

Dear Shareholders,

I am delighted that the Argus Group reported net earnings of \$10.0 million for the six months ended September 30, 2018, compared with a net loss of \$2.3 million in the corresponding period in 2017. It is also pleasing to note that A M Best affirmed the Financial Strength Rating of Argus Group Holdings as A- (Excellent) with a stable outlook. Our financial rating reflects the strength of our balance sheet, our enterprise risk management program and our favorable operating performance, despite losses reported in March 2018.

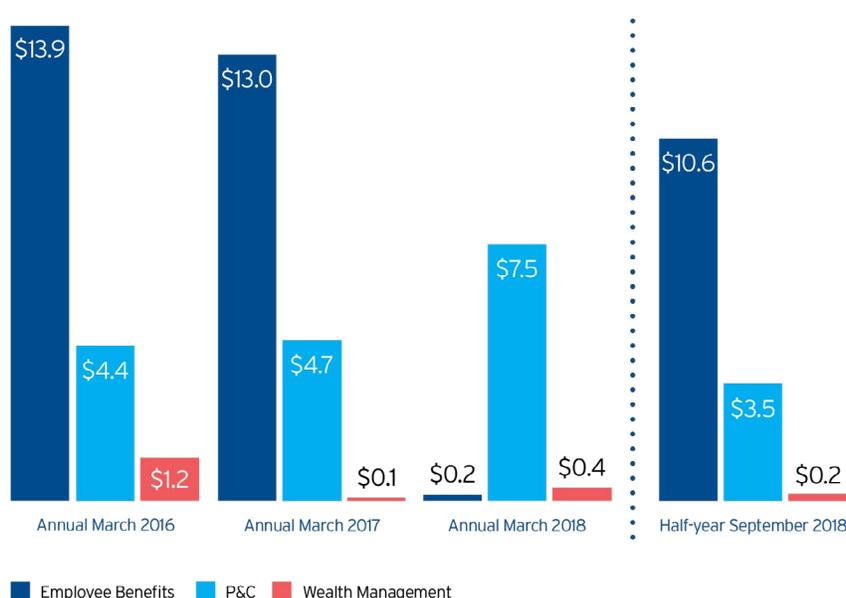
We are pleased with this solid result which is supported by strength in our insurance operations and strong investment performance. Earlier this year, we took decisive short-term actions to improve the long-term profitability of the Group and we remain confident that these actions will lead to sustained earnings and future growth.

The Group uses the combined operating ratio to track overall performance of our underwriting operations, which compares premium income to the cost of claims and operating expenses. For the six months to September 30, 2018, the combined operating ratio for our insurance businesses was 80.5% compared with 93.6% for the corresponding prior year period.

Following a year of significant increases of the cost of claims within our Health business, we are now seeing a return to more normal claim levels. As promised, we will continue our efforts to drive changes that will help to control health claims without compromising quality of care. We remain concerned about the sustainability of the healthcare system in Bermuda and will continue to invest in our population health initiatives, utilization management and case management. Health Reform in Bermuda is critical, so we will continue to work closely with all key stakeholders to support and influence positive change.

Our combined Property & Casualty Division has reported an increase in net earnings when compared with the corresponding period in the prior year. The absence of windstorms in Bermuda, in part offset by large motor losses in Europe, have underpinned these positive results. Fee income generated by our Employee Benefits, Wealth Management and Insurance Brokerage businesses of \$12.3 million remain stable.

#### Net Operating Earnings by Division



#### Argus Group Holdings Limited

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Hamilton HM 11, Bermuda

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The Group's investment portfolio has generated positive returns during the six month period to September 30, 2018, despite the events that impacted global investment markets; rate increases by the Federal Reserve and tightening of credit spreads. Against this backdrop, the Group's solid investment performance for the six months has contributed \$7.9 million to our earnings. The investment income benefitted from a one-time realized gain of \$1.3 million from the sale of certain Bermuda equities.

Equity attributable to shareholders of the company stands at \$107.9 million and remains well in excess of the capital level required by regulators.

The strong financial position and underlying earnings strength of the Group has allowed the Board to declare an interim dividend of nine cents per share payable on January 15, 2019 to shareholders of record on December 31, 2018.

In keeping with our strategic objective of advocacy and doing the right thing, we are making a conscious effort to reduce our environmental footprint. Those of our shareholders who have previously provided us with their emails for the purpose may access or download their copy of our 6 Month Report from our website at [www.argus.bm/financial-reports](http://www.argus.bm/financial-reports).

If you have received a hard copy but would prefer to receive it in electronic format going forward, or have only received the electronic format but still wish to receive a hard copy via the post, please email [registrar@argus.bm](mailto:registrar@argus.bm).

I would like to take this opportunity to express my sincere appreciation to each Argus client and shareholder for their continued loyalty, support and confidence and to thank my Argus colleagues for their hard work and professionalism. It is my hope that you enjoy the forthcoming holiday season and that all of you prosper in the year ahead. Thank you for your loyalty and please accept my best wishes for 2019.

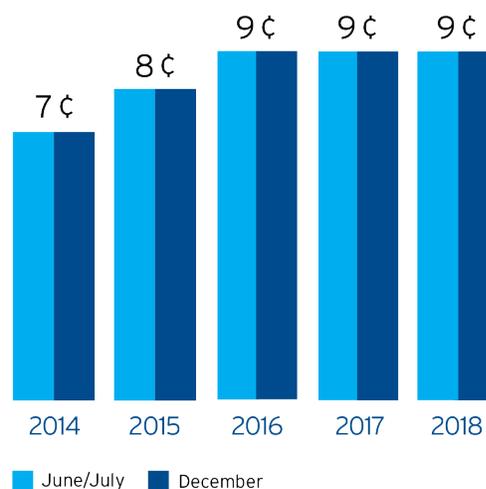
Yours sincerely,



Alison S. Hill  
Chief Executive Officer

## Dividends

Total dividends declared per share (cents)



In support of our efforts to go green please find the most recent update of our Financial Report by visiting [argus.bm/financial-reports](http://argus.bm/financial-reports)

### BY EMAIL

[Registrar@argus.bm](mailto:Registrar@argus.bm)

### BY HAND

Argus Group Holdings Limited  
Argus Building, 14 Wesley Street  
Hamilton HM 11  
Attention: The Registrar

### BY MAIL

Argus Group Holdings Limited  
P.O. Box HM 1064  
Hamilton HM EX  
Attention: The Registrar

**QUESTIONS? CALL 298-0888 AND ASK FOR THE REGISTRAR**