



Press Release

Hamilton, Bermuda
24th July, 2012

STARTS

BF&M Announces Earnings of \$4.5 Million for 3 Month Period Ended 31st March 2012

BF&M Limited today announced shareholders' net income for the three month period ended 31st March 2012 of \$4.5 million, resulting in an annualized return on shareholders' equity of 9%. Shareholders' net income for the comparative three month period of 2011 was \$5.7 million. President & CEO, John Wight stated that "Financial results were down from the comparative period in 2011 due to a decrease in investment income. As BF&M has the majority of its investments in high grade corporate bonds and US treasury securities, the increase in interest rates in Q1 resulted in the fair value of the securities decreasing in value. International Financial Reporting Standards require these unrealized losses to be recorded in the Statement of Income. The earnings from the company's underwriting operations were good, in the context of the challenging economy in Bermuda."

Mr. Wight added that "the company's balance sheet continues to be very strong. Equity attributable to shareholders at 31st March, 2012 was \$196.0 million. Assets totaled \$918.0 million of which \$94.0 million was held in cash and short term deposits. Based on the company's strong balance sheet, the Board of Directors maintained the dividend of 20c per share for shareholders of record at 30th June, 2012."

A.M. Best's financial strength ratings for BF&M's two principal operating subsidiaries, BF&M General Insurance Company Limited and BF&M Life Insurance Company Limited are A (Excellent). There is no insurance company in Bermuda writing domestic insurance business with ratings this strong. A.M. Best cited BF&M's "consistent positive net income, steady premium growth, high level of capital, and strong market share."

Gross Premiums Written for the period decreased 4% over 2011. Investment income was down due to a \$5.7 million decrease in the fair value of assets, resulting from the drop in the value of US\$ denominated bonds in the quarter. Commissions and other income increased 16% to \$6.3 million. Short term claims and adjustment expenses increased by 10% to \$7.0 million and life and health policy benefits decreased to \$19.1 million. Operating expenses increased 9% to \$11.8 million.

BF&M Limited

ENDS

BACKGROUND

BF&M Limited is the holding company of the BF&M Insurance Group. The two largest operating companies within the 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 group includes several other companies including Bermuda International Insurance Services Limited, Bermuda International Reinsurance Services Limited, Marchmont Insurance Company Limited, BF&M Investment Services Limited, BF&M Properties Limited, (including Scarborough Property Holdings Limited and Barr's Bay Properties Limited), Hamilton Financial Limited, Island Heritage Holdings Limited, and a 51.6% interest in the Insurance Corporation of Barbados Limited.

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BF&M Limited

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