$ 30,825,445	$ 30,645,579

Properties are stated at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. The revalued amount is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity.

If land, land improvements and buildings were stated on a historical cost basis, the carrying amount would be approximately $7.2 million (2021: $7.8 million).

(Expressed in Bahamian dollars)

16. Goodwill

	2022	2021
Cost	$ 17,244,032	$ 17,244,032
Accumulated impairment charges	(10,825,695)	(10,825,695)
Net book amount	$ 6,418,337	$ 6,418,337
Balance, beginning of year	$ 6,418,337	$ 6,418,337
Impairment charge	-	-
Balance, end of year	$ 6,418,337	$ 6,418,337

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2022			
	Life	Health	Other	Total
Insurance acquisitions	$ -	$ 3,420,840	$ -	$ 3,420,840
CFAL	-	-	1,007,167	1,007,167
CGIA	-	-	1,990,330	1,990,330
Total	$ -	$ 3,420,840	$ 2,997,497	$ 6,418,337

	2021			
	Life	Health	Other	Total
Insurance acquisitions	$ -	$ 3,420,840	$ -	$ 3,420,840
CFAL	-	-	1,007,167	1,007,167
CGIA	-	-	1,990,330	1,990,330
Total	$ -	$ 3,420,840	$ 2,997,497	$ 6,418,337

Goodwill is comprised of goodwill that was acquired as a result of insurance company mergers and acquisitions by Colina and goodwill resulting from the acquisition of CFAL and CGIA by CHBL.

The recoverable amount of goodwill related to insurance acquisitions was based on its value in use determined by the present value of projected net cash flows of the respective CGUs.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2022	2021
Discount rate	9.25% to 13.0%	9.25% to 13.0%
Growth rate on terminal value	2.0% to 3.0%	2.0% to 3.0%
Growth rate on revenues	2.4% to 4.0%	2.4% to 4.0%
Growth rate on expenses	2.0% to 3.5%	2.0% to 3.5%

For the insurance and subsidiary acquisitions, three and five years of cash flows, respectively, were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on estimates by management.

(Expressed in Bahamian dollars)

17. Other Intangible Assets

	2022	2021
Cost	$ 11,868,415	$ 11,572,272
Accumulated amortization	(10,403,575)	(9,419,374)
Net book amount	$ 1,464,840	$ 2,152,898
Balance, beginning of year	$ 2,152,898	$ 1,764,472
Additions during the period	296,143	1,050,543
Amortization charge	(984,201)	(662,117)
Balance, end of year	$ 1,464,840	$ 2,152,898

Upon acquisition of CFAL in September 2013, the excess of the purchase price over total net assets acquired totaled $5,879,167 and was recognized as goodwill. At the time of acquisition, the analysis to identify intangible assets for allocation purposes of purchase price over net assets acquired had not been completed.

During 2014, an independent valuation exercise was performed in order to determine this allocation at the valuation date of October 1, 2013. As a result of this, an amount of $4,872,000 was allocated to intangible assets.

The gross carrying value and accumulated amortization by major category of other intangible assets from acquisitions as of December 31, 2022 is shown below:

	Other Intangible Assets		
	Gross Carrying Value	Accumulated Amortization	Total
Customer relationships	$ 4,572,000	$ (4,134,555)	$ 437,445
Trade name	300,000	(247,500)	52,500
Development costs	1,693,826	(718,931)	974,895
Total Other Intangible Assets	$ 6,565,826	$ (5,100,986)	$ 1,464,840

Expected amortization of other intangible assets is shown below:

	Expected Amortization Other Intangible Assets
2023	$ 1,028,303
2024	392,436
2025 and thereafter	44,101
	$ 1,464,840

18. Provision for Future Policy Benefits and Reinsurance Assets

The provision for future policy benefits is calculated using expected future policy lapse rates, mortality, morbidity, investment yield and policy maintenance expense assumptions and any other relevant contingency. The reinsurance assets are presented separately on the Statement of Financial Position.

The provisions for adverse deviation recognize uncertainty in establishing these best estimates and allow for possible deterioration in experience. As the best estimate assumption is realized, the provisions for adverse deviations will be released in future income to the extent that they are no longer required to cover adverse experience.

The assumptions used in determining the provision for future policy benefits are reviewed regularly, compared to emerging experience and updated when appropriate. The assumptions that are most sensitive to change are investment yields, expenses, policy lapse rates, and mortality and morbidity.

The impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus, potential treatments, the distribution of vaccines and on actions taken by governments, businesses and individuals. Explicit estimates have been included in the Provision for Future Policy Benefits to provide for short-term additional claims due to COVID-19. Given the circumstances, it is difficult to reliably predict the potential impact of this disease on the Company's future policy benefits.

Margins for Adverse Deviation Assumptions

The basic assumptions made in establishing provisions for future policy benefits are best estimates for a range of possible outcomes. To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the provisions are adequate to pay future benefits, the Appointed Actuary is required to include a margin in each assumption.

The impact of these margins is to increase provisions and decrease the income that would be recognized on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions which take into account the risk profiles of the business. The Closed Participating Fund ("Closed Par Fund"), discussed below, has the lowest margins, as the risk is passed back to the policyholders by dividend distributions.

Investment yields

The computation of provisions takes into account projected net investment income on assets supporting policy liabilities and income expected to be earned or forgone on reinvestment or financing of mismatched cash flows. Uncertainties exist with respect to projections of interest rates and the magnitude of losses from asset defaults. The Company accounts for such uncertainties by incorporating provisions for losses into projections of investment income. A margin for adverse deviation is calculated by interest rate scenario testing under the CALM methodology. The margin in the most adverse scenario can be interpreted as deducting 35 basis points from the current (Prime) rates immediately and assuming future interest rates remain at that level in the long term. If future interest rates were to differ by 100 basis points from that assumed in the valuation, without changing the policyholder dividend scale, the liability would increase by $63.1 million (2021: $63.1 million) or decrease by $48.0 million (2021: $48.8 million).

Expenses

The administration expense assumption is based on an expense study conducted by the Company. The expenses are allocated by line of business using allocation factors developed by the Company. Such expense studies are conducted annually, and are subject to changes in the Company's cost structure as well as the rate of inflation. Best estimate expenses are assumed to increase with inflation range of 1.73% to 2.5% throughout the years. Expenses are increased by a range of 0% to 6.25%, where the Closed Par Fund has no margin. If future expenses are to differ by 10% from that assumed, the liability would increase by $5.8 million (2021: $6.1 million) or decrease by $5.8 million (2021: $6.1 million).

Policy lapse rates

Policyholders may allow their policies to lapse by choosing not to continue to pay premiums. The Company bases its estimate of future lapse rates on previous experience for a block of policies. A margin for adverse deviation is added by increasing or decreasing lapse rates, whichever is adverse, by a range of 5% to 20%. If future margins on lapse rates are to differ by 10% from that assumed, the liability would increase by $7.7 million (2021: $7.9 million) or decrease by $7.4 million (2021: $7.5 million).

(Expressed in Bahamian dollars)

Mortality and Morbidity

Assumptions for life business are based on Company and industry experience. A margin is added for adverse deviation in the range of 4.0 to 11.25 per 1000 divided by the expectation of life for mortality, and between 15% and 20% for morbidity. The Closed Par Fund has the lowest margin added. If future mortality and morbidity are to differ by 10% from that assumed, the liability would increase by $3.5 million (2021: $3.7 million) or decrease by $3.2 million (2021: $3.5 million).

Medical claims costs

The principal assumption underlying the estimate of the medical claims reserve is the Company's past claims development experience and loss ratios. If the average claim costs were to increase by 10%, gross liabilities would increase by $1.2 million (2021: $0.9 million), with the net liabilities increasing by $1.1 million (2021: $0.8 million). If the average claim costs were to decrease by 10%, gross liabilities would decrease by $1.2 million (2021: $0.9 million), with the net liabilities decreasing by $1.1 million (2021: $0.8 million).

Analysis of provision for future policy benefits

The following is a summary of the provision for future policy benefits by product line:

	2022		
	Gross Reserve	**Reinsurance Asset**	**Net Reserve**
Life insurance	$ 456,843,164	$ 18,201,286	$ 438,641,878
Annuities	11,729,371	-	11,729,371
Accident and health	21,690,414	1,871,199	19,819,215
Colina Investment Plan (Note 33)	2,763,022	-	2,763,022
Total provision for future policy benefits	$ 493,025,971	$ 20,072,485	$ 472,953,486

	2021		
	Gross Reserve	**Reinsurance Asset**	**Net Reserve**
Life insurance	$ 441,183,240	$ 16,635,105	$ 424,548,135
Annuities	14,514,262	-	14,514,262
Accident and health	20,559,493	1,788,196	18,771,297
Colina Investment Plan (Note 33)	3,047,737	-	3,047,737
Total provision for future policy benefits	$ 479,304,732	$ 18,423,301	$ 460,881,431

The following is a summary of the provision for future policy benefits by contract category:

(Expressed in Bahamian dollars)

	2022		
	Gross Reserve	Reinsurance Asset	Net Reserve
Short-term insurance contracts	$ 23,538,640	$ 1,871,199	$ 21,667,441
Long-term insurance and other contracts			
-with fixed and guaranteed terms	239,235,491	17,224,666	222,010,825
-with fixed and guaranteed terms and with DPF	198,919,878	(481,462)	199,401,340
-without fixed and guaranteed terms	12,878,683	-	12,878,683
-without fixed and guaranteed terms and with DPF	15,690,257	1,458,082	14,232,175
Long-term investment contracts with DPF	2,763,022	-	2,763,022
Total provision for future policy benefits	$ 493,025,971	$ 20,072,485	$ 472,953,486

	2021		
	Gross Reserve	Reinsurance Asset	Net Reserve
Short-term insurance contracts	$ 22,366,673	$ 1,788,196	$ 20,578,477
Long-term insurance and other contracts			
-with fixed and guaranteed terms	221,290,282	16,021,284	205,268,998
-with fixed and guaranteed terms and with DPF	202,401,692	(665,264)	203,066,956
-without fixed and guaranteed terms	15,565,661	-	15,565,661
-without fixed and guaranteed terms and with DPF	14,632,687	1,279,085	13,353,602
Long-term investment contracts with DPF	3,047,737	$ -	3,047,737
Total provision for future policy benefits	$ 479,304,732	$ 18,423,301	$ 460,881,431

Provision for Unpaid Claims and Reinsurers' Share of Provision for Unpaid Claims

The movement in the provision for unpaid claims included in short-term insurance contracts comprises:

	2022		
	Gross	Reinsurers' Share	Net
Provision, beginning of year	$ 8,793,663	$ 491,029	$ 8,302,634
Claims incurred	48,852,368	4,750,759	44,101,609
Claims paid	(45,615,508)	(4,697,900)	(40,917,608)
Provision, end of year	$ 12,030,523	$ 543,888	$ 11,486,635
Breakdown of the provision			
Notified claims	$ 2,927,702	$ -	$ 2,927,702
Incurred but not reported (IBNR)			
on medical, dental & vision	9,102,821	543,888	8,558,933
Provision, end of year	$ 12,030,523	$ 543,888	$ 11,486,635

For the Year Ended December 31, 2022 with corresponding figures for the Year Ended December 31, 2021
(Expressed in Bahamian dollars)

	2021		
	Gross	Reinsurers' Share	Net
Provision, beginning of year	$ 7,471,515	$ 513,525	$ 6,957,990
Claims incurred	39,218,053	555,332	38,662,721
Claims paid	(37,895,905)	(577,828)	(37,318,077)
Provision, end of year	$ 8,793,663	$ 491,029	$ 8,302,634
Breakdown of the provision			
Notified claims	$ 1,463,457	$ -	$ 1,463,457
Incurred but not reported (IBNR) on medical, dental & vision	7,330,206	491,029	6,839,177
Provision, end of year	$ 8,793,663	$ 491,029	$ 8,302,634

The IBNR on medical, dental & vision from the table above is included in the net reserve on short-term insurance contracts as follows:

Short-term insurance contracts

The following table shows the estimate of claims by calendar year, net of reinsurance for the past 3 years for the medical, dental and vision lines of business. The table shows how the estimate of total incurred claims for each calendar year varies based on when the estimate is made:

	Year Claim is Incurred			
(in B$000s)	**2020**	**2021**	**2022**	**Total**
Estimate of net claims				
End of year incurred	$ 28,064	$ 38,150	$ 41,953	$ 108,167
One year later	28,229	40,490		
Two years later	28,022			
Current (December 31, 2022) Estimate of ultimate claims	$ 28,022	$ 40,490	$ 41,953	$ 110,465
Cumulative payments (through December 31, 2022)	(28,005)	(40,326)	(33,239)	(101,570)
Current (December 31, 2022) Amount included in the provision for unpaid claims net of reinsurer's share of provision for unpaid claims	$ 17	$ 164	$ 8,714	$ 8,895

The following table shows how the amount presented in the table above is included in the total provision for unpaid claims and reinsurers' share of provision for unpaid claims:

(in B$000s)	**2022**
Amount included in the provision for unpaid claims net of reinsurer's share of provision for unpaid claims	$ 8,895
Other provisions	2,592
Total	$ 11,487

Analysis of change in provision for future policy benefits

	Gross Reserve	**Reinsurance Asset**	**Net Reserve**
Balance, January 1, 2021	$ 471,585,838	$ 16,687,479	$ 454,898,359
Normal changes in policy liabilities	8,239,258	1,334,014	6,905,244
Changes in assumptions and refinement of estimates	(520,364)	401,808	(922,172)
Balance, December 31, 2021	$ 479,304,732	$ 18,423,301	$ 460,881,431
Normal changes in policy liabilities	33,556,608	1,656,689	31,899,919
Changes in assumptions and refinement of estimates	(19,835,369)	(7,505)	(19,827,864)
Balance, end of year	$ 493,025,971	$ 20,072,485	$ 472,953,486

(Expressed in Bahamian dollars)

Closed Participating Fund

Included in the provision for future policy benefits as of December 31, 2022 are actuarial reserves totaling $29.8 million (2021: $31.6 million) relating to Colina's commitment to maintain and operate a Closed Participating Fund ("Closed Par Fund") covering the individual participating business (both life and annuity) of the Canada Life portfolio of business acquired on January 1, 2004. The objective of this Closed Par Fund is to finance the participating policyholders' reasonable expectations that Colina will: (i) pay the benefits guaranteed by each participating policy according to its terms; (ii) pay dividends according to the current dividend scale provided that current experience continues; and (iii) make an equitable adjustment to the dividend scale in future years to reflect any deviations from the current experience, in accordance with the insurer's dividend policy as well as applicable actuarial standards. Future profits that may emerge within the Closed Par Fund are for the sole benefit of the participating policyholders.

The Appointed Actuary's valuation of the Closed Par Fund as of December 31, 2022 shows that it had the following asset mix:

	2022	**2021**
Government securities	64.3%	58.8%
Policy loans	19.8%	19.8%
Equity securities	9.3%	7.5%
Mortgage loans	1.7%	1.7%
Cash and equivalents	2.1%	9.2%
Corporate bonds	2.8%	3.0%
Total	100.0%	100.0%

19. Lease Liabilities

Lease liabilities

The Group has lease contracts for property and other real estate used in its operations. Leases generally have lease terms between 3 and 20 years, inclusive of renewable clauses that are likely to be exercised. Where lease terms are for periods of 12 months or less or are for low value, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemption.

The carrying amounts of ROU assets recognized and the movements during the period are included in Note 15 with Property and Equipment.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

		2022		**2021**
At the beginning of the year	$	3,246,348	$	4,048,056
Additions		257,841		60,867
Accretion of interest		177,385		209,597
Payments		(853,893)		(851,665)
Lease terminations		(22,063)		(220,507)
As at December 31,	$	2,805,618	$	3,246,348
Current	$	729,375	$	658,776
Non-current		2,076,243		2,587,572
Total	$	2,805,618	$	3,246,348

The following are the amounts recognized in profit or loss:

	2022	2021
Depreciation expense ROU assets (Note 15)	$ 624,680	$ 613,919
Interest expense on lease liabilities (Note 30)	177,385	209,597
Total amount recognized in profit or loss	$ 802,065	$ 823,516

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

20. Other Liabilities

	2022	2021
Third party pension liabilities	$ 28,291,965	$ 28,217,773
Benefits payable to policyholders	22,453,745	18,823,028
Accrued expenses and other liabilities	36,509,465	38,147,638
Reinsurance payables	9,254,180	10,212,604
Total other liabilities	$ 96,509,355	$ 95,401,043

Interest on third party pension plans are at rates between 4.1% to 4.5% (2021: 4.1% to 4.5%).

21. Non-controlling Interests

	2022			
	GBDC	CGBF	CREFL	Total
% ownership by NCI as at December 31, 2022	14.0%	12.8%	14.9%	
(in B$000s)				
Total assets	$ 35,472	$ 143,827	$ 12,967	
Total liabilities	466	89	1,246	
Net assets	$ 35,006	$ 143,738	$ 11,721	
Net assets attributable to NCI	$ 4,807	$ 21,202	$ 1,737	$ 27,746
Total revenues	$ 2,823	$ 2,520	$ 1,175	
Net profit	$ 1,818	$ 2,279	$ 120	
Other comprehensive income / (loss)	-	-	-	
Total comprehensive income	$ 1,818	$ 2,279	$ 120	
Profit / (loss) allocated to NCI	$ 255	$ (679)	$ -	$ (424)

	2021			
	GBDC	CGBF	CREFL	Total
% ownership by NCI as at December 31, 2021	14.0%	12.8%	14.9%	
(in B$000s)				
Total assets	$ 33,997	$ 131,957	$ 13,248	
Total liabilities	509	3,346	1,644	
Net assets	$ 33,488	$ 128,611	$ 11,604	
Net assets attributable to NCI	$ 4,593	$ 13,920	$ 1,741	$ 20,254
Total revenues	$ 2,556	$ 3,867	$ 2,116	
Net profit	$ 1,777	$ 3,657	$ 1,023	
Other comprehensive income / (loss)	-	-	-	
Total comprehensive income	$ 1,777	$ 3,657	$ 1,023	
Profit allocated to NCI	$ 290	$ 102	$ 157	$ 549

22. Share Capital

	2022	2021
Authorized:		
45,000,000 Class "A" Preference Shares of B$1.00 each (2021: 45,000,000)	$ 45,000,000	$ 45,000,000
30,000,000 Class "B" Preference Shares of B$0.01 each (2021: 30,000,000)	$ 300,000	$ 300,000
35,000,000 Class "A" Ordinary Shares of B$1.00 each (2021: 35,000,000)	$ 35,000,000	$ 35,000,000
40,000,000 Class "B" Ordinary Shares of B$0.01 each (2021: 40,000,000)	$ 400,000	$ 400,000
Issued and fully paid:		
42,500,000 Class "A" Preference Shares of B$1.00 each (2021: 42,500,000)	$ 42,500,000	$ 42,500,000
24,729,613 Class "A" Ordinary Shares of B$1.00 each (2021: 24,729,613)	$ 24,729,613	$ 24,729,613

The Class “A” Preference Shares were authorized for issue on September 30, 2005, as non-voting and redeemable at the discretion of the Board of Directors at any time after September 30, 2006, upon 90 days' notice. The shares were issued with dividends payable quarterly at the Bahamian $ Prime rate plus 2.25% per annum on the par value outstanding to shareholders of record on the record date.

The Company gave notice to the Class “A” Preference Shareholders on October 29, 2008 of its intention to retire all issued and fully paid Class “A” Preference Shares. Preference Shareholders of record on that date were provided with the first right of refusal to subscribe for an equivalent amount of Par Value of Class “A” Preference Shares which were issued at a dividend rate payable quarterly at the Bahamian $ Prime rate plus 1.5% per annum. On January 31, 2009, all issued and fully paid Class “A” Preference Shares issued and fully paid on that date were issued at the new dividend rate. The Class “A” Preference Shares rank in priority to the ordinary shares in a winding up with respect to repayment of capital and any cumulative dividends in arrears. During 2015, an additional 2,000,000 of Class “A” Preference Shares were issued.

At the Extraordinary Annual General Meeting of the Company held June 3, 2015, the shareholders approved resolutions to authorize an additional 30,000,000 of Class “B” Preference Share capital with a par value of $0.01 each and an additional 40,000,000 of Class “B” Ordinary voting share capital with a par value of $0.01. At December 31, 2022, none of the Class “B” ordinary or preference share capital were issued.

(Expressed in Bahamian dollars)

23. Revaluation Reserve

The revaluation reserve is comprised of the net gain/(loss) on remeasurement of available-for-sale securities to fair value and revaluation adjustments related to land and buildings. Also included in the revaluation reserve are unrealized gains related to the purchase of additional equity in a subsidiary company subsequent to the date control was first established.

	Available-for-Sale	Subsidiary Acquisitions	Land and Building	Equity-Accounted Investees	Total
Balance as of January 1, 2021	$ (4,822,716)	$ 2,291,925	$ 6,312,322	$ (16,370)	$ 3,765,161
Revaluation of owner-occupied property (Note 15)	-	-	4,957,156	-	4,957,156
Net fair revaluation gains of Equity-Accounted Investees (See Note 14)	-	-	-	(672,713)	(672,713)
Net fair value losses during the year	(3,209,746)	-	-	-	(3,209,746)
Revaluation of investment property (Note 13)	-	-	38,161	-	38,161
Transfers to retained earnings	-	-	(1,173,050)	-	(1,173,050)
Balance as of December 31 , 2021	(8,032,462)	2,291,925	10,134,589	(689,083)	3,704,969
Net fair revaluation gains of Equity-Accounted Investees (Note 14)	-	-	-	902,764	902,764
Net fair value gains during the year	3,019,182	-	-	-	3,019,182
Revaluation of investment property (Note 13)	-	-	(649,000)	-	(649,000)
Balance as of December 31 , 2022	$ (5,013,280)	$ 2,291,925	$ 9,485,589	$ 213,681	$ 6,977,915

24. Contingent Liabilities and Commitments

The Group has the following contingent liabilities and commitments as of the year-end reporting date:

Legal proceedings and regulations

The Group operates in the insurance and financial services industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Group is also subject to insurance solvency regulations in all the jurisdictions in which it operates and has complied with all regulations. There are no contingencies associated with the Group’s compliance or lack of compliance with such regulations.

Contingent liabilities

The Group may have contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material loss will arise from the contingent liabilities. Other than as disclosed in Note 9, as at December 31, 2022, the Group did not provide any guarantees to third parties in the ordinary course of business. (2021: Nil).

The Group, is from time to time, in connection with its normal operations, named as a defendant in actions for damages and costs allegedly sustained by the plaintiffs. The Board of Directors is of the opinion, based upon the advice of counsel, that the final outcome of such actions will not have a material adverse effect on the financial position of the Group.

Commitments

Lending: The Company had no commitments to extend credit for mortgages and commercial loans at December 31, 2022 (2021: Nil).

Purchase of property and equipment: The Company had no commitments for the purchase of capital equipment or services at December 31, 2022 (2021: Nil).

(Expressed in Bahamian dollars)

25. Future Minimum Lease Payments Receivable

The Group derives rental income from certain of its investment properties under non-cancellable rental agreements. See also Note 27. The future minimum lease payments due to be received under these agreements as of December 31, 2022 are as follows:

	At December 31, 2022	At December 31, 2021
Less than one year	$ 2,171,088	$ 1,616,529
One to two years	1,777,085	917,000
Two to three years	1,654,765	810,383
Three to four years	1,425,247	663,236
Four to five years	1,274,737	556,773
More than five years	532,048	152,467
Total	$ 8,834,970	$ 4,716,388

26. Net Premium Revenue

Net premium revenue is comprised of the following:

	2022	2021
Life and health insurance premiums	$ 147,276,251	$ 123,211,760
Less: Reinsurance premiums	(27,466,024)	(18,269,020)
Subtotal	119,810,227	104,942,740
Premiums from IRM reinsurance facilities (Note 10)	6,755,014	11,113,598
Net premium revenue	$ 126,565,241	$ 116,056,338

Net premium revenues are classified in the following categories:

	2022	2021
Short-term insurance contracts	$ 80,334,119	$ 73,328,224
Long-term insurance and other contracts		
-with fixed and guaranteed terms	36,387,698	35,499,235
-with fixed and guaranteed terms and with DPF	15,614,618	16,104,033
-without fixed and guaranteed terms	15,003,348	2,572,308
-without fixed and guaranteed terms and with DPF	5,980,020	6,185,952
Long-term investment contracts with DPF	711,462	635,606
Total premium revenue arising from contracts issued	154,031,265	134,325,358
Premiums ceded to reinsurers	(27,466,024)	(18,269,020)
Net premium revenue	$ 126,565,241	$ 116,056,338

(Expressed in Bahamian dollars)

27. Net Investment Income

Net investment income is classified as follows:

	2022	2021
Term deposits	$ 36,371	$ 210,304
Investment securities		
Interest income	26,068,172	23,564,967
Dividend income	1,235,493	1,099,561
Net fair value losses included in profit and loss	(6,714,672)	(2,912,773)
Net fair value losses/(gains) included in the revaluation reserve (Note 23)	3,019,182	(3,209,746)
Net investment return on managed assets	23,644,546	18,752,313
Mortgages and commercial loans	485,537	(1,531,039)
Policy loans	7,280,647	7,448,292
Rental income (Note 13)	4,609,853	4,800,596
Net fair value gains on investment properties (Note 13)	15,122	1,313,181
Other management fees and income (net)	(2,694,177)	(3,095,319)
Total return on invested assets	33,341,528	27,688,024
Fair value (losses)/gains in the revaluation reserve (Note 23)	(3,019,182)	3,209,746
Total net investment income recognized in income	$ 30,322,346	$ 30,897,770

There are no impairment charges included in net investment income (2021: NIL).

28. Net Policyholders' Benefits

Net policyholders' benefits are comprised of the following:

	2022	2021
Life and health policyholder benefits	$ 105,837,657	$ 99,963,674
Less: Reinsurance recoveries	(19,814,519)	(17,520,807)
Subtotal	86,023,138	82,442,867
Benefits paid on IRM reinsurance facilities (Note 10)	5,652,354	7,137,470
Total net policyholders' benefits	$ 91,675,492	$ 89,580,337

Included in life and health policyholder benefits is $857,326 related to interest on policy dividends on deposit (2021: $863,085).

(Expressed in Bahamian dollars)

Policyholders' benefits for the year by contract classification were as follows:

	2022	2021
Short-term insurance contracts	$ 66,569,754	$ 48,353,045
Long-term insurance and other contracts		
-with fixed and guaranteed terms	16,457,531	24,920,264
-with fixed and guaranteed terms and with DPF	19,608,865	25,452,246
-without fixed and guaranteed terms	5,374,004	1,887,348
-without fixed and guaranteed terms and with DPF	3,125,454	5,383,940
Long-term investment contracts with DPF	354,403	1,104,301
Total policyholders' benefits	111,490,011	107,101,144
Reinsurance recoveries	(19,814,519)	(17,520,807)
Net policyholders' benefits	$ 91,675,492	$ 89,580,337

29. General and Administrative Expenses

General and administrative expenses are comprised of:

	2022	2021
Salaries and employee/salesperson benefits	$ 18,269,343	$ 18,079,690
Fees, insurance and licences	7,897,932	7,369,014
IRM reinsurance facilities expenses (Note 10)	845,060	1,630,648
Advertising and communications expense	3,646,375	3,589,972
Depreciation and amortization (Notes 15 and 17)	2,791,596	2,411,054
Premises and maintenance	3,067,026	2,797,604
Underwriting fees	779,466	828,806
Consulting and other expenses	5,781,881	3,051,928
Total general and administrative expenses	$ 43,078,679	$ 39,758,716

30. Finance Costs and Interest

Finance costs and interest are comprised of:

	2022	2021
Interest on third party pension liabilities	$ 1,217,705	$ 1,197,984
Interest on liabilities due to ASO groups	1,070,947	717,483
Interest on lease liabilities (Note 19)	177,385	209,597
Other interest costs	108,889	142,341
Total finance costs and interest	$ 2,574,926	$ 2,267,405

(Expressed in Bahamian dollars)

31. 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 year, excluding ordinary shares of the Company acquired by Colina and held as treasury shares. There were no treasury shares held by the Company as at December 31, 2022.

	2022	2021
Net income attributable to equity shareholders	$ 18,188,940	$ 24,544,865
Net income attributable to ordinary shareholders	$ 15,745,190	$ 22,101,115
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	$ 0.64	$ 0.89

	2022	2021
Comprehensive income attributable to equity shareholders	$ 21,461,886	$ 24,484,673
Comprehensive income attributable to ordinary shareholders	$ 19,018,136	$ 22,040,923
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Comprehensive Basic earnings per ordinary share	$ 0.77	$ 0.89

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 the Class "A" ordinary shareholders in 2022 totalled $5,935,107 ($0.24 per share) (2021: $5,440,515 ($0.22 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during 2022 totalled $2,443,750 (2021: $2,443,750).

The Company does not have any dilutive shares.

32. Pension Plan

The Group's subsidiaries operate various defined contribution plans for eligible administrative employees and salespersons which are administered by CFAL. Under the respective plans, eligible staff and salespersons contribute between 5% to 7.5% of pensionable earnings with the subsidiary Companies contributing between 5% to 7.5%. The subsidiary Group's matching contributions vest with the employee/salesperson on various scales but fully vest after five to ten years. Pension expense for the year was $662,386 and is included in salaries and employee/salespersons' benefits expense (2021: $841,340).

33. Unit Linked Funds and Investment Plans

Certain policy contracts allow the policyholder to invest in units in a notional fund called the Bahamas Investment Fund (the "BIF"). The value of the units is linked to the performance of the underlying assets of the BIF. These assets may be varied by the Company from time to time and neither the policyholder nor any other person who may be entitled to benefit has any legal or beneficial interest in the BIF or the units or any underlying assets, which are solely the property of the Group.

(Expressed in Bahamian dollars)

Certain policy contracts, obtained through the acquisition of the former Colina in 2002, allow the policyholder to acquire units in a notional investment fund known as the Colina Investment Plan (the “CIP”). The value of the units is based on the performance of the underlying assets of the CIP. These assets may be varied from time to time.

Depending on the issue date of their policy, the Group may have guaranteed investors in the CIP a minimum rate of return of either 4% or 4.5% per annum, payable at maturity. The liabilities in relation to these guarantees are included in the provision for future policy benefits.

Issuance of new CIP policies was discontinued in January 2001.

The underlying assets of the BIF and CIP that are included in their respective categories in the reporting at December 31, 2022 are as follows:

	Bahamas Investment Fund		Colina Investment Plan	
	2022	**2021**	**2022**	**2021**
Equities - listed	$ 3,541,416	$ 3,132,168	$ 1,554,387	$ 1,370,591
Preferred shares - unquoted	400,000	400,000	68,000	218,000
Government securities	5,060,700	5,946,400	450,250	587,237
Debt securities - unquoted	442,858	453,572	14,286	17,857
Policy loans	-	-	205,776	205,375
Cash	2,309,450	656,172	746,510	823,886
Due from/(to) general fund	(40,967)	26,951	(276,187)	(175,209)
Total assets	$ 11,713,457	$ 10,615,263	$ 2,763,022	$ 3,047,737

34. Related Party Balances and Transactions

Related parties are entities or individuals where there is effective control or significant influence by the Company, its directors, AFH or its shareholders. All significant balances and transactions with related parties, are disclosed in these consolidated financial statements as being with related parties.

Year-end balances arising from sales/purchases of products and /or services

The following related party amounts are included in the consolidated statement of financial position as at December 31:

	AFH	Other affiliates	Other related parties	Key Management/ Directors	Total 2022	Total 2021
Assets						
Investment securities	$ -	$ -	$ -	$ -	$ -	$ 5,525,786
ROU assets	$ -	$ 1,310,890	$ -	$ -	$ 1,310,890	$ 1,676,275
Mortgages and and commercial loans, net	$ -	$ -	$ -	$ -	$ -	$ 262,655
Cash and bank balances	$ -	$ -	$ -	$ -	$ -	$ 307,011
Receivables and other assets	$ 1,680	$ 196,028	$ 1,417	$ 8,530	$ 207,655	$ 269,506
Liabilities						
Loans and other borrowings	$ -	$ 1,868,057	$ -	$ -	$ 1,868,057	$ 2,284,640
Other liabilities	$ -	$ -	$ -	$ -	$ -	$ 11,083

Included in “Investment securities” and “Receivables and other assets” in the prior year is the $5 million investment in ABL Preference Shares that were redeemed during the year (See Note 14).

Loans advanced to related parties in the prior year included in mortgages and commercial loans carried interest rates of 5.5% p.a.

(Expressed in Bahamian dollars)

Transactions with related parties

The following transactions were carried out with related parties:

	AFH	Other affiliates	Other related parties	Total 2022	Total 2021
Revenues					
Group medical insurance	$ 77,693	$ 892,758	$ 325,447	$ 1,295,898	$ 1,945,284
Investment management and other fees	-	360,985	9,123	370,108	409,298
Rental income	-	-	19,109	19,109	76,437
Interest and other income	-	-	263,889	263,889	612,979
Total	$ 77,693	$ 1,253,743	$ 617,568	$ 1,949,004	$ 3,043,998
Expenses					
Management and consulting fees	$ 123,676	$ -	$ -	$ 123,676	$ 123,672
Legal fees	-	195,261	-	195,261	161,797
Administration, Registrar and Transfer Agent fees	-	181,556	-	181,556	131,707
Property management fees	-	61,920	-	61,920	61,920
Advertising and marketing	-	157,136	-	157,136	98,842
Property rental	-	749,549	-	749,549	732,634
Medical lab expenses	-	-	634,388	634,388	707,458
Interest and financing costs	-	127	122,332	122,459	147,887
Other	182,400	355,654	4,866	542,920	573,781
Total	$ 306,076	$ 1,701,203	$ 761,586	$ 2,768,865	$ 2,739,698

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including any director (whether executive or otherwise) of the Group. Compensation for key management personnel for the year ended December 31, 2022 was $4,592,627 (2021: $4,244,795).

Directors' fees

Fees paid to Directors for services rendered on the Company's Board and Board Committees for the year ended December 31, 2022 totaled $288,500 (2021: $285,500).

35. Risk Management

Governance Framework

The primary objective of the Company's Corporate Governance framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place. The Group has a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

Regulatory Framework

Regulators are primarily interested in protecting the rights of the policyholders and have established guidelines and regulations by which the Group is required to comply to ensure that the Group is satisfactorily managing affairs for their benefit. The operations of the Group are subject also to regulatory requirements in the foreign jurisdictions in which it operates. The Group's regulators are interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from changes in the economic environment.

Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as they arise.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below indicates the concentration of insured benefits across four bands of insured benefits per coverage insured rounded to the nearest thousand.

		2022 (in $000s)		**2021 (in $000s)**
$0 to $49,999	$	315,130	$	327,982
$50,000 to $99,999		726,899		741,562
$100,000 to $149,999		1,894,706		1,901,882
$150,000 and over		3,379,696		3,290,198
Total	$	6,316,431	$	6,261,624

The Group manages risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group limits the amount of loss on any one policy by reinsuring certain levels of risk in various areas of exposure with other insurers.

(Expressed in Bahamian dollars)

Generally, the Group has retention limits on insurance policies as follows:

	2022	2021
Individual life	$ 50,000	$ 50,000
Individual accidental death and dismemberment	$ 50,000	$ 50,000
Individual personal accident	$ 50,000	$ 50,000
Group accidental death and dismemberment	$ 50,000	$ 50,000
Individual and Group Medical	$ 300,000	$ 300,000
Motor	10% of loss	10% of loss
Property	10% of loss to a maximum of $50,000	10% of loss to a maximum of $50,000

In addition, Indigo purchases catastrophe excess of loss reinsurance to further limit its exposure to a series of claims arising out of a single occurrence.

Reinsurance ceded does not discharge the Group's liability as the primary insurer and failure of reinsurers to honour their obligations could result in losses to the Group.

Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. The risk that the Group primarily faces due to the nature of its investments and liabilities is interest rate risk.

The Group manages these positions within an asset liability management ("ALM") framework that has been developed to maximize long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match cash flows from assets to the liability cash flows arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

Interest rate risk

The Group is vulnerable to periods of declining interest rates given that most of its investments in government bonds have floating interest rates tied to the Bahamian $ Prime rate. The Group manages this risk by attempting to retain a level of assets to liabilities with similar principal values, effective interest rates and maturity dates.

The Group monitors interest rate risk by calculating the duration of the investment portfolio and the liabilities issued. The duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates. The duration of the liabilities is determined by projecting expected cash flows from the contracts using best estimates of mortality, morbidity and terminations. No future discretionary supplemental benefits are assumed to accrue. The duration of the assets is calculated in a consistent manner. Any gap between the duration of the assets and the duration of the liabilities is minimized by means of buying and selling securities of different durations. The Group's sensitivity to interest rate risk is included in Note 18.

Credit risk

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. From this perspective, the Group's credit risk exposure is primarily concentrated in its deposits placed with other financial institutions, loans to policyholders and other clients, and amounts due from reinsurers and insurance contract holders.

The Group's deposits are primarily placed with well-known high quality financial institutions. Loans to policyholders are generally collateralized by cash surrender values of the respective policies. Mortgage loans are adequately secured by properly registered legal charges on real property. With respect to the Group's unsecured commercial paper loans and other material unsecured receivables, management is satisfied that the debtors concerned are both financially able and willing to meet their obligations to the Group except in those instances where impairment provisions have been made.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. Management assesses the Group's reinsurance placement policy by assessing the creditworthiness of all reinsurers by reviewing credit grades provided by rating agencies and other publicly available financial information. The Group's main reinsurer is Munich Reinsurance Company Canada Branch (Life).

The table following provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's internal assessments of the credit ratings of counterparties. The table also includes an aging analysis of financial assets, providing information regarding the Group's exposures on amounts current, and past due:

December 31, 2022 (in $000s)	Balances with no scheduled repayment dates	Current: Investment Grade	Current: Non-Graded	Current: Unit Linked	Past due but not impaired: 30 - 90 days	Past due but not impaired: >90 days	Total
Financial assets							
Term deposits	$ -	$ 7,530	$ -	$ -	$ -	$ -	$ 7,530
FVPL securities	-	1,927	104,618	9,445	-	-	115,990
AFS securities	-	5,975	352,569	2,087	-	-	360,631
Loans and receivables	-	-	44,150	-	-	-	44,150
Mortgages and commercial loans	-	-	7,699	-	950	8,035	16,684
Policy loans	65,237	-	-	206	-	-	65,443
Cash and demand balances	60,924	-	-	3,056	-	-	63,980
Premiums receivable	-	-	2,210	-	1,188	66	3,464
Reinsurance receivables	-	-	1,943	-	3,338	11,330	16,611
Other financial assets	6,883	5,732	22,259	-	-	-	34,874
Total financial assets	$ 133,044	$ 21,164	$ 535,448	$ 14,794	$ 5,476	$ 19,431	$ 729,357

December 31, 2021 (in $000s)	Balances with no scheduled repayment dates	Current: Investment Grade	Current: Non-Graded	Current: Unit Linked	Past due but not impaired: 30 - 90 days	Past due but not impaired: >90 days	Total
Financial assets							
Term deposits	$ -	$ 7,451	$ -	$ -	$ -	$ -	$ 7,451
FVPL securities	-	1,874	92,764	9,932	-	-	104,570
AFS securities	-	5,892	274,856	2,194	-	-	282,942
Loans and receivables	-	-	44,150	-	-	-	44,150
Mortgages and commercial loans	-	-	9,049	-	1,379	9,283	19,711
Policy loans	65,923	-	-	205	-	-	66,128
Cash and demand balances	30,444	-	-	1,480	-	-	31,924
Premiums receivable	-	-	3,724	-	3,453	1,040	8,217
Reinsurance receivables	-	-	1,701	-	2,615	19,846	24,162
Other financial assets	6,053	5,212	80,110	-	-	-	91,375
Total financial assets	$ 102,420	$ 20,429	$ 506,354	$ 13,811	$ 7,447	$ 30,169	$ 680,630

Management's internal credit rating assessment allows for Government Securities and listed equity securities to be included in the 'Investment Grade' classification.

Liquidity risk

The Group is exposed to daily calls on its available cash resources, mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders at unexpected levels of demand.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual obligations (undiscounted cash flow basis):

December 31, 2022 (in $000s)	Up to a year	1-5 years	Over 5 years	No Term	Not Classified	Total
Insurance and Investment Contracts						
Short-term insurance contracts	$ 8,333	$ 254	$ 75	$ -	$ 11,864	$ 20,526
Long-term insurance and other contracts						
-with fixed and guaranteed terms	(7,982)	(1,681)	754,816	-	11,097	756,250
-with fixed and guaranteed terms, with DPF	12,025	52,946	524,620	-	26,939	616,530
-without fixed and guaranteed terms	1,451	5,297	12,747	-	227	19,722
-without fixed and guaranteed terms, with DPF	2,666	7,664	12,288	-	(1,530)	21,088
Long-term investment contracts with DPF	-	-	-	-	2,763	2,763
Financial Liabilities						
Policy dividends on deposit	-	-	-	28,674	-	28,674
Lease liabilities	729	1,804	273	-	-	2,806
Other financial liabilities	-	-	-	96,509	-	96,509
Total	$ 17,222	$ 66,284	$ 1,304,819	$ 125,183	$ 51,360	$ 1,564,868

December 31, 2021 (in $000s)	Up to a year	1-5 years	Over 5 years	No Term	Not Classified	Total
Insurance and Investment Contracts						
Short-term insurance contracts	$ 7,815	$ 332	$ 90	$ -	$ 10,977	$ 19,214
Long-term insurance and other contracts						
-with fixed and guaranteed terms	(8,984)	(6,010)	745,781	-	9,612	740,399
-with fixed and guaranteed terms, with DPF	11,611	51,708	533,150	-	12,577	609,046
-without fixed and guaranteed terms	1,670	6,098	14,813	-	244	22,825
-without fixed and guaranteed terms, with DPF	2,360	6,950	11,807	-	(1,489)	19,628
Long-term investment contracts with DPF	-	-	-	-	3,048	3,048
Financial Liabilities						
Policy dividends on deposit	-	-	-	28,397	-	28,397
Lease liabilities	658	2,109	479	-	-	3,246
Other financial liabilities	-	-	-	95,401	-	95,401
Total	$ 15,130	$ 61,187	$ 1,306,120	$ 123,798	$ 34,969	$ 1,541,204

Due to system limitations, certain balances were not able to be classified and have been included in the caption 'not classified'.

The table below summarizes the expected recovery or settlement of assets:

December 31, 2022 (in $000s)	Current	Non-Current	Unit Linked	Total
Term deposits	$ 7,530	$ -	$ -	$ 7,530
Investment securities				
FVPL securities	-	106,545	9,445	115,990
AFS securities	-	358,544	2,087	360,631
Loans and receivables	-	44,150	-	44,150
Mortgages and commercial loans	10,428	6,256	-	16,684
Policy loans	-	65,237	206	65,443
Investment properties	-	58,086	-	58,086
Equity-accounted investees	-	5,217	-	5,217
Cash and demand balances	60,924	-	3,056	63,980
Reinsurance assets	-	20,072	-	20,072
Reinsurance receivables	5,281	11,330	-	16,611
Receivables and other assets	58,913	-	-	58,913
Property and equipment	-	17,913	-	17,913
Goodwill	-	6,418	-	6,418
Other intangible assets	-	1,465	-	1,465
Total Assets	$ 143,076	$ 701,233	$ 14,794	$ 859,103

December 31, 2021 (in $000s)	Current	Non-Current	Unit Linked	Total
Term deposits	$ 7,451	$ -	$ -	$ 7,451
Investment securities				
FVPL securities	-	94,638	9,932	104,570
AFS securities	-	280,749	2,194	282,943
Loans and receivables	-	44,150	-	44,150
Mortgages and commercial loans	10,428	9,283	-	19,711
Policy loans	-	65,923	205	66,128
Investment properties	-	58,459	-	58,459
Equity-accounted investees	-	15,471	-	15,471
Cash and demand balances	30,444	-	1,480	31,924
Reinsurance assets	-	18,423	-	18,423
Reinsurance receivables	4,316	19,846	-	24,162
Receivables and other assets	122,594	-	-	122,594
Property and equipment	-	19,305	-	19,305
Goodwill	-	6,418	-	6,418
Other intangible assets	-	2,153	-	2,153
Total Assets	$ 175,233	$ 634,818	$ 13,811	$ 823,862

Price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group has a relatively small investment in local equities which are exposed to market price risk arising from uncertainties about the future values of the investment. A sensitivity analysis has therefore not been presented. Securities reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors and/or respective Board Committees review and approve equity investment decisions meeting thresholds established in each respective subsidiary's Investment guidelines.

Settlement Risk

The Group's trading activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For those transactions, the Group mitigates settlement risk by the simultaneous commencement of the payment and the delivery parts of the transaction.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems. Internal processes include activities relating to accounting, reporting, operations, compliance and personnel management. Such risk manifests itself in various breakdowns, errors and business interruptions and can potentially result in financial losses and other damage to the Group.

The Group regularly assesses new systems which will better enable the Group to monitor and control its exposure to operational risk in order to keep operational risk at appropriate levels.

Capital Management

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or return of capital to the shareholders.

Subsidiary Capital Requirements

The Company and its subsidiaries fully complied with all externally imposed capital requirements during the reported financial period and no changes were made to the Company's capital base, objectives, policies and processes from the prior year. The following is a summary of capital requirements by principal subsidiary:

Colina

Externally imposed capital requirements for Colina in The Bahamas are set and regulated by the Insurance Commission of The Bahamas. These requirements are put in place to ensure sufficient solvency margins. At December 31, 2022, Colina was in excess of the risk based capital requirement as set by the Insurance Commission of The Bahamas. Further objectives are set by management and the Board to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders' value. For the purposes of assessing its capital position, Colina uses the capital on its consolidated statement of financial position excluding goodwill and with limitations placed on all but the strongest forms of capital.

In addition to the solvency margins as required by statute, Colina measures its solvency ratio using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement ("MCCSR"). The Canadian Insurance regulator has set a MCCSR supervisory target of 150%. At December 31, 2022, Colina's MCCSR exceeded the target.

Colina is registered as a Class "A" external insurer in the Cayman Islands and capital requirements for its Cayman business is set and regulated by the Cayman Islands Monetary Authority. Colina is registered as an domestic long-term insurer under Section 5. (1)(a) of the Insurance Ordinance (CAP 16.06) to carry on business from within the Turks and Caicos Islands. Capital requirements for Colina's business in the Turks and Caicos Islands are set and regulated by the Turks and Caicos Islands Financial Services Commission. At December 31, 2022, Colina was in compliance with the capital requirements in both jurisdictions.

CFAL

CFAL is required to have a minimum capital of $25,000 calculated as per the Securities Act and was well in excess of the minimum requirement throughout 2022.

CGIA

Externally imposed capital requirements are set by the Insurance Commission of The Bahamas ("the Commission"). These requirements are put in place to ensure sufficient solvency margins. The Commission generally requires companies registered as an insurance broker to maintain, at all times, a minimum paid up share capital and minimum net assets of not less than $50,000 or the maximum deductible amount of the company's professional indemnity insurance, whichever is greater.

CGIA manages its capital structure to support its business. No changes were made in the objectives, policies or procedures during the year from January 1, 2022 to December 31, 2022. CGIA has been in compliance throughout the year ended December 31, 2022 with the capital requirements as determined by the Commission.

Indigo

Indigo is required to maintain capital in excess of an amount determined as per a prescribed formula set out in local legislation. The formula prescribes minimum capital requirements for the Company's assets and liabilities based on the risk relative to the nature of the balances and also provides for a margin for catastrophe. At December 31, 2022, Indigo was in compliance with its regulatory requirements.

36. Other Subsequent Events

Dividends declared for Ordinary and Preference Shareholders

The Board of Directors, by resolution dated February 7, 2023, authorized the payment of preference share dividends for the Class “A” Preference Shareholders of the Company for the quarter ended March 31, 2023.

The Board further approved, by resolution dated March 23, 2023, the payment of an ordinary dividend of $0.18 per share for all issued and outstanding Class “A” Ordinary Shareholders of record on April 30, 2023.

Loan facility with FirstCaribbean International Bank (Bahamas) Limited (“FCIB”)

The Board of Directors, by resolution dated November 16, 2022, authorized Colina Insurance Limited to enter into a non-revolving demand instalment loan facility with FCIB for $30 million for the purpose of purchasing Government of The Bahamas Bonds.

The loan carries an interest rate of Bahamian $Prime minus 0.25% per annum with an interest rate floor of 4.0% and will be repaid by regular semi-annual principal payments of $1.5 million each, plus semi-annual interest payments with any outstanding principal and interest included with the last scheduled payment.

This loan is collateralized by a pledge of Colina’s holdings in Class C of the CFAL Global Bond Fund Ltd. in the amount of US$60 million and is subject to a minimum value of twice the amount outstanding on the facility at all times.

The loan agreement is dated January 10, 2023 and the proceeds of the loan facility received on January 27, 2023 and immediately used by Colina for the purchase of Bahamas Government Bonds.

COLINA
HOLDINGS BAHAMAS LIMITED

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