



BAHAMAS FIRST HOLDINGS LIMITED
CHAIRMAN'S
REPORT

ON UNAUDITED RESULTS
FOR THE 6 MONTHS ENDED:

JUNE 30 2017

DEAR SHAREHOLDERS:

I am pleased to report that Bahamas First Holdings Limited's Comprehensive Income for the six months ended June 30, 2017 was \$3.4 million. While this result is below the prior year by 43.4% it does nonetheless exceed our budget by an even greater margin. The Investment income for the first half of 2016 was a major contributing factor to the 2016 outcome, adding some \$4.3 million in unrealized gains from the Group's equity and international bond holdings. This was not repeated in 2017.

Despite the continued challenges of operating in both Cayman and The Bahamas, primarily linked to intense competition and undisciplined pricing, we have managed to significantly improve our technical underwriting result for the first half of the year. Additionally, as a result of our focus on improving rate margins on our property book of business in the aftermath of Hurricane Matthew, we have now experienced two successive quarters of premium growth in our Bahamas based property portfolio. Overall premium income for the first half of the year was 3.4% higher than the same period last year, as a direct consequence of the above and the new motor business generated in both Cayman and The Bahamas. The growth in our Health business in Cayman also contributed to the improved top line for the period. Across the entire P&C and Health business lines, both in The Bahamas and Cayman, we have seen a return to normalized claims experience or expenditure levels, particularly for our major lines of business.

Operating Expenses remained relatively flat to the prior year, and we expect our expense ratio to improve during the second half of 2017.

In May of this year, our Cayman subsidiary paid dividends totaling \$0.7 million of which 87.65% inured to our benefit.

Cayman First continues to perform well contributing \$1 million towards the Group's comprehensive income of \$3.4 million.

The Group's Equity attributable to owners of the parent increased to \$59.6 million compared to \$56.6 million at December 2016, primarily as a result of the operational earnings generated during the period. The Group's Return on Equity for the 6 months ended June 30, 2017 shows

that we are steadily progressing towards the annual target of 15%.

We continue to maintain strong capital and solvency ratios, well in excess of the regulatory requirements within the respective jurisdictions in which 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.

I am delighted to report that our efforts to recruit a new CFO have been successful and the replacement candidate will join our Executive team in early September 2017.

As foreshadowed at our recent AGM, in May 2017, the Directors subsequently approved a dividend of four cents per ordinary share, totaling \$1.46 million, which was paid in July 2017.

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

