A POWERFUL FORCE FOR SUSTAINABLE WELLBEING

ANNUAL REPORT **2023**

BELONG BLAC
Black Leaders & Allies for Change

ARGUS
Our Interest is You.

CONTENTS

POWERFUL PURPOSE

Argus has changed dramatically over the past five years, we are no longer just an insurer or a financial services business. We are a customer-led business that puts the human experience at its core, focused on building a world where everyone can lead healthy and fulfilling lives.

A POWERFUL FORCE FOR SUSTAINABLE WELLBEING

We are a powerful force for change
Driving down costs whilst driving up quality of care

We are a powerful force for sustainability
Through integration and diversification, efficiency and innovation

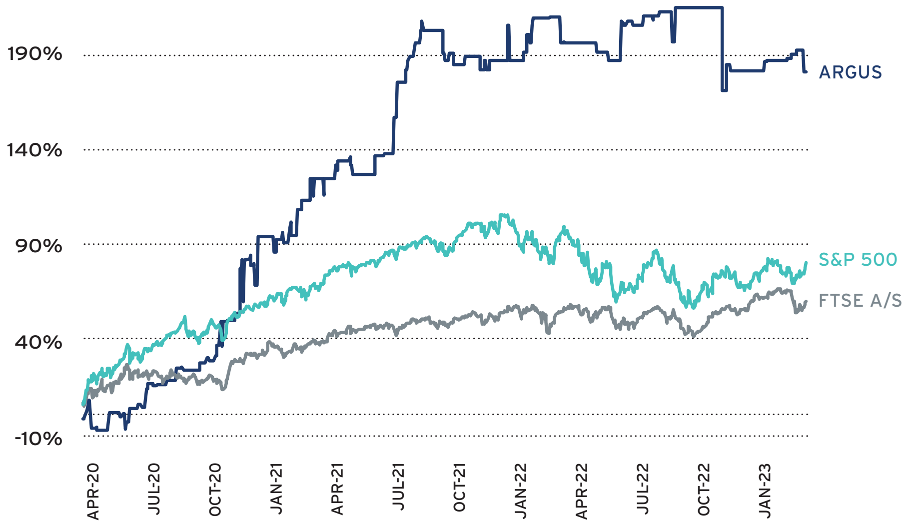
We are a powerful force for wellbeing
Driving wellbeing of body and mind, of health and wealth

TOGETHER, WE ARE A POWERFUL FORCE FOR SUSTAINABLE WELLBEING

SUSTAINABLE PERFORMANCE

Over the past three fiscal years, our Total Shareholder Return (“TSR”) exceeded 180 percent. TSR measures the returns for a shareholder, taking into account both share price movements and dividends. Argus’ TSR performance compares favourably to that of both the FTSE All-Share Total Return index and the S&P 500 (TR) Index.

THREE-YEAR TOTAL SHAREHOLDER RETURN



14.8%
Three-year average ROE

8.5%
Three-year annualised growth in shareholder dividends

75%
Three-year average combined ratio

A- (Excellent)
Financial Strength Rating. AM Best.

Phil Davis, Head of Marketing and Digital Engagement at the Bermuda Half Marathon Derby

COMMUNITY COMMITMENT

We are born of Bermuda and inspired by the island mindset of community and unity. Our philosophy and commitment remains to do the right thing, for all, always.

SUPPORTING OUR COMMUNITY

Investing in 20 of the brightest and best of the next generation

The Sheila Nicoll Argus Scholarship Award
The Argus Group Internships
The Department of Workforce Development Graduate Trainees
The Department of Workforce Development Summer Employment Programme
The Department of Workforce Development Summer Internship Programme

8 Sponsorships

Sponsor of Bermuda Half Marathon Derby Day
Sponsor of Bermuda's U19 Rugby team
Bermuda Triple Challenge, Bermuda End-to-End walk, Argus Running Club, Gibraltar Island Games, Bayside Basketball, Lincoln FC

Over $370,000 community donations

Supporting our communities with over $370,000 cash and in-kind donations

Argus colleagues supporting the 2023 International Women's Day Embracing Equity campaign, March 2023

POWERFUL CHANGE

We pledge to continue reducing the cost of care. It is only by unleashing our growing scale, efficiency, innovation and integration that we can deliver sustainable wellbeing for connected communities.

REDUCING THE COST OF CARE

Case Management
Speciality Drug Programme has reduced costs by over $400k per annum

Waiving Co-Pay
Waiving of co-pays for specialist consultations with Island Health

Repatriated MS Infusions
Reducing annual cost from $400k to $30k

Wellness Rewards
Average Thrive wellness rewards $130

INVESTING IN INNOVATION

Supporting the acquisition of a Greenlight Laser XPS
to enable day surgery at Bermuda Hospital

McMaster University and University of Waterloo Co-Op Program Internship

Over $1 million invested in customer experience focused technology

Matthew Koen, Technical Solutions Architect & Gavin Thomason, Business Intelligence Architect at the Leadership Summit 2022

POWERFUL COMMITMENT

We pledge to continue increasing the quality of care. By putting the customer at the centre we can focus on improving the outcomes and experience for those we serve so we can become a powerful force for sustainable wellbeing.

INCREASING THE QUALITY & ACCESSIBILITY OF CARE

New Specialty Network
For non-solid organ transplants (Bone Marrow, Stem Cell and CAR-T therapies)

Local Case Management
For those with complex health conditions, requiring ongoing health management

Diabetes Rewind Programme
Partnership with Bermuda Diabetes Association, Cavan Health and Oviva

Mental Health
Introduced a Student Mental Health Hotline for students overseas

Phlebotomy
Introduction of in-home phlebotomy services

Allergy Testing
Benefit increased from $600 to $900 per lifetime

Customer satisfaction
94% Patient Satisfaction – April 2023
100% NPS score for Diabetes Rewind programme

Argus Running Club participant

POWERFUL STRATEGY

We see a future filled with opportunity. Opportunities to simplify, transform and grow our business into a powerful force for sustainable wellbeing, one connected community at a time.

SIMPLIFY

We unlock value by simplifying the challenges our customers and patients face.

Through our ever-improving digital integration, unleashing the power of our team to deliver best in class client experience.

TRANSFORM

We unlock value by positively transforming the markets, the categories and the lives of those we serve.

Through our agility and acumen, we unleash the power of our solutions and purpose to serve a rapidly changing world.

GROW

We unlock value by growing our existing business and growing our future horizons.

Through growing the markets, the lives and careers of those we collaborate with.

Nahida Mohamed, Vice President Strategic Initiatives Americas at the Leadership Summit 2022

SUSTAINABLE OPPORTUNITY

Responding to global trends facing our markets.

CHALLENGES

HEALTH TREATMENT COSTS
Healthcare cost inflation continues apace, driven by the costs of labour, supplies and medications. Innovative treatments can lead to better outcomes, but at a higher price.

BERMUDA'S HEALTH CHALLENGES
Bermuda has an aging population – this will lead to greater need for chronic disease management (such as diabetes) and long-term healthcare.

INCREASING RE-INSURANCE COSTS
Re-insurance pricing is rising in response to climate risks, and capacity is under pressure. This impacts property and casualty insurers with exposure to wind storm risk.

MEETING CUSTOMER EXPECTATIONS
Customers increasingly demand personalised, convenient and digital experiences. Justifying the related investment is more difficult for smaller insurers.

TECHNOLOGY AND PEOPLE
As technology advances, insurers need to keep pace via data analytics and automated processes. Talent pools need to be developed to enhance digital skills and capabilities.

OUR RESPONSES

HEALTHCARE SOLUTIONS
We have responded to healthcare cost inflation by integrating in-house purchasing (One Team Health) with local primary care providers (Island Health Services), and our insurance company. This helps us achieve cost savings from healthcare providers whilst maintaining quality of care.

THE BETTER HEALTH PARTNERSHIP
The Argus health ecosystem focuses on preventative care addressing diseases such as diabetes and hypertension early. In the longer term, that will benefit our customers as well as our financial returns.

REINSURANCE
Our underwriting record is also strong, based on long experience in our markets and effective data management. Argus' international businesses also help to diversify risk and make us a more attractive counterparty to reinsurers.

TECHNOLOGY INVESTMENT
We continue to optimise our operations and enhance customer experience through digitisation of processes - leveraging automation and integrations, building modular and scalable architectures, and replacing monolithic legacy systems.

INVESTMENT IN PEOPLE
We continue to invest in our talent while focusing on skills and capabilities needed to drive our strategic objectives. In the 2022/23 fiscal year we had an 80 percent group employee engagement score.

Alison Hill, CEO and Louis Millar, Head of Argus Wealth Management at the Leadership Summit 2022

POWERFUL PROPOSITION

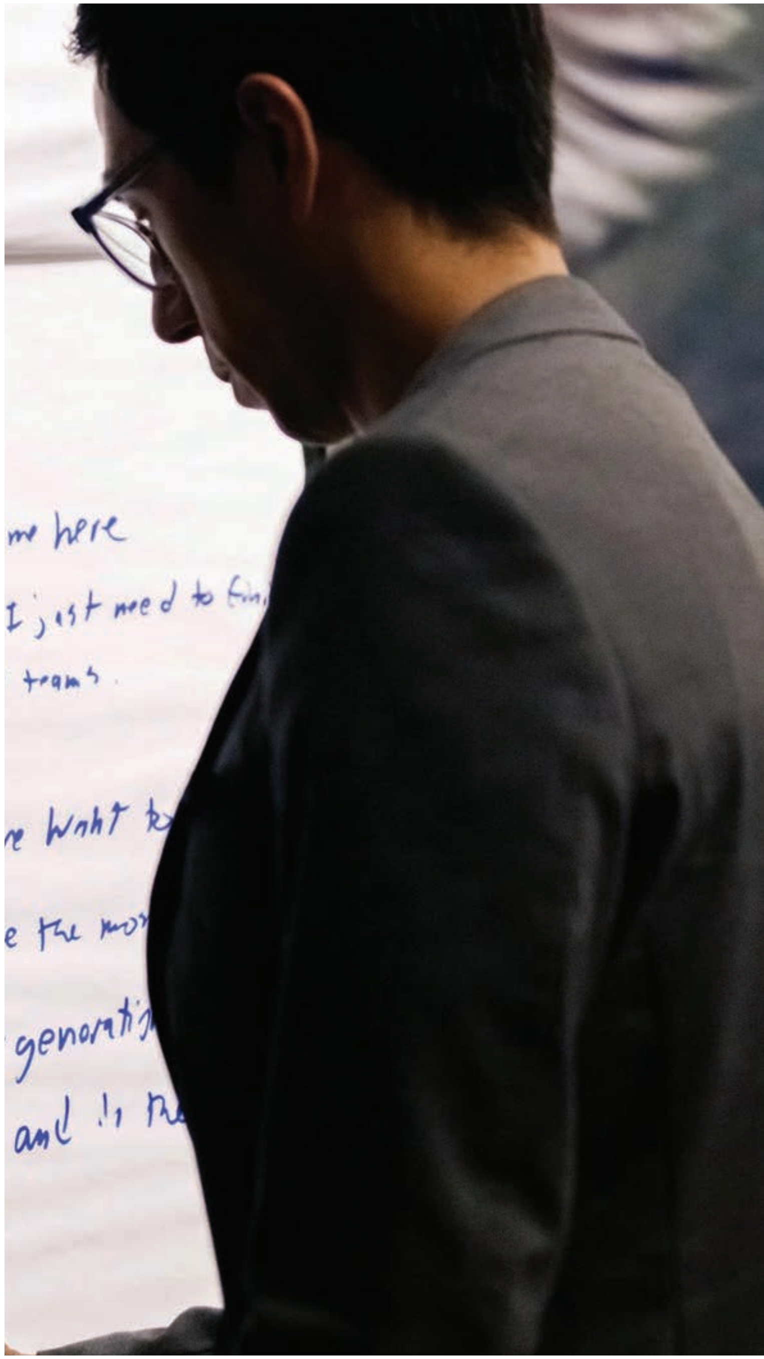
Argus: a robust business, with a clear strategy that acts ethically and responsibly in its communities.

1. **Robust business:** Our recent results demonstrate that we generate attractive ROE, with low volatility. We also generate strong cashflows, supporting our dividend. Our model is resilient – health insurance is required by law in Bermuda, and much of our revenue is generated from corporate customers. Our underwriting is highly disciplined, and in 2023, our combined ratio of 78 percent outperforms industry averages. We also have a strong capital position, well above regulatory minimums and an "A-" rating from AM Best.

2. **Clear strategy:** We are an ambitious company with a growth focus. We have built up our fee-based businesses alongside insurance, which now approach one third of total revenues. To help achieve this, we have completed three acquisitions over the past five years. Recently we announced the purchase of a stake in BF&M, subject to regulatory approvals. We continue to invest in digitising our processes to improve customer experience and increase efficiency.

3. **An ethical and sustainable business for our communities:** Argus has a clear purpose – to be a powerful force for sustainable wellbeing. This manifests through different initiatives such as BELONG BLAC (our anti-racism and Diversity, Equity and Inclusion platform), our ESG Framework, our Climate Change Working Group and our Corporate Social Responsibility and Donations Committee. More detail can be found in our separately published 2023 sustainability report.

We believe that this makes us a compelling proposition for investors – both our valued existing shareholders and potential new investors.



David Ng, Group Actuary at the Leadership Summit 2022

A BUSINESS POISED FOR GROWTH

A message from

DAVID A. BROWN

CHAIR
Argus Group

AMBITIONS & COMMITMENTS

Fellow Shareholders,

As I mentioned in my message last year, I was originally attracted to Argus because of the company's philosophy of always doing the right thing for employees, customers, patients, communities and shareholders and once again I have seen this philosophy in action each and every day over the last year. In the face of both uncertainty and opportunity, Argus' culture and values continue to come to the fore.

As I reflect on the past year through the lens of my overarching ambitions and commitments for Argus, these being:

- To deliver on an accelerated pace of growth and change. Going further, faster and exceeding our plans over the next few years
- To deliver meaningful value to everyone who invests in, works for and does business with the Argus Group
- To continue to reinvest in the business, balancing profitability, risk, growth and strategic investments
- To continue to deliver increasing returns on equity, growing book value per share and improving the quality of our assets
- To ensure that our share price better reflects the intrinsic value of our business

I am delighted to report that we have once again made tangible and meaningful progress on all of these ambitions. Of particular note is how Argus continues to lead the way in shifting healthcare systems that prioritise and incentivise lower cost and more outcome-oriented healthcare delivery through our Better Health Partnership.

In Alison Hill's CEO report she covers the specific actions we are taking to address the prevalence of chronic disease and how we are making our Better Health Partnership philosophy a reality for our patients and customers. She shares the steps that we are taking to get closer to our customers and how enhancements to our Customer Experience are in lock-step with our Employee Experience, all of which drives our purpose, vision and mission and delivers sustainable value to our shareholders.

We are no longer just an insurer or financial services business. We are in fact a customer-led business that seeks to put the human experience at our very core. But this is only the start. I see a business that is poised for growth with the right people to take Argus to the next level.

GROWTH & EXPANSION

Our focus on growth and expansion is entirely aligned with our purpose of being a powerful force for sustainable wellbeing. Building scale in our global business delivers attractive scale benefits, that in turn will benefit all of our stakeholders:

- We face significant challenges in the healthcare space and it is only through building scale that we can deliver sustainable wellbeing for our insureds and patients. We can do more to support Government with their vision for healthcare in Bermuda. To do more for our population to deliver better health outcomes by tackling chronic disease via our Diabetes Rewind Programme. To do more to share learnings from our integrated healthcare ecosystem, sharing the proof points on how we are managing health cost inflation via our Better Health Partnership. To leverage greater buying power to access high quality overseas care at better costs
- Greater scale and risk diversification in our property and casualty businesses allow us to better negotiate terms with our reinsurers by becoming a larger and more significant counterparty
- Growing our pension assets allows us to leverage our buying power with both investment managers and third-party administrators to better manage fees for our pension members whilst driving superior investment performance
- Our customers, patients and intermediaries expect best in class digital solutions and product offerings. Greater scale can justify investment in technology projects that otherwise would not meet financial returns criteria
- Increased scale increases our attractiveness to providers of external debt and equity. Such capital could provide finance for investment in the existing businesses and for measured acquisitions to help diversify risk

DELIVERING VALUE

In Peter Dunkerley's CFO report he summarises the consistency in our profitability, return on equity and shareholder value. We are delighted with the strength of our underlying business performance and the positive contribution from each part of the group. A critical aspect of building a company that delivers enduring value to its shareholders, colleagues and customers is the quality of its governance. I would like to thank my fellow Argus non executive directors for their hard work and active engagement both during and outside of board meetings. A particular area of focus is the work that we are doing on our Diversity, Equity and Inclusion strategy. The uncompromising conversations that we are having at all levels of the organisation is absolutely the right place to start and a courageous first step in eradicating racism and bias in all its forms throughout Argus. It clearly demonstrates our commitment to creating a safe environment that encourages colleagues to call out racism and bias. In Alison Hill's CEO report, she details how we're championing this important work through our BELONG BLAC committee, which I am proud to support.

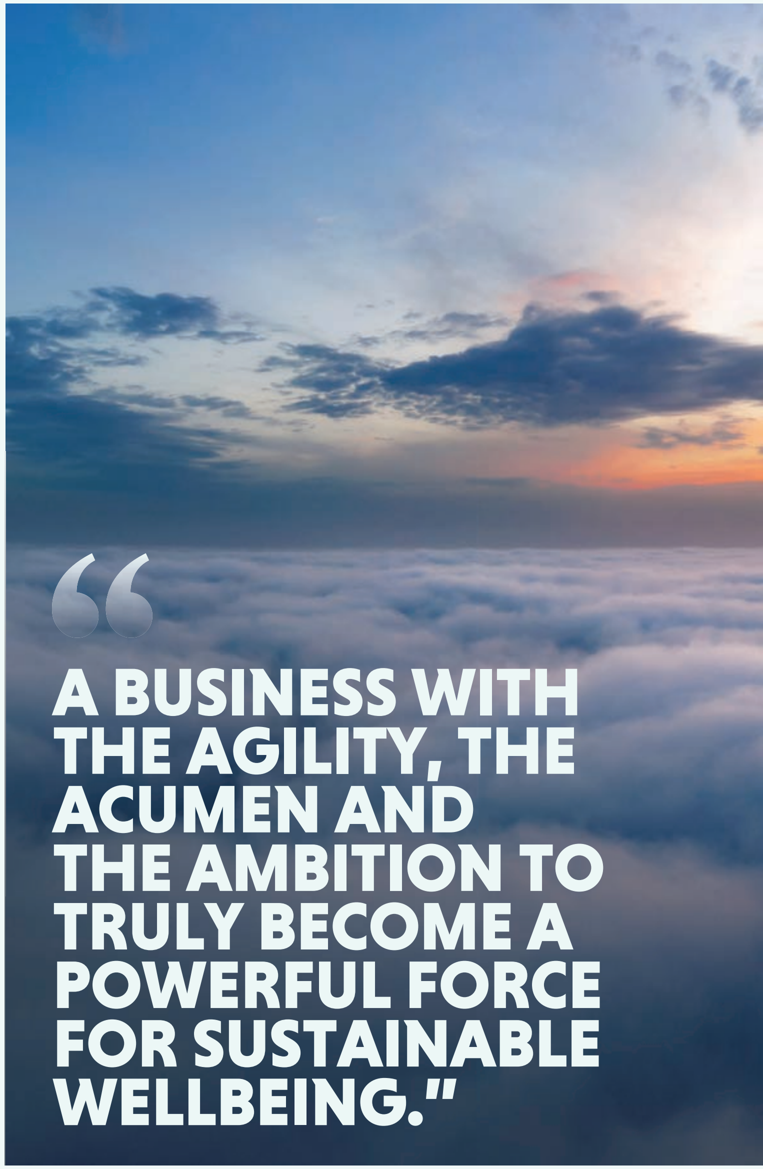
We will intensify our shareholder communications to better share the progress that we are making in growing and diversifying Argus. Regarding our share price, we know that Argus continues to trade at a modest discount – well below the level warranted by a company with our consistent performance. We will continue to work on remedying this over the coming year. We ran a successful share buy-back programme during the year and while we don't recommend that shareholders sell their shares at the current prices, we do recognise that some shareholders require liquidity, which is helped by us purchasing shares in the open market. We will also maintain and grow the dividends we pay to shareholders whenever possible.

In summary I see a business poised for growth, a business with the agility, the acumen and the ambition to truly become a powerful force for sustainable wellbeing.

Finally, I would like to thank our shareholders for their continued support and loyalty.

DAVID A. BROWN

CHAIR
Argus Group



AN AMBITIOUS & INVESTIBLE TEAM

A message from

ALISON S. HILL

GROUP CEO
Argus Group

POWERFUL PURPOSE

Dear Shareholders,

The Argus Group is unashamedly a people-led business. My priority as CEO this year was to meet my colleagues in person, to welcome, to reconnect, to rekindle and to reassure. I met with over 70 percent of my global colleagues across all of our businesses and our territories. The pretext was to hear their reactions to our newly crafted purpose, vision and mission but the candid and informal discussions yielded so much more. I learnt of their physical and mental wellbeing challenges, their fears and anxieties triggered by COVID. But a prominent theme through every gathering was the strong sense of belonging, of support, of kinship and of family. Being part of the Argus Family goes far beyond a typical employee / employer relationship and that is why we attract and retain such talented people across our group. Because they believe in our purpose, our vision and our mission; they feel that their opinion matters and they can make a difference.

We are a fast paced, complex and ambitious business so it is critical as we grow that we know where we are heading and never lose sight of who we are, and what it is that we do best. Our Purpose is why we get up in the morning, it comes from within, from the founding principles of our business. It is who we are, it is what we do, and it is where we are going.

Sophisticated global investors place a higher value on purpose and mission-led businesses. We continue to share our story and approach, and our proven track record of translating this into sustainable shareholder value. Our Chairman, David Brown, has shared why we are poised for growth and the significant value that leveraging greater scale will deliver to our shareholders, clients and the community. Investors continue to react positively to our story, recognising that we offer something unique, distinct and different. That we are no longer just an insurer or financial service business. We are in fact a customer-led business that seeks to put the human experience at our very core.

Investors connect with our vision and value proposition because they recognise that the world needs what Argus does best, now, more than ever before. They see an ambitious and investible team who strives to create a world where everyone can lead healthy and fulfilling lives. A world where inclusion, connection and exceptional customer experience is standard.

This is Argus. Yesterday, today and tomorrow. Leading the way.

POWERFUL TOGETHER

The Argus Group possesses an unparalleled depth and breadth of talent for a business of our size. We have a close-knit team and strong collaborative culture. The overarching characteristics that bind and unite us, and set us apart from our industry peers, are our authenticity and deep humanity. We nurture a real sense of belonging and are strategic thinkers, challengers of accepted norms, and passionate about meaningful change. We've built a dynamic and engaging team with proven leadership and a proven track record of success.

In 2022, we launched our Better Health Partnership pilot programme, targeting type 2 diabetes, a disease with a 14 percent incidence in Bermuda as we believed we could have a high impact, improving standards of living and reducing health care costs. Our practices partnered with the Bermuda Diabetes Association (BDA), Cavan Health and Oviva to launch our Diabetes Rewind Programme. 29 patients followed our in-person programme with an average weight loss 10 pounds and patient satisfaction scores of 87 percent, while 10 patients enrolled on our online programme and lost an average of 38 pounds over three months. The Diabetes Rewind programme overall has seen an average decrease of 1 point in hemoglobin A1c (HbA1c) which is considered statistically significant. These programmes are covered at 100 percent for our health insureds and are managed and monitored by our in-house endocrinologist, Dr. Jamieson, to assist patients achieve optimal results.

Our overarching philosophy is that nothing should prevent our customers accessing the care that they need. Back in 2020 we created the Safeguard policy to assist businesses in the hospitality and retail sectors that were particularly hard hit by COVID. A key feature of this policy was the waiving of co-pays for general practitioners at our Argus-owned medical practices. From June 2023, all Safeguard policies will now waive co-pays for specialist visits to Island Health Services and Family Practice Group.

When approaching strategic challenges or opportunities, we seek to build true value for all of our stakeholders through three lenses:

- Simplify our business to focus our efforts, enhance our agility and unleash the power of our One Argus team
- Transform our business through the development of new capabilities, new business models, new health ecosystems
- Grow our existing businesses while expanding our products and services into new channels and new territories

Our team has made smart, bold decisions by investing in new capabilities and new markets. It has delivered a series of financially successful acquisitions, post deal integrations and latterly moved quickly to acquire a 37 percent stake in a local competitor. We believe that this stake is better in the hands of an accountable local community partner, rather than owned by a large overseas insurance group. We consider this a sensible investment and an attractive proposition for our shareholders.

"Our team has made smart, bold decisions by investing in new capabilities and new markets."

POWERFUL VALUES

We have built a culture of excellence, ambition and dynamism, attracted brilliant talent and partners and developed an authentic, trusted and loyal business and brand. Over the last 12 months we have intensified our focus on the 'Voice of Employee'. We supplemented our annual employee satisfaction survey with more frequent engagement pulse checks and action planning. Once again, we maintained an Employee Engagement score of 80 percent. However, we know from our pulse checks and face to face engagement that colleagues continue to get an inconsistent experience across the group. We have improved many important and critical aspects of the employee experience over the last year but recognise that we still need to do more. We will continue to benchmark our compensation and benefits and take action to remain competitive, to enhance our physical working environments, to reinforce what we stand for, what we believe in, and what it means to be a people leader at Argus.

These improvements range from more events that bring us together to socialise and connect, to larger-and-deeply significant initiatives, like being honest about our focus on eradicating racism and bias at Argus and using real language to address it. One of the things that I am most proud of this year is our colleague-led BELONG BLAC manifesto where our mission is to EDUCATE stakeholders on matters or race, ELIMINATE racial inequality within the Argus Group and PROMOTE racial equity in the markets that we serve. We are making a very clear and public declaration of who we are.

> "We have built a culture of excellence, ambition and dynamism."

We, as members of the BELONG BLAC Committee, believe that racism in all forms is unacceptable and must be actively dismantled in our workplace and beyond. We recognise that black individuals have historically been and continue to be disproportionately impacted by discrimination and systemic oppression, and it is our responsibility to actively work towards dismantling these systems.

We seek to implement anti-racist policies and practices in our workplace, including but not limited to hiring and promoting black individuals, implementing anti-racism training for all employees, and creating a safe and inclusive environment for black employees.

OUR MANIFESTO

BELONG BLAC

We also recognise the importance of amplifying black voices and perspectives and commit to actively seeking out and elevating the contributions of black individuals within our organisation.

We will not be silent in the face of racism and discrimination, fostering a zero-tolerance environment. We will speak out against it and hold our colleagues, leaders, and partners accountable. We will work to create a more equitable and just workplace for all, particularly for black individuals. Our journey will not be easy, but we can and will make a real difference together.

POWERFUL EXPERIENCE

We understand that a highly engaged team passionately delivers great experiences to our customers. Our customers value this relationship, are loyal and place more of their products and services with us, which builds sustainable value for our business and our shareholders. It's a virtuous circle, that starts with a highly engaged team.

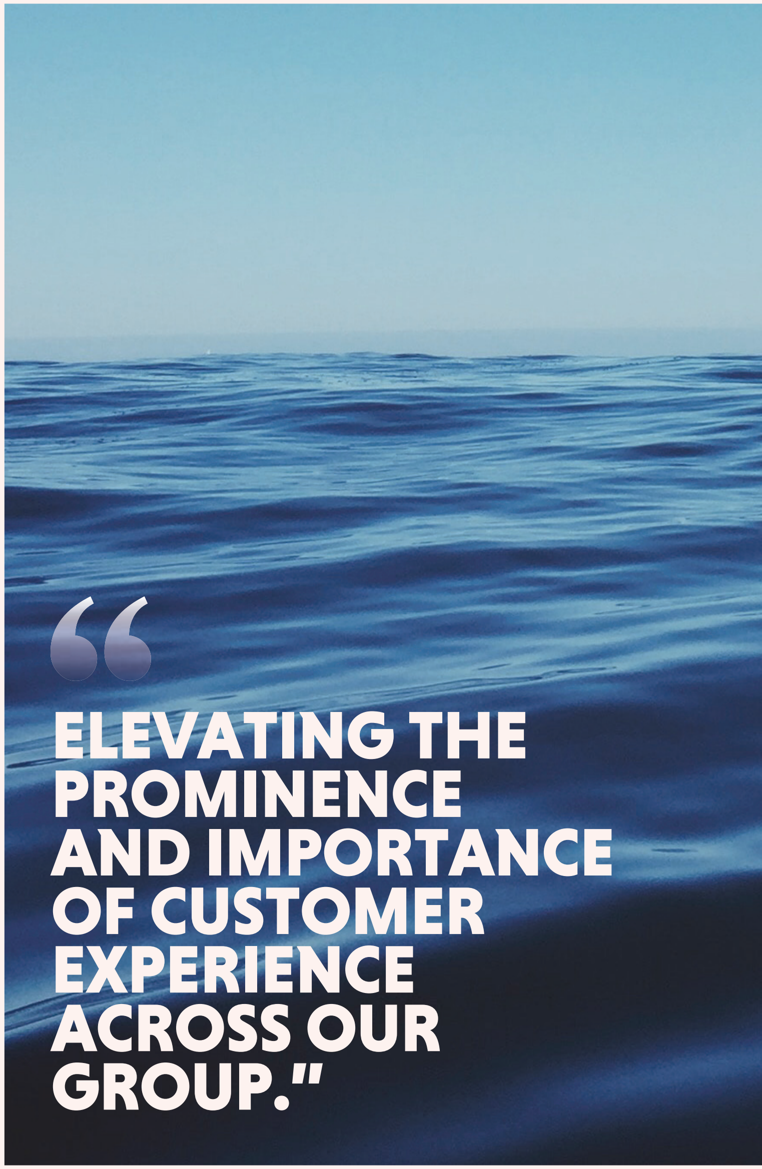
We intensified focus on our Customer Experience this year to ensure it is in lock-step with our Employee Experience. We created a 'Voice of the Customer' programme that introduced a much more coordinated and consistent approach to capturing client data from our key target audiences and sharing insights to inform and drive our operational excellence change agenda. We invested in redesigning systems, business processes and workflows to enable a "single source of truth" view of our customers which has led to improved customer data quality and improved service delivery. This year we were intentional about elevating the prominence and importance of Customer Experience across our group and designing our business, our processes and our systems around the customer experience journeys. We have made great progress but recognise that we still have much to do to truly inform, empower and deliver integrated customer experiences with ease, expertise, empathy and enjoyment.

So to each and every one of my Argus Family, a heartfelt thank you once again for your passion, compassion, energy, professionalism and commitment. It is you that makes Argus what it is today and each of you that will help us to build the business that we have always dreamed of working for.

And to each of our Argus shareholders, thank you for your support and loyalty.

ALISON S. HILL

GROUP CEO
Argus Group



DELIVERING RESULTS TO UNLOCK OPPORTUNITY

A message from

PETER J. DUNKERLEY

GROUP CFO
Argus Group

RESILIENT PERFORMANCE

OUR EARNINGS

We are very pleased with how the Argus Group has continued to show resilience and delivered another year of strong performance.

The headline net income result for the year is $27.7 million compared to $25.7 million for the previous year. The current and the prior year reported net income are both impacted by market interest rate movements which we discuss later in the report.

OPERATING PERFORMANCE

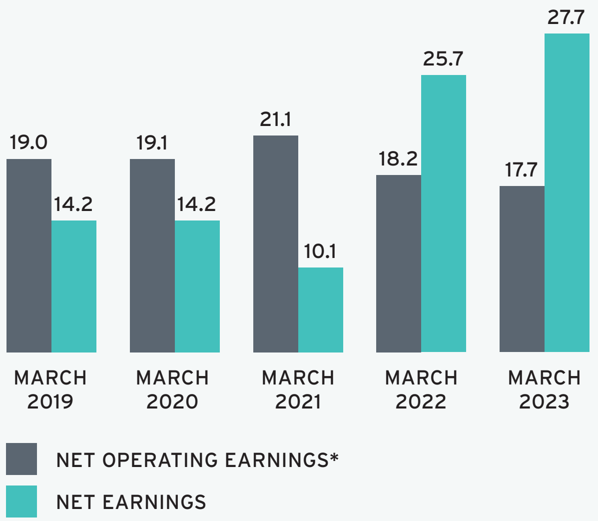
The overall performance of our insurance and pension businesses has remained solid. We have closely monitored costs to manage inflationary effects and used targeted rate increases where necessary to maintain margins. Our operating earnings – which is our key measure of the profitability of the Group – for the year is $17.7 million. Once again, each core part of the Group has performed well and delivered strong underlying profitability.

Key growth contributors include strong health renewals in earlier parts of the year, and growth in medical provider fee income. Overall fee income has continued to grow, notably our health administration and healthcare services income which has increased 19 percent compared to the prior year.

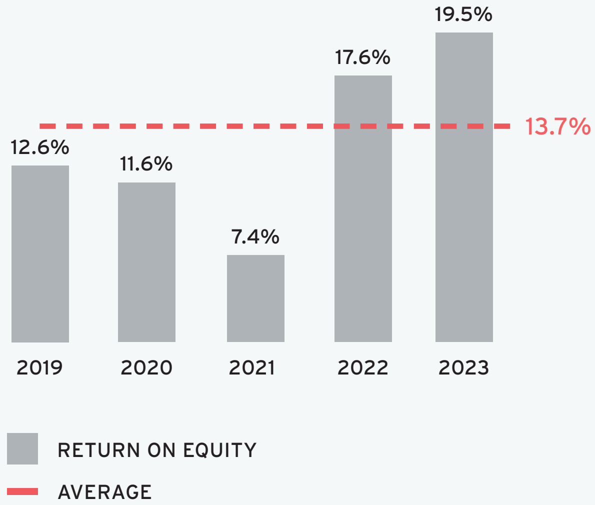
RETURN ON EQUITY

We are pleased with the return on average equity for the year to March 2023 of 19.5 percent. Average annual return on equity over the last 5 years is 13.7 percent based on reported net income, and 14.6 percent on an operating earnings basis. We remain focused on continuing to deliver attractive and sustainable returns for our investors and seek to put surplus capital to work through judicious investment and strategic growth opportunities.

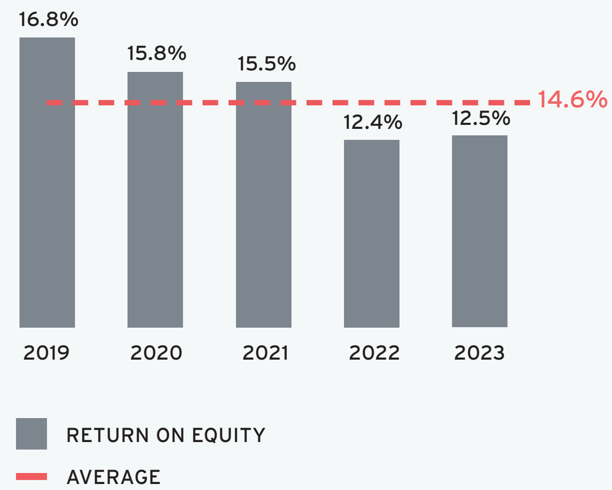
EARNINGS PERFORMANCE ($ MILLIONS)



RETURN ON EQUITY



RETURN ON EQUITY (OPERATING EARNINGS BASIS)



* Net Operating Earnings – refers to net earnings excluding the impact of external market factors and/or one-off events such as the yield curve impact on the Annuity business, change in fair value of investments and investment properties, asset workouts and asset impairments.

BUILDING SHAREHOLDER VALUE

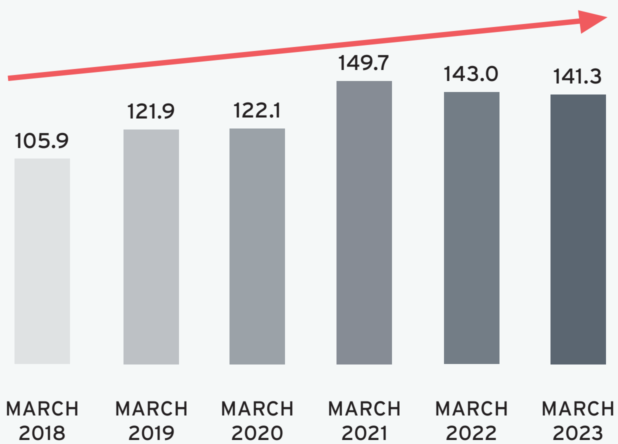
Since March 2018, our shareholders' equity has increased from $105.9 million to $141.3 million as at March 31, 2023. During this time, we have returned $20.5 million to shareholders through dividends and a further $3.2 million through share repurchases.

Our track record for building shareholder value has been reliable against a backdrop of challenging and volatile times. We have achieved this through solid operating earnings, revenue diversification and continued commitment to careful and diligent custodianship of policyholder and shareholder assets.

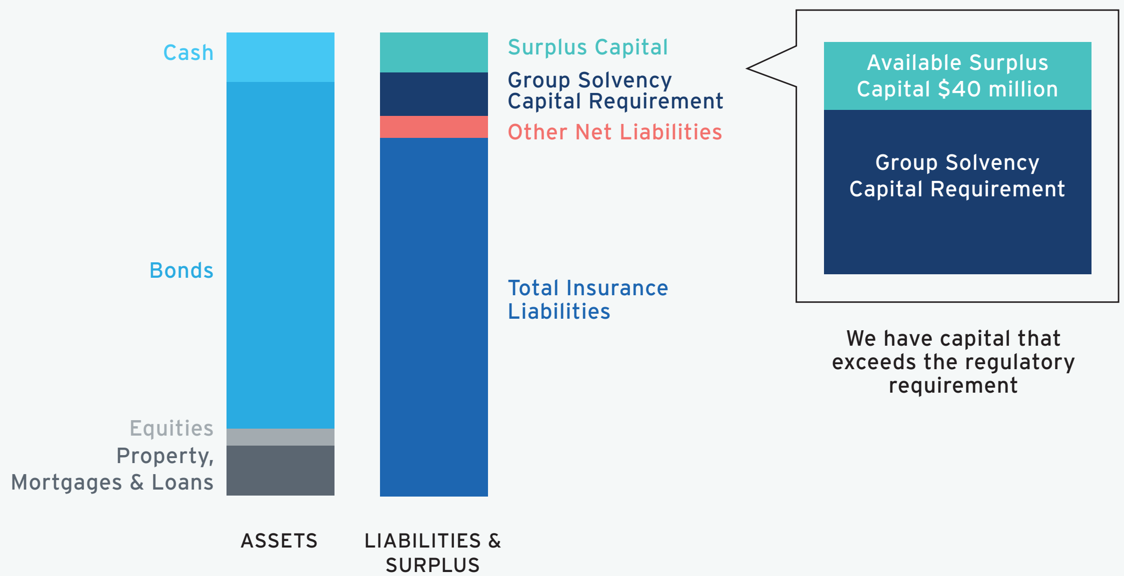
On June 6, 2023 we announced that the Argus Group had entered into an agreement to acquire a 36.9 percent stake in BF&M Limited for $100.0 million. The acquisition is subject to regulatory and other conditions and is expected to close in Autumn 2023. The acquisition is financed through a new $50.0 million debt facility and $50.0 million from existing Group resources. Subsequent to the transaction the Group capital position will remain strong with capital significantly in excess of that required by regulators.

Our strong balance sheet and careful capital management have allowed us to invest in our strategy to create long-term sustainable value and growth. In addition, our statutory capital remains well in excess of the capital required by regulators.

SHAREHOLDERS' EQUITY GROWTH ($ MILLIONS)



CAPITAL COVERAGE



SUPERIOR UNDERWRITING RESULTS

INSURANCE PREMIUM REVENUE

The Argus Group underwrites insurance risks for corporates and individuals across a broad range of health, life, property and liability insurance covers.

We focus on quality over volume in our underwriting. Our selective approach to the premium we write and our disciplined approach to pricing has been key to our track record of superior underwriting results.

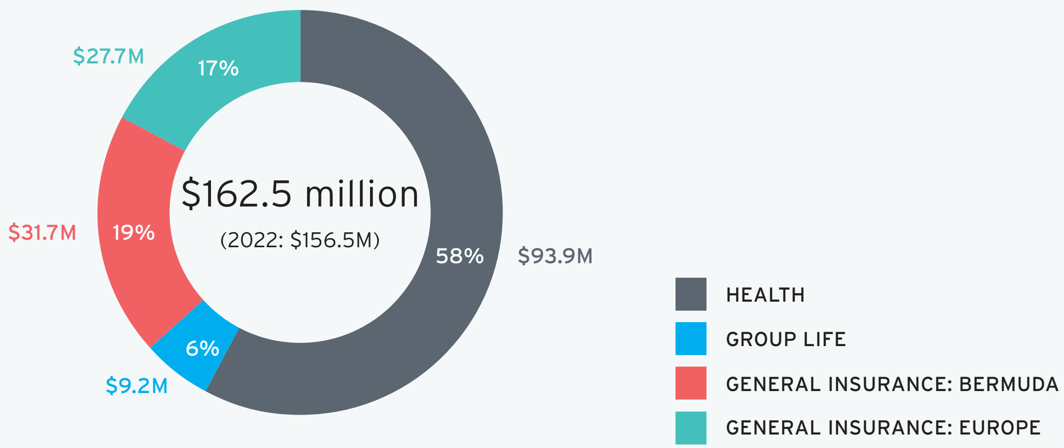
Gross insurance premium revenue within our core business increased $6.0 million or approximately 4 percent compared to the prior year.

As illustrated in the 'Gross Premiums Written - Core Business' chart, health insurance is the largest contributor to our insurance revenue. Our general insurance premiums generated in Bermuda and Europe and our Group Life premiums are also meaningful contributors to Group income.

Across the globe, healthcare costs have been consistently rising in the past several years, but especially so in the current year from high global inflation. In order to mitigate this risk and ensure we can deliver fair and consistent margins, we reprice our policies each year, considering changes in key drivers such as utilisation, population health, advances in medical technology and benefit changes.

We have a strong pipeline of annuity premium generated by our pension business. As illustrated in the chart below, our Annuity premiums have correlated with the interest rate environments. In the previous couple of years, we witnessed historical low interest rate environments leading to decreases in our annuity premiums. As interest rates started to rebound during this fiscal year, so did our annuity premiums.

GROSS PREMIUMS WRITTEN - CORE BUSINESS



GROSS PREMIUMS WRITTEN - ANNUITY BUSINESS

ACQUISITIONS DRIVING REVENUE

FEE & COMMISSION REVENUE

Fee and commission income represents a stable and capital efficient source of revenue for the Argus Group.

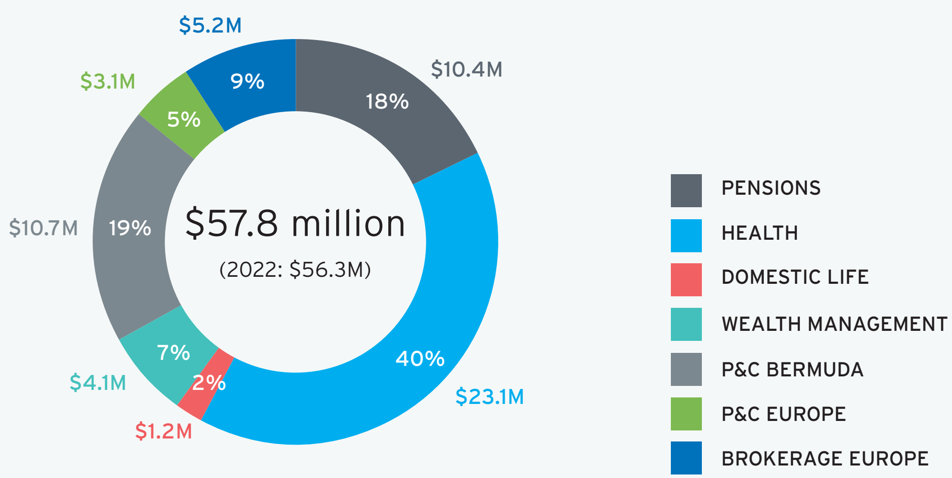
We generate fees and some commission income through our delivery of professional services to support the financial, mental and physical health of our corporate clients, corporate members and individual customers.

In addition, we generate commission income from reinsurers. Ceding risk to reinsurers significantly reduces our exposure to large risk events and results in low risk, capital efficient commission income.

Commission and fee income generated by our core business has increased by $1.5 million or approximately 3 percent compared to the prior year. Year on year fee income growth was dampened by the lower pension administrative fees due to market movements. We continue to grow new sources of fee-based income, and build resilience and diversification in our revenues through complementary products and services.

Over the last five years we have acquired insurance brokers, a medical care management company, and primary healthcare practices. Not only have these acquisitions generated significant additional sources of revenue, but they have also brought complementary capabilities and services to our Group. In addition, income from our European insurance brokerage operations has remained robust.

COMMISSION & FEE INCOME - CORE BUSINESS



MITIGATING COST & RISK

BENEFITS & CLAIMS EXPENSES

Each and every day our claims team delivers on our commitment to put our customers at the heart of everything that we do. We pay claims fairly and treat our customers with empathy and deep humanity during times of stress and anxiety.

Benefits and claims costs across our core businesses for the year increased by $8.5 million or approximately 11 percent compared to the prior year.

The strength in our core insurance operations is reflected in the combined operating ratio, which is a metric to track the overall performance of our underwriting operations by comparing premium income to the cost of claims and operating expenses. For the year to March 31, 2023, the combined operating ratio for the insurance businesses within the Group was a healthy 78.0 percent compared with 76.7 percent for the year ended March 13, 2022.

HEALTH BENEFITS

The year to March 31, 2023 was the first full-year of normal claims activity following the ending of COVID restrictions.

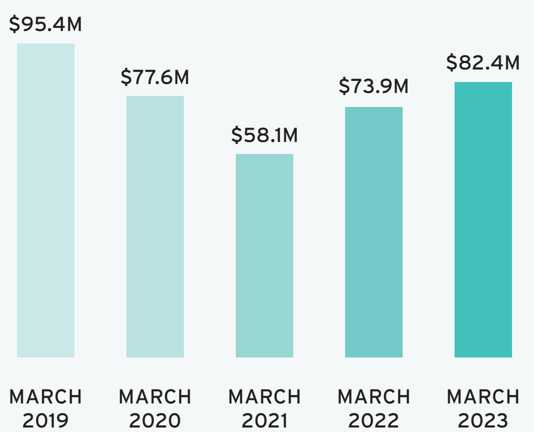
The underlying cost of healthcare has risen steadily over many years. As health insurers we are custodians of our clients' health dollars – a responsibility we take very seriously. Over recent years we have had some demonstrable successes in mitigating the rising cost of healthcare through diligent case management and enhancements to our overseas health network.

GENERAL INSURANCE CLAIMS

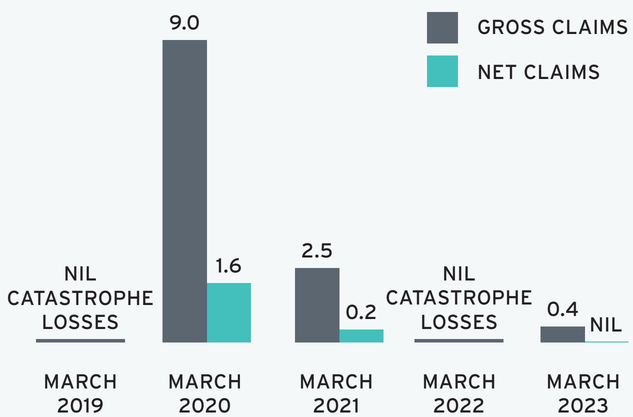
Against a background of global inflation, our general insurance claims have remained stable from the prior year.

Our economic model for our general insurance business involves ceding much of the insurance risk to reinsurers. Our extensive reinsurance programme significantly reduces our exposure to large risk events and results in low volatility underwriting income – even when catastrophes occur. The chart below illustrates how our reinsurance programme has effectively mitigated our net catastrophe exposure.

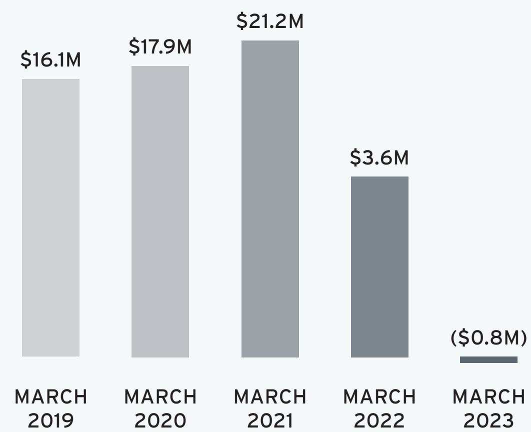
NET BENEFITS & CLAIMS - CORE BUSINESS



NET CATASTROPHE LOSSES ($ MILLIONS)



NET BENEFITS & CLAIMS - ANNUITY BUSINESS



DIVERSIFIED INVESTMENTS

Our commitment to careful and diligent custodianship of policyholder and shareholder assets is central to the Argus Group's investment philosophy.

Our investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term, risk-adjusted yields. We have a clear objective to maximise returns without taking inappropriate levels of risk.

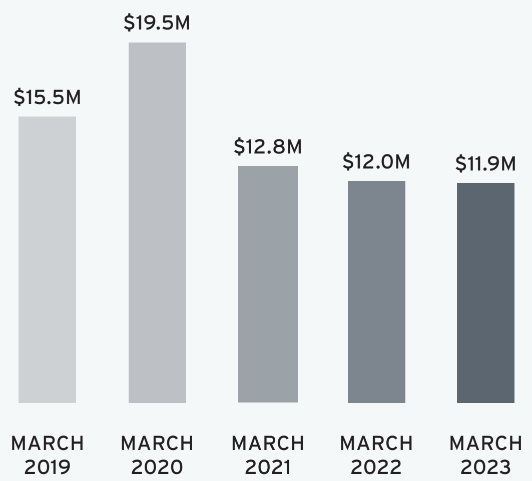
The surges of inflationary pressures around the world during the year have led to sharp declines in equity and bond prices. Whilst this caused unrealised losses in the value of our fixed income portfolio in particular, we generally hold our bonds to maturity and so in the longer term this should be a temporary decline only. Our investments continued to provide stable income, recorded through the income statement and, overall, the Group's portfolio performed in line with expectations.

Against this backdrop, the Group's investment portfolio generated a total loss of $11.5 million for the year – $11.9 million of income reported through the income statement, and $23.5 million of unrealised losses reported as other comprehensive income on the balance sheet.

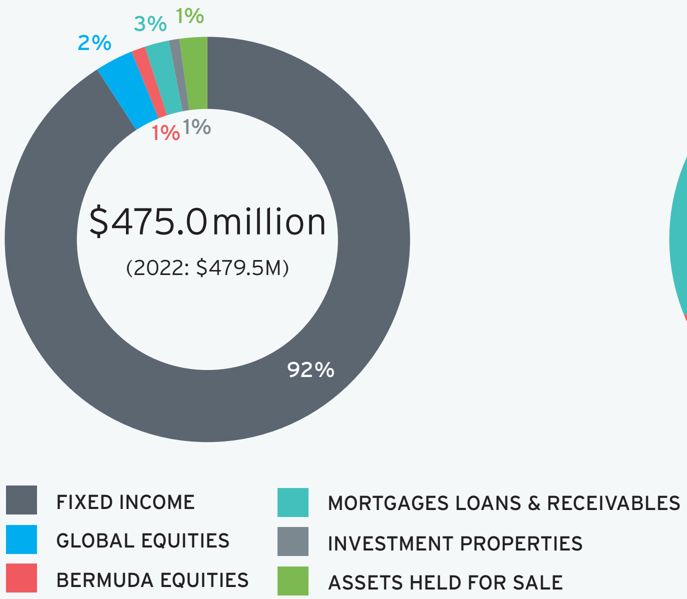
The Group continues to hold a high quality, diversified, global investment portfolio. 91 percent of the Group's investments are in fixed income bonds, of which 98 percent are classified as investment grade.

INVESTMENT INCOME

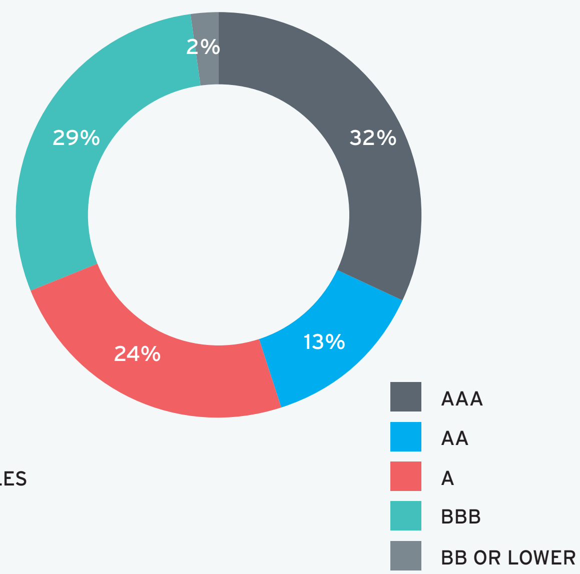
(reported through the income statement)



INVESTMENT ASSETS AT 31 MARCH 2023



FIXED INCOME PORTFOLIO RATINGS AT 31 MARCH 2023



GROWING STRENGTH & OPPORTUNITY

DIVIDENDS

The Board has declared a dividend of twelve cents per share payable on August 25, 2023 for shareholders of record on July 28, 2023. We have been able to provide steady increases to our dividends in the last several years.

SHARE PRICE

Our share price has experienced strong growth over the past 5 years. Nonetheless, our share price continues to trade at a discount to book value. However, we believe that the market is increasingly noting the intrinsic value of Argus.

Annualised total shareholder return over the 3 years to March 31, 2023 is 41 percent.

GROWING SHAREHOLDER VALUE

Our focus is growth and sustainable profitability. We have an acquisition led growth strategy that will drive value through scale benefits and open up new markets for further growth. We will continue to be a disciplined business, maintain a strong balance sheet, deliver strong economics, and be a reliable source of dividends for our shareholders.

TELLING THE ARGUS STORY

We want to keep telling the Argus story, to grow the value of our shares, enhance liquidity for our shareholders and broaden our shareholder base to support future growth. We are in a strong position with many opportunities ahead, and we will continue to be a powerful force for sustainable wellbeing. Thank you for your continued support and confidence in us.

PETER J. DUNKERLEY

Group Chief Financial Officer

DIVIDEND YIELD

(Dividend yield is calculated based on the closing price as at the year end date)

4.1%

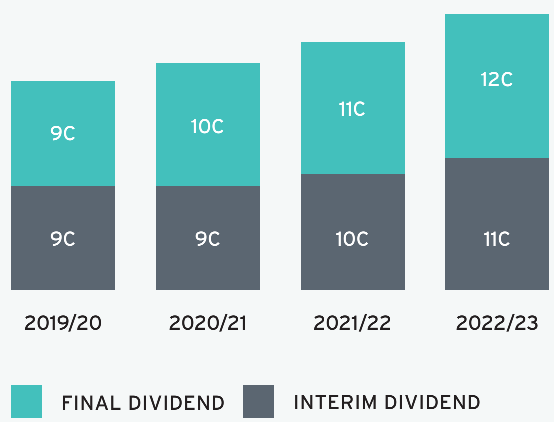
2022: 3.3%
2021: 4.2%

EARNINGS PER SHARE

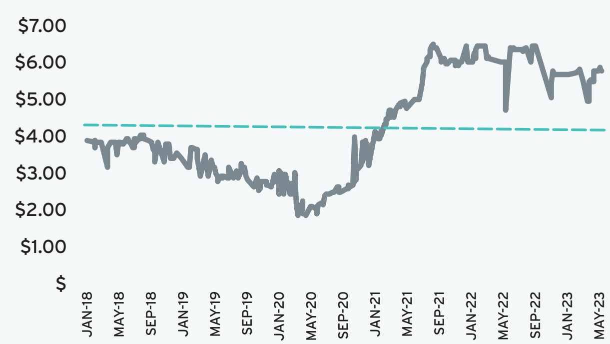
$1.28

2022: $1.20
2021: $0.47

DIVIDENDS DECLARED



5 YEAR STOCK PRICE



DOING THE RIGHT THING, FOR ALL, ALWAYS

SUSTAINABILITY & GOVERNANCE REPORT

SUSTAINABILITY

Sustainability is at the core of who we are and what we do. As a provider of healthcare, insurance, and employee benefits, our customers need us to be resilient, in order that we can make good on our promise to be a reliable partner in their times of need.

Our sustainability principles align well with our corporate purpose, mission, and vision of being, "A powerful force for sustainable wellbeing. Through our people, making financial, physical and mental wellbeing meaningfully better in our connected communities." We are proud that sustainability has been ingrained in the Argus culture for many years and is a foundation of our brand purpose.

In 2022, we changed the name of our Black Lives Matter Committee to the BELONG BLAC Committee to focus on anti-racism initiatives. "BELONG" promotes togetherness and expresses how we want all colleagues to feel in a welcoming, fair, and positive work environment. "BLAC", or Black Leaders and Allies for Change, speaks to our modern, forward-thinking approach to transformative justice, while underlining our commitment to eliminate racial disparities and other kinds of identity bias.

As we continue our sustainability journey, it is essential that we address the evolving importance of Environmental, Social and Governance (ESG) issues to meet the increasing expectation from customers, employees, regulators and investors alike as businesses should deliver not only profits, but also societal value.

We have recently published our second sustainability report, sharing with you the progress made during the year and our efforts to further integrate sustainability across our organisation. Our sustainability reports can be found at www.argus.bm/sustainability

OUR SIX SUSTAINABILITY PRINCIPLES

1. OUR COLLEAGUES

Ensuring that Argus is a great place to work is a high priority for us. We strive to maintain a working environment that is fair, fulfilling, and fun. In our experience, colleagues who feel valued and find purpose in their roles provide exceptional customer service, consistently deliver on company objectives and drive the financial success necessary for a sustainable business. We have provided learning and development opportunities to colleagues, recognised and celebrated the long service of 54 of our colleagues, and supported our colleagues' physical wellbeing through approximately $10,000 in wellbeing subsidies. In addition, to support mental wellness, we have partnered with the Employee Assistance Programme to offer round-the-clock confidential services to our colleagues.

2. OUR CUSTOMERS & PATIENTS

We strive to be long-term partners to our customers and patients, by building relationships based on trust and excellence in service delivery. Our job is to be there for our insurance customers in their time of need, to deal with claims efficiently, and honour our promise to pay. Over the last year, we implemented our Voice of the Customer programme, a key building block of our comprehensive global customer experience strategy to better engage with our customers and enhance our customer-centric culture that is a differentiator for Argus.

Our approach to health care services is to target better outcomes for our patients with a focus on maintaining good health. At Argus, we focus on solution oriented services, aimed at maintaining good health while delivering optimal value for money. In 2022, we launched our first population health pilot programme, targeting type 2 diabetes, as we believed that we could have a high impact in this area, improving the standard of living and reducing health care costs. Our health practices partnered with the Bermuda Diabetes Association (BDA), Cavan Health and Oviva in the Diabetes Rewind Programme. Four cohorts totaling 29 patients enrolled in the BDA programme and lost an average of 10 pounds; 10 enrolled with Oviva and lost an average of 38 pounds over three months.

Simply put, our customers and patients are our priority and following that philosophy is the key to delivering best-in-class service and care.

3. OUR SHAREHOLDERS

We believe that our goal of producing sustainable, attractive financial returns for our shareholders can best be achieved through an approach that combines purpose and profitability. This year, we started a shareholder engagement programme to understand shareholders' goals and objectives and better align our strategy to deliver attractive shareholder returns.

We are geared for growth, having diversified and digitised our business, deepened our talent base, and innovated to improve our customers' experience. Underlying this progress is the value that makes Argus different – we put people first.

Long Service Awards Dinner, Bermuda 2022

OUR SIX SUSTAINABILITY PRINCIPLES

4. OUR COMMUNITY

We have forged strong bonds in the communities in which we do business, as an employer and as a business. Our colleagues, customers, patients, and shareholders are also our neighbours in these close-knit societies. With the services we provide, we work every day to support the health and resilience of these communities. Our employees enthusiastically embrace our philanthropic and volunteering efforts, and frequently add to Argus' contributions by giving their own time and money. Our cash and in-kind donations totaled $370,000 and included donations to Open Airways' Spacer Programme, in Bermuda, which provides inhalers that help people with long-term breathing difficulties, PossAbilities a Gibraltar non-profit organisation that helps families and individuals with special educational needs and Id-Dar tal-Providenza in Malta, a charity that provides a temporary or permanent home for people with disabilities. Argus' employees volunteered at many Bermuda charity events during the year such as the End-to-End walk, the Bermuda Half Marathon Derby, the Relay for Life and the Duke of Edinburgh's Award events in Bermuda and Gibraltar.

5. OUR ENVIRONMENT

We recognise that climate change has implications for our business, from risk, regulatory and sustainability perspectives. Our goal is to embed material climate change considerations into our operations and decision-making. We developed an implementation roadmap that outlines our path to identify, monitor and manage climate change risks and opportunities, mirroring our approach to how we manage other material risks.

We are also reducing our carbon footprint by reducing office space in our Gibraltar and Malta locations, improving the energy management systems in our offices and offering our employees remote or hybrid working options. We are working to quantify our carbon emissions using a methodology recommended by the United Nations Framework Convention on Climate Change.

6. TRUSTED & RESPONSIBLE BUSINESS

As stewards of capital, managers of risk and custodians of personal data, we strive to run our business in a way that will benefit society, as well as deliver sustained and attractive returns to our shareholders.

We also strive to be socially responsible in our investment management and we consider ESG-related risks and opportunities in each step of the investment decision-making process. Throughout the year, we prioritised reducing investments in sectors with high ESG risk exposures, such as coal mining, tobacco, alcohol, and weaponry. Our focus for the upcoming year is to further integrate climate change considerations into our investment decision-making process and to increase our positive impact investing by exploring low-carbon, climate-resilient assets.

As a multi-jurisdictional organisation, we adhere to the requirements for handling personal information including but not limited to the European Union's General Data Protection Regulation and Bermuda's Personal Information Protection Act 2016 (PIPA). As we await the full operation of PIPA, our work to monitor PIPA and its implementation is ongoing. We provide regular training to our colleagues on data protection and privacy and regular checks to ensure our systems are secure with the highest safeguards in place.

OUR BOARD OF DIRECTORS

Our Directors are dedicated to promoting collaboration, sustainability and innovation throughout the Company. They are focussed on the goals of adding value for our shareholders and ensuring exceptional experiences for our customers and colleagues. They are committed to setting Argus apart as a leader in the industry.

DAVID A. BROWN, CPA, FCA
CHAIR

KEITH W. ABERCROMBY, BSC, FIA
INDEPENDENT DIRECTOR

PETER R. BURNIM, MBA
INDEPENDENT DIRECTOR

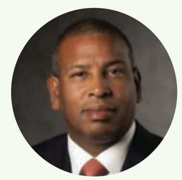
GARRETT P. CURRAN
INDEPENDENT DIRECTOR
Managing Director, Equilibria Capital Management

TIMOTHY C. FARIES, BA, LLB, LLM
INDEPENDENT DIRECTOR
Chief Executive Officer, Appleby Global Services and Partner, Appleby (Bermuda) Limited

ALISON S. HILL, FCMA, CGMA
CHIEF EXECUTIVE OFFICER
Argus Group Holdings Limited

BARBARA J. MERRY, BA, ACA
INDEPENDENT DIRECTOR

CONSTANTINOS MIRANTHIS, MA
INDEPENDENT DIRECTOR



E. BARCLAY SIMMONS, LLB, MBA
INDEPENDENT DIRECTOR
Chairman and CEO, Rose Investment Limited

KIM R. WILKERSON, JP, CPCU
INDEPENDENT DIRECTOR
Senior Vice President, Regional Head of Claims Insurance XL Bermuda Ltd. AXA XL

PAUL C. WOLLMANN, MBA, CPCU, ARE, ARM
INDEPENDENT DIRECTOR
President & Chief Underwriting Officer, Essent Reinsurance Ltd.

OFFICERS & COMMITTEES

ARGUS GROUP HOLDINGS LIMITED

David A. Brown (Chair)
Keith W. Abercromby
Peter R. Burnim
Garrett P. Curran
Timothy C. Faries
Alison S. Hill
Barbara J. Merry
Constantinos Miranthis
E. Barclay Simmons
Kim R. Wilkerson
Paul C. Wollmann

OFFICERS

Chair – David A. Brown
Deputy Chair – Peter R. Burnim
Chief Executive Officer – Alison S. Hill
Chief Financial Officer – Peter J. Dunkerley
Chief Investment & Governance Officer – Simon Giffen
Company Secretary – Janice Fernandes
Assistant Secretary – Sasha Castle-Siddiq

BOARD COMMITTEES

AUDIT COMMITTEE

Keith W. Abercromby (Chair)
David A. Brown
Garrett P. Curran
Alison S. Hill
Paul C. Wollmann

GOVERNANCE COMMITTEE

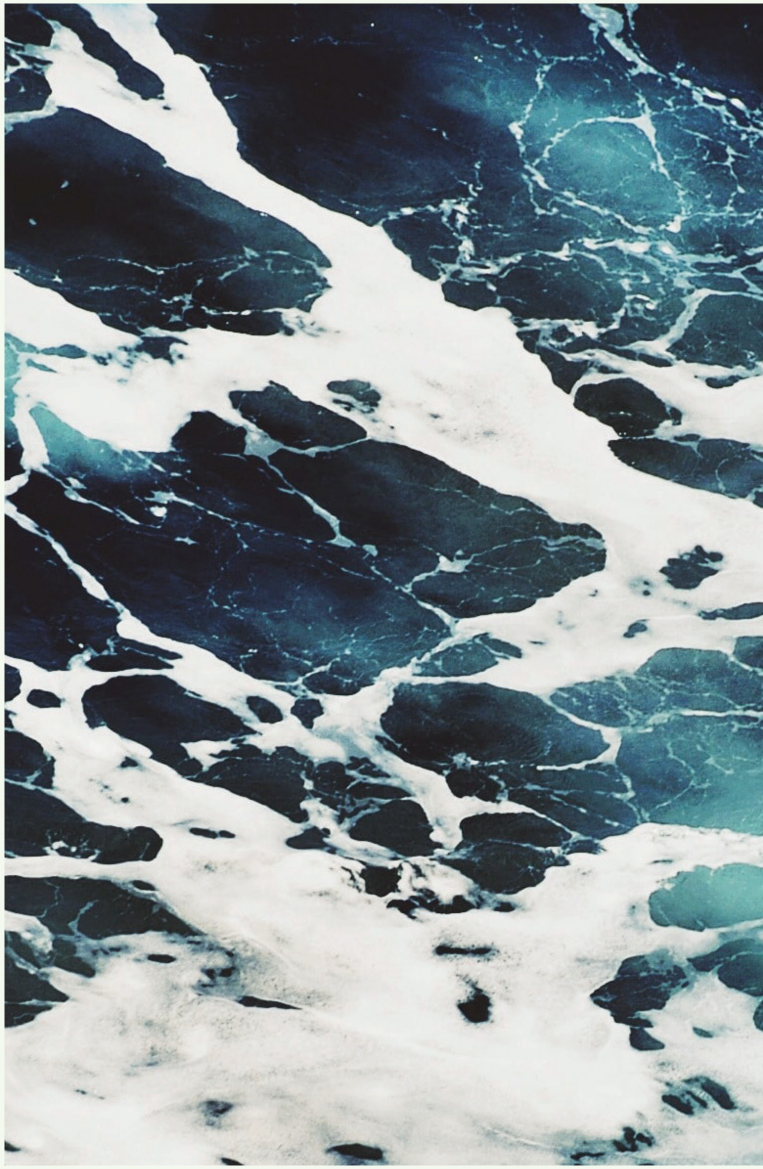
Timothy C. Faries (Chair)
Alison S. Hill
Barbara J. Merry

PEOPLE & COMPENSATION COMMITTEE

Kim R. Wilkerson (Chair)
David A. Brown
Garrett P. Curran
Alison S. Hill

RISK COMMITTEE

E. Barclay Simmons (Chair)
Peter R. Burnim
Alison S. Hill
Barbara J. Merry
Constantinos Miranthis



OUR LEADERSHIP TEAM

In partnership with our Board of Directors, our Leadership team is focused on driving value for our shareholders while championing best-in-class experiences for our customers and colleagues.

Our team combines experience with passion for our purpose, to propel us forward, becoming a powerful force for sustainable wellbeing.

ALISON HILL

CHIEF EXECUTIVE OFFICER
Argus Group Holdings Limited

PETER DUNKERLEY

CHIEF FINANCIAL OFFICER
Argus Group Holdings Limited

SIMON GIFFEN

CHIEF INVESTMENT
& GOVERNANCE OFFICER

PETER LOZIER

CHIEF EXECUTIVE OFFICER
Argus Americas

TYRONE MONTOVIO

CHIEF EXECUTIVE OFFICER
Argus Europe

ONESIMUS NZABALINDA

CHIEF GLOBAL COMPLIANCE
& AUDIT OFFICER

TORY RICHARD

CHIEF INFORMATION
OFFICER

HANNAH ROSS

CHIEF STRATEGY
& CAPITAL OFFICER

ALEX REYNOLDS

CHIEF CORPORATE DEVELOPMENT
& INVESTOR RELATIONS OFFICER

DAVID SIMONS

MANAGING DIRECTOR
Centre of Excellence

SHEENA SMITH

CHIEF HUMAN CAPITAL
& CULTURE OFFICER

OUR PRINCIPAL OPERATING SUBSIDIARIES

BERMUDA

ARGUS INSURANCE COMPANY LIMITED

Paul C. Wollmann (Chair)
Peter J. Dunkerley
Alison S. Hill
Peter Lozier
Constantinos Miranthis

CENTURION INSURANCE SERVICES LIMITED

Barbara Merry (Chair)
Garrett P. Curran
Peter J. Dunkerley
Ryan Eve
Alison S. Hill

BERMUDA LIFE INSURANCE COMPANY LIMITED

Timothy C. Faries (Chair)
Peter J. Dunkerley
Alison S. Hill
Constantinos Miranthis
E. Barclay Simmons
Kim R. Wilkerson

I.H.S. LABORATORIES LIMITED

David A. Brown (Chair)
Peter J. Dunkerley
Alison S. Hill
Peter Lozier
Dr. Jeffrey MacLeod

ARGUS WEALTH MANAGEMENT LIMITED

Peter R. Burnim (Chair)
Peter J. Dunkerley
Alison S. Hill
Paul C. Wollman

CANADA

ONE TEAM HEALTH, INC.

Peter R. Burnim (Chair)
Peter J. Dunkerley
Alison S. Hill
Peter Lozier
Kim R. Wilkerson

OUR PRINCIPAL OPERATING SUBSIDIARIES

GIBRALTAR

ARGUS INSURANCE COMPANY (EUROPE) LIMITED

Keith W. Abercromby (Chair)
Peter R. Burnim
Peter J. Dunkerley
Alison S. Hill
Michael Macelli
Constantinos Miranthis
Tyrone Montovio
Hanno Vlok

WESTMED INSURANCE SERVICES LIMITED

Alison S. Hill (Chair)
Peter J. Dunkerley
Tyrone Montovio
Hanno Vlok

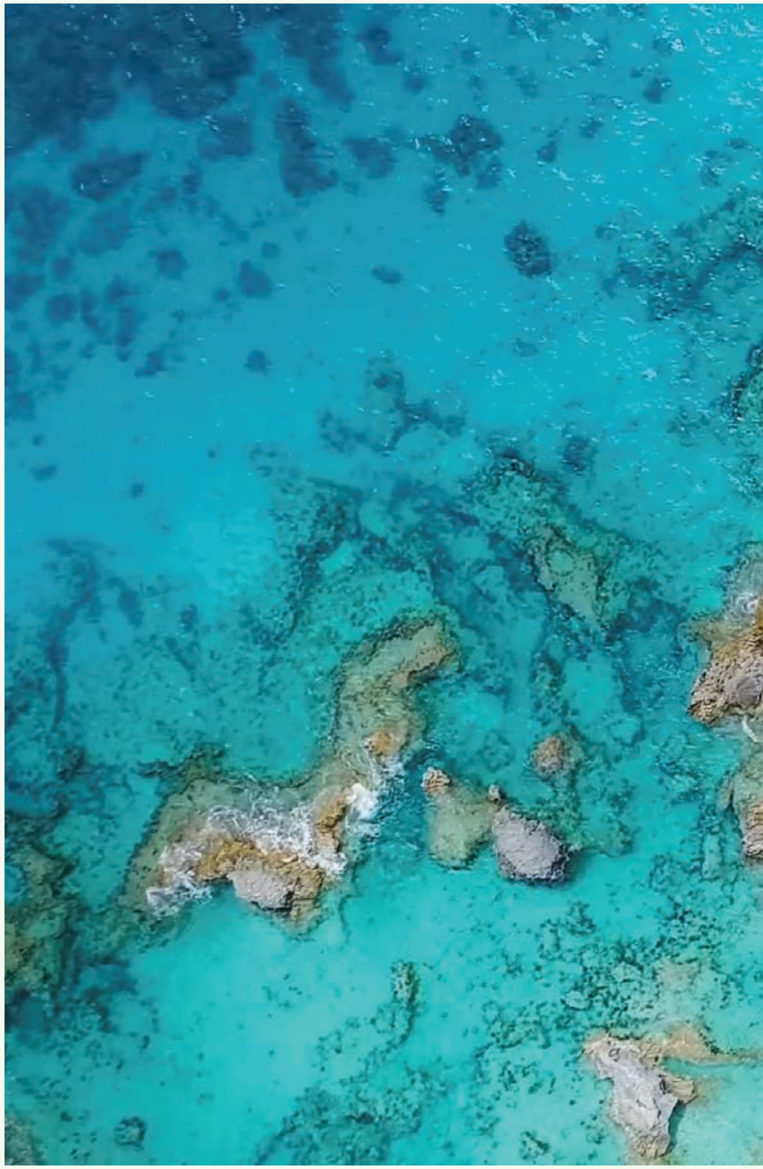
ARGUS GROUP HOLDINGS (EUROPE) LIMITED

Alison S. Hill (Chair)
Peter J. Dunkerley
Tyrone Montovio

MALTA

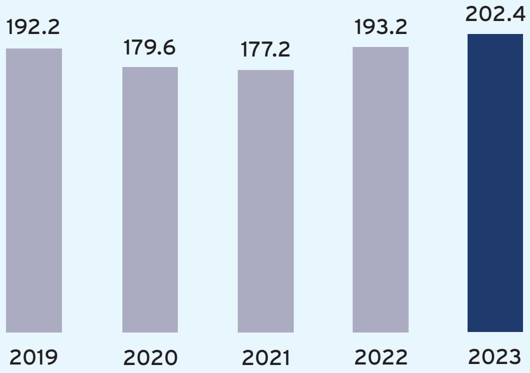
ANTES INSURANCE BROKERS LIMITED

Barbara J. Merry (Chair)
Garrett P. Curran
Peter J. Dunkerley
Kevin Galea Pace
Alison S. Hill
Tyrone Montovio
Lawrence Pavia

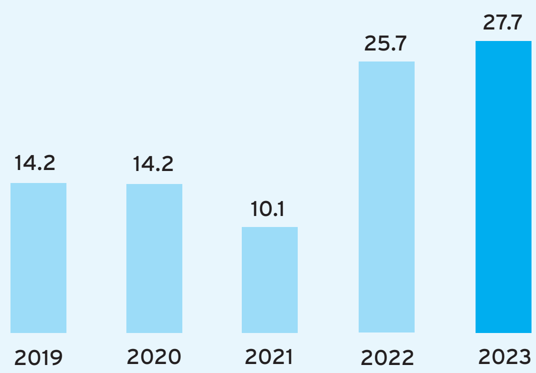


FIVE-YEAR SUMMARY FOR SHAREHOLDERS

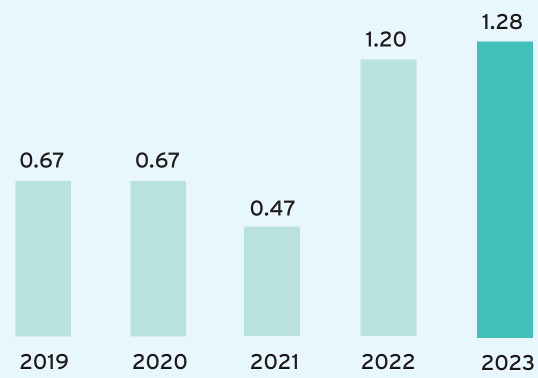
TOTAL REVENUE
($ MILLIONS)



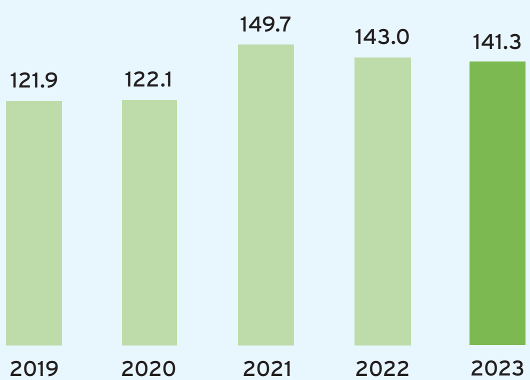
EARNINGS ATTRIBUTABLE TO
SHAREHOLDERS ($ MILLIONS)



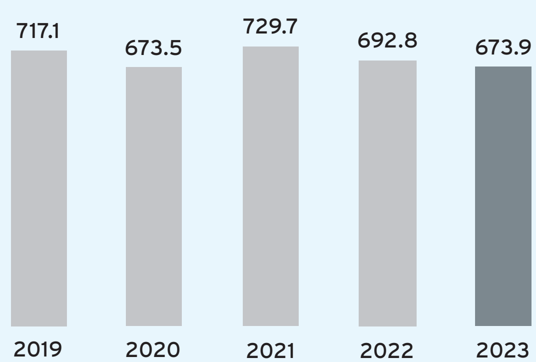
EARNINGS PER SHARE
– Fully Diluted ($)



SHAREHOLDERS' EQUITY
($ MILLIONS)

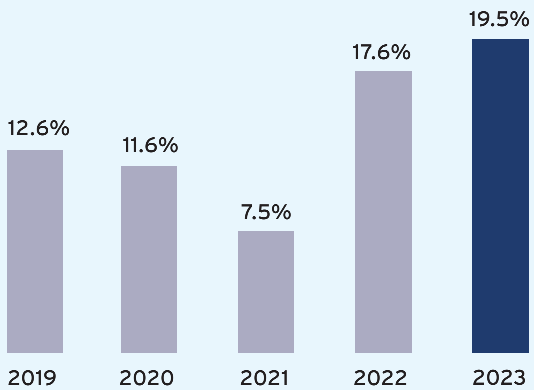


TOTAL GENERAL FUND ASSETS
($ MILLIONS)

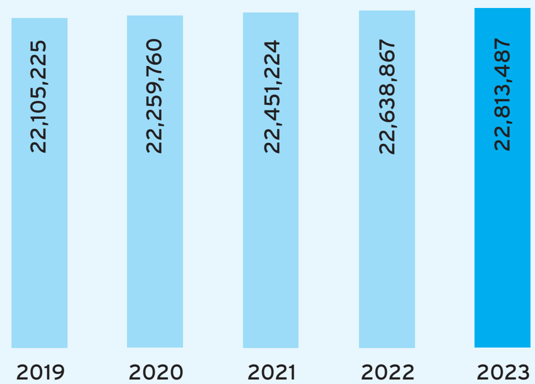


FIVE-YEAR SUMMARY FOR SHAREHOLDERS

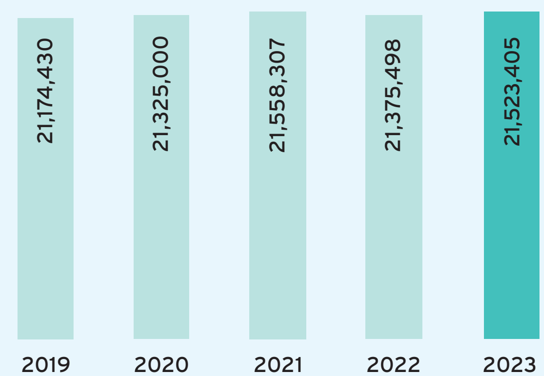
RETURN ON SHAREHOLDERS' EQUITY



SHARES IN ISSUE

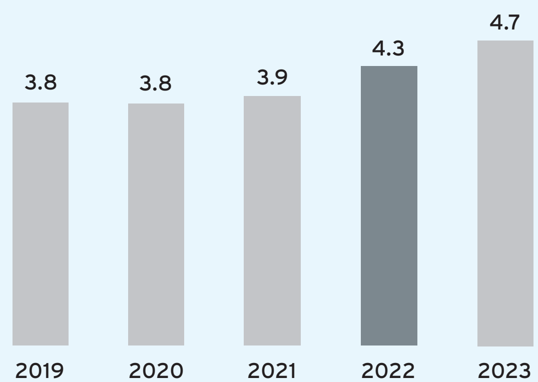


OUTSTANDING SHARES

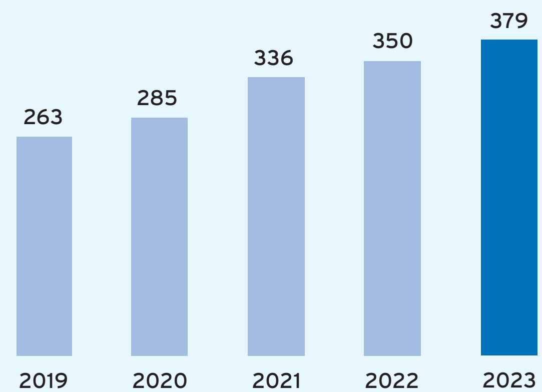


BOOK VALUE PER SHARE ($)

DIVIDENDS DECLARED ($ MILLIONS)



EMPLOYEES



STRENGTH IN NUMBERS

FINANCIAL REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this Annual Report have been prepared by the Group's Management, which is responsible for their integrity, consistency, objectivity and reliability. To fulfil this responsibility, the Group maintains policies, procedures and systems of internal control to ensure that its reporting practices, and accounting and administrative procedures are appropriate, such that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and a code of conduct throughout the Group. In addition, the Group engages PricewaterhouseCoopers Advisory Limited ("PwC") to provide internal audit co-sourcing services. Under the internal audit co-sourcing engagement PwC provides support to the Chief Global Compliance & Audit Officer by performing internal audit projects, in accordance with the Internal Audit Charter and the Group's Internal Audit Plan. The Chief Global Compliance & Audit Officer reports directly to the Audit Committee.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards and, where appropriate, reflect estimates based on Management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying consolidated financial statements.

KPMG Audit Limited, the independent chartered professional accountants appointed by the shareholders, have audited the consolidated financial statements set out on pages 43 through 117 in accordance with auditing standards generally accepted in the United States of America to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is shown opposite.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through the Audit Committee, which comprises of directors who are not officers or employees of the Group. The Audit Committee, which meets with the auditors and Management to review the activities of each and reports to the Board of Directors, oversees Management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee, both with and without Management present, to discuss their audit and related findings.

These consolidated financial statements were authorised for issue by the Board of Directors on July 19, 2023.

Alison S. Hill
Chief Executive Officer

Peter J. Dunkerley
Chief Financial Officer
July 19, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Argus Group Holdings Limited and its Subsidiaries

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Argus Group Holdings Limited and its subsidiaries (the Group), which comprise the consolidated balance sheets as of March 31, 2023, and 2022, and the related consolidated statements of operations, comprehensive operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2023, and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorized for issuance; to disclose, as applicable, matters related to going concern; and to use 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.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Group's ability to continue as a going concern for a reasonable period of time.
- 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 are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The engagement partner on the audit resulting in this independent auditor's report is Gary Pickering.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 19, 2023

CONSOLIDATED BALANCE SHEETS

(In $ thousands)	Note	MARCH 31 2023	MARCH 31 2022
Assets			
Cash and short-term investments	5	**41,587**	55,849
Interest and dividends receivable		**3,351**	2,526
Assets held-for-sale	4	**7,937**	4,240
Investments	6,7	**464,760**	472,498
Receivable for investments sold		**-**	2,400
Insurance balances receivable	8	**24,188**	24,509
Reinsurers' share of:			
Claims provisions	18	**18,242**	14,908
Unearned premiums	18	**12,149**	12,838
Other assets	9	**12,415**	11,971
Deferred policy acquisition costs	10	**2,303**	1,973
Investment properties	11	**2,399**	2,774
Investment in associates	12	**2,993**	2,908
Property and equipment	13	**53,392**	54,073
Right-of-use assets	14	**3,639**	3,411
Intangible assets	15	**24,553**	25,875
TOTAL GENERAL FUND ASSETS		**673,908**	692,753
Segregated fund assets	33	**1,128,406**	1,203,738
TOTAL ASSETS		**1,802,314**	1,896,491

(In $ thousands)	Note	MARCH 31 2023	MARCH 31 2022
Liabilities			
Insurance balances payable	16	**23,375**	24,063
Liabilities held-for-sale	4	**65**	-
Taxes payable		**295**	216
Accounts payable and accrued liabilities	17	**30,607**	37,368
Lease liabilities	14	**3,990**	3,742
Insurance contract liabilities	18	**227,772**	234,555
Investment contract liabilities	19	**243,751**	246,544
Post-employment benefit liability	20	**2,790**	3,271
TOTAL GENERAL FUND LIABILITIES		**532,645**	549,759
Segregated fund liabilities	33	**1,128,406**	1,203,738
TOTAL LIABILITIES		**1,661,051**	1,753,497
Equity			
Attributable to shareholders of the Company			
Share capital		**15,419**	15,472
Contributed surplus		**55,595**	54,915
Retained earnings		**113,904**	90,964
Accumulated other comprehensive income/(loss)	24	**(43,655)**	(18,357)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**141,263**	142,994
TOTAL EQUITY		**141,263**	142,994
TOTAL EQUITY AND LIABILITIES		**1,802,314**	1,896,491

Approved by the Board of Directors

David A. Brown
Chair

Alison S. Hill
Chief Executive Officer

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31 (In $ thousands, except per share data)	Note	2023	2022
Revenue			
Gross premiums written		**172,411**	164,538
Reinsurance ceded		**(38,220)**	(40,674)
Premium rebates	18	**-**	180
Net premiums written		**134,191**	124,044
Net change in unearned premiums	18.3	**(1,590)**	(1,152)
Net premiums earned		**132,601**	122,892
Investment income	6	**11,905**	11,980
Gain from the sale of subsidiaries	3	**-**	986
Income/(loss) from associates		**85**	(90)
Commissions, management fees and other	26	**57,845**	57,382
TOTAL REVENUE		**202,436**	193,150
Expenses			
Policy benefits		**15,025**	16,414
Claims and adjustment expenses		**84,435**	76,929
Reinsurance recoveries	27	**(8,279)**	(8,856)
Gross change in contract liabilities	28	**(5,972)**	(3,860)
Change in reinsurers' share of claims provisions	28	**(3,572)**	(3,141)
NET BENEFITS AND CLAIMS		**81,637**	77,486
Commission expenses		**6,153**	6,275
Operating expenses	29	**79,856**	74,994
Amortisation, depreciation and impairment	13,14,15	**6,676**	8,098
TOTAL EXPENSES		**174,322**	166,853
EARNINGS BEFORE INCOME TAXES		**28,114**	26,297
Income tax expense	32	**463**	578
NET EARNINGS FOR THE YEAR		**27,651**	25,719
Attributable to:			
Shareholders of the Company		**27,651**	25,704
Non-controlling interests		**-**	15
		27,651	25,719
Earnings/(loss) per share	25		
Basic		***1.29***	*1.21*
Diluted		***1.28***	*1.20*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS

For the years ended March 31 (In $ thousands)	Note	2023	2022
Net Earnings for the Year		**27,651**	25,719
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to net earnings:			
Post-employment medical benefit obligation remeasurement	20	**466**	660
Items that are or may subsequently be reclassified to net earnings:			
Change in unrealised gains/(losses) on available-for-sale investments		**(23,475)**	(24,781)
Change in unrealised gains/(losses) on translating financial statements of foreign operations		**(2,289)**	(1,143)
Realised gains on available-for-sale investments		**-**	(1,619)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(25,298)**	(26,883)
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**2,353**	(1,164)
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**(25,298)**	(26,883)
Non-controlling interests		**-**	-
		(25,298)	(26,883)
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**2,353**	(1,179)
Non-controlling interests		**-**	15
		2,353	(1,164)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended March 31 (In $ thousands except the number of shares)	Note	2023	2022
Share Capital			
Authorised:			
25,000,000 common shares of $1.00 each (2022 – 25,000,000)		**25,000**	25,000
Issued and fully paid, beginning of year 22,638,867 shares (2022 – 22,451,224 shares)		**22,639**	22,451
Add: Shares issued under the dividend reinvestment plan 174,620 shares (2022 – 187,643 shares)		**175**	188
Deduct: Shares held in Treasury, at cost 1,290,082 shares (2022 – 1,263,369 shares)		**(7,395)**	(7,167)
BALANCE, NET OF SHARES HELD IN TREASURY, END OF YEAR		**15,419**	15,472
Contributed Surplus			
Balance, beginning of year		**54,915**	54,005
Stock-based compensation expense		**235**	164
Treasury shares granted to employees		**(438)**	(226)
Shares issued under the dividend reinvestment plan	23	**883**	972
BALANCE, END OF YEAR		**55,595**	54,915
Retained Earnings			
Balance, beginning of year		**90,964**	69,580
Net earnings for the year		**27,651**	25,704
Dividends		**(4,711)**	(4,320)
BALANCE, END OF YEAR		**113,904**	90,964
Accumulated Other Comprehensive Income/(Loss)			
Balance, beginning of year		**(18,357)**	8,526
Other comprehensive income/(loss)		**(25,298)**	(26,883)
BALANCE, END OF YEAR		**(43,655)**	(18,357)
TOTAL ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**141,263**	142,994
Attributable to Non-controlling Interests			
Balance, beginning of year		**-**	135
Net earnings/(loss) for the year		**-**	15
Elimination of non-controlling interest on disposal of subsidiaries		**-**	(150)
TOTAL ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**-**	-
TOTAL EQUITY		**141,263**	142,994

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In $ thousands)	MARCH 31 2023	MARCH 31 2022
OPERATING ACTIVITIES		
Earnings/(loss) before income taxes	**28,114**	26,297
Adjustments to reconcile net earnings to cash basis		
Bad debt expense	**444**	84
Interest income	**(13,329)**	(11,381)
Dividend income	**(489)**	(542)
Investment income related to deposit administration pension plans	**973**	937
Net realised and unrealised (gains)/losses on investments	**1,339**	(2,966)
Amortisation of mortgages and net premium of bonds	**441**	1,460
Net impairment (gains)/losses on investments	**(781)**	262
Change in the fair value of contingent liability	**392**	556
(Income)/loss from associates, including impairment	**(85)**	90
Net realised and unrealised (gains)/losses on investment properties	**36**	125
Gain from the sale of subsidiaries	**-**	(986)
Amortisation, depreciation and impairment	**6,676**	8,098
Expense on vesting of stock-based compensation	**235**	164
Interest expense	**198**	280
	(3,950)	(3,819)
Change in operating balances		
Insurance balances receivable	**(552)**	(852)
Reinsurers' share of:		
Claims provisions	**(3,513)**	(3,117)
Unearned premiums	**423**	(1,480)
Other assets	**(613)**	(864)
Deferred policy acquisition costs	**(414)**	(322)
Insurance balances payable	**(312)**	334
Accounts payable and accrued liabilities	**(5,956)**	(1,772)
Insurance contract liabilities	**(5,908)**	(5,632)
Investment contract liabilities	**(2,793)**	(1,700)
Post-employment benefit liability	**(15)**	(7)
	(19,653)	(15,412)

(In $ thousands)	MARCH 31 2023	MARCH 31 2022
Interest income received	**11,128**	9,799
Dividend income received	**489**	637
Income tax paid	**(547)**	(867)
CASH GENERATED FROM OPERATING ACTIVITIES	**15,581**	16,635
INVESTING ACTIVITIES		
Purchase of investments	**(131,102)**	(124,983)
Sale, maturity and paydown of investments	**111,686**	94,169
Sale of subsidiaries, net of cash disposed of	**-**	3,438
Purchase of property and equipment	**(3,965)**	(2,892)
CASH USED IN INVESTING ACTIVITIES	**(23,381)**	(30,268)
FINANCING ACTIVITIES		
Dividends paid to shareholders	**(3,679)**	(3,199)
Interest expense paid	**(198)**	(280)
Acquisition of shares held in Treasury	**(796)**	(2,359)
Payment to non-controlling interests	**-**	(65)
Principal demand loan payments	**-**	(1,179)
Principal lease payments	**(698)**	(859)
CASH USED IN FINANCING ACTIVITIES	**(5,371)**	(7,941)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	**(1,091)**	(1,225)
NET (DECREASE)/INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**(14,262)**	(22,799)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	**55,849**	78,648
CASH AND SHORT-TERM INVESTMENTS, end of year	**41,587**	55,849

The accompanying notes form part of these consolidated financial statements.

CONTENTS

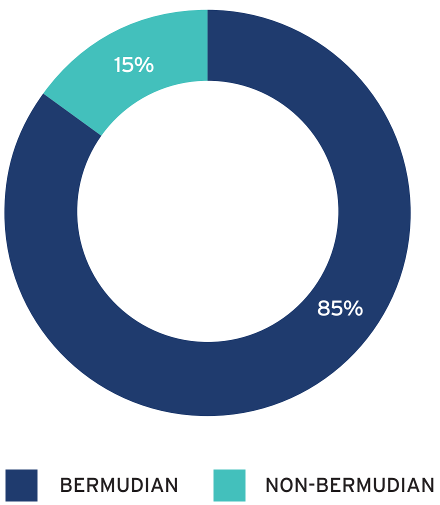
Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

(Amounts in tables are expressed in thousands of Bermuda dollars, except for per share amounts and where otherwise stated)

SHARE OWNERSHIP



1 Operations

Argus Group Holdings Limited (the Company) was incorporated in Bermuda with limited liability on May 26, 2005, as a holding company and has its registered office at the Argus Building, 14 Wesley Street, Hamilton HM 11, Bermuda. The Company's shares are traded on the Bermuda Stock Exchange. At March 31, 2023, it has 1,418 shareholders, 80.0 percent of whom are Bermudian, holding 85.0 percent of the issued shares.

The Company and its subsidiaries (the Group) operates predominantly in Bermuda, Gibraltar, Malta and Canada underwriting life, health, property and casualty insurance (P&C). The Group also provides investment, savings and retirement products, administrative services, health care and insurance broker services. Refer to Note 21 for details on the composition of the Group and Note 34 on Operating Segments.

2 Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are discussed below and are applied consistently.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Bermuda Companies Act 1981, as amended.

These consolidated financial statements, as at and for the year ended March 31, 2023, were authorised for issue by the Board of Directors on July 19, 2023.

2.2 BASIS OF PRESENTATION

2.2.1 Basis of measurement

The consolidated financial statements have been compiled on the going concern basis and prepared on the historical cost basis except for the following material items on the Consolidated Balance Sheets:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Derivative financial instruments are measured at fair value;
- Investment properties are measured at fair value;
- Segregated fund assets and liabilities are measured at fair value based on net asset values reported by third parties, such as fund managers or independent custodians;
- Life and annuity policy reserves are based on actuarial valuation using the Canadian Asset Liability Method (CALM);
- Provision for unpaid and unreported claims are actuarially determined and represents the best estimate of the ultimate costs of claims in the course of settlement and claims incurred but not yet reported;
- Post-employment benefit liability is measured at the present value of the defined benefit obligation;
- Assets and liabilities held-for-sale are measured at the lower of their carrying value and fair value less cost to sell;
- Loans and receivables are measured at amortised cost using the effective interest method less any impairment losses; and
- Deposit administration pension plans, and self-funded group health policies investment contracts are measured at amortised cost. While, deposit accounted annuity polices investment contracts are measured at FVTPL.

The Consolidated Balance Sheets are presented in order of decreasing liquidity.

2.2.2 Presentation currency

All amounts are in Bermuda dollars, which is the Group's presentation currency, and which are on par with United States (U.S.) dollars.

2.2.3 Use of critical estimates, judgments and assumptions

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 2.10 – Insurance, Investment and Service Contracts;
Note 11 – Investment Properties; and
Note 12 – Investment in Associates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Note 2.8 – Impairment of Assets;
Note 6 and Note 19 – Investments and Investment Contract Liabilities; and
Note 18 – Insurance Contract Liabilities.

2.3 BASIS OF CONSOLIDATION

2.3.1 Business combinations

The Group uses the acquisition method to account for the acquisition of subsidiaries. At the date of acquisition, the Group recognises the identifiable assets acquired and liabilities assumed as part of the overall business combination transaction at their fair value. Recognition of these items is subject to the definitions of assets and liabilities in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements. The Group may also recognise intangible items not previously recognised by the acquired entity, such as customer lists. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Amalgamation transactions

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined. Transactions arising from the amalgamation of the entities under common control are eliminated in the Group's consolidated financial statements.

2.3.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results and financial position of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries after all intercompany accounts and transactions have been eliminated. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2.3.3 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interest in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.3.4 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operational policies. Significant influence is normally presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Other indicators that may provide evidence of significant influence include representation on the board of directors of the investee, participation in policy-making processes and provision of technical information.

Investment in associates is initially recognised at cost, which includes transaction costs. Thereafter, these investments are measured using the equity method. Under the equity method, the Group records its proportionate share of income and loss from such investments on the Consolidated Statements of Operations and its proportionate share of Other Comprehensive Income on the Consolidated Statements of Comprehensive Operations. Certain associates have different accounting policies from the Group and, as a result, adjustments have been made to align the associate's accounting policies with the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in income/(loss) from associates on the Consolidated Statements of Operations.

2.4 FOREIGN CURRENCY REMEASUREMENT AND TRANSLATION

2.4.1 Remeasurement of transactions in foreign currencies

The individual financial statements of the Company and its subsidiaries are prepared in the currency in which they conduct their ordinary course of business, which is referred to as the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency of the Company or its subsidiaries are remeasured into the functional currency using rates of exchange at the balance sheet date. Income and expenses are translated at average rates of exchange.

Foreign exchange gains and losses are reflected in Operating expenses on the Consolidated Statements of Operations.

2.4.2 Translation to the presentation currency

The financial statements of foreign operations are translated from their respective functional currencies to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in Other Comprehensive Income on the Consolidated Statements of Comprehensive Operations.

2.5 CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments include cash balances, cash equivalents, time deposits and other short-term highly liquid financial assets with original maturities of three months or less, and bank overdrafts. Interest on these balances is recorded on the accrual basis and included in Investment income.

Cash includes restricted cash being held on behalf of clients in order to comply with regulatory requirements in Malta. These amounts are not available for use in the Group's daily operations.

2.6 ASSETS AND LIABILITIES HELD-FOR-SALE

Disposal groups, which are comprised of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale.

The sale is highly likely if, on the reporting date, Management has committed to detailed sales plans, is actively looking for a buyer, has set a reasonable selling price, and the sale is highly likely to occur within a year. Disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, except for assets and liabilities arising from insurance contracts that are measured on the same basis as the insurance assets and liabilities from continuing operations. Once classified as held-for-sale, these assets will no longer be depreciated.

See Note 4, Assets and Liabilities Held-For-Sale for more details.

2.7 FINANCIAL INSTRUMENTS

2.7.1 Financial assets

2.7.1(a) Classification and recognition of financial assets

The Group has the following financial assets: (i) financial assets at FVTPL, (ii) available-for-sale financial assets, (iii) held-to-maturity financial assets and (iv) loans and receivables. Management determines the classification of financial assets at initial recognition and is dependent on the nature of the assets and the purpose for which the assets were acquired.

All financial assets are required to be measured at fair value with the exception of loans and receivables, debt securities classified as held-to-maturity, and available-for-sale equity instruments whose fair value cannot be reliably measured. The Group recognises loans and receivables at their date of inception. All other financial assets (including assets designated at FVTPL) are recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Balances pending settlement as a result of sales and purchases are reflected on the Consolidated Balance Sheets as Receivable for investments sold and Payable arising from investment transactions.

To the extent possible, Management intends to hold the investments for an indefinite period of time, taking into consideration the use of the assets for strategic asset/liability management. These investments are not held for the purpose of being sold or repurchased in the near term, with the intention of profiting from short-term price changes.

(i) Financial assets at FVTPL

A financial asset is classified as FVTPL if it is determined to be held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Group manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies.

Attributable transaction costs upon initial recognition are recognised in Investment income on the Consolidated Statements of Operations as incurred. FVTPL financial instruments are measured at fair value, and changes therein are recognised in Investment income on the Consolidated Statements of Operations. Interest or dividend income earned from these financials assets is recorded in Investment income on the Consolidated Statements of Operations. Interest income is net of investment management fees.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity securities classified as available-for-sale are carried at fair value except unquoted equities, which are carried at cost. Debt securities in this category are carried at fair value and are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity, in response to changes in market conditions, or in response to requirements to stay within investment guidelines.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other comprehensive income and presented on the Consolidated Statements of Comprehensive Operations. When an investment is derecognised, the cumulative gain or loss in Other comprehensive income is transferred to the Consolidated Statements of Operations.

Amortisation and accretion of premiums and discounts and interest income on available-for-sale debt securities are calculated using the effective interest rate method and are recognised in current period net investment income. The carrying value of accrued interest income approximates estimated fair value due to its short-term nature and high liquidity. Interest income is net of investment management fees.

(iii) Held-to-maturity financial assets
Held-to-maturity investments are non-derivative debt securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortisation of premiums and accretion of discounts are included in Investment income on the Consolidated Statements of Operations.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(iv) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses. Amortisation of interest is included in Investment income on the Consolidated Statements of Operations.

For the purposes of this classification, loans and receivables are comprised of mortgages and loans, Interest and dividends receivable and other receivables included in Other assets on the Consolidated Balance Sheets.

2.7.1(b) Derecognition and offsetting
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, which is normally the trade date. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented on the Consolidated Balance Sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7.2 Financial Liabilities
2.7.2(a) Classification and recognition of financial liabilities
The Group has the following financial liabilities: (i) financial liabilities at FVTPL and (ii) other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

(i) Financial liabilities at FVTPL
The Group's financial liabilities at FVTPL relate to deposit accounted annuity policies

shown under Investment contract liabilities on the Consolidated Balance Sheets. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in fair value of investment contract liabilities are recorded in Gross change in contract liabilities on the Consolidated Statements of Operations (Note 2.10.2).

(ii) **Other financial liabilities**
All remaining financial liabilities are classified as other financial liabilities, which include Investment contract liabilities related to the deposit administration pension plans and self-funded group health policies (Note 2.10.2), Payables arising from investment transactions, Insurance balances payable and Accounts payable and accrued liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Payables arising from investment transactions and Accounts payable and accrued liabilities are considered short-term payables with no stated interest.

All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2.7.2(b) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.7.3 Derivative financial assets

Investments in derivative instruments are measured at FVTPL and are considered to be held-for-trading. Derivatives are initially recognised at estimated fair value on the date into which a contract is entered. The attributable transaction costs are recognised in Investment income on the Consolidated Statements of Operations as incurred. These investments in derivative instruments are subsequently carried at estimated fair value. Changes in the estimated fair value of instruments that do not qualify for hedge accounting are recognised in Investment income on the Consolidated Statements of Operations. The Group does not hold any derivatives classified as hedging instruments. Derivative financial assets and liabilities are reported net under Investments on the Consolidated Balance Sheets.

2.7.4 Investment income

Interest is recorded in Investment income on the Consolidated Statements of Operations as it accrues, using the effective interest method. Dividend income is recognised on the date the Group's right to receive payment is established, which, in the case of quoted securities, is normally the ex-dividend date.

2.8 IMPAIRMENT OF ASSETS

2.8.1 Impairment of financial assets

The carrying amounts of the Group's financial assets, except those classified under FVTPL, are reviewed at each reporting date for impairment and reversal of previously recognised impairment losses. These assets are considered impaired if there is objective evidence of impairment as a result of one or more loss events that have an impact that can be reliably determined based on estimated future cash flows of the asset. Objective factors that are considered when determining whether a financial asset or group of financial assets may be impaired include, but are not limited to, the following:

- negative rating agency announcements in respect of investment issuers and debtors;
- significant reported financial difficulties of investment issuers and debtors;
- actual breaches of credit terms, such as persistent late payments or actual default;
- the disintegration of the active market(s) in which a particular asset is traded or deployed;
- adverse economic or regulatory conditions that may restrict future cash flows and asset recoverability;
- the withdrawal of any guarantee from statutory funds or sovereign agencies implicitly supporting the asset; and
- significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2.8.1(a) Held-to-maturity financial assets and Loans and receivables

The Group considers evidence of impairment for held-to-maturity investment assets and loans and receivables at both a specific asset and collective level. All individually significant held-to-maturity financial assets and loans and receivables are assessed individually for impairment. Those found not to be impaired are then collectively assessed for impairment. Held-to-maturity financial assets and loans and receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for Management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. If there is objective evidence that an impairment loss on held-to-maturity financial assets or loans and receivables has been incurred, 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 impairment loss is recognised in Investment income on the Consolidated Statements of Operations and reflected in an allowance account against the held-to-maturity financial assets or loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in Investment income on the Consolidated Statements of Operations.

2.8.1(b) Available-for-sale financial assets

When there is objective evidence that an Available-for-sale asset is impaired, the loss accumulated in Other comprehensive income is reclassified to the Consolidated Statements of Operations in Investment income. The cumulative loss that is reclassified from Other comprehensive income to Investment income is the difference between the amortised cost and the current fair value less any impairment loss recognised previously in Investment income on the Consolidated Statements of Operations. Impairment losses on Available-for-sale equity securities are not reversed.

2.8.1(c) Investment in associates

When there is objective evidence that an Investment in an associate is impaired, an impairment loss is measured by comparing the recoverable amount of the investment with its carrying value. The recoverable amount is determined in accordance with Note 2.8.2.

An impairment loss is recognised in income/(loss) from associates on the Consolidated Statements of Operations. Reversal of a previously recognised impairment loss is made if there has been a favourable change in the estimates used to determine the recoverable amount.

2.8.2 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets comprised of Property and equipment, Right-of-use assets and Intangible assets are reviewed at each reporting date to determine if there is objective evidence of impairment. Objective factors that are considered when determining whether a non-financial asset may be impaired include, but are not limited to, the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in Amortisation, depreciation and impairment on the Consolidated Statements of Operations if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

2.9 INVESTMENT PROPERTIES

Investment properties are real estate and real estate fractional units primarily held to earn rental income or held for capital appreciation. Properties that do not meet these criteria are classified as Property and equipment (Note 2.12). Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Expenditures related to ongoing maintenance of properties subsequent to acquisition are expensed as incurred. Investment properties are initially recognised at the transaction price including acquisition costs on the Consolidated Balance Sheets. These properties are subsequently measured at fair value with changes in values recorded in Investment income on the Consolidated Statements of Operations.

Fair values are evaluated regularly by an accredited independent valuation specialist, who holds a recognised and relevant professional qualification and who has recent experience in the valuation of properties in Bermuda.

2.10 INSURANCE, INVESTMENT AND SERVICE CONTRACTS

2.10.1 Insurance contracts

Insurance contracts are those contracts where the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

2.10.1(a) Premiums and acquisition costs

Premiums written on most life, annuity and health insurance contracts are recognised as revenue when due from the policyholder. For short-term insurance contracts, premiums written are earned on a pro-rata basis over the terms of the policies. The reserve for unearned premiums represents that portion of premiums written that relates to the unexpired terms of the policies and is included in Insurance contract liabilities on the Consolidated Balance Sheets. Costs related to the acquisition of insurance premiums are charged to the Consolidated Statements of Operations over the period of the policy. Acquisition costs are comprised of commissions and those associated with unearned premiums are deferred and amortised to income over the periods in which the premiums are earned. This is shown as Deferred policy acquisition costs on the Consolidated Balance Sheets. Policy acquisition costs related to unearned premiums are only deferred to the extent that they can be expected to be recovered from the unearned premiums. If the unearned premiums are insufficient to pay expected claims and expenses, a premium deficiency is recognised initially by writing down the deferred acquisition cost asset and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Deferred policy acquisition costs written off as a result of this test cannot subsequently be reinstated.

2.10.1(b) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due and measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, Insurance balances receivable and Insurance balances payable are measured at amortised cost. The carrying value of Insurance balances receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in Operating expenses on the Consolidated Statements of Operations.

Insurance balances receivable and Insurance balances payable are derecognised when the derecognition criteria for financial assets and financial liabilities, as described in Notes 2.7.1(b) and 2.7.2(b) have been met.

2.10.1(c) Reinsurance

Reinsurance ceded premiums comprise the cost of reinsurance contracts into which the Group has entered. Reinsurance ceded is recognised from the date the reinsurer has contracted to accept the risks and the amount of premium can be measured reliably. The Reinsurers' share of unearned premiums represents that part of reinsurance premiums ceded, which are estimated to be earned in future financial periods. Unearned reinsurance commissions are recognised as a liability using the same principles and are shown under Insurance balances payable on the Consolidated Balance Sheets. The Reinsurers' share of claims provisions is estimated using the same methodology as the underlying losses. These represent the benefit derived from reinsurance agreements in force at the financial statements reporting date. Amounts due to or from reinsurers with respect to premiums or claims are included in Insurance balances payable or Insurance balances receivable on the Consolidated Balance Sheets.

The Group periodically assesses any reinsurance assets for impairment, with any impairment loss recognised in Operating expenses on the Consolidated Statements of Operations in the period in which any impairment is determined.

2.10.1(d) Insurance contract liabilities
Insurance contract liabilities shown on the Consolidated Balance Sheets include (i) life and annuity policy reserves and (ii) provision for unpaid and unreported claims.

(i) Life and annuity policy reserves
Life and annuity policy reserves are determined by the Group's actuaries and represent the amounts, which, together with future premiums and investment income, are required to discharge the obligations under life and annuity contracts and to pay expenses related to the administration of these contracts. These reserves are determined using generally accepted actuarial practices according to standards established by the Canadian Institute of Actuaries (CIA). The CIA requires the use of the Canadian Asset Liability Method (CALM) for the valuation of actuarial liabilities for all lines of business. The policy actuarial liability reserves under CALM are calculated by projecting asset and liability cash flows under a variety of interest rate scenarios using best-estimate assumptions, together with margins for adverse deviations with respect to other contingencies pertinent to the valuation. The policy actuarial liability reserves make provision for the expected experience scenario and for adverse deviations in experience.

(ii) Provision for unpaid and unreported claims
Provision for unpaid and unreported claims arising from Health and P&C contracts represents the best estimate of the ultimate cost of claims in the course of settlement and claims incurred but not yet reported. The provision is continually reviewed and updated by Management and the Group's actuaries. Any adjustments resulting from the review process, as well as differences between estimates and ultimate payments, are reflected in Claims and adjustment expenses and Gross change in contract liabilities on the Consolidated Statements of Operations in the year in which they are determined. Provision for unpaid and unreported claims are not discounted.

2.10.2 Investment contracts
Contracts issued that do not transfer significant insurance risk, but do transfer financial risk from the policyholder, are financial liabilities and are accounted for as investment contracts. Service components of investment contracts are treated as service contracts. Fees earned from the service components of investment contracts are included on the Consolidated Statements of Operations under Commissions, management fees and other.

Liabilities for investment contracts are measured at FVTPL or amortised cost (Note 2.7.2).

The following contracts are the investment contract liabilities of the Group:

(i) Deposit administration pension plans are plans where the Group's liability is linked to contributions received, plus a predetermined and guaranteed rate of return. The liability related to these plans is carried at amortised cost.

(ii) Self-funded group health policies are refund accounting agreements that provide for the retroactive adjustment of premiums based upon the claims experience of the policyholder. Under these agreements, any surplus arising is set off against future deficits or returned to the policyholder. Any deficit that may arise is set off against future surpluses or may be recovered in full, or in part, by lump sum payments from policyholders. As these agreements do not transfer insurance risk, funds received under these agreements are accounted for as investment contracts. Assets and liabilities arising from these types of policies are measured at amortised cost.

(iii) Deposit accounted annuity policies relate to policies that do not transfer significant insurance risk but do transfer financial risk from the policyholders and are measured at FVTPL.

2.10.3 Other service contracts

Fee income from service contracts is recognised as revenue when services are rendered at either a point in time or over time. The Group's performance obligations are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered.

Fee income from pension administration, policyholder administration under segregated fund arrangement and investment management services are recognised based on a percentage of assets under management or another variable metric. Asset-based fees vary with assets under management, which are subject to market conditions and investor behaviours beyond the Group's control.

Certain service contracts in the Group's brokerage business include profit commission, which is recognised on the underlying performance of the covered policies at the end of the underwriting cycle. Revenue is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur.

2.11 SEGREGATED FUNDS

Segregated funds are lines of business in which the Group issues a contract where the benefit amount is directly linked to the reported net asset values of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risks and rewards of the fund's investment performance. The Group derives fee income, which is included within Commissions, management fees and other on the Consolidated Statements of Operations. Deposits to segregated funds are reported as increases in Segregated funds liabilities and are not reported on the Consolidated Statements of Operations.

Segregated fund assets are recorded at fair value based on net asset values reported by third parties, such as investment managers and fund administrators.

Segregated fund assets may not be applied against liabilities that arise from any other business of the Group. The investment results are reflected directly in segregated fund assets and liabilities.

2.12 PROPERTY AND EQUIPMENT

Owner-occupied properties and all other assets classified as Property and equipment are stated at cost less accumulated depreciation and impairment. Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of Property and equipment are included in Operating expenses on the Consolidated Statements of Operations.

Depreciation is calculated so as to write the assets off over their estimated useful lives at the following rates per annum:

Buildings	2.5%
Computer equipment	10% – 33%
Furniture, equipment and leasehold improvements	10% – 20%

The assets' residual values, useful lives and method of depreciation are reviewed regularly, at minimum at the end of each fiscal year, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered to be impaired and is written down immediately to its recoverable amount. In the event of an improvement in the estimated recoverable amount, the related impairment may be reversed. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount, and are recognised in

Commissions, management fees and other on the Consolidated Statements of Operations.

2.13 INTANGIBLE ASSETS

Intangible assets refer to customer lists, non-compete agreements and goodwill. Customer lists are initially measured at fair value by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. These are amortised on a straight-line basis over their estimated useful lives. Goodwill is measured at cost less accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in Operating expenses on the Consolidated Statements of Operations as incurred. Annually, Management reviews the remaining portion of Intangible assets based upon estimates of future earnings and recognises any permanent impairment in Amortisation, depreciation and impairment on the Consolidated Statements of Operations in the year in which it is identified.

2.14 EMPLOYEE BENEFITS

Post-employment benefits

The Group operates a post-employment medical benefit plan for the benefit of its employees. The plan is closed to new entrants effective April 1, 2011. The Group accrues the cost of these defined benefits over the periods in which the employees earn the benefits. The post-employment benefit liability is calculated using the projected unit credit actuarial cost method. The present value of the defined benefit liability is determined by discounting the estimate of future cash flows using interest rates of AA-rated corporate bonds that have terms to maturity that approximate the terms of the related post-employment benefit liability. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in Other comprehensive income on the Consolidated Statements of Comprehensive Operations. Interest expense and other expenses related to the post-employment medical benefit plan are recognised in Operating expenses on the Consolidated Statements of Operations.

Pensions

The Group operates a defined contribution plan. On payment of contributions to the plan there are no further legal or constructive obligations to the Group. Contributions are recognised as employee benefits on the Consolidated Statements of Operations under Operating expenses in the period to which they relate.

Stock-based compensation

The Restricted Stock Plan is accounted for under the fair value method. The fair value of each share granted under the Restricted Stock Plan is based upon the market price at the date of grant. The estimated fair value is recognised as an expense pro rata over the vesting period, adjusted for the impact of any non-market vesting conditions. This is included in the Operating expenses on the Consolidated Statements of Operations and in the Contributed surplus on the Consolidated Statements of Changes in Equity.

At each reporting date, the Group reviews its estimate of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, on the Consolidated Statements of Operations, and a corresponding adjustment is made to Contributed surplus over the remaining vesting period.

2.15 TAXATION

Current and deferred taxes are recognised on the Consolidated Statements of Operations, except when they relate to items recognised in Other comprehensive income, in which case the current and deferred taxes are also recognised in Other comprehensive income.

Current taxes are based on the taxable result for the period. The taxable result for the period differs from the result as reported on the Consolidated Statements of Operations because it excludes items that are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

2.16 SHARE CAPITAL

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes direct attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified and presented under Treasury Shares on the Consolidated Statements of Changes in Equity. When Treasury Shares are subsequently sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in Contributed surplus on the Consolidated Statements of Changes in Equity.

2.17 LEASES

Leases are recognised as Right-of-use assets and corresponding liabilities at the date the lease assets are available for use by the Group. Right-of-use assets and Lease liabilities are presented as separate lines in the Consolidated Balance Sheets.

2.17.1 Right-of-use assets

Right-of-use assets are recorded at cost, which is the initial amount of the lease liability, less accumulated amortisation. Right-of-use assets consist of fixed assets such as rental space and other assets arising from leases recognised at the commencement date of the contract, which is when the leased asset is made available for the Group. The Group calculates depreciation using the straight-line method and is presented in Amortisation, depreciation and impairment on the Consolidated Statements of Operations.

The depreciation period is based on the estimated useful life, which is the lease period. Right-of-use assets are amortised over periods ranging from 2 to 10 years.

2.17.2 Lease liabilities

At the commencement date of the contract, Lease liabilities are recognised based on the discounted value of the outstanding lease payments. The discount rate used in the valuation is the interest rate implicit in the lease, or if this rate is not available, at the incremental borrowing rate. Subsequently, Lease liabilities are recorded at amortised cost using the effective interest method and the related interest expense is recognised in Operating expenses on the Consolidated Statements of Operations. The Group has elected to recognise lease payments for short-term and low-value contracts on a straight-line basis over the lease term in Operating expenses.

2.18 EARNINGS PER SHARE

Basic earnings per share is presented on the Consolidated Statements of Operations and is calculated by dividing net earnings by the time-weighted average number of shares in issue during the year.

2.19 SEGMENT REPORTING

The Group is organised into operating segments based on their products and services. These operating segments mainly operate in the financial services industry. The Chief Executive Officer and the Board of Directors review the business and make strategic decisions primarily by operating segments.

The Group's reportable segments are as follows:

(i) **Americas employee benefits and health** – comprised of health insurance, pensions, annuities, local life, long-term disability insurance and health care providers within the Americas region;

(ii) **Americas wealth management** – including investment and asset management, and financial planning within the Americas region;
(iii) **Americas property and casualty insurance** – including fire and windstorm (home and commercial property), all risks, liability, marine, motor coverage, employer's indemnity coverage and the related brokerage services in the Americas region;
(iv) **Europe property and casualty insurance** – including fire and windstorm (home and commercial property), all risks, liability, marine, motor coverage, employer's indemnity coverage and the related brokerage services in Gibraltar;
(v) **Europe brokerage companies** – comprised of insurance brokers in Malta; and
(vi) **All other** – representing the combined operations of the remaining components of the Group comprising of management companies and a holding company.

The Group evaluates performance of operating segments on the basis of profit or loss from operations. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment operating revenue is derived primarily from insurance premiums and fees and commission income.

2.20 THE IMPACT OF THE SILICON VALLEY LIQUIDITY CRISIS ON THE GROUP

In March 2023, Silicon Valley Bank (SVB), a major lender to the tech industry, became the biggest bank to collapse in America since the 2008 Financial Crisis. A week later, Signature Bank was shut down by the Federal Deposit Insurance Corporation (FDIC), and Credit Suisse was taken over by UBS. The aftermath of these failures sparked volatility in the stock exchanges. The relative calm was shortly restored to the financial market, only thanks to the provision of huge sums of emergency cash from the central banks and some of the industry's strongest players. Nevertheless, these bank failures created doubts for investors on concerns about the stability of the financial sector.

The Group closely monitors emerging risks and impact to the material risks of the company. Management assessed the impact of this emerging risk on the Group's market and credit risk exposures. There is no direct balance sheet exposure to either SVB or Signature Bank. The portfolio holds 14% of securities in banks, with only names in regional banks. The average credit rating of these securities is A. At the moment, there is no credit risk associated with these regional banks, and management continues to monitor the banking sector. One of the main reasons that SVB failed was due to its large ALM mismatch, where the bank used long maturity bonds to back short-term deposits. The Asset Management team closely manages interest rate risk with disciplined asset and liability matching techniques. The team continues to monitor asset liability duration gaps at the Group and entity level. In addition, liquidity coverage monitoring, and cash flow forecasts are in place to ensure sufficient liquidity. There is no known impact on operational risks.

2.21 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.21.1 New and revised standards effective April 1, 2022

The Group has applied the following new and revised standards, relevant to the Group, which are issued by IASB that are mandatorily effective for the accounting period beginning April 1, 2022.

2.21.1(a) Annual Improvements to IFRS Standards 2018-2020

Effective April 1, 2022, the Group adopted the *Annual Improvements to IFRS Standards 2018–2020*, which were issued in May 2020. The amendments were applied retrospectively and includes minor amendments to three IFRS standards applicable to the Consolidated Financial Statements. The adoption of these amendments did not have a significant impact on the Group's Consolidated Financial Statements.

2.21.1(b) Amendments to IFRS 3 Business Combinations

Effective April 1, 2022, the Group adopted the *Amendments to IFRS 3, Business Combinations* which were issued in May 2020. The amendments update reference to the old version of the Conceptual Framework with a reference to the latest version issued in March 2018 and added an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The amendments were applied retrospectively, and the adoption did not have a significant impact on the Group's Consolidated Financial Statements.

2.21.1(c) Amendments to IAS 16 Property Plant and Equipment – Proceeds before Intended Use

Effective April 1, 2022, the Group adopted the *amendments to IAS 16 Property Plant and Equipment – Proceeds before Intended Use which were issued in May 2020*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. The amendments were applied retrospectively and did not have a significant impact on the Group's Consolidated Financial Statements.

2.21.1(d) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Effective April 1, 2022, the Group adopted the amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets which were issued in May 2020*. 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 can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments were applied retrospectively, and the adoption of these amendments did not have a significant impact on the Group's Consolidated Financial Statements.

2.22 FUTURE ACCOUNTING AND REPORTING CHANGES

There are a number of accounting and reporting changes issued under IFRS, including those still under development by the IASB. A summary of the recently issued new accounting standards that will impact the Group in 2023 and beyond is as follows:

TOPIC	EFFECTIVE DATE FOR THE COMPANY	EXPECTED IMPACT
IFRS 9 *Financial Instruments** and **IFRS 17** *Insurance Contracts*	April 1, 2023	Impact assessment in progress, with the expectation that IFRS 9 will provide an increase to net equity, offset by a decrease from IFRS 17. The net impact is expected to be a modest increase to net equity.
Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*	April 1, 2023	No significant impact
Amendments to IAS 8 *Definition of Accounting Estimate*	April 1, 2023	No significant impact
Amendments to IFRS 16 Leases	April 1, 2024	No significant impact

* Deferral option was exercised, refer to discussion in 2.22.1

2.22.1 IFRS 9, Financial Instruments

In July 2014, the final version of *IFRS 9 Financial Instruments* (IFRS 9) was issued, which replaces *IAS 39 Financial Instruments: Recognition and Measurement* (IAS 39) and will be applied retrospectively or on a modified retrospective basis. The project has been divided into three phases: classification and measurement, impairment of financial assets, and hedge accounting. IFRS 9 provides that financial assets are classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. Revisions issued in July 2014 replace the existing incurred loss model used for measuring the allowance for credit losses with an expected loss model. In October 2017, the IASB issued narrow-scope amendments to IFRS 9. The amendments clarify the classification of certain prepayable financial assets and the accounting of financial liabilities following modification.

To address concerns about differing effective dates of IFRS 9, which was effective on January 1, 2018, and *IFRS 17 Insurance Contracts*, which is effective on January 1, 2023, amendments to *IFRS 4 Insurance Contracts* was issued, which provide companies whose activities are predominantly related to insurance an optional temporary exemption from applying IFRS 9 until the effective date of IFRS 17. Based on an analysis performed as of March 31, 2019, the Group is eligible to apply the temporary exemption as the predominance ratio reflecting the share of liabilities connected with insurance to total liabilities exceeds 90 percent. For the purpose of calculating the predominance ratio, liabilities connected with insurance include segregated fund liabilities of $1.5 billion.

The Group will continue to apply IAS 39 until April 1, 2023. To enable a comparison with entities applying IFRS 9, entities that apply the deferral approach are required to disclose the following information:

- Fair value and changes in fair value separately for: (a) those financial assets that pass the solely payments of principal and interest (SPPI) test, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis and (b) all other financial assets, including financial assets that are managed and whose performance is evaluated on a fair value basis. Refer to Note 6.1.
- Credit ratings of financial assets that pass the SPPI test. Financial assets which pass the SPPI test are assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Refer to Note 6.1.

The Group historically accounted for investments as FVOCI, with the exception of US treasuries as FVTPL. Under IFRS 9, the Group will redesignate portfolios such that portfolios backing our annuity business will continue to be FVOCI, portfolios backing our pension business will be designated as amortised cost, with the remaining portfolios designated as FVTPL.

Management is assessing the impact of this standard in conjunction with IFRS 17, Insurance Contracts as discussed in Note 2.22.2.

2.22.2 IFRS 17, *Insurance Contracts*

In May 2017, the IASB issued IFRS 17, which replaces IFRS 4. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

IFRS 17 will materially change the recognition and measurement of insurance contracts and corresponding presentation and disclosures in the financial statements. The requirements of IFRS 17 are complex and will result in significant changes in the accounting for insurance contracts and enhancements to the financial reporting systems and processes. The Group's adoption of IFRS 17 is effective April 1, 2023, and is to be applied retrospectively to each group of insurance contracts unless impracticable. If, and only if, it is impracticable to apply IFRS 17 retrospectively for a group of insurance contracts, an entity shall apply IFRS 17 using a modified retrospective approach or a fair value approach.

For our Annuity business, a full retrospective approach from 2020 will be applied. For all other lines of business, a fair value approach will be applied.

The key features of new insurance standard are as follows:

- The IFRS 17 general measurement model requires insurance contract liabilities to be measured using: probability-weighted estimates of future cash flows, discounting, a risk adjustment for non-financial risk and a contractual service margin representing the unearned profit that will be recognised over the coverage period. The Group will apply this model to its annuity, individual life, and a subset of group long-term disability products.

  The premium allocation approach, an optional simplified measurement model is available for eligible group of insurance contracts. The Group will apply this model to its property and casualty products, group health, group life, and a subset of group long-term disability products.

  For long-duration life insurance contracts, the new measurement model is expected to have a significant impact on actuarial modelling, as more granular cash flow projections and regular updates of all assumptions will be required, either resulting in profit or loss or impacting the contractual service margin.

  For non-life insurance contracts, IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk.
- Upfront revenue recognition is not permitted. Mandatory early recognition of losses on onerous contracts.
- Change in value of market variables as part of insurance contract liabilities valuation may go through P&L or OCI.
- Several significant changes in the presentation and disclosures, such as:
  - **(i)** Insurance service result will comprise of insurance revenue, insurance service expense and insurance finance income or expense which are based on insurance services provided during the period. Gross written premium will no longer be presented in the Statement of Comprehensive income.
  - **(ii)** Non-distinct investment components, which are defined as amounts that are repayable in all circumstances, are required to be excluded from insurance revenue and expenses.
  - **(iii)** The quantitative and qualitative disclosure requirements in IFRS 17 are more extensive than the current reporting frameworks in many jurisdictions under IFRS 4.

The Group has dedicated significant resources to execute and oversee the multi-year cross functional implementation plan to manage operational, regulatory, and business associated with the implementation of IFRS 17 and IFRS 9. A joint IFRS 17 and IFRS 9 Group Implementation Programme was set up and third-party consultants were hired. A steering committee comprising of Senior Management from Finance, Actuarial, Risk, Data, Operations and Investment Management oversees the work performed by the third-party consultants and the working group. The third-party consultants work with the technical committee in the assessment of the Group's accounting policies and methodologies and for assessment of systems implications and data flows.

The Group's implementation programme is progressing in line with expectations.

Narrow-scope amendments to *IFRS 17 Insurance Contracts* were issued in December 2021 and are effective on initial application of IFRS 17 and *IFRS 9 Financial Instruments* which the Company will adopt on January 1, 2023. The amendments remove accounting mismatches between insurance contract liabilities and financial assets in scope of IFRS 9 within comparative prior periods when initially applying IFRS 17 and IFRS 9. The amendments allow insurers to present comparative information on financial assets as if IFRS 9 were fully applicable during the comparative period. The Group is considering the effect of these amendments on its IFRS 9 transition disclosures.

The requirements of IFRS 17 are complex and some material judgements are still under review. The Group continues to analyse the impacts of the standard and recent amendments. The Group continues to monitor market developments in order to assess the impact of evolving interpretations and other changes.

2.22.3 Amendments to *IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies*

In February 2021, the IASB issued amendments to *IAS 1 Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2* "Making Materiality Judgments", effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The amendments to IAS 1 require companies to disclose their material accounting policies information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the application of the "four-step materiality process" to support IAS 1 amendments. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.22.4 Amendments to *IAS 8 Definition of Accounting Estimate*

In February 2021, the IASB issued amendments to *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8), effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The amendments replace the definition of a change in accounting estimate with a definition of accounting estimates. They further clarify how companies should distinguish changes in accounting estimates from changes in accounting policies, and correction or errors. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.22.5 Amendments to *IFRS 16 Leases*

In September 2022, the IASB issued amendments to *IFRS 16 Leases* (IFRS 16), effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. The amendments specify how a seller-lessees should subsequently measures sales and leaseback transactions that meet the requirements in IFRS 15, *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback transaction such that it recognises no gain or loss relating to the right it retains. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

3 Disposal of Subsidiaries

On July 1, 2021, the Group completed the sale of the International Life Division, which includes Argus International Life Bermuda Limited and its subsidiaries, Argus International Life Insurance Limited and Bermuda Life Worldwide Limited (the "Division") to an unrelated party.

(a) Net cash inflow from sale of subsidiaries

Proceeds from sale	**5,861**
Less: Cash and short-term investments	**(2,423)**
Net cash inflow	**3,438**

(b) Gain from sale of subsidiaries

Proceeds from sale	**5,861**
Less: payment to non-controlling Interest	**(65)**
Net proceeds from sale	**5,796**
Net assets disposed of on sale of subsidiaries	**(4,810)**
Gain from the sale of subsidiaries	**986**

As part of the sale, previously held available-for-sale investments were sold, resulting in $1.6 million of accumulated gains which were recognised into net earnings.

4 Assets and Liabilities Held-for-Sale

In February 2020, Management committed to a plan to sell NBHH (Keepsake) Limited, including the related assets and liabilities. The sale is underway, and it is expected to be finalised in the next fiscal year.

In March 2020, Management committed to a plan for the settlement of an outstanding mortgage loan receivable. The settlement of the outstanding loan is dependent upon the sale of the collateral property, which is expected to be finalised in the next fiscal year.

The following table shows the assets and liabilities held-for-sale measured at carrying value.

AS AT MARCH 31	2023	2022
Investments	**3,645**	-
Other assets	**52**	-
Investment properties	**4,240**	4,240
Total General fund assets held-for-sale	**7,937**	4,240
LIABILITIES		
Accounts payable and accrued liabilities	**65**	-
Total General fund liabilities held-for-sale	**65**	-
Due to related parties – net (1)	**733**	-
	798	-

(1) The divestment plan of NBHH (Keepsake) Limited includes the settlement of the Due to related parties prior to the effective date of sale.

5 Cash and Short-term Investments

AS AT MARCH 31	2023	2022
Cash at bank and in hand	**38,534**	47,485
Short-term investments	**3,053**	8,364
	41,587	55,849

Included in Cash at bank and in hand is restricted cash of €4.5 million ($4.9 million) (2022 – €5.5 million ($6.2 million)). Certain subsidiaries have arrangements in place on behalf of clients in order to comply with regulatory requirements in Malta.

$0.4 million (2022 – $nil) of cash at bank and in hand is held to support the investment contract liabilities associated with deposit administration pension plans (Note 19).

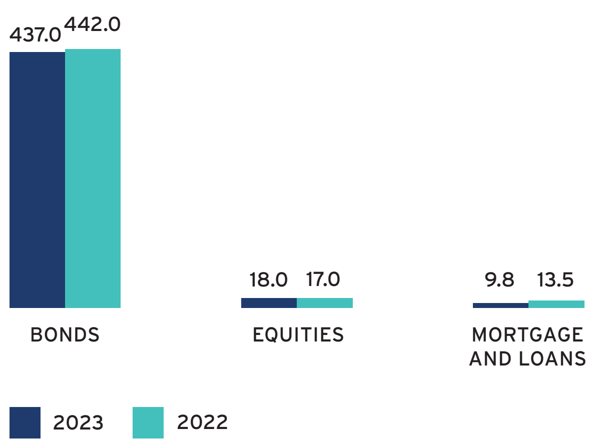
Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of Cash at bank and in hand. As of March 31, 2023 and 2022, the Group's bank overdraft position is not material.

6 Investments

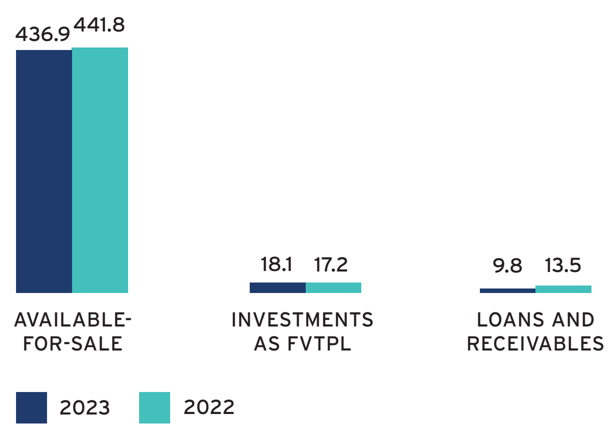
6.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

	MARCH 31, 2023		MARCH 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale				
Bonds	**420,181**	**420,181**	426,217	426,217
Equities	**16,712**	**16,712**	15,598	15,598
	436,893	**436,893**	441,815	441,815
Investments at FVTPL				
Bonds	**16,821**	**16,821**	15,779	15,779
Equities	**1,290**	**1,290**	1,441	1,441
	18,111	**18,111**	17,220	17,220
Loans and receivables				
Mortgages and loans	**9,715**	**9,986**	13,422	13,899
Policy loans	**41**	**41**	41	41
	9,756	**10,027**	13,463	13,940
TOTAL INVESTMENTS	**464,760**	**465,031**	472,498	472,975

INVESTMENT COMPOSITION ($ MILLIONS)



INVESTMENT CLASSIFICATION ($ MILLIONS)



Included in Bonds are investments that support the investment contract liabilities associated with deposit administration pension plans (Note 19) of $234.4 million (2022 – $229.0 million). These investments are maintained under a separate account to provide the policyholders certain protections from creditors of the Group.

Equities include investment in certain companies domiciled in Bermuda of $1.3 million (2022 – $1.4 million) where the Group has more than 20 percent interest. However, there is no significant influence over the investee's operational and financial policies. This is due to restrictive voting rights and limited access to the technical information of these investees.

Investments that meet the SPPI criterion
As discussed in Note 2.22.1, the Group has investments of $440.3 million (2022 – $397.4 million) that meet the SPPI criterion. This refers to bonds, mortgages and loans, and policy loans. The change in the fair value of these invested assets during the year is a loss of $23.5 million (2022 – loss of $22.0 million). In terms of credit quality of such assets (excluding mortgages), 99 percent (2022 – 99 percent) investments are above investment grade assets and the remaining 1 percent (2022 – 1 percent) are below investment grade assets.

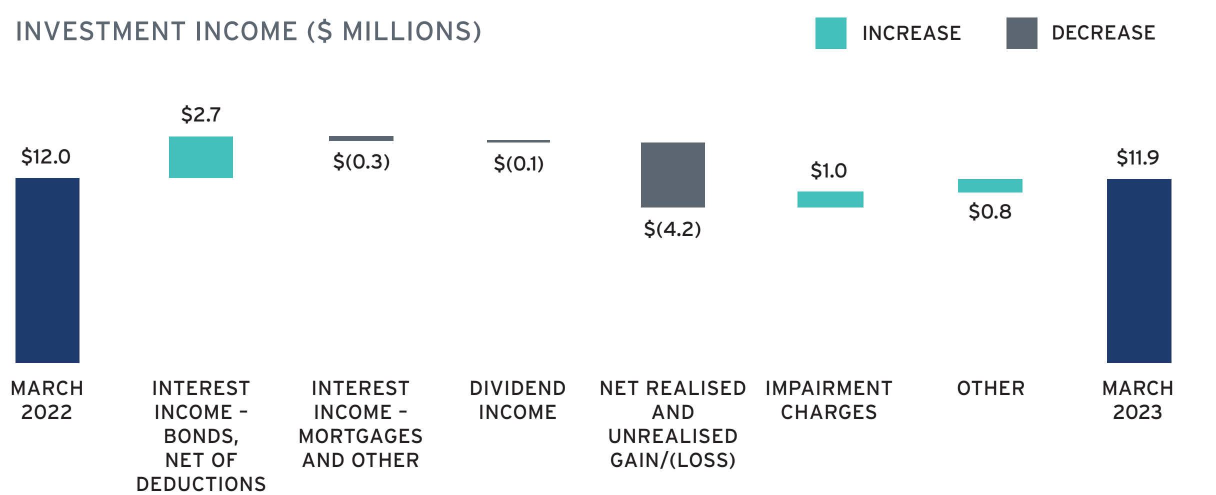
Investments with a carrying value of $24.5 million (2022 – $58.0 million) do not have SPPI qualifying cash flows as at March 31, 2023. The change in the fair value of these invested assets during the year is a loss of $1.9 million (2022 – loss of $2.1 million).

Equities with a carrying value of $18.0 million (2022 – $17.0 million) do not meet the SPPI criterion as at March 31, 2023.

Investments presented as assets held-for-sale with a carrying value of $7.9 million (2022 – $4.2 million), refer to mortgages and loans and bond funds, and do not have SPPI qualifying cash flows as at March 31, 2023. The change in the fair value of these invested assets during the year is $0.7 million (2022 – $nil).

6.2 INVESTMENT INCOME

AS AT MARCH 31	2023	2022
Interest income		
Bonds - available-for-sale	**12,159**	10,478
Bonds - at FVTPL	**108**	113
Mortgages and loans	**187**	456
Cash and other	**875**	334
	13,329	11,381
Dividend income		
Equities - available-for-sale	**489**	542
	489	542
Net realised and unrealised gains/(losses) on investments		
Bonds - available-for-sale	**(2,436)**	1,439
Bonds - at FVTPL	**(380)**	(506)
Equities - at FVTPL	**(151)**	-
Equities - available-for-sale	**1,628**	2,033
Investment properties	**(36)**	(125)
	(1,375)	2,841
Other		
Amortisation of mortgages and net premium on bonds	**(441)**	(1,460)
Rental income and other	**487**	431
Impairment reversal/(charges)	**781**	(262)
Change in the fair value of contingent liability	**(392)**	(556)
	435	(1,847)
INVESTMENT INCOME BEFORE DEDUCTIONS	**12,878**	12,917
Deductions		
Investment income relating to Deposit administration pension plans	**(973)**	(937)
INVESTMENT INCOME	**11,905**	11,980



7 Fair Value Measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group determines the estimated fair value of each individual security utilising the highest level inputs available. Prices for the majority of the Group's investment portfolio are provided by a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. The audit reports are available to clients of the firm and the report is reviewed annually by Management. In accordance with their pricing policy, various recognised reputable pricing sources are used, including broker-dealers and pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market-trade data. The prices provided are compared to the investment managers' pricing. The Group has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for either year ended March 31, 2023 and 2022.

Level 1 investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group determines securities classified as Level 1 to include highly liquid U.S. treasuries, certain highly liquid short-term investments and quoted equity securities.

Level 2 investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level 2 are valued via independent external sources using modelled or other valuation methods. Such methods are typically industry-accepted standard and include:

- broker-dealer quotes;
- pricing models or matrix pricing;
- present values;
- future cash flows;
- yield curves;
- interest rates;
- prepayment speeds; and
- default rates.

Other similarly quoted instruments or market transactions may be used.

The Group determines securities classified as Level 2 to include short-term and fixed maturity investments and certain derivatives, such as:

- U.S. corporate bonds;
- Municipal, other government and agency bonds;
- Foreign corporate bonds;
- Mortgage/asset-backed securities;
- Bond and Equity Funds with listed underlying assets; and
- Derivatives, such as options, forward foreign exchange contracts, interest rate swaps and credit default swaps.

The fair value of investment properties is usually determined by external independent property valuers, having appropriate, recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually. Fair value is based on market data from recent comparable transactions. These assets are classified as Level 2. Investment properties for which no market data from recent comparable transactions are available, are classified as level 3.

Fair value of the Investment contract liabilities (Deposit accounted annuity policies) is determined by using valuation techniques, such as discounted cash flow methods. A variety of factors are considered in the valuation techniques, including yield curve, credit spread and default assumptions, which have market observable inputs. Accordingly, Investment contract liabilities are classified under Level 2.

The fair value of the majority of the investments for accounts of segregated fund holders is based on net asset values reported by third parties, such as investment managers and fund administrators. The fair value hierarchy of direct investments within investments for accounts of segregated fund holders, such as short-term securities, local equities and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 3 investments are securities for which valuation techniques are not based on observable market data. The Group classifies unquoted/private equities as Level 3, as the valuation technique incorporates both observable and unobservable inputs. These investments may be subject to certain lock-up provisions. The type of underlying investments held by the investee, which form the basis of the net asset valuation, include assets such as private business ventures, to which the Group does not have access. The Group considers net assets value as a reasonable approximate of fair value.

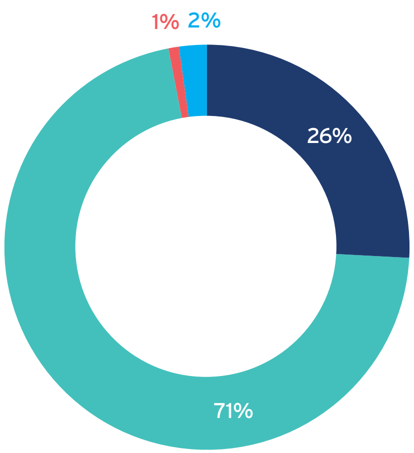
The fair value of investment properties with no market data from recent comparable transactions are classified as level 3. The Group measure these properties using the income approach.

The Group has an established control framework with respect to the measurement of fair values. This includes an investment validation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The Group's investment validation process includes a review of price movements relative to the market. Any significant discrepancies are investigated and discussed with investment managers and a valuation specialist. The process also includes regular reviews of significant observable inputs and valuation adjustments. Significant valuation issues are reported to the Board of Directors.

7.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents fair value of the Group's assets and liabilities measured at fair value in the Consolidated Balance Sheets, categorised by level under the fair value hierarchy.

ASSET FAIR VALUE LEVELLING 2023



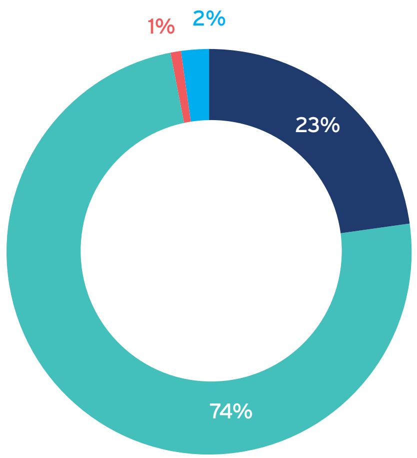
MARCH 31, 2023	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	41,587	-	-	41,587
Interest and dividends receivable	-	3,351	-	3,351
Available-for-sale investments				
Bonds				
U.S. government	62,374	-	-	62,374
U.S. corporates	-	223,535	-	223,535
Municipal, other government and agency	-	56,111	-	56,111
Foreign corporates	-	12,780	-	12,780
Mortgage/asset-backed securities	-	65,381	-	65,381
Total Available-for-sale bonds	62,374	357,807	-	420,181
Equities				
Global listed equities	13,988	-	-	13,988
Preferred stock	-	452	-	452
Private equity funds and unquoted equities	-	-	2,272	2,272
Total Available-for-sale equities	13,988	452	2,272	16,712
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	76,362	358,259	2,272	436,893
FVTPL				
Bonds				
U.S. government	16,821	-	-	16,821
	16,821	-	-	16,821
FVTPL				
Equities				
Private equity funds and unquoted equities	-	-	1,290	1,290
TOTAL INVESTMENTS AT FVTPL	16,821	-	1,290	18,111
Investment properties	-	-	2,399	2,399
TOTAL ASSETS AT FAIR VALUE	134,770	361,610	5,961	502,341
LIABILITIES				
Investment contract liabilities	-	46	-	46
TOTAL LIABILITIES AT FAIR VALUE	-	46	-	46
SEGREGATED FUNDS	8,849	1,119,557	-	1,128,406

7.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE – *continued*

MARCH 31, 2022	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	55,849	-	-	55,849
Interest and dividends receivable	-	2,526	-	2,526
Available-for-sale investments				
Bonds				
U.S. government	45,289	-	-	45,289
U.S. corporates	-	205,040	-	205,040
Municipal, other government and agency	-	50,126	-	50,126
Foreign corporates	-	15,274	-	15,274
Mortgage/asset-backed securities	-	73,097	-	73,097
Other (1)	-	37,391	-	37,391
Total Available-for-sale bonds	45,289	380,928	-	426,217
Equities				
Global listed equities	4,394	-	-	4,394
Investment in equity funds	-	8,679	-	8,679
Private equity funds and unquoted equities	-	-	2,525	2,525
Total Available-for-sale equities	4,394	8,679	2,525	15,598
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	49,683	389,607	2,525	441,815
FVTPL				
Bonds				
U.S. government	15,779	-	-	15,779
FVTPL				
Equities				
Private equity funds and unquoted equities	-	-	1,441	1,441
TOTAL INVESTMENTS AT FVTPL	15,779	-	1,441	17,220
Receivable for investment sold	-	2,400	-	2,400
Investment properties	-	2,774	-	2,774
TOTAL ASSETS AT FAIR VALUE	121,311	397,307	3,966	522,584
LIABILITIES				
Investment contract liabilities	-	156	-	156
TOTAL LIABILITIES AT FAIR VALUE	-	156	-	156
SEGREGATED FUNDS	8,313	1,195,425	-	1,203,738

(1) Investment in bond funds.

ASSET FAIR VALUE LEVELLING 2022



LEVEL 1
LEVEL 2
LEVEL 3
NOT MEASURED AT FAIR VALUE

The following table provides a roll forward for the General fund assets measured at fair value for which significant unobservable inputs (Level 3) are used in the fair value measurement.

MARCH 31, 2023	At FVTPL Equities	Available-for-sale Equities	Investment properties	Total
Balance, beginning of year	**1,441**	**2,525**	**-**	**3,966**
Included in Investment income	**-**	**(399)**	**-**	**(399)**
Included in Other comprehensive income	**-**	**146**	**-**	**146**
Transfer from level 2	**-**	**-**	**2,399**	**2,399**
Sales/Write Off	**(151)**	**-**	**-**	**(151)**
	1,290	**2,272**	**2,399**	**5,961**

MARCH 31, 2022	At FVTPL Equities	Available-for-sale Equities	Investment properties	Total
Balance, beginning of year	1,441	1,922	-	3,363
Included in Investment income	-	79	-	79
Included in Other comprehensive income	-	441	-	441
Purchases	-	161	-	161
Sales/Write Off	-	(78)	-	(78)
	1,441	2,525	-	3,966

7.2 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

For assets and liabilities not measured at fair value in the Consolidated Balance Sheets, the adjacent table discloses summarised fair value information categorised by the level in the preceding hierarchy, together with the related carrying values.

7.3 TRANSFERS OF ASSETS AND LIABILITIES WITHIN THE FAIR VALUE HIERARCHY

The Group's policy is to record transfers of assets and liabilities between levels at their fair values as at the end of each reporting period, consistent with the date of determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There were no transfers between Levels 1 and 2 during the year ended March 31, 2023 and 2022.

During the year, investment properties valued at $2.4 million (2022 – $nil) were transferred from level 2 to level 3 as observable inputs were not available.

MARCH 31, 2023	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Mortgages and loans (1)	**-**	**9,986**	**-**	**9,986**	**9,715**
Policy loans	**-**	**41**	**-**	**41**	**41**
TOTAL ASSETS DISCLOSED AT FAIR VALUE	**-**	**10,027**	**-**	**10,027**	**9,756**
LIABILITIES					
Investment Contract liabilities (2)	**-**	**230,896**	**-**	**230,896**	**243,705**
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	**-**	**230,896**	**-**	**230,896**	**243,705**

MARCH 31, 2022	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Mortgages and loans (1)	-	13,899	-	13,899	13,422
Policy loans	-	41	-	41	41
TOTAL ASSETS DISCLOSED AT FAIR VALUE	-	13,940	-	13,940	13,463
LIABILITIES					
Investment Contract liabilities (2)	-	237,601	-	237,601	246,388
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	237,601	-	237,601	246,388

(1) Fair value of mortgages and loans is determined by discounting expected future cash flows using current market rates.
(2) Fair value of Investment contract liabilities is based on the following methods:
- Deposit administration pension plans – based on a discounted cash flow method. Factors considered in the valuation include current yield curve, plus appropriate spreads which have market observable inputs; and
- Self-funded group health policies – the carrying value approximates the fair value due to the short-term nature of these investment contract liabilities.

8 Insurance Balances Receivable

Insurance balances receivable is comprised of:

MARCH 31, 2023	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due from policyholders, agents and brokers	**2,363**	**5,617**	**4,322**	**7,962**	**20,264**
Due from reinsurers	**3,924**	**-**	**-**	**-**	**3,924**
TOTAL INSURANCE BALANCES RECEIVABLE	**6,287**	**5,617**	**4,322**	**7,962**	**24,188**

MARCH 31, 2022	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due from policyholders, agents and brokers	3,362	5,268	4,918	6,114	19,662
Due from reinsurers	4,629	218	-	-	4,847
TOTAL INSURANCE BALANCES RECEIVABLE	7,991	5,486	4,918	6,114	24,509

9 Other Assets

AS AT MARCH 31	2023	2022
Other financial assets		
Fees receivable	**1,913**	2,099
Lease receivable	**364**	408
Notes and others	**4,345**	3,370
TOTAL OTHER FINANCIAL ASSETS	**6,622**	5,877
Income taxes receivable	**206**	300
Prepaid expenses	**5,587**	5,794
TOTAL OTHER ASSETS	**12,415**	11,971

10 Deferred Policy Acquisition Costs

The reconciliation between opening and closing Deferred policy acquisition costs is shown below:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**1,973**	1,753
Deferral during the year	**6,172**	5,789
Expense for the year	**(5,758)**	(5,467)
Foreign exchange rate movements	**(84)**	(102)
BALANCE, END OF YEAR	**2,303**	1,973

11 Investment Properties

	Fair Value
Balance, April 1, 2021	2,899
Unrealised gains/(losses) on investment properties	(125)
BALANCE, MARCH 31, 2022	2,774
Disposals	(339)
Loss on Disposals	(36)
BALANCE, MARCH 31, 2023	**2,399**

Investment properties are held primarily for resale and for rental income under operating lease agreements. All other investment properties are stated at fair value. Included in the Group's investment properties are condominium units, fractional apartment units and a residential property.

The Group has entered into operating leases for certain investment properties. The rental income arising during the year amounted to $0.5 million (2022- $0.4 million), which is included in Investment income on the Consolidated Statements of Operations. Direct operating expenses included within Investment income arising in respect of such properties during the year were $0.6 million (2022 – $0.8 million). There are no restrictions on the investment properties. The Group has no contractual obligations to purchase, construct or develop the investment properties other than normal service charge arrangements.

The Group recorded $nil unrealised losses from change in fair value on its investment properties flowing through the Consolidated Statement of Operations (2022 – $0.1 million).

12 Investment in Associates

The Group's investment in associates of $3.0 million (2022 – $2.9 million) comprised of equity interests in a number of individually immaterial associates. The Group's share in earnings of associates as at March 31, 2023 amounts to a gain of $0.1 million (2022 – $0.1 million loss).

12.1 CONTINGENCIES AND RESTRICTIONS

Included in Investment in associates is a 40.7 percent interest (2022 – 40.7 percent) in a private company domiciled in Bermuda. The carrying value of this investment as at March 31, 2023, is $2.7 million (2022 – $2.6 million). The Group has issued a guarantee in respect of its proportionate share of a term bank loan facility totalling $4.2 million (2022 – $4.4 million).

13 Property and Equipment

	Land and buildings	Computer equipment	Furniture and other equipment	Total
Balance, March 31, 2021	85,276	18,165	9,779	113,220
Additions	231	2,303	358	2,892
Retirements (1)	(598)	(61)	(224)	(883)
Impairment loss (2)	-	(967)	-	(967)
Foreign exchange rate movements	(34)	(4)	(104)	(142)
BALANCE, MARCH 31, 2022	84,875	19,436	9,809	114,120
Additions	687	2,733	545	3,965
Foreign exchange rate movements	(68)	(32)	(45)	(145)
BALANCE, MARCH 31, 2023	**85,494**	**22,137**	**10,309**	**117,940**
Accumulated depreciation				
Balance, March 31, 2021	40,294	8,328	7,849	56,471
Depreciation charge for the year	1,782	2,429	400	4,611
Retirements (1)	(635)	(61)	(224)	(920)
Disposals	-	-	(32)	(32)
Foreign exchange rate movements	(34)	(7)	(42)	(83)
BALANCE, MARCH 31, 2022	41,407	10,689	7,951	60,047
Depreciation charge for the year	1,637	2,515	475	4,627
Foreign exchange rate movements	(61)	(32)	(33)	(126)
BALANCE, MARCH 31, 2023	**42,983**	**13,172**	**8,393**	**64,548**
Net carrying amount:				
As at March 31, 2022	43,468	8,747	1,858	54,073
AS AT MARCH 31, 2023	**42,511**	**8,965**	**1,916**	**53,392**

(1) Certain computer, furniture and other equipment were retired. These assets were fully depreciated and were no longer used by the Group.
(2) An Impairment loss was recognised in relation to a new brokerage platform the Group has been developing since 2020.

14 Right-of-use Assets and Lease Liabilities

Right-of-use Assets

	Land and Building
Gross carrying amount	
Balance, March 31, 2021	6,483
Additions	26
Derecognition of right-of-use asset	(885)
Foreign exchange rate movements	(226)
BALANCE, MARCH 31, 2022	5,398
Additions	1,060
Foreign exchange rate movements	(187)
BALANCE, MARCH 31, 2023	**6,271**
Accumulated depreciation	
Balance, March 31, 2021	1,670
Depreciation charge for the year	925
Derecognition of right-of-use asset	(536)
Foreign exchange rate movements	(72)
BALANCE, MARCH 31, 2022	1,987
Depreciation charge for the year	727
Foreign exchange rate movements	(82)
BALANCE, MARCH 31, 2023	**2,632**
Net carrying amount:	
As at March 31, 2022	3,411
AS AT MARCH 31, 2023	**3,639**

Lease Liabilities

AS AT MARCH 31	2023	2022
Undiscounted cash flows		
Within 1 year	**872**	905
After 1 year but not more than 5 years	**3,169**	2,437
More than 5 years	**851**	1,230
Undiscounted balance	**4,892**	4,572
Effect of discounting	**(902)**	(830)
LEASE LIABILITIES	**3,990**	3,742

There were no short-term leases in March 2023 and 2022.

The interest expense recognised in Operating expenses on the Consolidated Statements of Operations for the year ended March 31, 2023 amounted to $0.2 million (2022 – $0.2 million).

Lease Receivable

The Group sub-lease an office building that has been presented as part of right-of-use assets. The lease and sub-lease expires in 2029. The lease receivable from the sub-lease agreement is included in Other assets on the Consolidated Statement of Balance Sheets.

The following table sets out the maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

AS AT MARCH 31	2023	2022
Undiscounted cash flows		
Within 1 year	**72**	72
After 1 year but not more than 5 years	**288**	288
More than 5 years	**90**	162
Total undiscounted lease receivable	**450**	522
Unearned financial income	**(86)**	(114)
LEASE RECEIVABLE	**364**	408

For the year ended March 31, 2023 and 2022, the interest income on lease receivable recognised in Investment income on the Consolidated Statements of Operation was not material.

15 Intangible Assets

	Customer Lists	Goodwill	Non-compete Agreements	Total
Gross carrying amount				
Balance, March 31, 2021	**18,111**	**20,591**	**2,339**	**41,041**
Additions	-	-	-	-
Foreign exchange adjustments	**197**	-	-	**197**
BALANCE, MARCH 31, 2022	**18,308**	**20,591**	**2,339**	**41,238**
Foreign exchange adjustments	**88**	-	-	**88**
BALANCE, MARCH 31, 2023	**18,396**	**20,591**	**2,339**	**41,326**
Accumulated amortisation and impairment losses				
Balance, March 31, 2021	**13,027**	-	**545**	**13,572**
Amortisation charge for the year	**777**		**818**	**1,595**
Foreign exchange adjustments	**196**	-	-	**196**
BALANCE, MARCH 31, 2022	**14,000**	-	**1,363**	**15,363**
Amortisation charge for the year	**776**	-	**546**	**1,322**
Foreign exchange adjustments	**88**	-	-	**88**
BALANCE, MARCH 31, 2023	**14,864**	-	**1,909**	**16,773**
Net carrying amount:				
As at March 31, 2022	**4,308**	**20,591**	**976**	**25,875**
AS AT MARCH 31, 2023	**3,532**	**20,591**	**430**	**24,553**

Goodwill

The Group has recognised goodwill of $0.8 million associated with the acquisition of One Team Health (OTH) in 2019 and, $19.8 million from the acquisition of the Bermuda based medical practices (VBCI, which includes Island Health Services, Family Practice Group assets and I.H.S Laboratories) in 2020. The Goodwill recognised represents the value of the expected synergies arising from the acquisitions, the expertise and reputation of the assembled workforce of the acquired companies. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

Goodwill has been allocated to the OTH and the VBCI cash generating units (CGUs).

The Group annually assess goodwill for impairment or more frequently if events or circumstances occur that indicate that the carrying value may not be recoverable. The recoverable amount of a CGU is the higher of the estimated fair value less costs to sell or the value-in-use of the CGU. The recoverable amount of the CGUs have been determined based on the value-in-use calculation.

The value-in-use of the CGUs are derived from discounted forecast cashflow models. The forecasted cashflows are per the CGU 5 years Management approved financial budget and are based on an annualised growth in revenue ranging from 2 percent to 5 percent. The applied revenue growth rate is based on past experiences and the targeted growth rate of the CGU. A discount rate of 10 percent was applied, which represents the estimated cost of capital for the Group. A terminal growth rate of 1 percent was used which represents the estimated longer term growth rate for the CGUs.

A reasonable decline in the annualised revenue by potential 5 percent would result in the goodwill associated with the OTH CGU to be fully impaired. A similar decline in the annualised for VBCI would not result in its carrying value exceeding its recoverable amount. An estimated decline in the annualised revenue of 15.6 percent would result in the recoverable value of the VBCI goodwill being equal to its carrying value.

Customer Lists and the Non-compete agreements

Customer Lists and the Non-compete agreements arose from business acquisitions in Europe. Customer Lists are amortised over the remaining useful life which ranges from 4 to 9 years. The Non-compete agreements are amortised over the remaining period of restriction as defined in the agreements, which ranges from 2 to 4 years.

There was no impairment of intangible assets and goodwill for the years ended March 31, 2023 and 2022.

16 Insurance Balances Payable

Insurance balances payable is comprised of:

MARCH 31, 2023	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due to policyholders, agents and brokers	**3,723**	**1,633**	**226**	**9,502**	**15,084**
Due to reinsurers	**1,054**	**1,301**	**1,208**	**-**	**3,563**
Deferred commission income	**-**	**2,609**	**1,176**	**943**	**4,728**
TOTAL INSURANCE BALANCES PAYABLE	**4,777**	**5,543**	**2,610**	**10,445**	**23,375**

MARCH 31, 2022	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due to policyholders, agents and brokers	5,238	1,654	675	7,318	14,885
Due to reinsurers	833	2,054	1,175	-	4,062
Deferred commission income	-	2,938	1,127	1,051	5,116
TOTAL INSURANCE BALANCES PAYABLE	6,071	6,646	2,977	8,369	24,063

A reconciliation of the change in deferred commission income is shown below:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**5,116**	4,799
Deferral during the year	**17,220**	18,357
Income for the year	**(17,243)**	(18,253)
Foreign exchange rate movements	**(365)**	213
BALANCE, END OF YEAR	**4,728**	5,116

17 Accounts Payable and Accrued Liabilities

AS AT MARCH 31	2023	2022
Accrued staff benefits	**8,042**	8,267
Commission payables	**136**	194
Payables and other accrued expense	**18,817**	23,488
Contingent liability arising from business acquisition	**3,612**	5,419
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**30,607**	37,368

18 Insurance Contract Liabilities

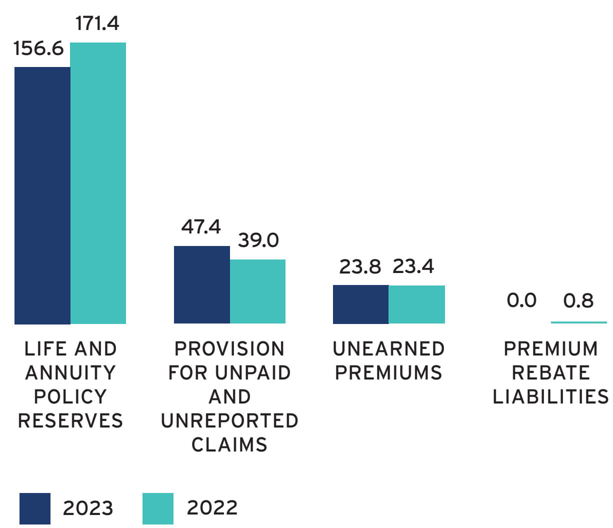
The Group's Insurance contract liabilities and Reinsurers' share of claims provisions and unearned premiums are comprised of:

MARCH 31, 2023	Note	Gross	Ceded	Net
Life and annuity policy reserves	18.1	**156,628**	**4,035**	**152,593**
Provision for unpaid and unreported claims	18.2	**47,376**	**14,207**	**33,169**
		204,004	**18,242**	**185,762**
Unearned premiums	18.3	**23,768**	**12,149**	**11,619**
TOTAL INSURANCE CONTRACT LIABILITIES		**227,772**	**30,391**	**197,381**

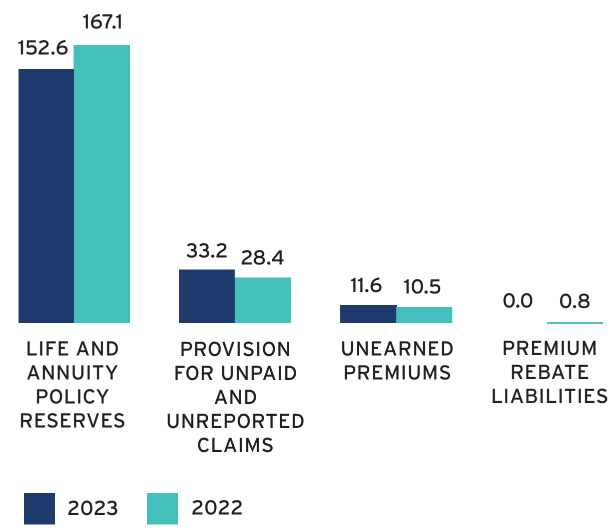
In March 2021 the Group launched a $5.0 million premium rebates scheme for all its health insureds in recognition of the impact COVID-19-related restrictions have had to health care access. The premium rebates measurement criteria, period of measurement applied to determine the qualified policyholders and the basis of allocation were determined and approved by the Bermuda Life Insurance Company Limited Board. The premium rebates measurement criteria consider the policyholders' loss ratio experience and policy renewal condition. The amounts were refunded in equal monthly installments over the policy year, with the amounts netted against the monthly premiums due from the policyholders. Premium rebates are presented in the Consolidated Statements of Operations. As at March 2023, $nil (2022 – $0.2 million) of premium rebate were forfeited due to insureds not meeting the above qualifying criteria.

MARCH 31, 2022	Note	Gross	Ceded	Net
Life and annuity policy reserves	18.1	171,363	4,289	167,074
Provision for unpaid and unreported claims	18.2	39,047	10,619	28,428
		210,410	14,908	195,502
Unearned premiums	18.3	23,358	12,838	10,520
Premium rebates liabilities		787	-	787
TOTAL INSURANCE CONTRACT LIABILITIES		234,555	27,746	206,809

INSURANCE CONTRACT LIABILITY COMPOSITION – GROSS ($ MILLIONS)



INSURANCE CONTRACT LIABILITY COMPOSITION – NET ($ MILLIONS)



18.1 LIFE AND ANNUITY POLICY RESERVES

The adjacent table sets out the Group's Life and annuity policy reserves shown by type of product within the Employee Benefits and Health operating segment:

MARCH 31, 2023	Group Insurance	Life and Pensions	Total
Annuities	**-**	**149,442**	**149,442**
Long-term disability	**5,560**	**-**	**5,560**
Life	**-**	**1,626**	**1,626**
Life and annuity policy reserves	**5,560**	**151,068**	**156,628**
Reinsurers' share of claims provisions	**(4,161)**	**126**	**(4,035)**
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	**1,399**	**151,194**	**152,593**

MARCH 31, 2022	Group Insurance	Life and Pensions	Total
Annuities	-	163,700	163,700
Long-term disability	5,952	-	5,952
Life	-	1,711	1,711
Life and annuity policy reserves	5,952	165,411	171,363
Reinsurers' share of claims provisions	(4,435)	146	(4,289)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,517	165,557	167,074

The majority of the Life and annuity policy reserves relate to policies issued to individuals domiciled in Bermuda. The Reinsurer's share of claims provisions were assessed for impairment at year end and no impairment was identified.

The composition of the assets supporting the net liabilities is as follows:

MARCH 31, 2023	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	**387**	**129,689**	**7,086**	**5,289**	**10,142**	**152,593**

MARCH 31, 2022	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	561	142,056	7,895	6,477	10,085	167,074

The Group examines the assumptions used in determining the Life and annuity policy reserves on an ongoing basis to ensure they appropriately reflect emerging experience and changes in risk profile. Annually, the Group conducts a comprehensive review of all actuarial methods and assumptions. Changes to actuarial methods and assumptions used in determining Insurance contract liabilities will result in a change to the projected value of policy cash flows and, therefore, to the Life and annuity policy reserves.

The net impact of changes in actuarial methods and assumptions was a decrease in reserves backing policyholder liabilities of $14.4 million (2022 – $5.9 million). These amounts are net of the impact of the reinsurance assets on policyholder liabilities of $4.0 million (2022 – $4.3 million). The changes in the net Life and annuity policy reserves for the year are as follows:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**167,074**	177,592
Changes due to:		
Issuance of new policies	**8,651**	7,626
Normal in-force movement	**(8,725)**	(12,201)
Mortality/morbidity assumptions	**534**	(317)
Interest rate assumptions	**(14,948)**	(6,772)
Expense assumptions	**7**	1,146
BALANCE, END OF YEAR	**152,593**	167,074

18.1.1 Key Assumptions – Life and annuity policy reserves

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts, and in particular with life and annuity insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. To recognise the uncertainty involved in determining the best estimate assumptions, a Provision for Adverse Deviation (PfAD) is established. The PfAD is determined by including a margin for conservatism for each key assumption to allow for possible deterioration in experience and to help ensure the policy reserves will be adequate to pay for future benefits. The PfAD assumptions tend to be at the conservative end of the ranges suggested by the CIA.	In conjunction with prudent business practices to manage both business and investment risks, the selection and monitoring of appropriate assumptions are designed to minimise the Group's exposure to measurement uncertainty.
(a) Mortality and morbidity risk Mortality refers to the likelihood of death. The mortality assumption is based on industry standard life insurance and standard annuity past and emerging experience. The volume of the Group's life insurance and annuity business is not sufficient to use company specific mortality tables. A five percent decrease in the best estimate assumption for annuitant mortality is estimated to increase the policy reserves by $2.3 million, 1.6 percent (2022 – $2.8 million, 1.7 percent). Morbidity refers to the incidence of accident and sickness as well as the recovery from the incidence. The morbidity assumptions are based on industry standard morbidity tables for the long-term disability business. The frequency of claims is low and the risk is substantially reinsured.	The Group maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. To offset some of the mortality risk, the Group cedes a portion of the risk to reinsurers. Mortality and morbidity are monitored regularly.
(b) Investment returns and interest rate risk Assets are allocated to the different operating segments. For each significant operating segment, CALM is used to project the cash flows from the supporting assets and the cash flows from the liabilities. The projected asset cash flows are combined with the projected cash flows from future asset sales and purchases to determine the expected investment returns for all future years. The CIA prescribes several representative reinvestment scenarios for use in CALM to determine the sensitivity of the Group's business to possible reinvestment risk. These represent a wide variety of interest rate scenarios.	The Group's policy of closely matching the cash flows of assets with those of the corresponding liabilities is designed to mitigate the Group's exposure to future changes in interest rates. Rate risk is monitored on an ongoing basis. Under CALM, the reinvestment rate is developed using interest rate scenario testing and reflects the interest rate risk positions.

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
To provide a representative example, a 100 basis points increase in the best estimate investment return assumption decreases the total Life and annuity policy reserves by \$10.6 million (2022 – \$12.7 million). A 100 basis points decrease in the best estimate assumption increases the total Life and annuity policy reserves by \$12.2 million (2022 – \$14.8 million).	Bonds, equities, real estate and other non-fixed income assets are used to support long-dated obligations in the Group's life and annuity businesses, and for long-dated insurance obligations on contracts where the investment return risk is borne by the Group.
(c) Credit risk Credit risk is provided for by reducing investment yields assumed in the calculation of the policy reserves. Past Group and industry experience over the long term, in addition to ongoing reviews of the current portfolio, are used to project credit losses. In addition to the allowances for losses on invested assets due to interest rate risk, the policy reserves include a provision of \$1.3 million (2022 – \$1.3 million) to provide for future asset defaults and loss of asset value on current assets and future purchases.	For certain policies, the premiums and benefits reflect the Group's assumed level of future credit losses at contract inception or most recent contract adjustment date. The Group holds explicit provisions in actuarial liabilities for credit risk including PfAD.
(d) Expenses Operating expense assumptions reflect the projected costs of servicing and maintaining the in-force policies. The assumptions are derived from internal reviews of operating costs and include an allowance for inflation. A 10 percent increase in the best estimate assumption for unit expenses is estimated to increase the policy reserves by approximately \$0.6 million (2022 – \$0.6 million).	The Group prices its products to cover the expected costs of servicing and maintaining them. In addition, the Group monitors expenses quarterly, including comparisons of actual expenses to expense allowances used in pricing and valuation.

18.2 PROVISION FOR UNPAID AND UNREPORTED CLAIMS

The table below sets out the Provision for unpaid and unreported claims shown by type of product and by reportable segment. The majority of these insurance contracts are of a short-term nature.

MARCH 31, 2023	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Total
Health care	**12,511**	**2,096**	**-**	**14,607**
Property	**-**	**1,000**	**3854**	**4,854**
Motor	**-**	**9,930**	**12,771**	**22,701**
Accident and liability	**-**	**808**	**4,016**	**4,824**
Marine	**-**	**56**	**334**	**390**
Provision for unpaid and unreported claims, gross	**12,511**	**13,890**	**20,975**	**47,376**
Reinsurers' share of claims provisions	**-**	**(8,113)**	**(6094)**	**(14,207)**
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	**12,511**	**5,777**	**14,881**	**33,169**

MARCH 31, 2022	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Total
Health care	9,056	1,642	-	10,698
Property	-	2,072	2,272	4,344
Motor	-	7,039	12,109	19,148
Accident and liability	-	682	3,813	4,495
Marine	-	180	182	362
Provision for unpaid and unreported claims, gross	9,056	11,615	18,376	39,047
Reinsurers' share of claims provisions	-	(6,336)	(4,283)	(10,619)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	9,056	5,279	14,093	28,428

The reconciliation of the Provision for unpaid and unreported claims is as follows:

MARCH 31, 2023	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	**39,047**	**10,619**	**28,428**
Claims and adjustment expenses incurred			
Current year	**97,723**	**8,768**	**88,955**
Prior years	**(1,197)**	**2,830**	**(4,027)**
Total Claims and adjustment expenses incurred	**96,526**	**11,598**	**84,928**
Claims and adjustment expenses paid			
Current year	**(71,264)**	**(4,367)**	**(66,897)**
Prior years	**(16,039)**	**(3,404)**	**(12,635)**
Total Claims and adjustment expenses paid	**(87,303)**	**(7,771)**	**(79,532)**
Foreign exchange adjustments	**(894)**	**(239)**	**(655)**
BALANCE, END OF YEAR	**47,376**	**14,207**	**33,169**

MARCH 31, 2022	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	34,253	8,565	25,688
Claims and adjustment expenses incurred			
Current year	89,569	9,643	79,926
Prior years	(4,083)	152	(4,235)
Total Claims and adjustment expenses incurred	85,486	9,795	75,691
Claims and adjustment expenses paid			
Current year	(65,960)	(5,093)	(60,867)
Prior years	(13,659)	(2,384)	(11,275)
Total Claims and adjustment expenses paid	(79,619)	(7,477)	(72,142)
Foreign exchange adjustments	(1,073)	(264)	(809)
BALANCE, END OF YEAR	39,047	10,619	28,428

18.2.1 Key Assumptions – Provision for unpaid and unreported claims

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Uncertainty over the timing and amount of future claim payments necessitate the holding of significant reserves for liabilities that may only emerge a number of accounting periods later. The key assumptions underlying the application of the actuarial methods and the estimate of unpaid claim liabilities are the expected development of paid and reported losses and the derivation of initial expected losses. Paid and reported loss development patterns are based on the Group's historical claims experience. These patterns are updated as of each annual valuation to incorporate and reflect the most recent claims experience. The estimate of initial expected losses is most significant for immature policy periods, where it is given the greatest weight in determining unpaid claim liabilities. Initial expected losses are derived based on the Group's historical experience adjusted for the impact of inflationary trends on claims costs. As the experience in each policy year matures, the weight assigned to the initial expected losses decreases with greater weight assigned to actual loss experience. The actuarial analysis performed by the Group's actuaries employs commonly used actuarial techniques for estimating the Group's provision for unpaid and unreported claims. These include the Paid and Reported Loss Development Methods, the Bornhuetter-Ferguson Method (applied to both paid and reported losses), and the Estimated Loss Ratio Method. The particular methods employed in the analysis of each reserve segment are judgmentally selected based on the applicability of each method and the availability of data to use each particular method. There have been no significant changes in the assumptions or methodology underlying the actuarial analysis in the year under review.	The Group has policies and procedures in place to reduce the risk exposure, which includes strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims. Further, the Group enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as determined by Management. Estimates of losses are continually reviewed and modified to reflect current conditions. Although Management believes, based on the recommendations of the Group's actuaries, that the provision for unpaid and unreported claims will be adequate to cover the ultimate cost of losses to the balance sheet date, the provision is necessarily an estimate and claims may ultimately be settled for greater or lesser amounts. It is reasonably possible that Management will revise this estimate significantly in the near term. Any subsequent differences are recorded in the Gross change in contract liabilities on the Consolidated Statements of Operations in the period in which they are determined.

18.2.2 Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported (IBNR) reserves for each successive accident year at each reporting date, together with cumulative payments to date.

Gross claims:

Accident year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of gross ultimate liability (1)											
as at end of accident year	93,380	123,447	87,928	91,008	96,449	98,107	92,479	69,206	88,444	97,723	-
one year later	87,489	119,973	90,410	88,714	95,505	93,609	88,673	65,965	84,122	-	-
two years later	87,250	119,639	90,461	92,247	96,009	96,414	87,716	69,111	-	-	-
three years later	86,404	134,874	90,685	92,049	95,482	96,461	87,623	-	-	-	-
four years later	86,223	135,111	90,502	91,759	95,020	96,672	-	-	-	-	-
five years later	85,948	127,282	90,348	91,604	95,066	-	-	-	-	-	-
six years later	85,774	128,079	90,319	91,774	-	-	-	-	-	-	-
seven years later	85,753	128,097	90,941	-	-	-	-	-	-	-	-
eight years later	85,736	129,034	-	-	-	-	-	-	-	-	-
nine years later	85,946	-	-	-	-	-	-	-	-	-	-
Current estimate of cumulative liability	85,946	129,034	90,941	91,774	95,066	96,672	87,623	69,111	84,122	97,723	928,012
Cumulative payments to date	(85,933)	(128,379)	(90,889)	(91,251)	(94,414)	(94,737)	(84,087)	(62,571)	(77,440)	(71,264)	(880,965)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	329
TOTAL GROSS LIABILITY	**13**	**655**	**52**	**523**	**652**	**1,935**	**3,536**	**6,540**	**6,682**	**26,459**	**47,376**

Net claims:

Accident year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of net ultimate liability (1)											
as at end of accident year	85,262	83,052	82,565	82,515	89,591	92,618	80,225	62,410	79,007	88,955	-
one year later	78,923	80,405	85,861	80,596	89,221	87,105	74,557	58,533	75,352	-	-
two years later	79,015	80,104	85,858	84,124	89,909	89,876	73,427	58,667	-	-	-
three years later	78,847	80,528	85,993	83,970	89,404	89,459	73,162	-	-	-	-
four years later	78,765	80,352	85,922	83,859	89,212	89,657	-	-	-	-	-
five years later	78,605	80,102	86,058	83,705	89,162	-	-	-	-	-	-
six years later	78,700	80,130	85,797	83,881	-	-	-	-	-	-	-
seven years later	78,695	80,167	86,095	-	-	-	-	-	-	-	-
eight years later	78,660	80,930	-	-	-	-	-	-	-	-	-
nine years later	78,638	-	-	-	-	-	-	-	-	-	-
Current estimate of net cumulative liability	78,638	80,930	86,095	83,881	89,162	89,657	73,162	58,667	75,352	88,955	804,499
Cumulative payments to date	(78,624)	(80,769)	(86,046)	(83,538)	(88,824)	(88,699)	(71,639)	(56,406)	(70,208)	(66,897)	(771,650)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	320
TOTAL NET LIABILITY	**14**	**161**	**49**	**343**	**338**	**958**	**1,523**	**2,261**	**5,144**	**22,058**	**33,169**

(1) Adjusted for revaluation of foreign currencies at the exchange rate as at year end.

18.3 UNEARNED PREMIUMS

AS AT MARCH 31	2023 Unearned premiums	2023 Reinsurer's share of Unearned premiums	2023 Net	2022 Unearned premiums	2022 Reinsurer's share of Unearned premiums	2022 Net
Balance, beginning of year	**23,358**	**12,838**	**10,520**	21,508	11,552	9,956
Premiums written during the year	**172,411**	**38,220**	**134,191**	164,718	40,674	124,044
Net premiums earned	**(171,389)**	**(38,788)**	**(132,601)**	(162,178)	(39,286)	(122,892)
Movement from Assets held-for-sale	**-**	**-**	**-**	-	5	(5)
Change in unearned premiums	**1,022**	**(568)**	**1,590**	2,540	1,393	1,147
Foreign exchange movement	**(612)**	**(121)**	**(491)**	(690)	(107)	(583)
BALANCE, END OF YEAR	**23,768**	**12,149**	**11,619**	23,358	12,838	10,520

Movement in the unearned premiums include foreign exchange movement arising from the translation of Sterling and Euro denominated balances to Bermuda dollars.

The Group is exposed to a pricing risk to the extent that unearned premiums are insufficient to meet the related future policy cost. Evaluations are performed regularly to estimate future claim costs, related expenses, and expected profit in relation to unearned premiums. There were no premium deficiencies identified at March 31, 2023 or 2022.

19 Investment Contract Liabilities

Carrying values and estimated fair values of the Investment contract liabilities are as follows:

AS AT MARCH 31	2023 Carrying value	2023 Fair value	2022 Carrying value	2022 Fair value
At amortised cost:				
Deposit administration pension plans	**233,231**	**220,422**	229,131	220,344
Self-funded group health policies	**10,474**	**10,474**	17,257	17,257
	243,705	**230,896**	246,388	237,601
At FVTPL:				
Deposit accounted annuity policies	**46**	**46**	156	156
TOTAL INVESTMENT CONTRACT LIABILITIES	**243,751**	**230,942**	246,544	237,757

19.1 INVESTMENT CONTRACT LIABILITIES AT AMORTISED COST

The change in Investment contract liabilities measured at amortised cost is a result of the following:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**246,388**	247,916
Deposits	**87,960**	81,209
Withdrawals	**(81,612)**	(80,030)
Transfers to Segregated funds	**22**	125
Fees deducted	**(3,484)**	(3,344)
Interest	**1,348**	1,738
Other	**(6,917)**	(1,226)
BALANCE, END OF YEAR	**243,705**	246,388

For the year ended March 31, 2023, the net gain relating to investment contracts measured at amortised cost is $5.5 million (2022 – net gain of $3.0 million).

19.2 INVESTMENT CONTRACT LIABILITIES AT FVTPL

The change in investment contract liabilities at FVTPL is a result of the following:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**156**	328
Included in net earnings (1)	**29**	5
Deposits	**4**	11
Withdrawals	**(143)**	(188)
BALANCE, END OF YEAR	**46**	156

(1) Amount is recorded under Change in contract liabilities on the Consolidated Statements of Operations.

20 Post-Employment Benefit Liability

The Group operates a post-employment medical benefit plan in Bermuda, which provides medical benefits to eligible retired employees and their spouses. The amount of benefits provided depends on future cost escalation and the Company meeting the benefit payment obligation as it falls due. Actuarial valuation to determine the defined benefit obligation is performed quarterly.

The plan exposes the Group to risks, such as longevity risk, interest rate risk and health care cost inflation risks. Responsibility for governance of the plan lies with the Company. Risks are managed through plan design and eligibility changes, which limit the size and growth of the defined benefit obligation.

The movement in the defined benefit liability is as follows:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**3,271**	3,938
Movements during the year recognised in Operating expenses:		
Current service cost	**17**	22
Interest cost on benefit liability	**146**	137
	163	159
Remeasurement during the year included in Other comprehensive income:		
Actuarial (gain)/loss arising from experience adjustment	**(466)**	(660)
Benefit payments	**(178)**	(166)
BALANCE, END OF YEAR	**2,790**	3,271

As at March 31, 2023, the present value of the defined benefit obligation was comprised of $0.3 million (2022 – $0.4 million) relating to active employees and $2.5 million (2022 – $2.9 million) relating to members in retirement.

Components of the change in benefit liabilities year-on-year and other employee future benefit expense are as follows:

(i) Current service cost represents benefits earned in the current year. These are determined with reference to the current workforce eligible for benefits and the amount of benefits to which they will be entitled upon retirement, based on the provisions of the Group's benefit plan.

(ii) Interest cost on benefit liability represents the increase in the liability that results from the passage of time.

(iii) Each quarter, the actuaries recalculate the benefit liability and compare it to that estimated as at the prior period end. Any differences resulting from changes in assumptions, or from plan experience being different from expectations of Management at the previous year end, are considered actuarial gains or losses.

The significant actuarial assumptions in measuring the Group's accrued benefit liability are estimated as follows:

AS AT MARCH 31	2023	2022
Discount rate	**4.6%**	3.6%
Health care cost trend rate	**5.5%**	5.5%

The discount rate assumption has a significant impact on the value of the obligation. A one percent increase in this rate would reduce the present value of the defined benefit obligation by $0.3 million (2022 – $0.5 million).

Health care cost calculations are based on trend rate assumptions which may differ from actual results. Changes in trend rate assumptions by one percent in either direction will change the health care cost as follows:

MARCH 31, 2023	Increase	Decrease
Aggregate of current service cost and interest cost	**2**	**(1)**
Accrued benefit liability	**286**	**(247)**

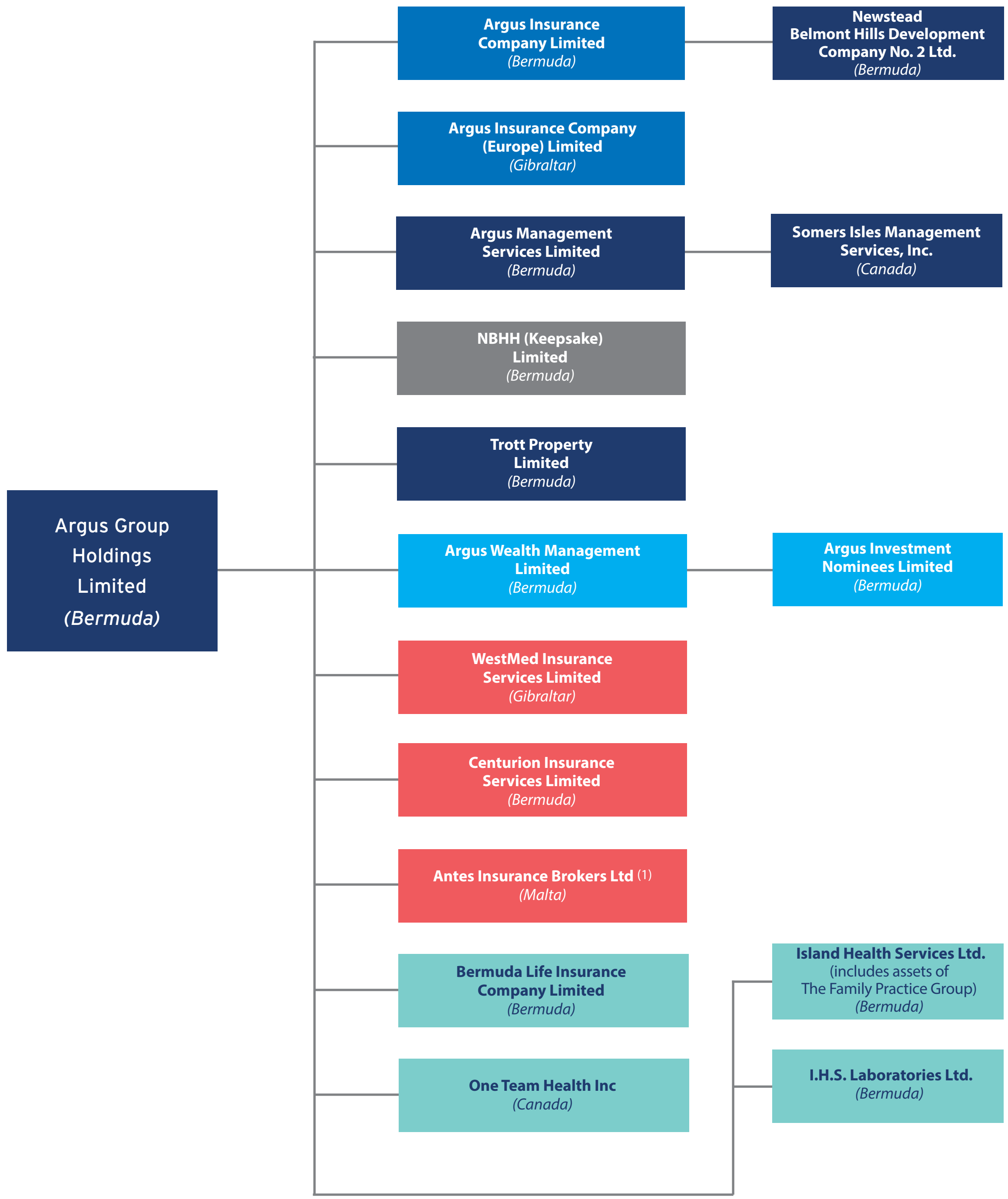
MARCH 31, 2022	Increase	Decrease
Aggregate of current service cost and interest cost	3	(2)
Accrued benefit liability	389	(331)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

21 Group Composition

21.1 LIST OF SIGNIFICANT SUBSIDIARIES AS AT MARCH 31, 2023

All subsidiaries are included in the Group consolidated financial statements. The Group's voting rights percentages are the same as the ownership percentages. All entities are 100 percent owned.



Nature of business:

- EMPLOYEE BENEFITS & HEALTH
- WEALTH MANAGEMENT
- P&C
- BROKERAGE COMPANIES
- DISPOSAL GROUP
- ALL OTHERS

(1) Effective September 14, 2021, subsidiaries FirstUnited Insurance Brokers Ltd and Island Insurance Brokers Ltd were merged to form Antes Insurance Brokers Ltd (Antes). The merger did not impact the consolidated financial statements of the Group.

21.2 SIGNIFICANT RESTRICTIONS

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory requirements within the jurisdiction in which they operate. See Note 5 and Note 22.

The carrying amounts of the insurance subsidiaries' General Fund Assets and General Fund Liabilities are as follows:

AS AT MARCH 31	2023	2022
General fund assets	**608,324**	607,995
General fund liabilities	**498,956**	514,251

21.3 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

A subsidiary of the Company acts as investment manager to Argus Investment Strategic Fund Ltd. (AISFL), an investment fund that is a structured entity not consolidated by the Group. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

AISFL and the Group also share common directors and officers. Although the Group has power to govern AISFL's financial and operating policies by virtue of the investment management contract, it does not earn investment management fee income, nor does it have significant variable returns from AISFL. Accordingly, AISFL was not consolidated as part of the Group.

AISFL's net assets as at March 31, 2023, of $890.8 million (2022 – $946.2 million) include the Group's Segregated Funds of $875.8 million (2022 – $929.3 million). However, the Group does not have exposure to losses on these Segregated Funds as the contractual arrangements for these funds are such that the Segregated Funds' policyholder bears the risk and rewards of AISFL's investment performance. The Group does not bear the risks and rewards. Refer to Note 33 for Segregated Fund disclosures.

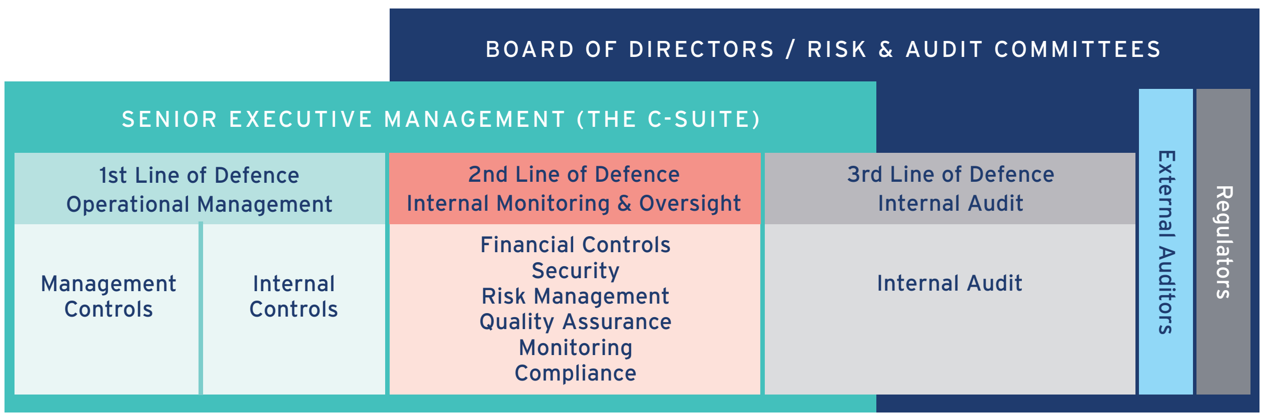
22 Risk Management

22.1 GOVERNANCE FRAMEWORK

The Group prioritises the development of a forward-looking risk management framework to deal appropriately with changes in the economic, social and regulatory environment in which it operates. The risk management deployed by the Group is based on the principles set down below, which are aligned with the Group's strategy and take into account the regulatory requirements, as well as the best market practices.

- **A comprehensive risk management policy, with a forward-looking approach**
  The Board of Directors approves the Group's risk management framework including related policies. The Board meets regularly and provides oversight to the implementation of an effective risk management framework. The risk management framework defines the Group's identification of risk and its interpretation, and set out the risk profiles for the Group to ensure the appropriate quality and diversification of assets and alignment of underwriting and reinsurance strategy to the corporate goals. The Group also ensures emerging risks and sustainability considerations are embedded within the risk management framework.

- **Three Lines of Defence model**
  The Group has adopted the Three Lines of Defence model as shown below, which addresses how specific duties related to risks and controls are managed and coordinated within the Group.



22.2 OPERATIONAL RISK AND CAPITAL MANAGEMENT

Capital Management

The Group's capital base is structured so as to exceed regulatory targets, maintain satisfactory credit ratings, align the profile of assets and liabilities taking account of risks inherent in the businesses, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed on a consolidated basis under principles that consider all the risks associated with the businesses. It is also managed at the operating segment level under the principles appropriate to the jurisdiction in which it operates. The Group's capital base consists of Share capital, Contributed surplus, Retained earnings and Accumulated other comprehensive income/(loss) as disclosed on the Consolidated Balance Sheets.

The Bermuda Monetary Authority (BMA) is the regulator of the Group. The laws and regulations of Bermuda require that the Group maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As of March 31, 2023 and 2022, the amount of group statutory capital and surplus exceeds this regulatory requirement.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the regulated entities and to meet unforeseen liabilities as these arise.

Management monitors the adequacy of the insurance subsidiaries' capital from the perspective of Bermuda, Gibraltar and Malta statutory requirements. The Bermuda Insurance Act 1978 and Related Regulations, the Gibraltar Insurance Companies Act 1987 and the Malta Insurance Intermediaries Act 2006 (the Acts) require the Group's insurance subsidiaries to file an audited annual statutory financial return and meet minimum solvency margins and minimum liquidity ratios.

The statutory capital and surplus and minimum solvency margin of the Group's insurance subsidiaries are shown below:

MARCH 31, 2023	Bermuda	Europe	Total
Statutory capital and surplus	**87,170**	**17,132**	**104,302**
Minimum solvency margin	**27,221**	**3,930**	**31,151**

MARCH 31, 2022	Bermuda	Europe	Total
Statutory capital and surplus	69,848	18,693	88,541
Minimum solvency margin	26,201	4,189	30,390

The Bermuda Solvency Capital Requirement is the prescribed form of capital and solvency reporting in Bermuda, which was revised under new legislation enacted in 2008. The BSCR includes a standardised model used to measure the risk associated with an insurance subsidiary's assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The BMA requires all insurers to maintain their statutory capital and surplus at a target level, which is 120 percent of the amount calculated in accordance with the BSCR. As of March 31, 2023 and 2022, the statutory capital and surplus of the insurance subsidiaries exceeded this regulatory requirement.

In addition, minimum liquidity ratios must be maintained by Bermuda entities writing general business, whereby relevant assets, as defined by the Acts, must exceed 75 percent of relevant liabilities. The Bermuda Insurance Act 1978 and Related Regulations limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. Before reducing by 15 percent or more of statutory capital, and surplus by 25 percent or more, as set out in the prior year's financial statements, these insurance subsidiaries shall request the approval of the BMA. In addition, the Bermuda Companies Act 1981 limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts.

Argus Insurance Company (Europe) Limited (AICEL) is regulated by the Financial Services Commission (FSC) in Gibraltar. On January 1, 2016, the Solvency II capital requirements came into force. The Solvency Capital Requirement (SCR) is the amount of funds that insurance and reinsurance undertakings are required to hold in the European Union. The SCR should reflect a level of eligible own funds that enables insurance undertakings to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. AICEL is in compliance with the Solvency I and Solvency II requirements and exceeds the Required Minimum Margin and SCR. The Solvency II return and SCR are not required to be audited.

The BMA has been declared by the European Commission to be fully equivalent to Solvency II. Consequently, Bermuda shall be considered by all European Member States as applying an equivalent statutory insurance regime in accordance with the requirements of Solvency II. The FSC in Gibraltar has confirmed that it recognises the BMA as the Group's Supervisor and the FSC will focus its supervision on AICEL as a solo entity.

22.3 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Group has policies relating to the identification, measurement, monitoring, mitigation, and control of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risks, which include currency, interest rate and other price risks, including equity risk.

22.3.1 Investment Risk

Investment policy is established by the Risk Committee of the Board of Directors to manage this risk. Investment policy sets parameters within which the Group's external investment managers must operate. Important parameters include guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance with guidelines is monitored on a quarterly basis. Any adjustments to the investment policy are approved by the Risk Committee of the Board of Directors. The Group's fixed maturity portfolios are managed by two external investment managers. The Group also has a diversified low volatility multi-strategy portfolio of bond and equity funds and a small equity portfolio. The performance of the managers is monitored on an ongoing basis.

All portfolios' duration is matched to the duration of the insurance liabilities within an agreed range. The portfolios are invested in fixed maturity securities, fixed maturity funds and cash and cash equivalents. The portfolios may, at times, contain assets significantly in excess of those required to meet insurance liabilities or other defined funding needs.

The Group reviews the composition, duration and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within Management's risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of tolerance levels, adjustments may be made to reduce the risks in the portfolio.

The Risk Committee meets quarterly to ensure that the Group's strategic and tactical investment actions are consistent with investment risk preferences, appetite, risk and return objectives and tolerances.

22.3.1(a) Credit Risk

The Group has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in financial strength or be unable to pay amounts in full when due. The concentration of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. By the nature of the business, reinsurers interact with similar customers in similar markets. However, the Group uses a panel of reinsurers with global operations and diversified portfolios and limits its exposure to any one reinsurer.

Reinsurance is placed with counter parties that have a strong credit rating. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

22.3.1(b) Maximum Exposure to Credit Risk

The following table summarises the Group's maximum exposure to credit risk related to financial instruments and insurance contracts. The maximum credit exposure is the carrying value of the financial assets and insurance assets net of any allowances for losses.

AS AT MARCH 31	Note	2023	2022
Cash and short-term investment		**41,587**	55,849
Interest and dividends receivable		**3,351**	2,526
Bonds – Available-for-sale and FVTPL	6.1	**437,002**	441,996
Mortgages and loans	6.1	**9,715**	13,422
Policy loans	6.1	**41**	41
Receivable for investments sold		**-**	2,400
Insurance balances receivable	8	**24,188**	24,509
Other financial assets included in Other assets	9	**6,622**	5,877
Reinsurers' share of claims provisions	18	**18,242**	14,908
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		**540,748**	561,528

Credit risk is mitigated by entering into collateral agreements for mortgages and loans. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Management monitors the value of the collateral, requests additional collateral when needed and performs an impairment evaluation on a regular basis.

The Group manages credit risk by its specific investment diversification requirements, such as investing by asset class, geography and industry, review of credit quality ratings for portfolio investments and an active credit risk governance, including independent monitoring and review and reporting to Senior Management and the Board.

22.3.1(c) Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics, such as operating in the same geographical region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following tables provide details of the carrying value of bonds and derivative financial instruments by industry sector and geographical distribution.

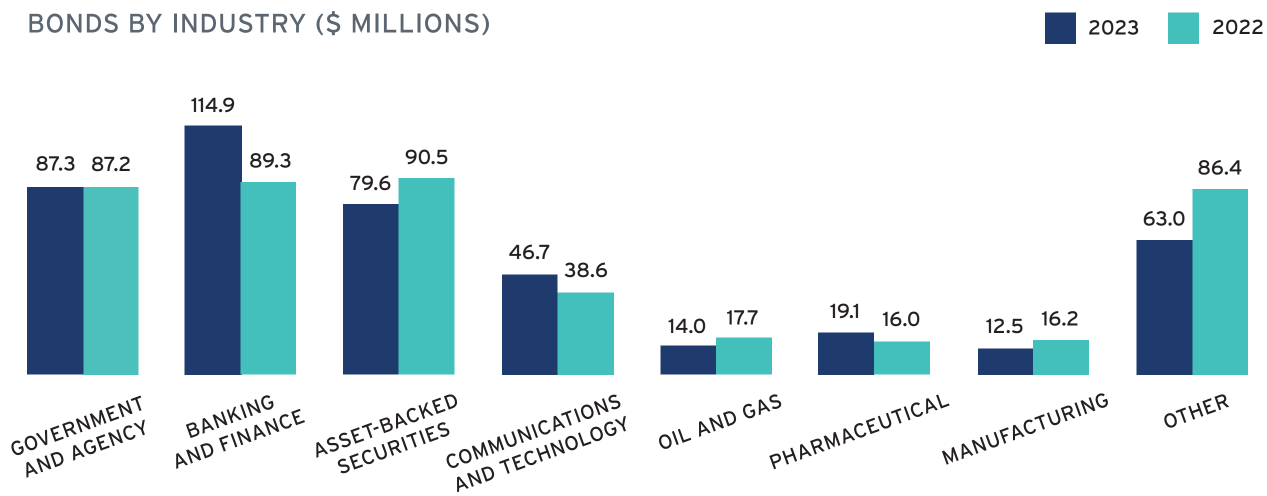
AS AT MARCH 31	2023	2022
Bonds issued or guaranteed by:		
Government and Agency	**87,328**	87,231
Banking and Finance	**114,853**	89,300
Asset-backed Securities	**79,574**	90,521
Communications and Technology	**46,674**	38,596
Oil and Gas	**14,008**	17,703
Manufacturing	**12,493**	16,233
Pharmaceutical	**19,080**	15,988
Transportation	**6,403**	5,266
Utilities and Energy	**8,264**	9,579
Insurance	**4,105**	5,658
SupraNational	**4,308**	5,361
Mining	**3,059**	2,397
Other (1)	**36,853**	58,163
TOTAL BONDS	**437,002**	441,996

(1) Other includes investment with less than $2.0 million of concentration of credit risk by industry sector which totals $36.9 million and investment in bond funds of $nil as disclosed in Note 7.1 (2022 – $37.4 million).

AS AT MARCH 31	2023	2022
Geographical distribution of bonds is as follows:		
United States of America	**315,724**	291,554
United Kingdom	**19,915**	14,999
Cayman Islands	**37,849**	39,784
France	**8,324**	7,364
Netherlands	**8,313**	6,146
Canada	**5,195**	3,307
Ireland	**1,917**	2,165
Switzerland	**4,811**	4,785
Mexico	**2,623**	4,255
SupraNational	**2,746**	5,361
Australia	**889**	1,592
Japan	**6,951**	6,297
Other (1)	**21,745**	54,387
TOTAL BONDS	**437,002**	441,996

(1) Other includes investment with less than $2.0 million of concentration of credit risk by geographical distribution which totals $21.7 million and bond funds of $nil as disclosed in Note 7.1 (2022 - $37.4 million).

BONDS BY INDUSTRY ($ MILLIONS)



Mortgages comprise first mortgages on real property situated in Bermuda. Residential mortgages include mortgages for both single and multiple family dwellings. As at March 31, 2023, the Group's mortgages and loans amount to $9.7 million (2022 – $13.4 million).

22.3.1(d) Asset Quality

22.3.1(d)(i) Bonds and derivative financial instruments by credit rating

The following table provides an analysis of the carrying value of bonds and derivative financial instruments by rating.

AS AT MARCH 31	2023	2022
Bond portfolio quality:		
AAA	**154,831**	143,515
AA	**39,938**	74,778
A	**117,697**	90,295
BBB	**118,083**	129,057
BB or lower	**6,452**	3,341
Not rated	**1**	1,010
TOTAL BONDS	**437,002**	441,996

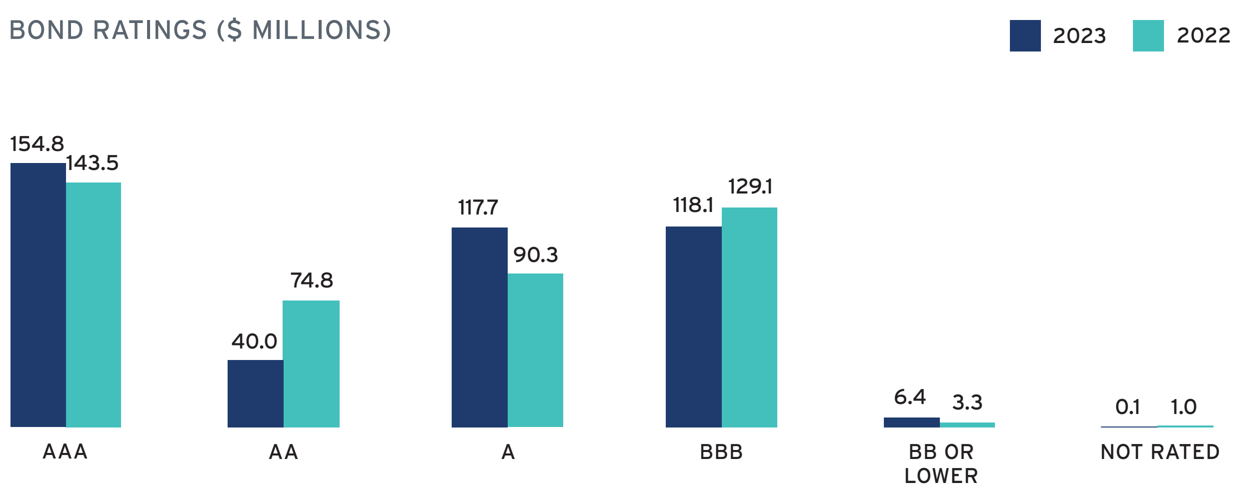
22.3.1(d)(ii) Allowance for credit losses on impaired investments

Mortgage and loans

Changes in the allowance for credit losses in the Group's Mortgages and loans, including assets classified as held-for-sale, are as follows:

AS AT MARCH 31	2023	2022
Balance, beginning of year	**2,253**	1,991
Net provision made during the year – Mortgage and loans	**-**	262
BALANCE, END OF YEAR	**2,253**	2,253

BOND RATINGS ($ MILLIONS)



22.3.1(d)(iii) Age analysis of financial assets past due

MARCH 31, 2023	Past due but not impaired			
	Less than 90 days	90 to 179 days	180 days or more	Total
Mortgage and loans	**-**	**-**	**1,821**	**1,821**
Other receivables included in Other assets	**298**	**89**	**1,400**	**1,787**
BALANCE, END OF YEAR	**298**	**89**	**3,221**	**3,608**

MARCH 31, 2022	Past due but not impaired			
	Less than 90 days	90 to 179 days	180 days or more	Total
Mortgage and loans	-	-	4,685	4,685
Other receivables included in Other assets	465	66	798	1,329
BALANCE, END OF YEAR	465	66	5,483	6,014

Past due financial assets have an allowance of $nil (2022 – $0.3 million) because the fair value of the collateral or the expected future cash flows are below the carrying value of these financial assets.

22.3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group's asset-liability management process allows it to maintain its good financial position by ensuring that sufficient liquid assets are available to cover its expected funding requirements. The Group invests in various types of assets with a view to matching them with its liabilities. To strengthen its liquidity further, the Group actively manages and monitors its capital and asset levels, the diversification and credit quality of its investments, cash forecasts and actual amounts against established targets.

The short-term (less than one year) liquidity needs are adequately met by maturing bonds, mortgages and loans, as well as by current operating cash flows.

Historically, the Deposit administration pension plan liabilities renew for further periods upon maturity and remain with the Group. Longer duration cash flows are also backed by a broader range of asset classes, including equity and other non-fixed income assets.

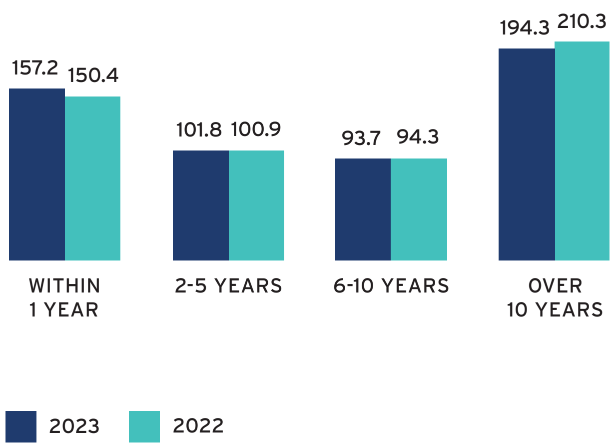
Reinvestment strategies and policies are in place for maturing assets backing longer-term liabilities and are reflected in the Life and annuity policy reserves. Based on the Group's historical cash flows and current financial performance, Management believes that the cash flow from the Group's operating activities will continue to provide sufficient liquidity for the Group to meet its contractual obligations and to pay other expenses as they fall due.

Liability maturity profile:
The following is an analysis by liability type of the estimated timing of net cash flows based on the Group's liabilities. The settlement profile is based on current estimates and historical trends and the actual timing of future cash flows may differ materially from the following disclosure.

MARCH 31, 2023	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves - net of reinsurance	**14,595**	**53,809**	**54,885**	**93,646**	**216,935**[1]
Provision for unpaid and unreported claims - net of reinsurance	**24,228**	**8,025**	**772**	**144**	**33,169**
Insurance balances payable	**23,375**	-	-	-	**23,375**
Investment contract liabilities	**64,715**	**34,239**	**36,216**	**98,002**	**233,172**[1]
Taxes payable	**295**	-	-	-	**295**
Accounts payable and accrued liabilities	**28,887**	**1,720**	-	-	**30,607**
Lease liabilities	**872**	**3,169**	**851**	-	**4,892**[1]
Post-employment benefit liability	**198**	**794**	**974**	**2,510**	**4,476**[1]
TOTAL FROM GENERAL FUND LIABILITIES	**157,165**	**101,756**	**93,698**	**194,302**	**546,921**

(1) The amounts shown above are based on estimated net cash flows, which differ from the amounts shown on the Consolidated Balance Sheets, which are based on discounted cash flows.

LIABILITY MATURITY PROFILE ($ MILLIONS)



MARCH 31, 2022	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves - net of reinsurance	14,314	53,073	54,809	95,948	218,144[1]
Provision for unpaid and unreported claims - net of reinsurance	20,676	7,094	653	5	28,428
Insurance balances payable	24,063	-	-	-	24,063
Investment contract liabilities	55,957	34,278	36,650	102,398	229,283[1]
Taxes payable	216	-	-	-	216
Accounts payable and accrued liabilities	34,085	3,283	-	-	37,368
Lease liabilities	905	2,437	1,230	-	4,572[1]
Post-employment benefit liability	177	769	982	2,926	4,854[1]
TOTAL FROM GENERAL FUND LIABILITIES	150,393	100,934	94,324	201,277	546,928

(1) The amounts shown above are based on estimated net cash flows, which differ from the amounts shown on the Consolidated Balance Sheets, which are based on discounted cash flows.

22.3.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

22.3.3(a) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The following policies and procedures are in place to mitigate the Group's exposure to currency risk:

- The Group regularly monitors the effect of currency translation fluctuations;
- Investments are normally made in the same currency as the liabilities supported by those investments;
- The majority of the Group's assets, liabilities and earnings are denominated in Bermuda or U.S. dollars; and
- The assets and liabilities of the foreign operations are held in their appropriate functional currency. The net currency exposure arising from the net equity within these operations amounts to £14.6 million, €2.3 million and CAD (1.5) million (2022 – £14.4 million, €2.3 million and CAD (0.5) million).

MARCH 31, 2023		Change in variables		Impact on equity
Currency:				
Sterling	**+/-**	**10%**	**+/-**	**1,462**
Euro	**+/-**	**10%**	**+/-**	**233**
CAD	**+/-**	**10%**	**+/-**	**153**

MARCH 31, 2022		Change in variables		Impact on equity
Currency:				
Sterling	+/-	10%	+/-	1,437
Euro	+/-	10%	+/-	230
CAD	+/-	10%	+/-	52

The previous analysis shows the impact on equity due to changes in the fair value of currency sensitive monetary assets and liabilities, including insurance contract liabilities, is performed for reasonably possible movements in foreign exchange rates with all other variables held constant. The correlation of other variables will have a significant effect in determining the ultimate impact on market risk.

22.3.3(b) Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Changes in market interest rates can impact the reinvestment of matured investments, as the returns available on new investments may be significantly different from the returns previously achieved.

The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the life product liability cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The impact of interest rate risk for the Group's actuarial liabilities and the assets supporting those liabilities is included in Note 18.

The Group issues unit-linked investment policies in a number of its operations. The policyholder bears the investment risk on the assets held in the unit-linked fund. The value of the policy benefits is directly linked to the value of the assets in the fund. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The Group issues deposit administration pension plans with a short-term guaranteed rate of return. To the extent that the actual rate of return on the underlying funds differs from the guaranteed rate, the risk and rewards are borne by the Group. At March 31, 2023, the sensitivity of Other comprehensive income to a 100 basis point parallel increase in interest rates would have been a $5.5 million decrease (2022 – $6.3 million decrease). For a 100 basis point parallel decline in interest rates the sensitivity to net income would have been a $5.7 million increase (2022 – $6.5 million increase). For this plan type, the Group ensures (i) the liability and asset cash flows are closely matched, and (ii) the valuation of the liability and asset are monitored regularly.

22.3.3(c) Equity Risk

Equity investments are held in accordance with the Group's investment policy as part of the well-diversified asset portfolio that are appropriate for the operating segment. Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. If actual returns are lower than the expected returns, the Group's Life and annuity policy reserves will increase and will reduce the Group's net earnings. Overall, it is expected that the impact of an immediate 10 percent increase in value across all equity markets would be an increase in Net Earnings and Other comprehensive income of $1.8 million (2022 – $1.7 million); conversely the impact of a 10 percent decrease would have an equal but opposite effect. The direct exposure to equity markets generally falls within the risk-taking philosophy of the Group's investment policy and is regularly monitored by Management.

22.3.4 Limitations of sensitivity analysis

The sensitivity information given in Note 22.3 and in Note 18 demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions, such as instances when risk-free interest rates fall towards zero.

22.4 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is monitored by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance, which is taken out to reduce the overall exposure to mitigate both risk frequency and risk severity of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. For details on insurance risk management policies of the Group's insurance operating segments, see Note 18.

23 Dividends

AS AT MARCH 31 Record date	Per share amount	2023 Amount of dividends	Payment date
July 29, 2022	**0.11**	**2,351**	August 26, 2022
December 30, 2022	**0.11**	**2,360**	January 27, 2023
	0.22	**4,711**	

AS AT MARCH 31 Record date	Per share amount	2022 Amount of dividends	Payment date
July 28, 2021	0.10	2,155	August 27, 2021
December 31, 2021	0.10	2,165	January 28, 2022
	0.20	4,320	

As a result of the Dividend Reinvestment Plan, share capital and contributed surplus as at March 31, 2023 increased by $0.2 million and $0.9 million (2022 – $0.2 million and $1.0 million), respectively.

24 Components of Accumulated Other Comprehensive Income/(Loss)

AS AT MARCH 31	2023	2022
Remeasurement of post-employment medical benefit obligation	**(209)**	(675)
Available-for-sale investments	**(37,920)**	(14,445)
Translation of financial statements of foreign operations	**(5,526)**	(3,237)
NET ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	**(43,655)**	(18,357)

25 Earnings Per Share

The adjacent table reflects the net earnings and share data used in the basic and diluted earnings per share computations:

FOR THE YEAR ENDED MARCH 31	2023	2022
Net earnings for the year	**27,651**	25,704

AS AT MARCH 31 (Number of shares)	2023	2022
Weighted average outstanding common shares	**21,413,738**	21,264,313
Common shares and common share equivalents	**21,523,405**	21,375,498
Earnings per share		
Basic	**1.29**	1.21
Diluted	**1.28**	1.20

26 Commissions, Management Fees and Other

Commissions, management fees and other income recognised during the year are as follows:

AS AT MARCH 31, 2023	Employee Benefits and Health	Wealth Management	Americas Property and Casualty	Disposal Groups	Europe Property and Casualty	Europe Brokerage Companies	All Other	Total
Fee income from service contracts								
Pensions and policyholder administration	**34,228**	**-**	**-**	**-**	**166**	**-**	**-**	**34,394**
Investment management	**-**	**3,016**	**-**	**-**	**-**	**-**	**-**	**3,016**
Brokerage income	**-**	**-**	**1,043**	**-**	**849**	**5,109**	**-**	**7,001**
Total fee income from service contracts	**34,228**	**3,016**	**1,043**	**-**	**1,015**	**5,109**	**-**	**44,411**
Reinsurance commission income	**1,534**	**-**	**9,706**	**-**	**2,194**	**-**	**-**	**13,434**
	35,762	**3,016**	**10,749**	**-**	**3,209**	**5,109**	**-**	**57,845**

AS AT MARCH 31, 2022	Employee Benefits and Health	Wealth Management	Americas Property and Casualty	Disposal Groups	Europe Property and Casualty	Europe Brokerage Companies	All Other	Total
Fee income from service contracts								
Pensions and policyholder administration	32,172	-	-	1,051	281	-	182	33,686
Investment management	-	3,027	-	-	-	-	-	3,027
Brokerage income	-	-	821	-	1,229	5,866	-	7,916
Total fee income from service contracts	32,172	3,027	821	1,051	1,510	5,866	182	44,629
Reinsurance commission income	946	-	9,634	-	2,173	-	-	12,753
	33,118	3,027	10,455	1,051	3,683	5,866	182	57,382

27 Reinsurance Recoveries

AS AT MARCH 31	2023	2022
Claims and adjustment expenses recovered from reinsurers	**(7,771)**	(7,477)
Policy benefits recovered from reinsurers	**(508)**	(1,379)
TOTAL REINSURANCE RECOVERIES	**(8,279)**	(8,856)

28 Net Change in Contract Liabilities

AS AT MARCH 31, 2023	Employee Benefits and Health	Americas Property and Casualty	Disposal Group	Europe Property and Casualty	Total
Gross change in contract liabilities					
Insurance contracts	**(11,712)**	**2,275**	**-**	**3,494**	**(5,943)**
Investment contracts	**(29)**	**-**	**-**	**-**	**(29)**
Total	**(11,741)**	**2,275**	**-**	**3,494**	**(5,972)**
Change in reinsurers' share of claims provision	**255**	**(1,777)**	**-**	**(2,050)**	**(3,572)**
NET	**(11,486)**	**498**	**-**	**1,444**	**(9,544)**

AS AT MARCH 31, 2022	Employee Benefits and Health	Americas Property and Casualty	Disposal Group	Europe Property and Casualty	Total
Gross change in contract liabilities					
Insurance contracts	(8,435)	1,480	33	3,067	(3,855)
Investment contracts	(5)	-	-	-	(5)
Total	(8,440)	1,480	33	3,067	(3,860)
Change in reinsurers' share of claims provision	(756)	(1,288)	(97)	(1,000)	(3,141)
NET	(9,196)	192	(64)	2,067	(7,001)

29 Operating Expenses

Operating expenses incurred during the year are as follows:

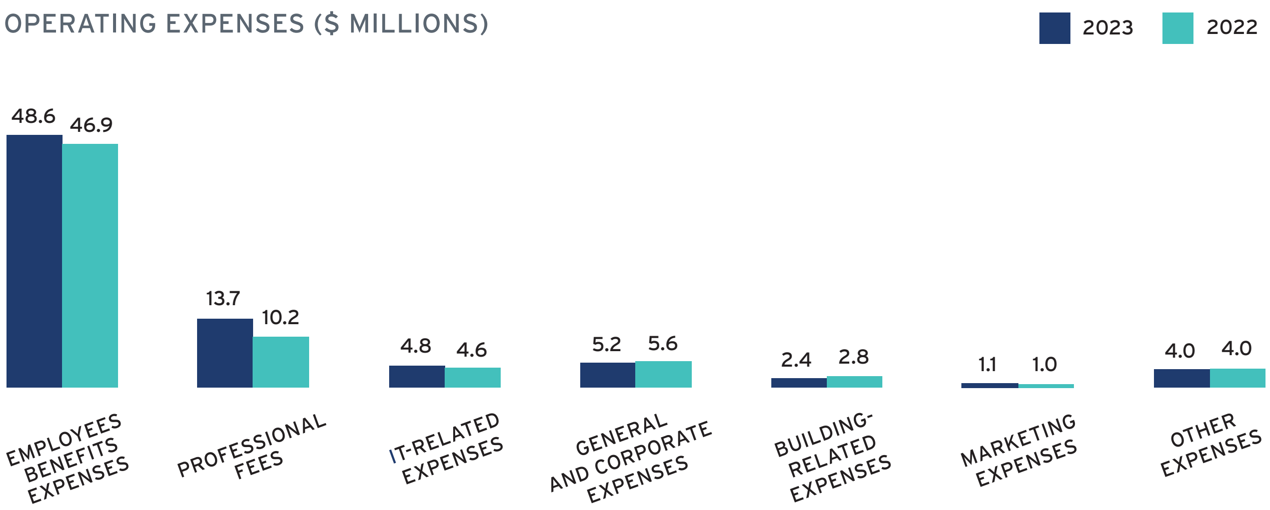
AS AT MARCH 31	2023	2022
Employee benefits expenses (see following table)	**48,641**	46,915
Professional fees	**13,725**	10,170
IT-related expenses	**4,817**	4,551
General and corporate expenses	**5,200**	5,561
Building-related expenses	**2,446**	2,765
Marketing expenses	**1,061**	1,028
Other expenses	**3,966**	4,004
TOTAL OPERATING EXPENSES	**79,856**	74,994

Employee benefits expense during the year is comprised of:

AS AT MARCH 31	Note	2023	2022
Salaries and other short-term benefits		**47,318**	45,749
Pension costs [(1)]		**1,103**	1,009
Post-employment medical benefits	20	**(15)**	(7)
Stock-based compensation	30	**235**	164
TOTAL EMPLOYEE BENEFITS EXPENSE		**48,641**	46,915

(1) Pension costs arise from the Group's defined contribution pension plan covering all full-time employees in Bermuda, Canada, Gibraltar and Malta.

OPERATING EXPENSES ($ MILLIONS)



30 Stock-based Compensation

The Group has the 2017 Restricted Stock Plan in place. The purpose of the Restricted Stock Plans is to enhance the Group's ability to attract and retain the services of certain key employees and to incentivise such persons to devote their utmost effort and skill to the growth of the Group by providing them with an interest in its long-term growth and stability. Under each of the Restricted Stock Plans, the maximum number of shares that may be granted is 250,000 over the five-year life of each plan. In 2022, the plan was renewed for an additional five years.

Shares granted under the Plan vest at the rate of 33.3 percent at the end of each year for three years after the date of grant. The fair value of each share granted is based upon the market price at the date of grant.

The details on shares vested, granted and forfeited during the year are as follows:

AS AT MARCH 31, 2023	Number of Shares	Weighted average exercise price
Vested during the year	**41,733**	**4.03**
Granted during the year	**82,980**	**6.34**
Forfeited during the year	**3,934**	**5.40**

AS AT MARCH 31, 2022	Number of Shares	Weighted average exercise price
Vested during the year	44,000	3.25
Granted during the year	49,050	6.15
Forfeited during the year	13,050	3.88

The following table summarises information about the outstanding stock grants:

RESTRICTED SHARES VESTING	Weighted average excercise price	Number of shares
July 2023	4.55	30,583
July 2024	6.30	16,300
July 2025	6.30	16,300
August 2023	6.15	14,550
August 2024	6.15	14,550
September 2024	6.39	10,760
September 2025	6.39	10,760
September 2026	6.39	10,760
TOTAL		**124,563**

31 Related Party Transactions

31.1 TRANSACTIONS WITH SIGNIFICANTLY INFLUENCED INVESTEES

The Group provided insurance-related products and services to various significantly influenced investees. The premiums and fees received from these transactions totalled $0.1 million (2022 – $0.1 million) in the year and are shown as Gross premium written and Commission, management fees and other on the Consolidated Statements of Operations.

There were no receivables and payables arising from insurance contracts and service contracts with significantly influenced investees as at March 31, 2023 and 2022.

31.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel have been identified as the Board of Directors and Officers of the Company. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group. The summary of compensation of key management personnel for the year is as follows:

AS AT MARCH 31	2023	2022
Salaries and other short-term benefits	**3,760**	3,464
Post-employment benefits (1)	**180**	152
Stock-based compensation	**36**	27
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	**3,976**	3,643

(1) Includes pension costs.

31.3 DIRECTORS' AND OFFICERS' SHARE INTERESTS AND CONTRACTS

The total interest of all Directors and Officers of the Company in the shares of the Company at March 31, 2023, was 156,427 (2022 – 141,643) shares.

With the exception of the employment contract with the Chief Executive Officer, Ms. A. S. Hill, there were no other service contracts with the directors during the year.

32 Income Tax Expense

Bermuda

Certain entities domiciled in Bermuda received an undertaking from the Bermuda Government exempting these companies from all Bermuda local income, withholding and capital gains taxes until 2035. At the present time no such taxes are levied in Bermuda.

Europe

Subsidiaries domiciled in Gibraltar are subject to normal Gibraltar corporation tax at a rate of 12.5 percent (2022 – 10 percent) on all taxable profits. The subsidiary domiciled in Malta is subject to normal Malta corporation tax at a rate of 35 percent on all taxable profits. Malta operates a tax refund system whereby, upon distribution of dividends out of taxable profits, the shareholders are generally entitled to a 6/7th refund of tax paid by the distributing company subject to the satisfaction of certain criteria. The effective tax rate after approval of the tax refund is five percent.

Canada

Subsidiaries domiciled in Canada are subject to Canada Revenue Agency corporate income tax rates, rules and regulations. The statutory income tax rate for subsidiaries domiciled in Canada is 26.5% on all taxable profits.

32.1 INCOME TAXES FOR THE YEAR

AS AT MARCH 31	2023	2022
Total current income taxes	**478**	571
Deferred taxes	**(15)**	7
TOTAL INCOME TAX EXPENSE/(BENEFIT)	**463**	578

32.2 CURRENT INCOME TAXES RECONCILIATION

Tax applying the statutory domestic income tax rate and the tax charge for the year are reconciled as follows:

AS AT MARCH 31	2023	2022
Earnings before income taxes	**28,114**	26,297
Less: Earnings not subject to taxes	**26,243**	23,591
EARNINGS SUBJECT TO TAXES	**1,871**	2,706
Income taxes at the application rate	**277**	567
Tax effect of:		
Expenses not deductible for tax purposes	**(20)**	(29)
Adjustment to taxes related to prior year	**(44)**	20
Difference between depreciation and capital allowances	**(17)**	7
Effect of tax losses brought forward	**267**	13
TOTAL CURRENT INCOME TAXES	**463**	578

32.3 UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

AS AT MARCH 31	2023	2022
Tax losses carried forward	**490**	244
Capital allowances carried forward	**(21)**	(3)
Deductible temporary differences	**6**	5
NET UNRECOGNISED DEFERRED TAX ASSETS	**475**	246

As of March 31, 2023, the Group has net operating loss carryforwards of $1.8 million (2022 – $0.9 million). The Group's net operating loss carryforwards will expire in 2040 through to 2043 under the current Canadian tax legislation.

33 Segregated Funds and Separate Accounts

The assets for contracts held under the Segregated Funds are allocated to Separate Accounts as authorised by the Bermuda Life Insurance Company Limited (Separate Accounts) Consolidation and Amendment Act 1998.

Changes to Segregated Funds are as follows:

AS AT MARCH 31	2023	2022
Additions to Segregated Funds		
Contributions and transfers	**137,600**	176,275
Return on investments	**(70,500)**	187,073
Segregated funds acquired	**1,016**	3,790
	68,116	367,138
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	**132,630**	311,034
Operating expenses	**10,818**	27,054
Segregated funds disposed of on sale of subsidiaries	**-**	527,084
	143,448	865,172
Net additions/(deductions) to Segregated Funds for the year	**(75,332)**	(498,034)
Segregated Funds, beginning of year	**1,203,738**	1,701,772
SEGREGATED FUNDS, END OF YEAR	**1,128,406**	1,203,738

34 Operating Segments

34.1 RESULTS BY SEGMENT

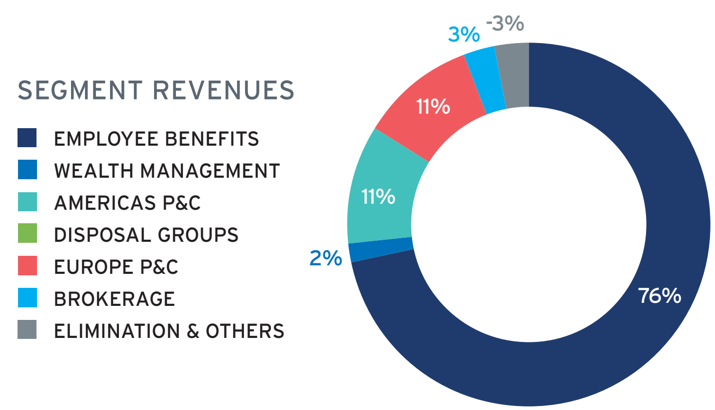
		AMERICAS					EUROPE			CORE		
AS AT MARCH 31		Employee Benefits and Health	Wealth Management	Property and Casualty	Disposal Groups (1)	**Total**	Property and Casualty	Brokerage Companies	**Total**	All other	Elimination	**Consolidated Total**
Segment revenues	**2023**	**145,045**	**4,133**	**21,857**	**-**	**171,035**	**21,139**	**5,575**	**26,714**	**-**	**(7,303)**	**190,446**
	2022	132,989	4,314	21,414	387	159,104	21,828	6,047	27,875	181	(6,886)	180,274
Investment income	**2023**	**11,997**	**288**	**(804)**	**781**	**12,262**	**329**	**2**	**331**	**(252)**	**(436)**	**11,905**
	2022	9,901	1	327	329	10,558	229	2	231	(451)	1,642	11,980
Gain from the sale of subsidiaries	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	-	-	-	-	-	-	-	-	(10,072)	11,058	986
Income/(loss) from associates	**2023**	**-**	**-**	**85**	**-**	**85**	**-**	**-**	**-**	**-**	**-**	**85**
	2022	-	-	(90)	-	(90)	-	-	-	-	-	(90)
TOTAL SEGMENT REVENUES	**2023**	**157,042**	**4,421**	**21,138**	**781**	**183,382**	**21,468**	**5,577**	**27,045**	**(252)**	**(7,739)**	**202,436**
	2022	142,890	4,315	21,651	716	169,572	22,057	6,049	28,106	(10,342)	5,814	193,150
Amortisation, depreciation and impairment	**2023**	**3,385**	**-**	**242**	**-**	**3,627**	**477**	**156**	**633**	**1,096**	**1,320**	**6,676**
	2022	3,471	-	209	63	3,743	493	163	656	2,166	1,533	8,098
Income tax expense	**2023**	**(45)**	**-**	**-**	**-**	**(45)**	**159**	**316**	**475**	**32**	**1**	**463**
	2022	-	-	-	-	-	151	380	531	61	(14)	578
Segment earnings/(loss) attributable to shareholders, after tax	**2023**	**42,924**	**664**	**7,023**	**-**	**50,611**	**1,577**	**647**	**2,224**	**(23,870)**	**(1,314)**	**27,651**
	2022	34,207	182	8,760	164	43,313	1,522	626	2,148	(30,104)	10,347	25,704

(1) Disposal groups refer to certain groups of assets and liabilities, which are held-for-sale (Note 4).

GEOGRAPHIC INFORMATION ON SEGMENT REVENUES:

AS AT MARCH 31		Bermuda	Europe	Total
Segment revenues	**2023**	**175,391**	**27,045**	**202,436**
	2022	165,044	28,106	193,150

Management considers its external customers to be the individual policyholders and corporations and, as such, the Group is not reliant on any individual customer.



34.2 ASSETS AND LIABILITIES BY SEGMENT

	AMERICAS					EUROPE			CORE		
	Employee Benefits and Health	Wealth Management	Property and Casualty	Disposal (1) Groups	Total	Property and Casualty	Brokerage Companies	Total	All other	Elimination	Consolidated Total
MARCH 31, 2023:											
Total General Fund Assets	**493,093**	**687**	**59,315**	**7,937**	**561,032**	**61,062**	**14,923**	**75,985**	**174,618**	**(137,727)**	**673,908**
Segregated Fund Assets	**1,128,406**	**-**	**-**	**-**	**1,128,406**	**-**	**-**	**-**	**-**	**-**	**1,128,406**
Total General Fund Liabilities	**431,687**	**386**	**29,431**	**65**	**461,569**	**43,129**	**12,274**	**55,403**	**15,806**	**(133)**	**532,645**
Segregated Fund Liabilities	**1,128,406**	**-**	**-**	**-**	**1,128,406**	**-**	**-**	**-**	**-**	**-**	**1,128,406**
MARCH 31, 2022:											
Total General Fund Assets	498,644	782	59,146	4,240	562,812	57,679	14,040	71,719	194,497	(136,275)	692,753
Segregated Fund Assets	1,203,738	-	-	-	1,203,738	-	-	-	-	-	1,203,738
Total General Fund Liabilities	450,859	443	29,337	-	480,639	38,290	12,048	50,338	19,177	(395)	549,759
Segregated Fund Liabilities	1,203,738	-	-	-	1,203,738	-	-	-	-	-	1,203,738

(1) Disposal groups refer to certain groups of assets and liabilities, which are held-for-sale (Note 4).

35 Commitments and Contingencies

35.1 OPERATING LEASES

Group as a lessor

The Group has entered into non-cancellable commercial property leases on several floors of the Group's office buildings. These leases have remaining terms of between one and five years. All leases include a clause to enable upward revision of the rental charge upon expiration according to prevailing market conditions. Future annual minimum lease rental receivable under non-cancellable operating leases as at March 31, 2023, are as follows:

AS AT MARCH 31	2023	2022
Within one year	**1,071**	1,071
After one year but not more than five years	**1,071**	2,141
More than five years	**-**	6

35.2 CONTINGENCIES

The Group is contingently liable with respect to certain litigation and claims that arise in the normal course of business.

36 Comparative Figures

Certain of the 2022 comparative figures have been reclassified to conform to the presentation adopted for 2023.

37 Subsequent Events

37.1 DIVIDENDS

Based upon the audited financial results of the Group for the year ended March 31, 2023, the Directors have declared a dividend of 12 cents per share (2022 – 11 cents per share) payable on August 25, 2023 for shareholders of record on July 28, 2023.

37.2 SHARE REPURCHASE PROGRAMME

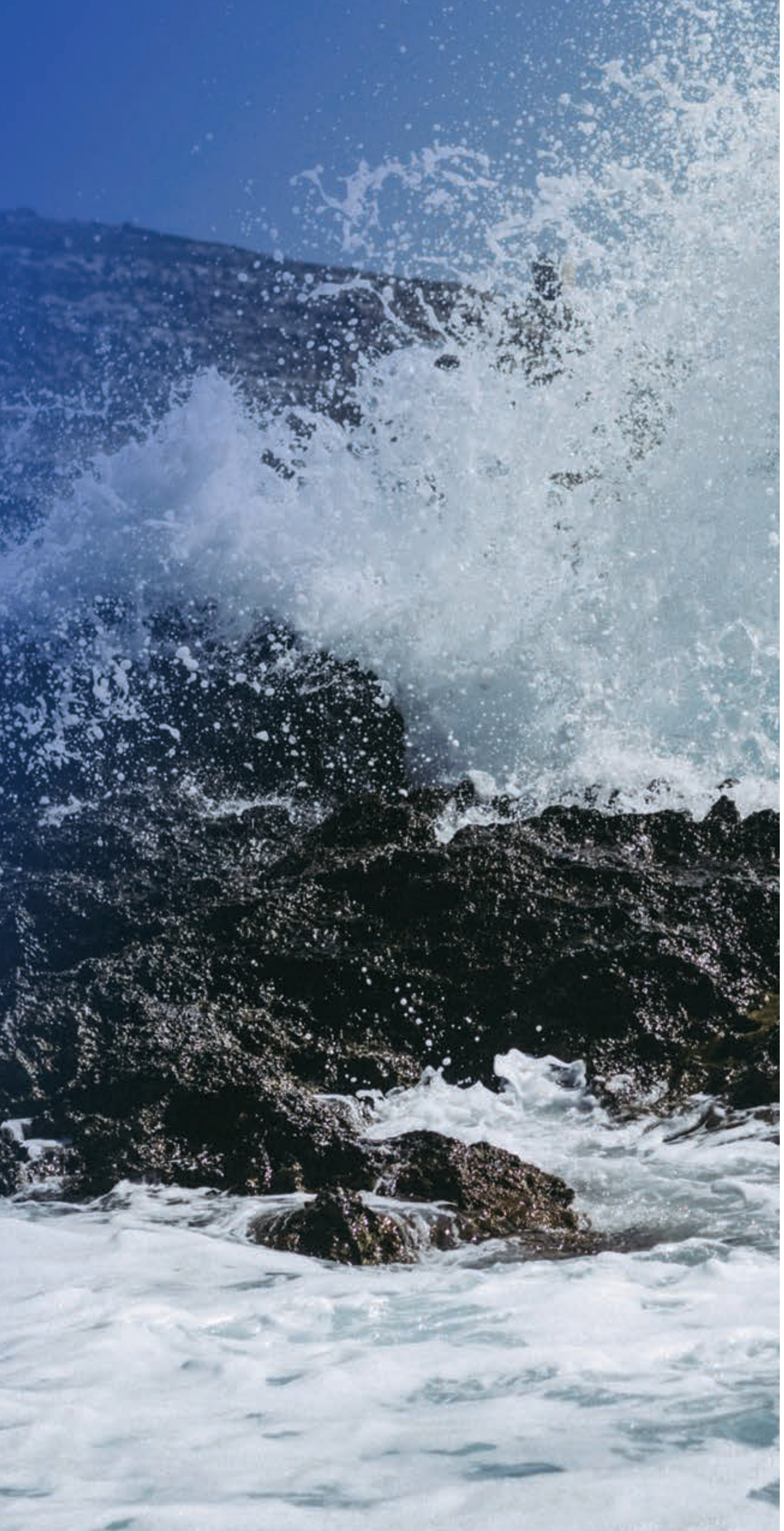
Effective July 1, 2023, the Group initiated a share repurchase programme to buy back up to 150,000 of its shares at the market price on the Bermuda Stock Exchange. The repurchase programme extends until June 30, 2024.

37.3 DIVESTMENT

On May 19, 2023 the Group entered into an Amalgamation Agreement with a related party to sell NBHH (Keepsake) Limited. The sale was completed on May 25, 2023. The total consideration for the sale of Keepsake is equal to $3.8 million. The Group will recognise a gain of $0.3 million from the sale.

37.4 ASSET ACQUISITION

On June 6, 2023, Bermuda Life Insurance Company Limited entered into a share purchase agreement with an unrelated third-party, to purchase a 36.9 percent shareholding in Bermuda-based insurance company BF&M Limited. The acquisition is in line with the Group's strategy to grow and diversify its operations. The consideration for the purchase is $100.0 million payable in cash, financed by a combination of $50.0 million of existing cash resources and a new $50.0 million debt facility. The purchase is expected to complete in Autumn 2023 and is conditional on the satisfaction of certain conditions, including regulatory and tax approvals and notifications in a number of jurisdictions.



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