



BF&M Limited
BSX: BFM.BH

FOR IMMEDIATE RELEASE

BF&M and Argus announce plans to combine

Creation of a new combined Bermuda-headquartered, multi-line insurer to deliver better outcomes for customers and the community in Bermuda and across our international markets.

Hamilton, Bermuda – 28 June 2024 – BF&M Limited (“BF&M”) (BSX: BFM) and Argus Group Holdings Limited (“Argus”) (BSX: AGH) announced today that they have signed a definitive amalgamation agreement, pursuant to which BF&M and Argus will combine in an all-stock transaction. The transaction is subject to required regulatory approvals and shareholder approval with a planned completion date for the amalgamation in the fourth quarter of 2024.

The amalgamation

Under the terms of the amalgamation agreement, Argus will amalgamate with Eleos Health Ltd., a wholly owned subsidiary of BF&M, with Argus shareholders receiving 0.251 BF&M common shares for each Argus share that they hold.

Following the closing of the transaction, BF&M shareholders will own approximately 60% and Argus shareholders will own approximately 40% of the combined group. The BF&M common shares will continue to be listed on the Bermuda Stock Exchange. The Argus shares will be delisted upon completion of the amalgamation.

Continuity of customer service and support is paramount. This transaction structure ensures uninterrupted policy coverage and service for both BF&M and Argus customers.

Key highlights of the amalgamation

The boards of directors of both Argus and BF&M unanimously approved the amalgamation agreement. The boards of directors of both companies believe the transaction represents a compelling opportunity to create a stronger, more efficient and more diversified group. The proposed amalgamation brings together two Bermudian insurers with complementary expertise, product lines and geographic footprints. The increased scale of the combined group will support ongoing investment in best-in-class products and services, accelerate growth plans, and bring greater buying power in the context of ongoing inflationary headwinds.

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Specifically, it is expected that the amalgamation will result in the following strategic and financial benefits:

Expected strategic benefits:

- Enhanced portfolio of businesses across Property & Casualty, Life, Health, and Pensions.
- Greater scale in healthcare to help mitigate rapidly rising costs in Bermuda whilst continuing to deliver high quality care to the island communities we serve.
- Expanded geographic reach with established and well-recognised brands across Bermuda, the Caribbean, Gibraltar and Malta.
- Greater ability to invest in an enhanced digital offering for our customers and partners.
- Complementary work cultures with a shared ambition to capitalise on exciting growth opportunities, drive operational excellence, and deliver outstanding customer service.
- Strong commitment to Bermuda and to supporting local talent development.

Expected financial benefits:

- Higher quality earnings profile driven by enhanced portfolio diversification.
- Efficiency opportunities across combined operations and underwriting.
- Strong capitalisation and financial strength ratings which provide flexibility to support future strategic initiatives, sustainable growth, and an attractive dividend to shareholders.

Abigail Clifford, Group President and Chief Executive Officer of BF&M, said: “We are thrilled to announce an agreement to form a new insurance company with tremendous talent, superior products, additional resources, unmatched dedication to customer service, and the ability to deliver stronger returns to shareholders. This proposed combination would meaningfully accelerate our progress across BF&M’s three strategic pillars – growth, efficiency, and service – and better position both organisations to navigate the rapidly evolving insurance landscape as one unified enterprise.

“Together, we are committed to maintaining our proud heritage as Bermudian businesses and developing innovative solutions to improve the quality of life for our island while ensuring our insureds and patients have choice and access to care. I would like to express my deepest appreciation to the entire BF&M team for their extraordinary efforts to reach this milestone. We look forward to the prospect of working with new colleagues from Argus to achieve our collective ambitious vision, exceed the expectations of our customers and partners, and create enhanced value for all stakeholders.”



Argus Chief Executive Officer Alison Hill, said: “Our strategy has always been to grow our business so that we can better leverage scale and buying power for the benefit of our customers and community. I am incredibly proud of the progress that we have made over the last fifteen years to transform Argus. We have diversified our business lines, grown our markets and delivered impressive shareholder value. I am therefore delighted that this transformation is culminating in the formation of a Bermudian insurance champion to serve the people of Bermuda and our other international communities.

“I would like to take the opportunity to thank my incredible colleagues for all playing their part in driving to make this combination a reality and ensuring that the enlarged group is well placed to continue to thrive in the future.”

Leadership and governance

Following completion of the amalgamation, BF&M’s board of directors will consist of 10 directors: six current BF&M directors (Abigail Clifford, Anthony Joaquin, Conor O’Dea, Gordon Henderson, Andrew Lo and Paul Markey) and four current Argus directors (David Brown, Barclay Simmons, Costas Miranthis and Kim Wilkerson). Anthony Joaquin, who currently serves as Chairman of BF&M, will serve as Chairman of the combined group.

Following closing, Abigail Clifford, CEO of BF&M, will be Chief Executive Officer of the combined group and Peter Dunkerley, CFO and Deputy CEO of Argus, will become Chief Financial Officer of the combined group. The remaining executive leadership team for the combined group following the closing will be comprised of highly experienced leaders from both companies.

Anthony Joaquin, Chairman of BF&M, commented: “This combination is the result of significant efforts by both companies to enhance scale, diversification, resilience, and returns for shareholders. We have a world-class leadership team drawing from both companies, and the BF&M board of directors is confident this new company will be uniquely capable of successfully navigating a highly dynamic operating environment and leading the future growth of the Bermuda insurance market.”

David Brown, Chairman of Argus, added: “This is the right time to bring together two historic Bermudian businesses to improve the breadth of products and services offered to the island of Bermuda and the international communities we serve. The Argus board of directors strongly believes this transaction is the right step to deliver enhanced value creation for all stakeholders.”

The combined company will be renamed in due course.



Shareholder transactions

On 6 June 2023, Argus and Lawrie (Bermuda) Limited, a wholly-owned subsidiary of Camellia Plc (“Camellia”), entered into a binding agreement for the acquisition by a subsidiary of Argus of shares of BF&M representing a 36.9% shareholding in BF&M. The acquisition is subject to regulatory approvals and financing.

Subsequently on 10 October 2023, BF&M and Equilibria Capital Management Limited (“Equilibria”), entered into a multifaceted strategic partnership. Under the terms of the strategic partnership, Equilibria granted BF&M an exclusive option to acquire a 13.7% stake in Argus and BF&M agreed to invest in a dedicated fund which included as its initial investment a 16.3% stake in Argus.

The amalgamation agreement requires BF&M and Argus to complete the shareholder transactions with Equilibria and Camellia, respectively, prior to the record date for the BF&M and Argus shareholder meetings where shareholders will vote on the approval of the amalgamation and certain related matters.

Each of BF&M and Argus will vote with any shares of the other company that they hold as of such record date, including any shares of such other company acquired pursuant to the shareholder transactions with Equilibria and Camellia, in favor of approving the amalgamation and any related matters submitted for shareholder approval at the BF&M and Argus shareholder meetings. At the closing of the amalgamation, any BF&M shares held by Argus will be repurchased by BF&M and then used to settle in part the shares due to be delivered to Argus shareholders as part of the amalgamation. Any Argus shares held by BF&M will be cancelled for no consideration.

Approvals and timing

The transaction has been reviewed and approved unanimously by the boards of directors of both BF&M and Argus. Completion of the transaction will be conditional upon the approval by the Argus shareholders of the amalgamation and the approval by the BF&M shareholders of certain related aspects of the transaction. The board of directors of each of Argus and BF&M have recommended that their respective shareholders vote in favour of the amalgamation and such related aspects (as applicable). Further details regarding the shareholder meetings for each of BF&M and Argus will be provided in the shareholder materials to be provided in connection therewith.

The transaction is also subject to required regulatory approvals and satisfaction of other customary closing conditions. As such, the amalgamation is expected to be completed in the fourth quarter of 2024. Further details regarding the shareholder meetings to approve certain aspects of the transaction for each of BFM and Argus will be provided in the shareholder materials to be provided in connection therewith.

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Advisors

Aon Securities LLC is serving as exclusive financial advisor to BF&M.

Carey Olsen Bermuda Limited is serving as legal counsel to BF&M.

Moelis & Company LLC is serving as exclusive financial advisor and capital markets advisor to Argus.

Skadden, Arps, Slate, Meagher & Flom (UK) LLP and Appleby (Bermuda) Limited are serving as legal counsel to Argus.

About BF&M Limited

BF&M Limited is the holding company of the BF&M group of companies (“BF&M Group”). The two largest operating companies within the BF&M Group are BF&M Life Insurance Company Limited, a leading provider of life, health and pensions products, and BF&M General Insurance Company Limited, the leading general insurer providing all forms of property, casualty, motor and marine products. The BF&M Group includes several other companies including BF&M Investment Services Limited, BF&M Properties Limited (including Barr’s Bay Properties Limited), and Island Heritage Insurance Company, Ltd.

About The Argus Group

Argus Group Holdings Limited and its subsidiaries, commonly known as The Argus Group, is a multi-line insurance, medical practices and financial services organisation with operations in Bermuda, Canada, Malta and Gibraltar. The Argus Group offers a full range of insurance, including health and brokerage services, pensions and investment products targeted at local and international organisations and individuals. Through its subsidiary, Bermuda Life Insurance Company Limited, it is the leader in group health insurance and pension plans in Bermuda.

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