



BAHAMAS FIRST HOLDINGS LIMITED

CHAIRMAN'S REPORT

ON UNAUDITED RESULTS
FOR THE 6 MONTHS ENDED:

JUNE 30

2015

DEAR SHAREHOLDERS:

I am pleased to report that Bahamas First Holding's Comprehensive Income for the six months ended June 30, 2015 was \$3.0 million, and exceeded the same period in 2014 by 140%. Total investment assets increased by 3% to \$70.9 million from \$68.6 million in June 2014, primarily driven by increases in our Fixed Income Securities through investments in Cable Bahamas (6.25%) and Bahamas Government Stocks (4.50%).

Despite a 2% reduction in Gross Premiums Written, Net Premiums are up by 1% to \$29 million, the latter having a direct and more material impact to the Group's results. Due to the benign claims experience during the first half of 2015 coupled with a reduction in the cost of catastrophe excess of loss reinsurance, the Group's Net Underwriting Income improved by 17% to \$12.7 million.

In April of this year, our Cayman subsidiary paid dividends totaling \$2.0 million of which 87.64% inured to our benefit. The proceeds were used to accelerate the repayment of the loan with Cayman National Bank which now stands at \$2.0 million as at June 30, 2015, down from \$4.8 million at December 31, 2014. This contributed to a 3% decrease in the Group's total liabilities. Our Cayman operations continue to perform well having achieved a Comprehensive Income of \$912K compared to \$678K in 2014. Our confidence about the future of Cayman is such that we have begun construction for our purpose built office building. The decision to own our building is expected to lower our operating costs thereby enhancing our annual profit by some \$110K. We expect to complete construction in Spring 2017.

The Group's Equity attributable to owners of the parent increased to \$54.6 million compared to \$47.6 million at June 2014, primarily as a result of the operational earnings generated during the period. The Group's Return on Equity for the 12 months ended June 30, 2015 stands at 20.7%, on track to meet or exceed our 2015 Budget.

The Group continues to maintain strong capital and solvency ratios, well in excess of the regulatory requirements within the respective jurisdictions we operate. Our capital oversight actions are guided by our Board Approved Capital Plan, in addition to our Risk Tolerance Limits which we review annually.

The Board continues to seek opportunities for future growth, whilst at the same time carefully monitoring our existing activities.

On behalf of the Board of Directors of Bahamas First Holdings, I wish to extend sincere thanks to our shareholders and customers for their continued support and to our dedicated and hardworking staff.

Sincerely,



IAN D. FAIR
Chairman

FINANCIAL SUMMARY OF UNAUDITED RESULTS

FOR THE 6 MONTHS ENDED JUNE 30, 2015
 (Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As at:		
	30-Jun-15	30-Jun-14	% Change
Trade accounts receivable, net	28,996,695	29,041,998	0%
Total cash and investments	70,925,056	68,561,029	3%
Total assets	208,427,993	205,307,070	2%
Unearned premiums	66,617,804	68,441,132	-3%
Unpaid claims	44,415,448	42,814,727	4%
Total liabilities	150,998,612	155,122,894	-3%
Equity attributable to owners of the parent	54,552,571	47,608,184	15%
Book value per common share	1.36	1.18	15%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	For the 6 Months Ended:		
	30-Jun-15	30-Jun-14	% Change
Gross premiums written (net of premium tax)	72,893,097	74,574,598	-2%
Net written premiums	29,037,693	28,785,348	1%
Net premiums earned	26,839,908	26,448,044	1%
Commission income	7,739,118	7,820,056	-1%
Net claims incurred	12,734,881	13,493,378	-6%
Net underwriting income	12,657,879	10,824,733	17%
Operating expenses	10,954,929	10,763,576	2%
Investment and Other income	1,259,218	990,724	27%
Total comprehensive income	3,033,043	1,262,485	140%
Total comprehensive income attributed to:			
- Bahamas	1,969,013	463,168	325%
- Cayman	912,389	677,565	35%
- Non-Controlling Interest	151,641	121,752	25%
	3,033,043	1,262,485	140%

SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL RESULTS

FOR THE 6 MONTHS ENDED JUNE 30, 2015
 (Expressed in Bahamian dollars)

1. GENERAL

Bahamas First Holdings Limited ("BFH" or the "Company") and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas, except BFH International Limited ("BFHIL") and Cayman First Insurance Company Limited ("CFI"), which are incorporated under the laws (2009 Revision) of the Cayman Islands.

These consolidated unaudited financial results include the accounts of BFH and its subsidiaries, which are hereinafter collectively referred to as the "Group". The primary activity of the Group is the carrying on of general insurance business (property and casualty) and health and group life insurance. The subsidiaries are as follows:

Registered insurers:

- Bahamas First General Insurance Company Limited ("BFG")
- Cayman First Insurance Company Limited ("CFI")

Registered insurance intermediaries:

- Nassau Underwriters Agency Insurance Agents & Brokers Ltd. ("NUA")
- Carib Insurance Brokers & Agents Limited ("CIA")

Management company:

- Bahamas First Corporate Services Ltd. ("BFCS")

Claims servicing company:

- First Response Limited ("FRL")

Insurance holding company:

- BFH International Limited ("BFHIL")

All of the above subsidiaries are wholly-owned except for CFI.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial results have been prepared using the accounting policies adopted in the last annual financial statements for the year ended December 31, 2014. The Company has consistently applied the same accounting policies through all periods presented. These interim unaudited consolidated financial results should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.

3. SEASONALITY

The Property and Casualty insurance business is seasonal in nature with the bulk of the catastrophe premiums being recognized during the hurricane months of June to November. Net underwriting income is driven mainly by claims associated with weather conditions and may vary significantly between quarters. Profit Commission earned from reinsurers is significantly impacted by natural catastrophes and is therefore recorded only in the fourth quarter.

4. DIVIDENDS

The Directors have approved an interim quarterly dividend of five (5) cents per common share for shareholders of record as of April 24, 2015, payable on April 30, 2015.

5. SEGMENTED INFORMATION

The Group's operations are segmented into the following business segments by geographic location:

- General Insurance / Property and Casualty (P&C)
- Health and Life (H&L)

The segment results for the interim periods are as follows:

	Bahamas		Cayman	
	P&C	P&C	H&L	
2015	\$	\$	\$	\$
Gross premiums written	46,794,070	14,275,386	11,823,641	
Net underwriting income	8,090,457	2,254,950	2,312,472	
Segment comprehensive income	1,969,013	484,117	579,913	
2014				
Gross premiums written	48,837,495	14,573,336	11,163,767	
Net underwriting income	6,559,194	2,080,970	2,184,569	
Segment comprehensive income	463,168	361,449	437,868	

6. CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

Certain statements contained herein are forward-looking, providing current expectations of future events based on certain assumptions. These forward-looking statements involve known and unknown risks, and other uncertainties which may cause the Group's actual results to differ materially from its 2015 Budget. The Group operates in a continually changing environment. Readers are cautioned not to place undue reliance on forward-looking statements. ●



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