More than meets the eye

ANNUAL REPORT 2022

ARGUS

Our Interest is You.

More than meets the eye...

For many, Argus is seen as a traditional insurance company serving a small island community in the middle of the Atlantic. But, take a closer look and you will find surprising innovation, vision and ambition for our collective futures. Argus is a business that has quietly gone about rethinking its place, its products and its very purpose. Argus is a business that is poised for growth.

ARGUS
Our Interest is You.

Contents

01 Message from the Chair

DAVID A. BROWN
CHAIR
ARGUS GROUP

Message from the Chair

Dear Shareholders,
I have now had the privilege of serving as Chair of the Argus Group for over a year. I was originally attracted to Argus because of the company philosophy of always doing the right thing for employees, customers, patients and shareholders. Over the last twelve months I have seen this philosophy in action each and every day.

I have seen it in the decisions that are made at the Board level and throughout the organisation. This is the heart of the business and it is pleasing to see that in times of great uncertainty and turmoil, Argus' culture and values continue to come to the fore.

In my first shareholder letter last year I set out my 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. One of the tools we discussed was the repurchase of our own shares.

I am delighted to report that we have made tangible and meaningful progress on all of these ambitions.

> "It is pleasing to see that in times of great uncertainty and turmoil, Argus' culture and values continue to come to the fore.

Message from the Chair

In Alison Hill's CEO report she covers how Argus has delivered meaningful value to all of our stakeholders and how we are reimagining sustainable physical, financial and mental wellbeing in each of our markets.

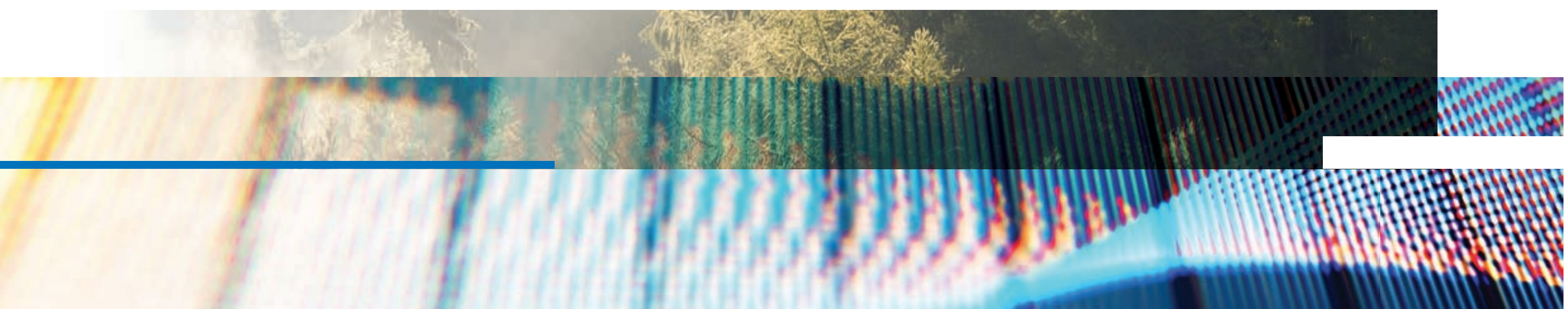
Argus continues to lead the way in shifting healthcare systems that prioritise and incentivise lower cost, more outcome-oriented health care delivery. We know that there is a clear connection between financial security and mental wellbeing. For this reason we are intensifying our focus on our financial protection and wealth creation businesses. We recognise that financial services businesses are only just beginning to become more responsive to customers and to take a longer-term view on sustainable financial wellbeing.

In Peter Dunkerley's report he summarises the impressive growth in our profitability, return on equity and shareholder value. But there is more than meets the eye here, we are delighted with the strength of our underlying business performance and the positive contribution from each part of the group.

The current global business environment has pushed us to think differently and innovate faster. In order to keep pace with the changes around us, we must ensure clarity of purpose, conviction of our strategies and alignment to move forward together. The leadership team and the Board will chart the direction of the Group, writing the next chapter of the Argus story.

A critical aspect of building a company that delivers enduring value to its shareholders, colleagues and customers is the quality of its governance.

> Argus continues to lead the way in shifting healthcare systems that prioritise and incentivise lower cost, more outcome-oriented health care delivery.



Message from the Chair

I would like to thank my fellow Argus non-executive directors for all their hard work and active engagement both during and outside of board meetings.

A particular area of focus this year has been supporting management as we evolve and develop our sustainability agenda. A personal highlight for me 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.

I see a business that is poised for growth with the right people to take Argus to the next level. 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 discount to intrinsic value – 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 repurchase 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. As we continue to monitor our performance in this regard, we will maintain and grow the dividends we pay to shareholders whenever possible.

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

DAVID A. BROWN
CHAIR | ARGUS GROUP

I see a business that is poised for growth with the right people to take Argus to the next level.

02

Message from the Group Chief Executive Officer

ALISON S. HILL
GROUP CHIEF
EXECUTIVE OFFICER
ARGUS GROUP

Message from the Group Chief Executive Officer

To many, Argus is still seen as a traditional insurance company serving a small island community, perceived as a small fish in a very large Atlantic Ocean. We are proud to be born of a small island. We have been part of the fabric of our community in Bermuda for over 70 years, where our employees are our customers, our shareholders and our neighbours.

But, behind the scenes, change has been dramatic, refreshing and revolutionising every aspect of our business, while keeping true to our core values. True island values built from community and an interdependency where everybody wins. Values that are now back in fashion.

Take a closer look and you will find that we have reimagined our whole business, our bold and creative innovation, vision and ambition for our collective futures. Argus is a business that has quietly gone about rethinking its place, its products and its very purpose.

- A closer look at our balance sheet, reveals the work done to prepare for accelerated growth, building scale and diversification;
- A closer look at our growing business footprint reveals a diversified portfolio that can be exported into other integrated communities;

- A closer look at our expanding offer reveals that we are better able than ever to look after our customers' physical, financial and mental wellbeing;
- A closer look at our people, reveals talent density and diversity. A friendly, focused and formidable team that is building an integrated, digitised customer and employee experience.

Together, we are a powerful force for sustainable physical, financial and mental wellbeing. Making life meaningfully better in our connected communities.

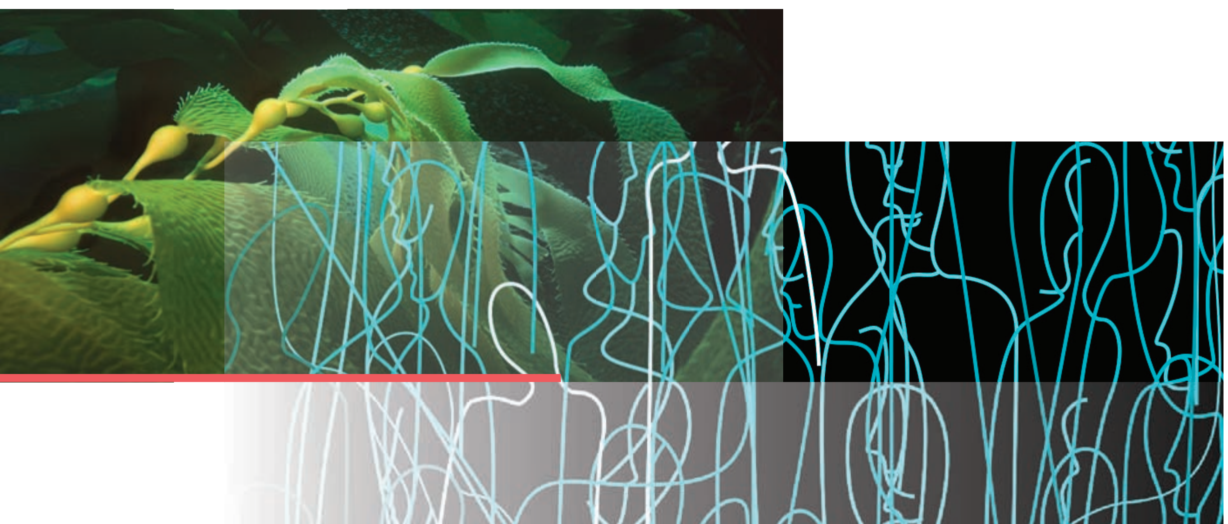
> "Together, we are a powerful force for sustainable physical, financial and mental wellbeing. Making life meaningfully better in our connected communities.

Reimagining Sustainable Physical and Mental Wellbeing

Argus has been leading the way in developing a healthcare system that prioritises and incentivises less expensive more outcome-oriented health care.

We are actively investing in technology enabled services that reimagine key parts of our healthcare system including the delivery of care, innovative diabetes reversal programmes, improvements in care quality and accessibility, all while curtailing costs. We are building healthcare systems where the best interests of patients, payers and providers are fully aligned. Peter Lozier will explore our innovative approach to healthcare in his report.

Reimagining sustainable financial wellbeing: We are investing in our people and technology to deliver far more human-centric solutions and services; We are designing our customer and employee experiences with transparency, security and resilience as core foundational tenets; We envision more responsive, interactive experiences that serve to protect and build financial wellbeing. Tyrone Montovio will discuss our aim of helping to protect our customers' financial wellbeing in his report.



> "We are building healthcare systems where the best interests of patients, payers and providers are fully aligned.

Delivering Long-Term Value to our Shareholders

Peter Dunkerley will report on our excellent financial performance this year and how this has been reflected in our share price. We have a strong track record of growing the business whilst providing attractive shareholder returns.

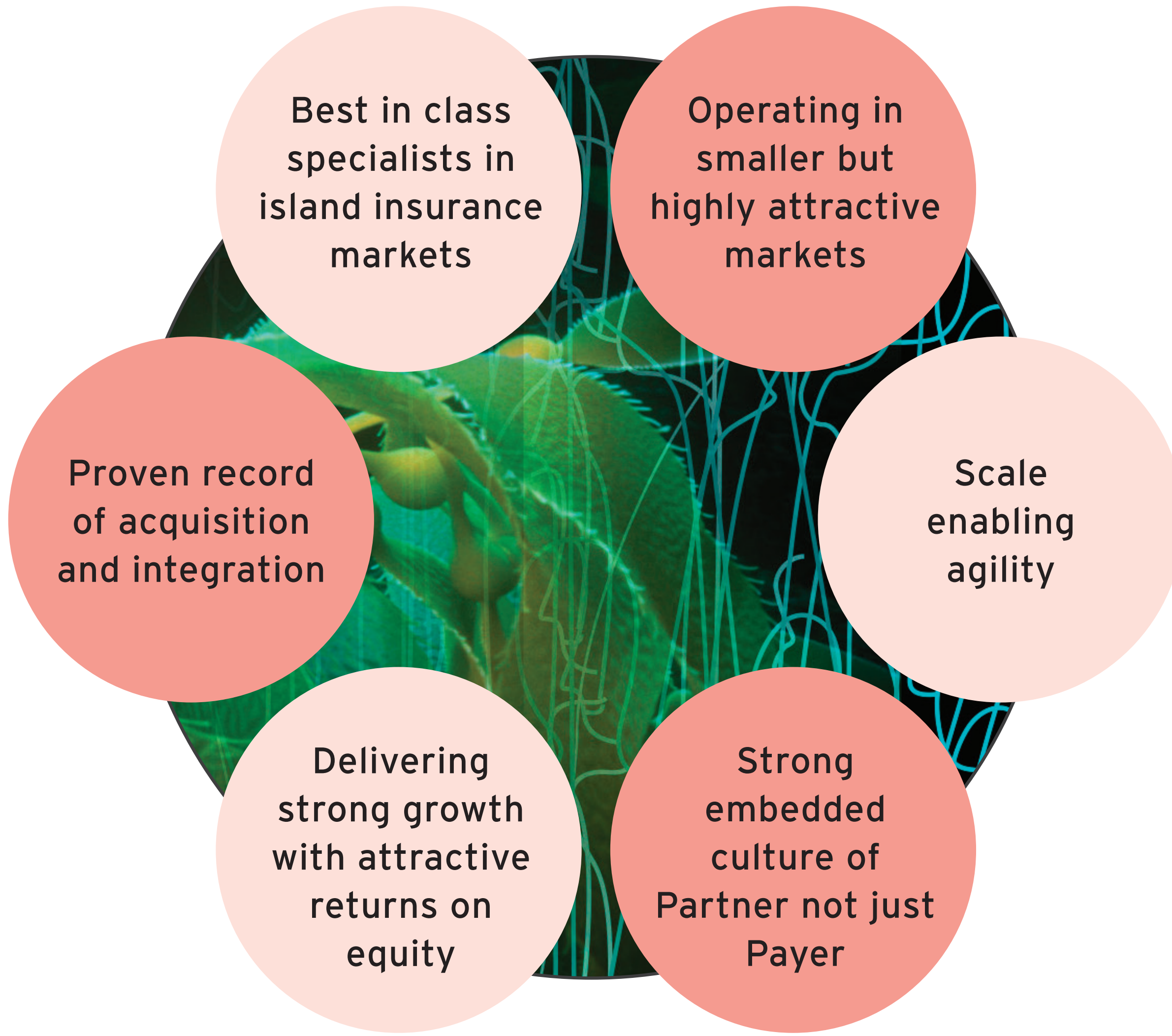
We make capital friendly decisions to reward our shareholders: providing shareholder returns and liquidity through increasing dividends; flexibility through dividend reinvestment and share repurchase programmes; and judicious reinvestment of surplus capital in strategic growth opportunities.

We've been pleased to see our share price triple over the past 18 months. We still trade at a discount to our intrinsic value but are heartened that the market has started to take note of the value we're building. We want to close the valuation gap, obtain access to a broader capital base for future growth and increase liquidity of Argus shares. We want our shares to be a viable currency for future merger and acquisitions as we continue on our journey to diversify and build scale.

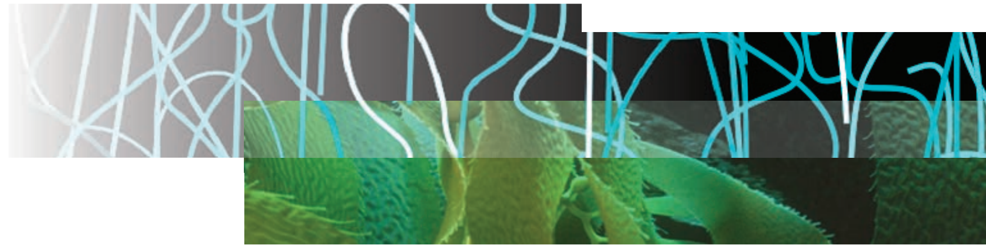
Over the past year we have had the opportunity to share our Argus story with a broader audience of sophisticated global investors to see if it resonates with them. Would they understand what makes our business special? We wanted to see if more institutional investors would recognise how our story and approach translates into sustainable shareholder value. It was gratifying to get support for and validation of our approach from investment analysts and brokers. They reacted positively to our story, felt that we were offering something unique, distinct and different and recognised 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. Our challenge now? To rapidly grow our scale and reach and to export what we do to other connected communities with larger addressable markets. So how will we do this?

Our Philosophy for Growth – Everyone Wins

Our focus today, and our plan for tomorrow, is to enhance and expand our integrated, digitally enabled, financial, physical and mental health products and services. We are growing the number of touch points to build deeper connections and great customer experiences – keeping our customers and employees at the heart of our business.



Our Philosophy for Growth – Everyone Wins



Our team is encouraged to let their moral compass guide decision making. By doing the right thing we build trust with our clients and make positive contributions to the communities in which we operate, all of which secures future value for our shareholders... a virtuous circle where everyone can win.

- We are Best in Class specialists in island insurance markets. We specialise in physical, mental and financial health services with a focus on the integrated experience.
- We have a long history of building partnerships. We have the ability to get things done in highly connected markets. We are not just payers of benefits – we build the long-term trusted partnerships to which many businesses can only aspire.
- In highly-connected island markets, being a trusted partner allows us to serve a broad set of customer needs and gain a larger share of wallet. We aspire to be the go-to choice for corporates and individuals across our communities for integrated physical and financial health and protection.
- Our products and services are diverse but have been carefully curated to provide a coherent set of solutions centred around our corporate and individual customers.
- We operate in less familiar but highly attractive insurance markets and we play in a sophisticated way, creating attractive margins. We sell insurance and investment products at retail rates, aggregating and offloading much of the risk at wholesale rates – resulting in low risk, capital efficient income.
- The scale of our business – whilst much smaller than a typical large market player – allows us to be agile. We're building a track record of delivering bold, cutting edge plays and a proven record of acquisitions, having acquired and successfully integrated five profitable businesses in the last five years.

All of which delivers increasing returns on equity and grows book value per share. That's why we create a virtuous circle of success:

- We invest in diverse and inclusive teams; and
- Deliver great experiences for our employees and our customers; which
- Results in attractive and sustainable shareholder returns.

> We build the long-term trusted partnerships to which many businesses can only aspire.

But Ultimately... it is all About Our People

I have been the Argus CEO for over 11 years. I have been a senior leader in the Financial Services sector for over 30 years. I have worked in multiple countries and navigated different economic and business cycles.

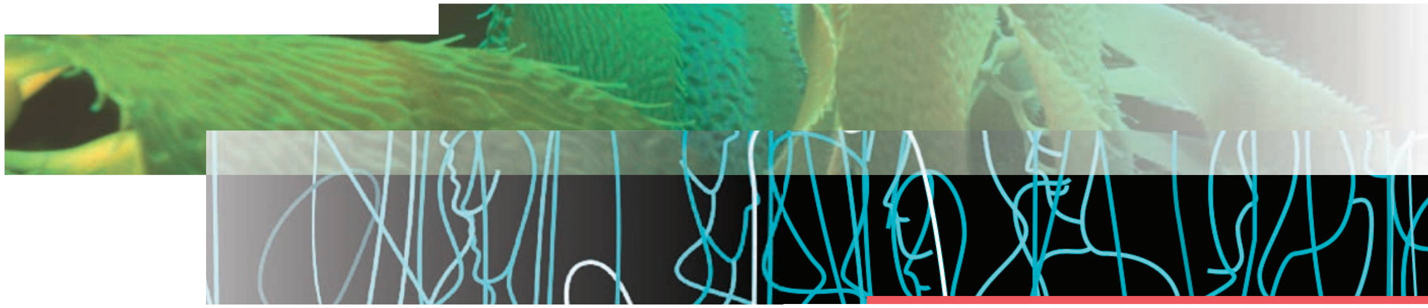
What has become abundantly clear to me over the last twelve months is that being a profitable, well-run business with a strong balance sheet is no longer sufficient.

The COVID-19 pandemic has exposed inequities in our social infrastructures. It has revealed platitudes and superficial values. It has bought into sharp focus the thing that I believe makes Argus different and distinct, setting us apart from our peers. It is that we truly put people at the heart of our business. That is our purpose and our mission. Being a good corporate citizen is absolutely core to our values and our culture.

It is gratifying to see that sophisticated global investors are increasingly placing a higher value on businesses that are purpose and mission-led. Businesses that are driven to solve humanity's biggest problems are reimagining global market sectors in ways that move the planet forward. Businesses are linking profit and purpose in a virtuous circle that form a flywheel to deliver attractive financial returns while transforming global industry sectors, communities and countries.

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

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



But Ultimately... it is all About Our People

The Argus Group possesses an unparalleled depth and breadth of talent for a business of our size. We have a close-knit team and a 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 track record of success.

Our team has collectively transformed Argus over the last ten years, rebuilding our balance sheet, exiting non-core and underperforming assets and reinvesting profits in a savvy way. We have made smart, bold decisions by investing in new capabilities and new markets and delivered a series of financially successful acquisitions and post deal integrations.

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.

However, I am acutely aware that the pandemic has shaped the way people think about work and their careers. In the dichotomy of great attrition-great attraction, we want to be on the great attraction side. Like many companies, we use annual employee satisfaction surveys to measure how our colleagues are feeling. Despite maintaining an Employee Engagement score of 80 percent, remaining in the top 10 percent of benchmark companies, we didn't feel it was truly reflective of what we were hearing or seeing as a leadership team. We were concerned that colleagues were getting an inconsistent experience across the group. As a result, we've identified how we could improve, 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 pushing our Black Lives Matter and diversity, equity and inclusion agenda. We're being honest about our focus on eradicating racism and bias, and we're using real solutions to address it. We understand that by taking our colleagues' concerns seriously and addressing them in a timely manner, we build a highly engaged team who

"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.

passionately deliver great experiences to our customers. Our customers who 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.

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 who makes Argus what it is today and each of you who will help us to build the business that we have always dreamed of working for.

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

ALISON S. HILL
GROUP CHIEF EXECUTIVE OFFICER

03

Message from the Group Chief Financial Officer

PETER J. DUNKERLEY
GROUP CHIEF
FINANCIAL OFFICER
ARGUS GROUP

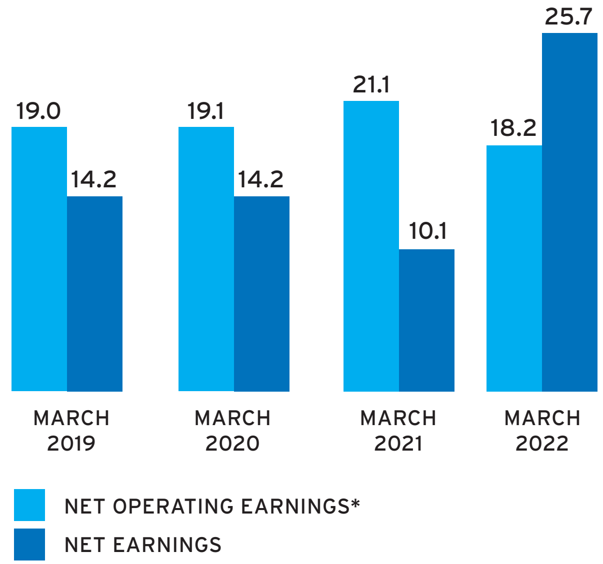
Message from the Group Chief Financial Officer

OUR EARNINGS

We are delighted with how the Argus Group has successfully navigated the financial and operational complexities of the past 12 months and delivered another year of strong economic performance.

Our operating earnings – which is our key measure of the profitability of the Group – for the year is $18.2 million. Once again, each core part of the Group has performed well and delivered strong underlying profitability.

OPERATING EARNINGS PERFORMANCE ($ MILLIONS)



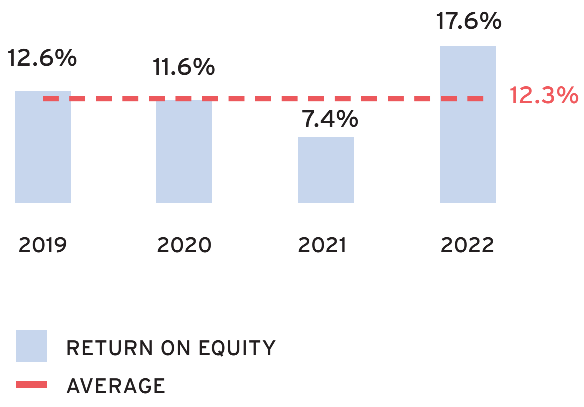
*Net Operating Earnings – refers to net earnings excluding the impact of external market factors and/or one-off events such as the yield curve impact on the Annuity business, change in fair value of investments and investment properties, asset workouts and asset impairments.

The headline net income result for the year is $25.7 million compared to $10.1 million in the previous year. Both the current and the prior year reported net income are impacted by market interest rate movements – in 2021 this caused a drag on income whereas our 2022 results have benefitted from these movements. More on this later in this report.

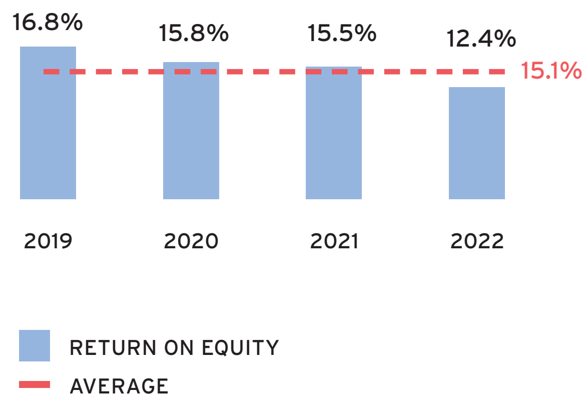
Key Performance Metrics

We are pleased with the return on average equity for the year to March 31, 2022. Average annual return on equity over the last 4 years is 12.3 percent based on reported net income, and 15.1 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.

RETURN ON EQUITY



RETURN ON EQUITY
(OPERATING INCOME BASIS)



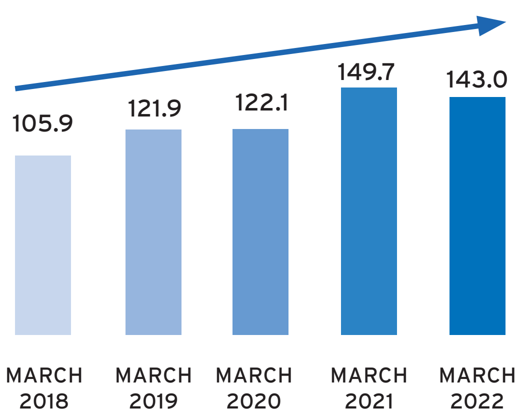
Our Equity

Since March 2018, our shareholders' equity has increased from $105.9 million to $143.0 million as of March 31, 2022. During this time, we have returned $19.6 million to shareholders through dividends and a further $2.5 million through share repurchases.

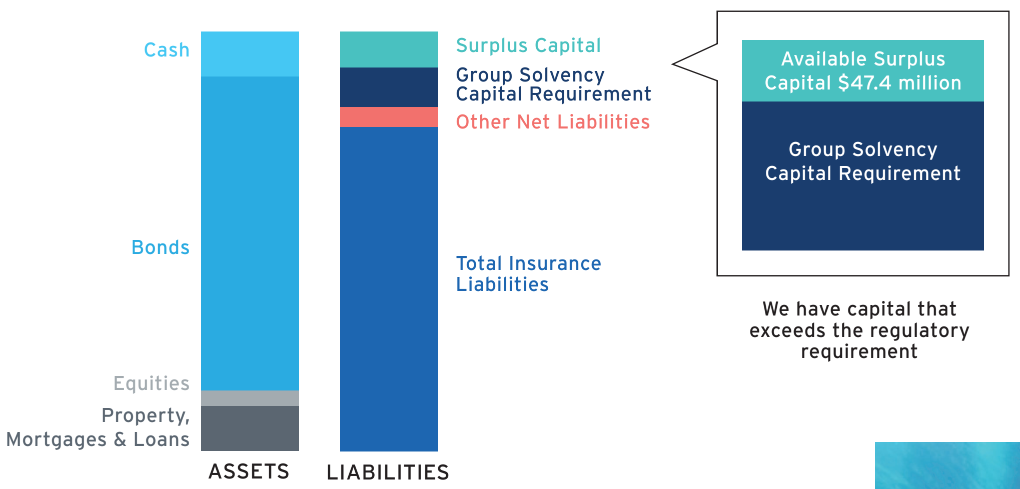
The decline in shareholders' equity since March 2021 is primarily due to market value declines in our fixed income portfolios that support our long-term products. As illustrated, our longer-term track record for building shareholder value has been solid against a backdrop of challenging times. We have achieved this through solid operating earnings, revenue diversification and continued commitment to careful and diligent custodianship of policyholder and shareholder assets.

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 group statutory capital remains well in excess of the capital required by regulators.

SHAREHOLDERS' EQUITY GROWTH ($ MILLIONS)



CAPITAL COVERAGE



Our Business Performance

The headline net income for the year only tells part of the story. To understand the financial results for the year we must separate out the core business performance from the other shorter term factors that impact the reported result. The key components of our business performance are described over the next few pages.

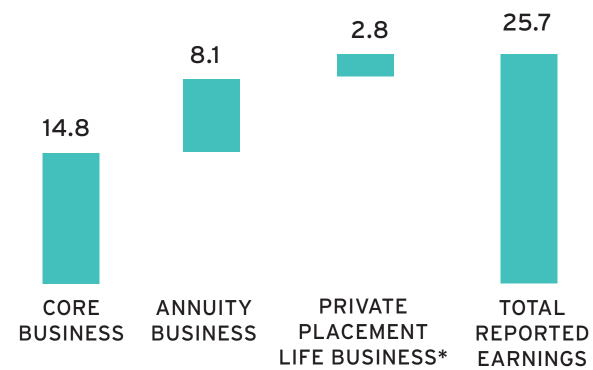
CORE BUSINESS PERFORMANCE

The key performance metrics for the year have remained strong, despite the economic and operational challenges that exist across the world today.

Let's first take a closer look at the financial results of the core business for the year. Our core business has delivered net income for the year of $14.8 million whilst successfully navigating the operational and financial challenges presented as our business and our communities return to some normality post the onset of COVID-19. More recently the economic turmoil and inflationary pressures brought about by the current geopolitical situation present a new set of navigational challenges.

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, 2022, the combined operating ratio for the insurance businesses within the Group was a healthy 77.8 percent compared with 70.4 percent and 80.8 percent for the years ended March 2021 and 2020, respectively.

COMPONENTS OF THE GROUP'S REPORTED NET EARNINGS ($ MILLIONS)



*Private Placement Life Business
As previously reported, the Group entered into an agreement to dispose of our private placement life business. The sale was completed on July 1, 2021.
The net positive impact of the International Life division on the year-end result, including gain on sale, is $2.8 million. See Note 3 and 34 of the financial statements.

Insurance Premium Revenue

Let's look at our insurance premium income.

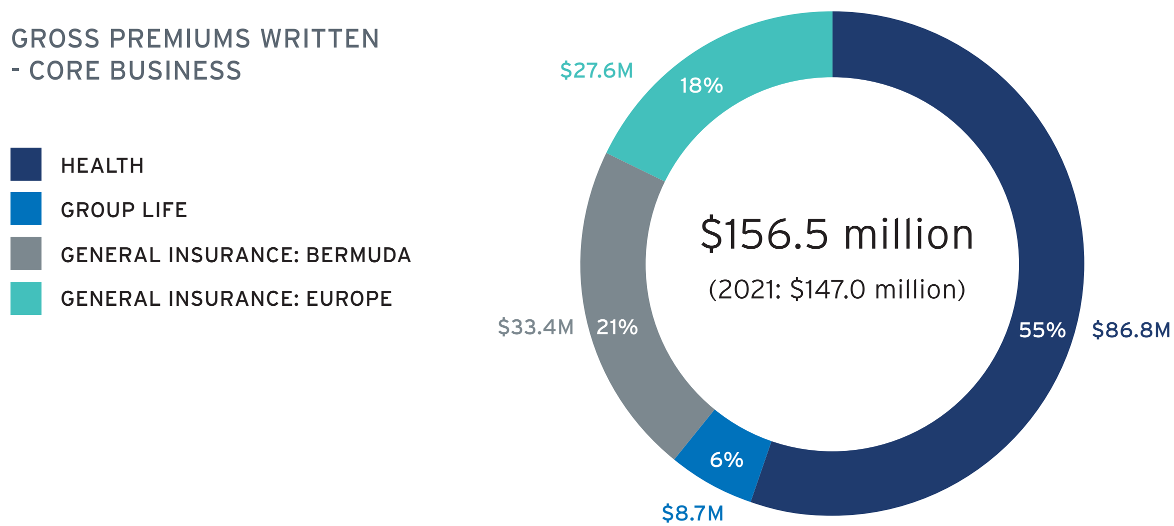
The Argus Group underwrites insurance risks for corporates and individuals across a broad range of health, life, property and liability insurance covers.

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.

Net insurance premium revenue within our core business increased $10.0 million or approximately 10 percent compared to the prior year.

As illustrated in the Gross Premiums Written 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.

GROSS PREMIUMS WRITTEN - CORE BUSINESS



Across the globe, healthcare costs have been consistently rising. 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. Our special premium rebate programme in 2021 was hugely appreciated by our clients, helping to further deepen our long-term client relationships and maintain high client retention levels.

Fee and Commission Revenue

Fee and commission income represent 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 and physical health of our corporate clients, corporate members and individual customers.

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

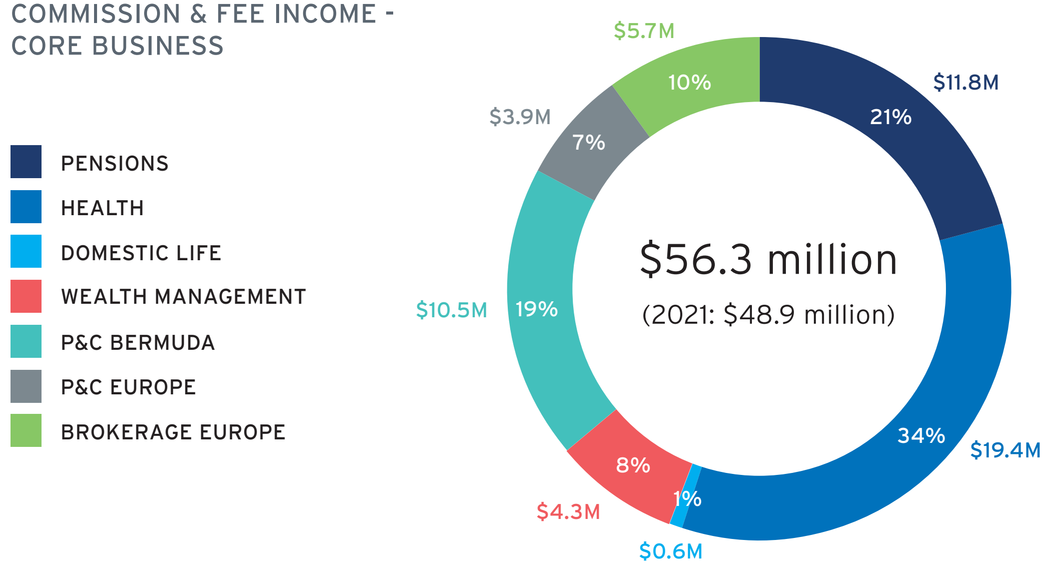
Commission and fee income generated by our core business has increased by $7.4 million or approximately 15 percent compared to the prior year. We continue to grow new sources of fee-based income, and build resilience and diversification in our revenues through complementary products and services.

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 complimentary capabilities and services to our Group.

As illustrated in the Commission & Fee Income chart, health related fees have become the largest component of our fee income and are expected to grow as we build out our medical administration and healthcare delivery businesses. Over one quarter of our commission and fee income is generated by our pension and wealth management products, and a further one quarter is commission received from reinsurers.

Income from our European insurance brokerage operations have remained robust. During the year we merged our two insurance brokerage businesses in Malta and united them under the Antes brand, creating Malta's largest domestic insurance broker.

COMMISSION & FEE INCOME - CORE BUSINESS



Benefits and 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.

Economic activity returned to more normal levels during the past year. As a result, benefit and claims costs across our core businesses for the year increased $15.8 million or approximately 27 percent compared to the prior year.

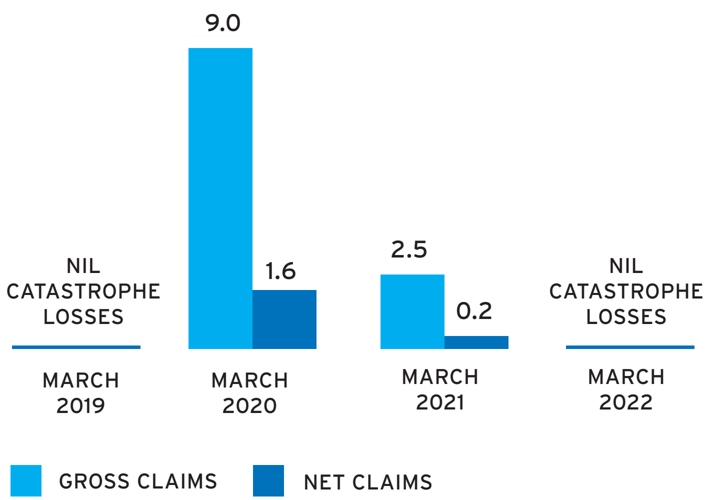
HEALTH BENEFITS

Health insurance benefit expenses returned to more normal levels during the past year following notably lower than normal claims in the year to March 2021, due to lower economic activity caused by the COVID-19 related lockdowns and travel restrictions.

As health insurers we are custodians of our clients' health dollars – a responsibility we take very seriously. Over the past three 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.

We continue to analyse emerging health data to understand the potential for an increase in the frequency or severity of future health claims as a consequence of lower utilisation of preventative and diagnostic healthcare over the COVID-19 period.

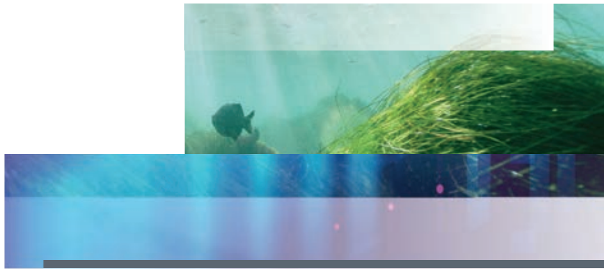
NET CATASTROPHE LOSSES ($ MILLIONS)



GENERAL INSURANCE CLAIMS

As economic activity normalised over the past year so too did our general insurance claims.

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. Thankfully during the last year our communities avoided major storms or other major events.



Operations

There's so much more than meets the eye in our business. Our team's focus goes far beyond current operations and short-term economic performance.

We've been making big changes to our operations to ensure our long-term cost of delivering our products and services remains competitive and builds a solid foundation for growth. We continue to make investments in our people, technology, risk management, and information security tools necessary to enable us to deliver value to our customers, support future growth and operational resilience and efficiencies. Some investments are yielding immediate returns whilst others will emerge over a longer horizon.

We remain committed to careful and judicious management of operating expenditure: investing where it matters most – in people and innovation – whilst taking meaningful steps to eliminate low value activities and expenses to reduce the ongoing cost of doing business.

Our strong operations allowed us to support the communities where we operate with donations and in-kind support for many individuals and organisations. Together we strive to operate a responsible and sustainable business, working with local market partners to promote social and economic development for tomorrow's society and environment.

> "We continue to make investments in our people, technology, risk management, and information security tools necessary to enable us to deliver value to our customers.

Annuity Business

The annuity business remains well managed and governed, supported by best-in-class investment managers and a team of professional actuaries. The Group's high-quality fixed income portfolio remains well-matched to the interest rate sensitivity of our long-term annuity liabilities.

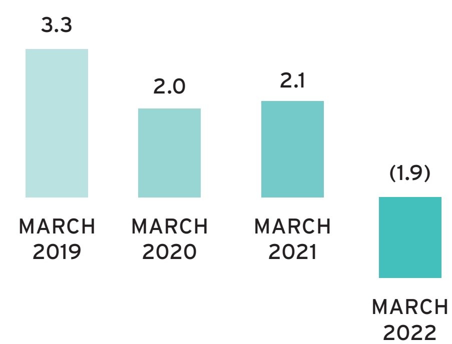
Our annuity business generates attractive long-term profits and returns on capital deployed, but current accounting and valuation rules introduce volatility in the reported net income figure, especially over shorter periods.

The net profit for the year of $8.1 million contributed by our annuity business – driven by short-term market factors that impact reported net income under current accounting rules – only tells part of the story.

A more complete view of the profitability of the annuity business can be derived by looking at the total comprehensive income (which brings together the annuity liability and asset movements) over a multi-year period. As illustrated in the 'Annuities: Total Comprehensive Income' chart the annuity business has averaged approximately $1.4 million of income over the past 4 years.

We expect that the accounting standards IFRS 17 and IFRS 9 that are due to be introduced next year will provide users of financial statements greater transparency into the economics of this business and allow the reported result to better reflect the fundamental stability of this product.

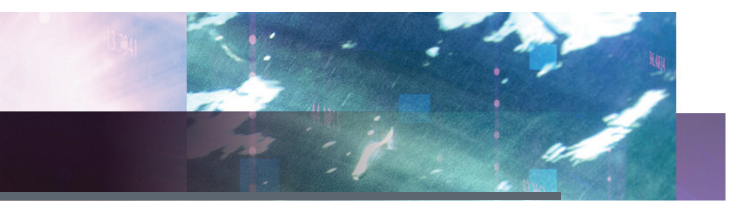
ANNUITIES: TOTAL COMPREHENSIVE INCOME ($ MILLIONS)



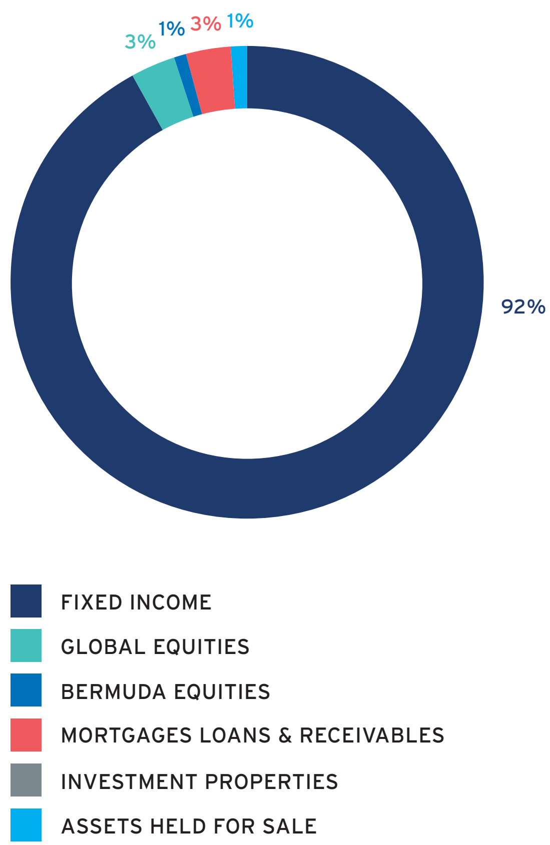
Investments

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

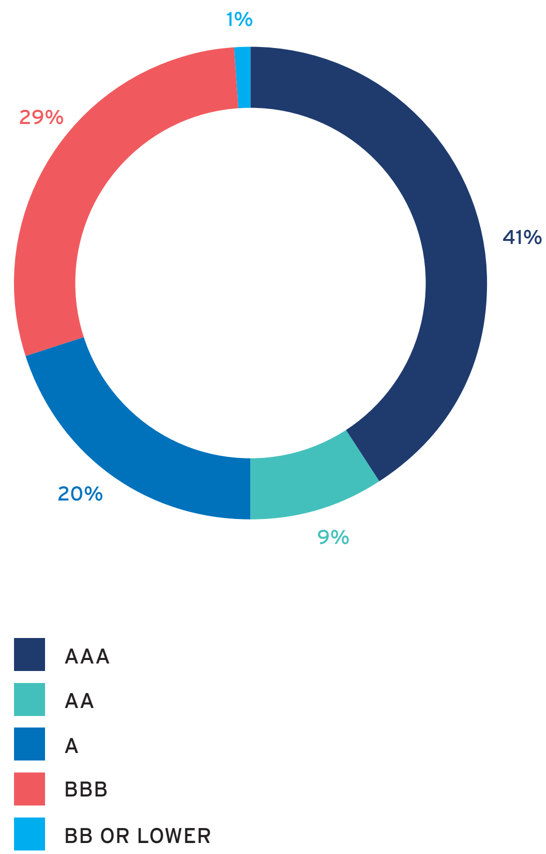
Our investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term, risk-adjusted yields. We have a clear objective to maximise returns without taking inappropriate levels of risk.



INVESTMENT ASSETS AT 31 MARCH 2022



FIXED INCOME PORTFOLIO RATINGS AT 31 MARCH 2022

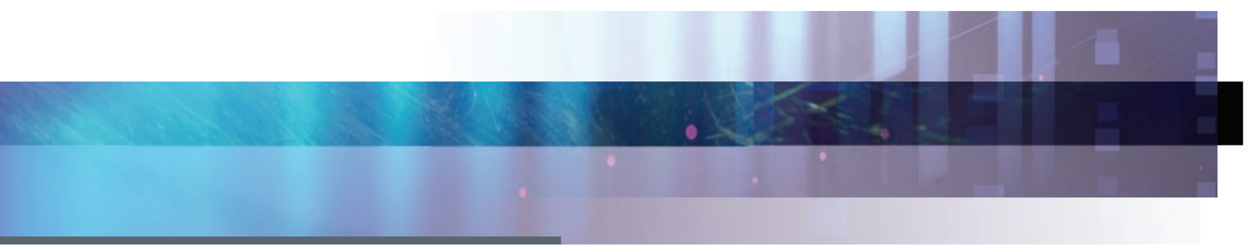


Investments

During the quarter ended March 31, 2022, we saw inflation pressures building significantly around the world. Then, the war in Ukraine in late February caused a global shock, both from a humanitarian perspective as well as financially.

Commodity prices soared given Russia is a key producer of several important commodities including oil and gas, and both Russia and Ukraine are big wheat producers globally. Elsewhere, renewed COVID-19 outbreaks in China led to new lockdowns in a few major industrial cities, which brought another wave of supply chain issues.

This all contributed to a further surge in inflation, which caused equity and bond prices to decline sharply. 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.



Combined investments generated a total loss of $14.5 million; $11.9 million was reported through the income statement and $26.4 million of unrealised losses was reported as other comprehensive income on the balance sheet.

The Group continues to hold a high quality, diversified, global investment portfolio. 92 percent of the Group's investments are in fixed income bonds, of which 99 percent are classified as investment grade.

> Our investments continued to provide stable income, recorded through the income statement and, overall, the Group's portfolio performed in line with expectations.

Dividends

The Board has declared a dividend of eleven cents per share payable on August 26, 2022 for shareholders of record on July 29, 2022. This represents a 10.5 percent increase in the dividends declared for the 2021-22 fiscal year compared to the prior fiscal year.

DIVIDEND YIELD

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

3.3%

2021: 4.2%

2020: 8.3%

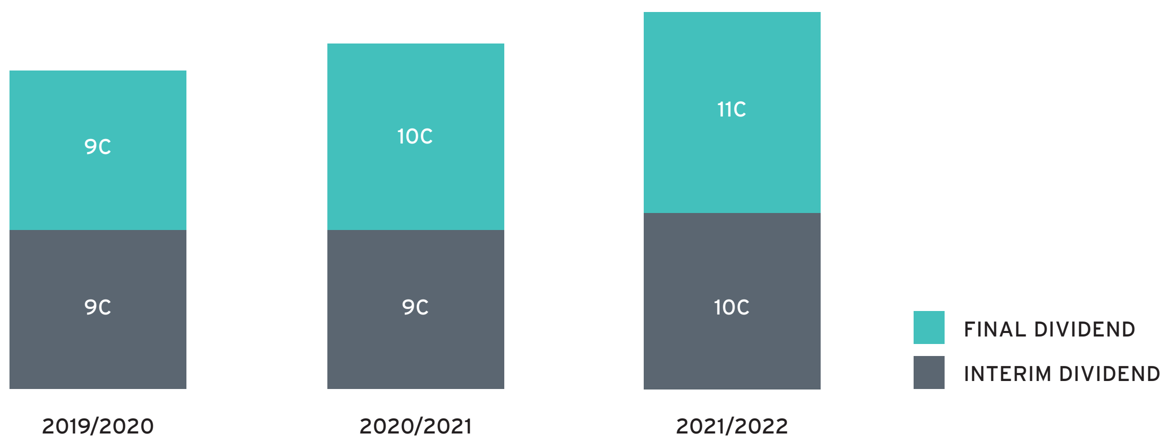
EARNINGS PER SHARE

$1.20

2021: $0.47

2020: $0.67

DIVIDENDS DECLARED



Share Price

We've been pleased to see our share price continue to grow over the past year and are heartened that the market has started to take note of the value we're building.

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. I'm really pleased to report our 2022 results and very proud to represent the fabulous team whose dedication and hard work have achieved this. We are in a strong position with an exciting future, filled with opportunity for our team, our customers, and our shareholders. Thank you for your continued support and confidence in us.

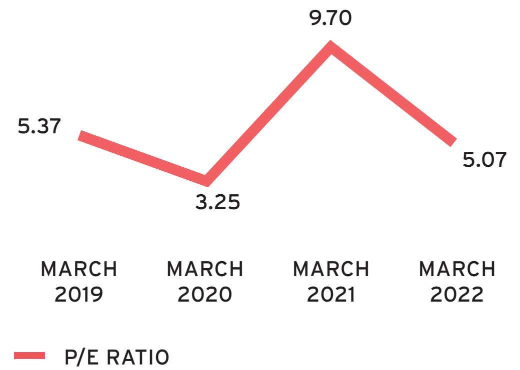
PETER J. DUNKERLEY
GROUP CHIEF FINANCIAL OFFICER

ANNUALISED SHAREHOLDER RETURNS

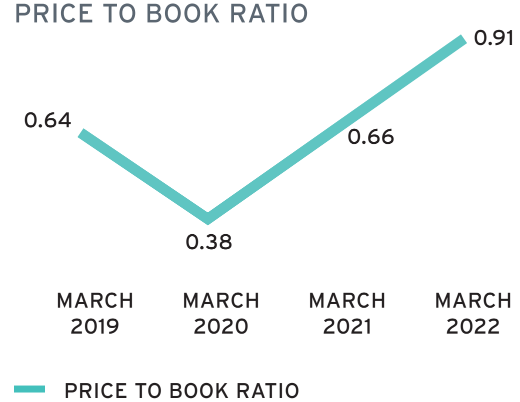
38%
MARCH 2021 - 2022

23%
MARCH 2019 - 2022

P/E RATIO



PRICE TO BOOK RATIO



04 Argus Americas Regional Report

PETER LOZIER
CHIEF EXECUTIVE
ARGUS AMERICAS

Argus Americas Regional Report

As the Chief Executive for Argus Americas, I have a clear vision for our strategic growth. As a 30-year healthcare and health insurance veteran, I have seen healthcare change and evolve.

For this year's report I will focus on one of our primary missions at Argus, to create a better healthcare ecosystem. It goes without saying that our other lines of business, such as our Property & Casualty, Pensions, Life and Asset Management, all contribute to the safety net Argus creates for our clients. However, I will concentrate on how we are building a healthcare ecosystem that will deliver better health outcomes for all.

I am delighted by what we have achieved this year, not only in terms of our financial results, but also how we have successfully integrated the three new health businesses that we acquired over the last few years. The seamless integration of Island Health Services, Family Practice Group and One Team Health contributed additional fee income whilst providing key foundational building blocks for our integrated health care vision.

We have worked hard to enhance our customer value and customer experience that has translated into greater shareholder value, but there is more than meets the eye.

> We have worked hard to enhance our customer value and customer experience that has translated into greater shareholder value.

Take a closer look at our Health Ecosystem

Argus' journey to build a better health ecosystem started four years ago with the purchase of One Team Health (OTH), an organisation that connects our members to the best healthcare providers in the world who act with care, compassion, ease and empathy. We were delighted to grow our customer base and expand our service footprint to include Caribbean-based clients.

Healthcare costs continue to increase, however we at Argus are committed to deliver effective cost containment strategies for our clients and our members. Almost 40 percent of every healthcare dollar spent by Bermuda residents is on overseas care. Through our strategic provider networks, we were able to deliver savings of up to 50 percent on care provided by US-based healthcare providers. With our ability to better control spending overseas we started to redirect some of these savings into more meaningful disease prevention programmes in Bermuda.

In 2020, Argus took a bold step in disrupting the healthcare system in Bermuda. We acquired nearly 40 percent of the local primary care providers with the intention to continuously improve healthcare whilst simultaneously tackling health cost inflation.

With over 70 years' experience in the health insurance business, our expertise in care and network management through OTH and the acquisition of our medical practices means our ecosystem is growing. With the experience we have gained and with our dedicated team of professionals, Argus is poised for growth in Bermuda and overseas.

"With our ability to better control spending overseas we started to redirect some of these savings into more meaningful disease prevention programmes in Bermuda.

Take a closer look at our Healthcare Innovation

Argus' Diabetes Rewind Programme is the first of its kind in Bermuda, where payer and provider have joined efforts to address the Type 2 diabetes epidemic in Bermuda.

We have removed all barriers to access through 100 percent coverage and offered multiple care delivery options through our medical practices. We plan to make a meaningful, positive impact on the incidents of diabetes in Bermuda and beyond.

We are offering qualifying members and patients in person and online support. Our in-person support has been created in partnership with the Bermuda Diabetes Association and overseen by Dr. David Cavan, a specialist in the prevention, management and reversal of diabetes. Our online programme has been created in partnership with UK-based Oviva and is delivered with a tailored and supported Total Diet Replacement programme. Both in-person and online options are administered by our medical practices, and have improved our participants' health and overall wellbeing.

We plan to make a meaningful, positive impact on the incidents of diabetes in Bermuda and beyond.

Take a closer look at our Patient Experience

Our aim has always been to create a great health care experience and the way to do this is to ask our patients.

We wanted to take a critical look at the experience we were providing our patients; from booking an appointment, to wait times, to quality of care. We ran a patient experience survey to ask for feedback to understand how we were doing and on what we need to focus. Here's what our patients told us:

- 95% of surveyed patients are very satisfied or satisfied with the care they are receiving;
- 95% of surveyed patients are very likely or likely to recommend our care to others;
- 85% of surveyed patients are seen in less than 15 minutes of their appointment time; and
- 78%of surveyed patients say it's very easy to get an appointment.

While these results are impressive and reflect the quality and commitment of our doctors and practice colleagues, we know we can enhance the patient experience and have a clear view on where we need to focus.

Take a closer look at our team: Our doctors, nurses, case managers, claims adjudicators, administrators and dedicated professionals are the cornerstone of our health ecosystem. They are the ones who develop our innovative health solutions and provide an outstanding patient experience. But the thing that makes us unique in Bermuda is that they partner with our underwriters, claims analysts, compliance officers, accountants, pension administrators and relationship managers who together create our market leading customer experience. They collectively achieve high customer retention rates in all lines of business; make our online health claims process easier and faster; grow our clients' investments in their pension plans and outperform our internal benchmarks. Our Argus family, located in Bermuda and Canada, form a formidable force in providing outstanding customer and patient experience.

Thank you. We have had a great year. I am proud of the financial results delivered. A trend that started at the same time as we began the business transformation. We continue to deliver on revenue and profit targets in our traditional businesses while we grow and diversify our fee-based offerings.

I am proud of the difference we are making in people's lives. The diabetes rewind programme, retirement readiness education, emergency medical hotline, and consultative risk management in our property line are powered by an incredible group of professionals who are making an impact. I appreciate the hard work and dedication of the Argus team and look forward to implementing the plans we have for the coming year.

PETER LOZIER
CHIEF EXECUTIVE, ARGUS AMERICAS

05

Argus Europe Regional Report

TYRONE MONTOVIO
CHIEF EXECUTIVE
ARGUS EUROPE

Argus Europe Regional Report

The last two years of my 25 years in Financial Services have been a career high point. As Argus Europe Chief Executive I am so proud of what we have collectively achieved as a team and of the important contribution that we have made to the Argus Group over the last year.

It is from this solid and profitable foundation that we are poised to drive forward our focus on sustainable financial wellbeing and growth strategies. We are building on our customer-centric culture which is based on trust, empathy, ease and transparency.

We'll be challenging ourselves to provide more responsive, interactive experiences that will serve to protect and build financial wellbeing. Let's take a closer look at how we're positioning ourselves to deliver with our business proposition, with our awesome team and with our innovative solutions.

> "We are building on our customer-centric culture which is based on trust, empathy, ease and transparency.

Introducing Antes

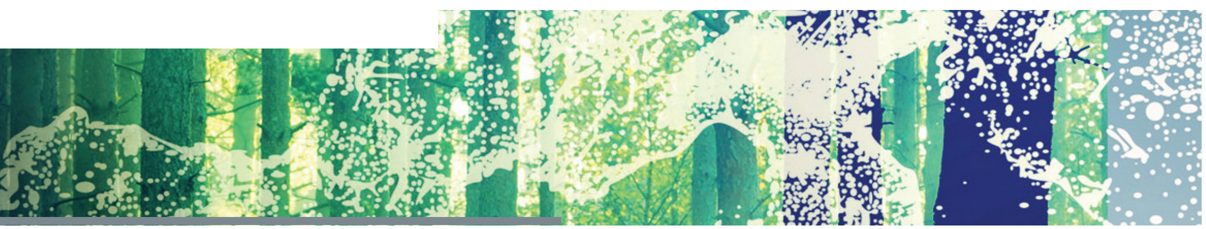
We are pleased to introduce Antes, our new broker business. We merged our two, well-established broker businesses in Malta, Island Insurance Brokers and FirstUnited Insurance Brokers.

While the effort was significant, there were two non-negotiables we wanted to ensure throughout the merger; to maintain excellent service to our customers and to ensure our team had the support they needed as we managed the various changes. I am pleased to say we achieved both, intentionally focusing on our customers and our people.

There is more to Antes than meets the eye. While Antes is a new brand, it has a team with decades of experience in serving personal and business clients. Antes is now the largest and fastest growing broker in Malta and is part of the critical foundation for our European growth strategy. Through Antes, we continue to deliver a comprehensive suite of products as part of our financial wellness offering so our customers can have peace of mind. Antes is a broker with a purpose, building relationships based on trust and integrity.

I extend a huge thank you to our team across the Argus Group who contributed to the successful launch of Antes.

> Antes is now the largest and fastest growing broker in Malta and is part of the critical foundation for our European growth strategy.



Take a Closer Look at our Technological Capabilities

One of the goals of our European insurance carrier is to make it easy for clients and intermediaries to do business with us and provide the foundation for innovative products.

These goals guide our technology solutions and we've already made progress through upgrading to a modern core platform. This new platform allowed us to launch three new innovative products and provided a simplified experience for our brokers and tied insurance intermediaries, our customers and our employees. This innovative platform will enable our growth plans and the continued improvement of our service and digital offerings.

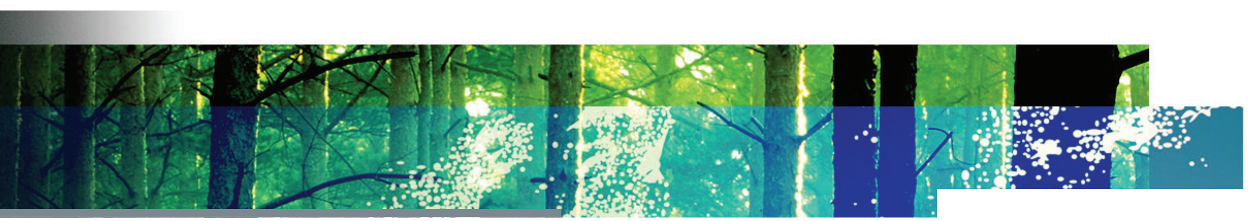
A win for our brokers who can generate quotes and place business much faster.

A win for policyholders who can quickly get cover from their intermediary.

A win for our staff who can now devote more time to enhancing our customers' experiences and delivering greater value.

Take a closer look at our team. We have spent the last few years growing our European team and putting the right people in place. We are an organisation that not only looks at technical experience, and yes that's important, but we also want to ensure our people are aligned with our corporate values. Respect, collaboration and accountability were the highest scoring themes emerging from our annual employee engagement survey. This doesn't just reflect how we treat each other but it also reflects how we treat our customers. We are not resting on our laurels as there is always room for improvement in enhancing our employee and customer experience, and this will be an intentional area of focus for the upcoming year.

I am proud to be working with a team that is empowered to do the right thing, at all times for our customers, for our community and for our environment.



Take a closer look at our Financial Strength

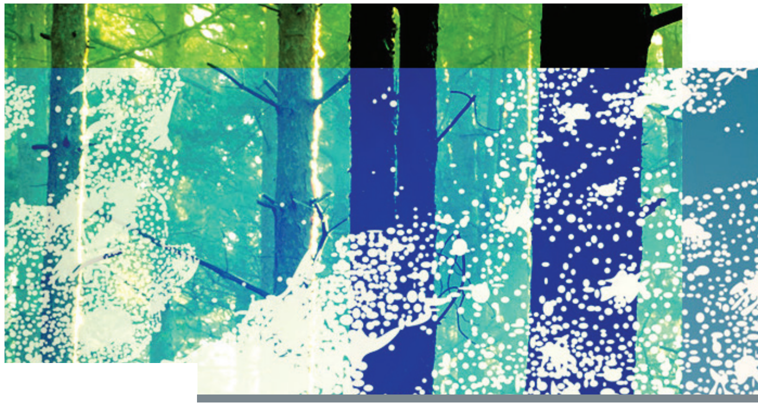
While the global economic landscape has been impacted by the COVID-19 pandemic, rising costs and rising interest rates, the economies in Gibraltar and Malta are starting to rebound with a steady increase in tourism and construction projects.

Economic growth in both Argus Europe territories is ahead of the European Union and United Kingdom average growth and other macroeconomic indicators make us bullish about future economic growth. Our dedicated team of professionals have delivered excellent growth, leading to another year of solid financial performance for Argus Europe, with Antes leading growth in net earnings by 10 percent year over year.

Thank you. I am excited about the future. We are poised to grow while delivering innovative solutions for our individual and corporate clients. I must thank my team who are dedicated and hard working. They are the ones who make the company a great place to work and who rise daily to the opportunities as they are presented. I appreciate their time, enthusiasm and commitment. As Alison said in her letter, we are building the company we each want to work for.

TYRONE MONTOVIO
CHIEF EXECUTIVE, ARGUS EUROPE

Our dedicated team of professionals have delivered excellent growth, leading to another year of solid financial performance.



06

Sustainability Report

Sustainability

In last year's annual report, this section focused on Argus' environmental, social, and governance (ESG) project. This year, we've revised these efforts as sustainability. This broader terminology encompasses more than just pure ESG and is a better description of the work we're doing.

Sustainability is something that many companies are working on but for Argus, sustainability has been key to our operating philosophy.

At Argus, sustainability means the integration of social equity, economic, and environmental considerations to create healthy, diverse, and resilient communities for this generation and those to come.

We've always had a strong social element. If you think of where we operate, in small island nations, our customers, our colleagues, and our shareholders are also our friends, our family, and our neighbours. Having stakeholders who are more than just shareholders has been a natural way of life for us for a long time.

We also believe sustainability is about more than the environment. Customers want to do business with companies that have similar values, which means more than working on environmental factors. They want to know that we're a good company, with solid values and that we are ethical.

Current and future colleagues want to work for a company with strong core values and fair sustainability practices. They want to be associated with an organisation with strong social corporate responsibility practices that is actively engaged in social issues and directly addresses diversity, equity and inclusion.

Our focus is not on short-term gain, on things that are profitable today, at the expense of tomorrow. The ultimate goal is leave a better world for future generations.

> Current and future colleagues want to work for a company with strong core values and fair sustainability practices.

Our People

When it comes to sustainability and our colleagues, our goal is to provide our people with a rewarding, inclusive, equitable, and fun environment in which to work. Happy employees provide outstanding customer service which has a strong impact on the bottom line.

Being a fair and inclusive organisation is important to us. It's a focus of the organisation. As we implement a comprehensive anti-racism strategy, Argus leaders understand and will be responsible for making changes to eliminate institutionalised and systemic racism. Leaders will also take responsibility for learning and understanding what that looks like.

OUR CUSTOMERS AND PATIENTS

For our customers and patients, we strive to deliver meaningful and sustainable financial, physical, and mental wellbeing outcomes for our customers and patients.

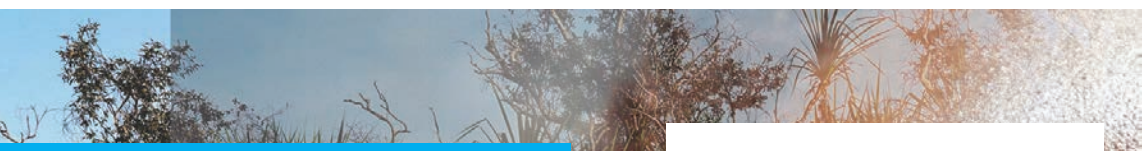
OUR SHAREHOLDERS

We aim to be responsible stewards of capital, providing strong returns together with effective and timely communications. Businesses with good sustainability practices have longevity.

OUR COMMUNITY

We're active in the inter-connected communities in which we operate. Our actions ensure the long-term sustainable growth for our business, and in the countries in which we work. We support local communities through financial donations, volunteer work, or programmes like donating office space to entrepreneurial charitable organisations.

> Our goal is to provide our people with a rewarding, inclusive, equitable, and fun environment in which to work.



Our Environment

ARGUS' CARBON FOOTPRINT

We're working to be more energy efficient: reducing the office spaces we occupy globally; installing energy efficient lights; banning plastic and single-use cups, disposable cutlery and plates, amongst other initiatives. We will develop a plan to determine our carbon footprint baseline.

INVESTMENTS

We're ensuring that our investment portfolio incorporates sustainability practices. We target investments in companies with above average ESG scores. We exclude stocks related to alcohol and tobacco production, weapons manufacture, and coal extraction. And we buy green bonds when we can. All our investment managers are signatories to the UN Principles for Responsible Investing.

OUR BALANCE SHEET

We assess the risks on the liabilities side of our balance sheet, represented by the types of business we underwrite, where there may also be exciting commercial opportunities. This will be an increasing area of focus in coming years.

SUSTAINABILITY AT ARGUS REPORT

For the first time this year, we have written a separate sustainability report. It provides an in-depth view of where we are as an organisation and how we are integrating sustainability into our practices and policies.

"We target investments in companies with above average ESG scores. We exclude stocks related to alcohol and tobacco production, weapons manufacture, and coal extraction.

07

Governance Report

Our Board of Directors

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

DAVID A. BROWN, CPA, FCA
Chair

BARBARA J. MERRY, BA, ACA
Independent Director

KEITH W. ABERCROMBY, BSC, FIA
Independent Director

CONSTANTINOS MIRANTHIS, MA (Cantab), FIA
Independent Director

PETER R. BURNIM, MBA
Independant Director

EVERARD BARCLAY SIMMONS, LLB, MBA
Independent Director

GARRETT P. CURRAN
Independent Director
Managing Director
Equilibria Capital Management

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

TIMOTHY C. FARIES, BA, LLB, LLM
Independent Director
Managing Partner
Appleby (Bermuda) Limited

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

ALISON S. HILL, FCMA, CGMA
Chief Executive Officer
Argus Group Holdings Limited

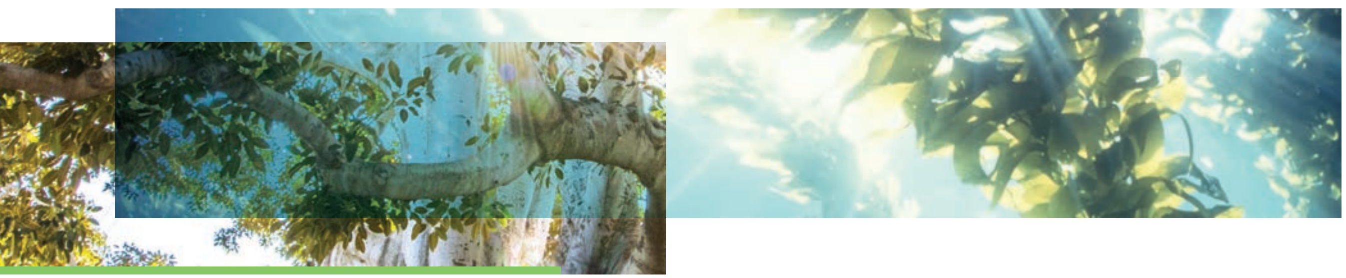
Officers & Committees

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 J. A. Giffen
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

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

People & Compensation

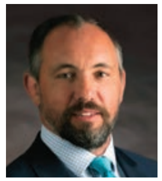
Kim R. Wilkerson (Chair)
David A. Brown
Alison S. Hill

Risk Committee

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

Our Leadership Team

ALISON S. HILL
Chief Executive Officer
Argus Group Holdings Limited



PETER J. DUNKERLEY
Chief Financial Officer
Argus Group Holdings Limited

TYRONE MONTOVIO
Chief Executive
Argus Europe

SIMON GIFFEN
Chief Investment &
Governance Officer

PETER LOZIER
Chief Executive
Argus Americas

DAVID SIMONS
Managing Director
Centre of Excellence

ONESIMUS NZABALINDA
Chief Global Compliance
& Audit Officer

HANNAH ROSS
Chief Strategy &
Capital Officer

ADERONKE BADEMOSI WILSON
Chief Communications
Officer

TORY RICHARD
Chief Information Officer

SHEENA SMITH
Chief Human Capital
& Culture Officer

Our Principal Operating Subsidiaries: ARGUS AMERICAS

ARGUS AMERICAS

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

Island Health Services Limited

David A. Brown (Chair)
Dr. Gerhard L. Boonstra
Peter J. Dunkerley
Alison S. Hill
Peter Lozier
Dr. Louise White
Dr. Basil N. Wilson

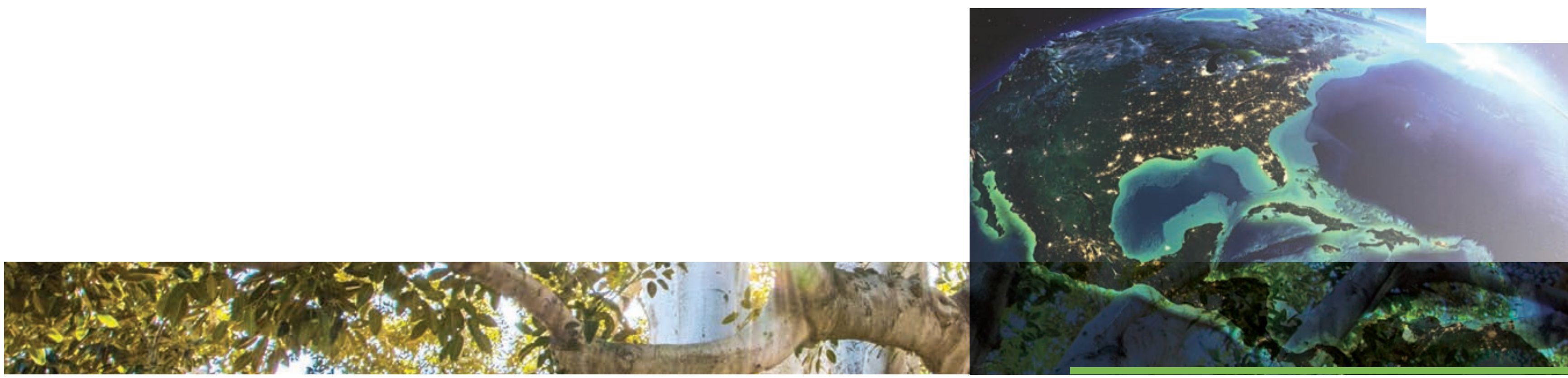
Argus Wealth Management Limited

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

CANADA SUBSIDIARIES

One Team Health, Inc.

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



Our Principal Operating Subsidiaries: ARGUS EUROPE

GIBRALTAR SUBSIDIARIES

Argus Insurance Company (Europe) Limited

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

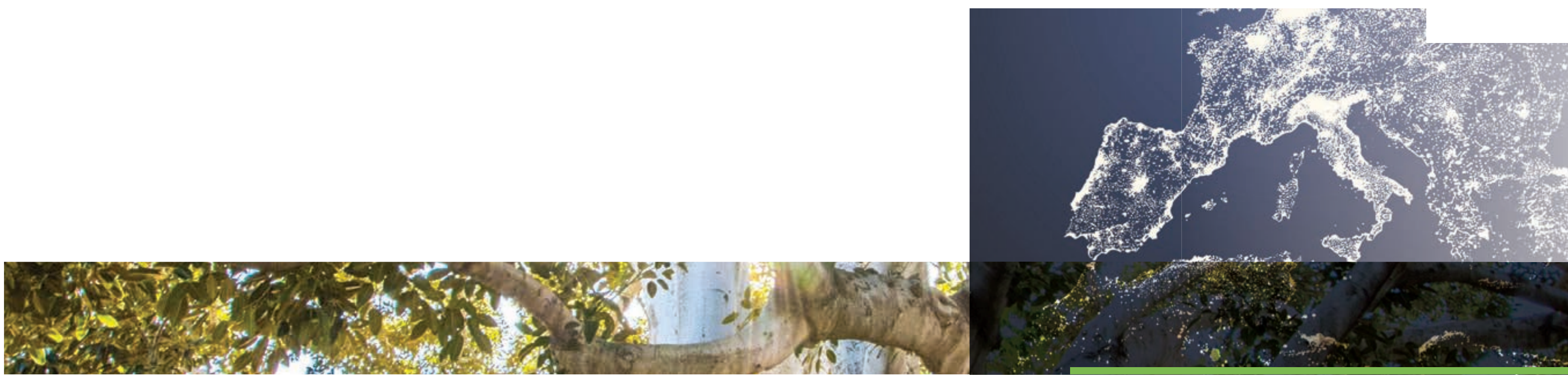
WestMed Insurance Services Limited

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

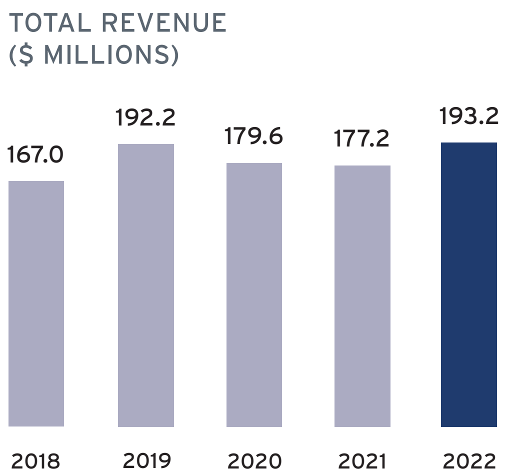
MALTA SUBSIDIARIES

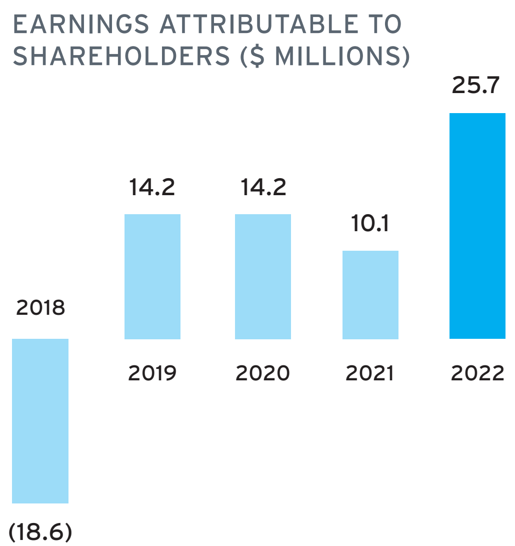
Antes Insurance Brokers Limited

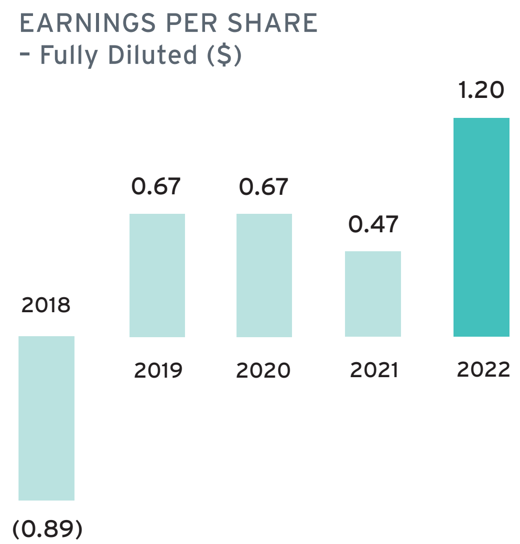
Barbara J. Merry (Chair)
Kevin Galea Pace
Garrett P. Curran
Peter J. Dunkerley
Alison S. Hill
Tyrone Montovio

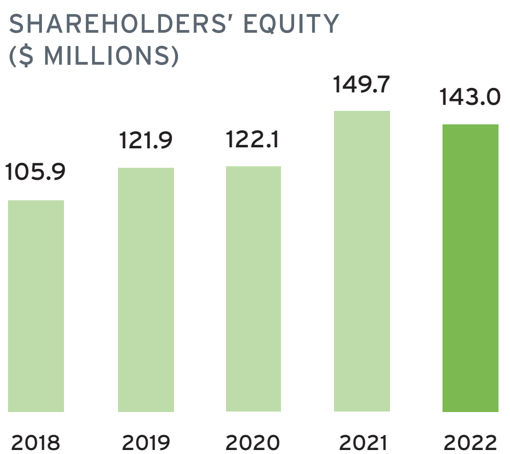


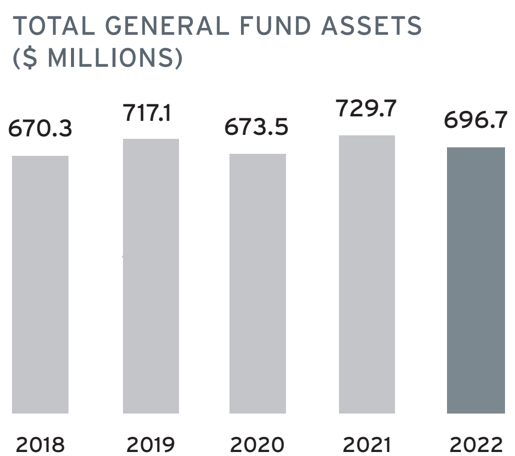
Five-Year Summary for Shareholders





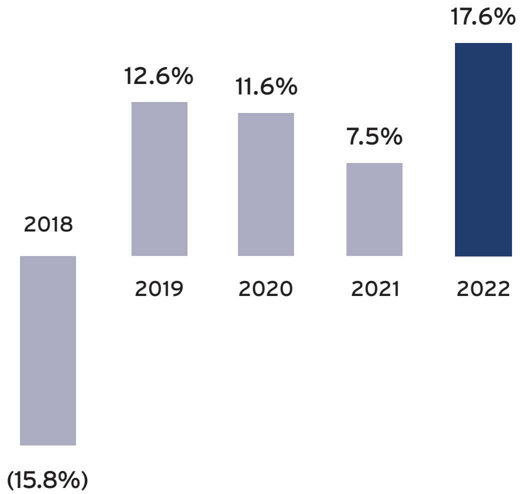




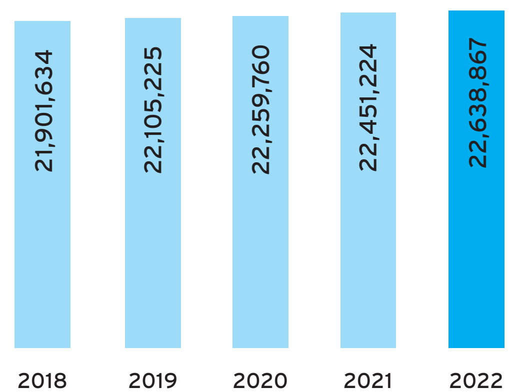


Five-Year Summary for Shareholders

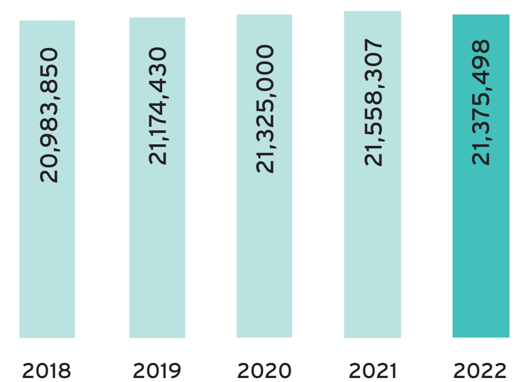
RETURN ON SHAREHOLDERS' EQUITY



SHARES IN ISSUE

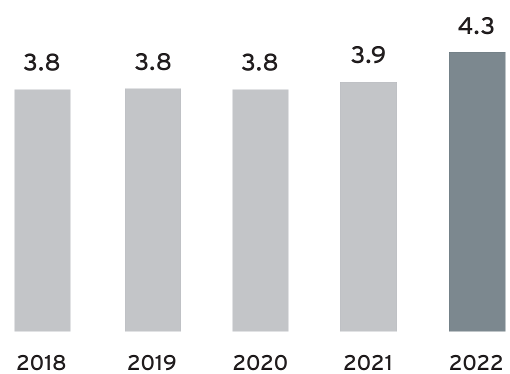


OUTSTANDING SHARES

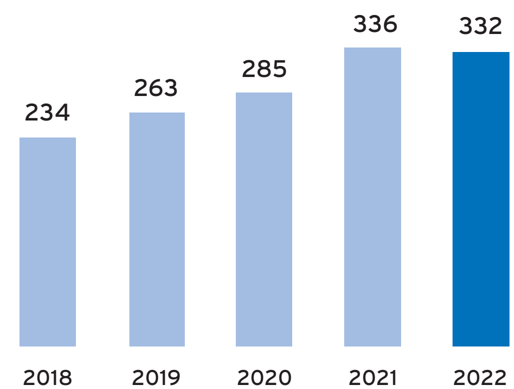


BOOK VALUE PER SHARE ($)

DIVIDENDS DECLARED ($ MILLIONS)



EMPLOYEES



08 Financial Statements

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 54 through 126 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 August 12, 2022.

Alison S. Hill
Chief Executive Officer

Peter J. Dunkerley
Chief Financial Officer
August 12, 2022

Independent Auditor's Report

To the Shareholders of Argus Group Holdings and Subsidiaries

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Argus Group Holdings and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, 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 Company as of March 31, 2022 and 2021, and their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in the Annual Report from pages 1 to 49 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subject to the auditing procedures applied in the audit of consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of management for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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 scepticism 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 Company'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 substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
August 15, 2022

Consolidated Balance Sheets

(In $ thousands)	Note	MARCH 31 2022	MARCH 31 2021
Assets			
Cash and short-term investments	5	**55,849**	74,554
Interest and dividends receivable		**2,526**	2,448
Assets held-for-sale	4	**4,240**	26,433
Investments	6,7	**472,498**	467,105
Receivable for investments sold		**2,400**	2,710
Insurance balances receivable	8	**24,509**	24,543
Reinsurers' share of:			
Claims provisions	18	**14,908**	12,099
Unearned premiums	18	**12,838**	11,552
Other assets	9	**11,971**	11,507
Deferred policy acquisition costs	10	**1,973**	1,753
Investment properties	11	**2,774**	2,899
Investment in associates	12	**2,908**	3,093
Property and equipment	13	**54,073**	56,749
Right-of-use assets	14	**3,411**	4,813
Intangible assets	15	**25,875**	27,469
TOTAL GENERAL FUND ASSETS		**692,753**	729,727
Segregated fund assets held-for-sale	4	**-**	519,222
Segregated fund assets from continuing operations	33	**1,203,738**	1,182,550
TOTAL SEGREGATED FUND ASSETS		**1,203,738**	1,701,772
TOTAL ASSETS		**1,896,491**	2,431,499

Approved by the Board of Directors

David A. Brown
Chair

Alison S. Hill
Chief Executive Officer

(In $ thousands)	Note	MARCH 31 2022	MARCH 31 2021
Liabilities			
Insurance balances payable	16	**24,063**	24,650
Liabilities held-for-sale	4	**-**	15,699
Taxes payable		**216**	376
Accounts payable and accrued liabilities	17	**37,368**	40,017
Lease liabilities	14	**3,742**	5,095
Insurance contract liabilities	18	**234,555**	241,851
Investment contract liabilities	19	**246,544**	248,244
Post-employment benefit liability	20	**3,271**	3,938
TOTAL GENERAL FUND LIABILITIES		**549,759**	579,870
Segregated fund liabilities held-for-sale	4	**-**	519,222
Segregated fund liabilities from continuing operations	33	**1,203,738**	1,182,550
TOTAL SEGREGATED FUND LIABILITIES		**1,203,738**	1,701,772
TOTAL LIABILITIES		**1,753,497**	2,281,642
Equity			
Attributable to shareholders of the Company			
Share capital		**15,472**	17,611
Contributed surplus		**54,915**	54,005
Retained earnings		**90,964**	69,580
Accumulated other comprehensive income/(loss)	24	**(18,357)**	8,526
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**142,994**	149,722
Attributable to non-controlling interests		**-**	135
TOTAL EQUITY		**142,994**	149,857
TOTAL EQUITY AND LIABILITIES		**1,896,491**	2,431,499

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	2022	2021
Revenue			
Gross premiums written		**164,538**	155,496
Reinsurance ceded		**(40,674)**	(38,870)
Premium rebates	18	**180**	(4,964)
Net premiums written		**124,044**	111,662
Net change in unearned premiums	18.3	**(1,152)**	(592)
Net premiums earned		**122,892**	111,070
Investment income	6	**11,980**	12,842
Gain from the sale of subsidiaries	3	**986**	-
Income/(loss) from associates		**(90)**	261
Commissions, management fees and other	26	**57,382**	53,043
TOTAL REVENUE		**193,150**	177,216
Expenses			
Policy benefits		**16,414**	16,805
Claims and adjustment expenses		**76,929**	73,395
Reinsurance recoveries	27	**(8,856)**	(16,251)
Gross change in contract liabilities	28	**(3,860)**	505
Change in reinsurers' share of claims provisions	28	**(3,141)**	5,505
NET BENEFITS AND CLAIMS		**77,486**	79,959
Commission expenses		**6,275**	6,352
Operating expenses	29	**74,994**	73,158
Amortisation, depreciation and impairment	13,14,15	**8,098**	6,602
TOTAL EXPENSES		**166,853**	166,071
EARNINGS BEFORE INCOME TAXES		**26,297**	11,145
Income tax expense	32	**578**	1,001
NET EARNINGS FOR THE YEAR		**25,719**	10,144
Attributable to:			
Shareholders of the Company		**25,704**	10,132
Non-controlling interests		**15**	12
		25,719	10,144
Earnings/(loss) per share	25		
Basic		***1.21***	*0.47*
Diluted		***1.20***	*0.47*

The accompanying notes form part of these consolidated financial statements.

Consolidated Statements of Comprehensive Operations

For the years ended March 31 (In $ thousands)	Note	2022	2021
Net Earnings for the Year		**25,719**	10,144
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to net earnings:			
Post-employment medical benefit obligation remeasurement	20	**660**	(340)
Items that are or may subsequently be reclassified to net earnings:			
Change in unrealised gains/(losses) on available-for-sale investments		**(24,781)**	18,847
Change in unrealised gains/(losses) on translating financial statements of foreign operations		**(1,143)**	2,032
Realised gains on available-for-sale investments		**(1,619)**	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(26,883)**	20,539
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(1,164)**	30,683
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**(26,883)**	20,539
Non-controlling interests		**-**	-
		(26,883)	20,539
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		**(1,179)**	30,671
Non-controlling interests		**15**	12
		(1,164)	30,683

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	2022	2021
Share Capital			
Authorised:			
25,000,000 common shares of $1.00 each (2021 – 25,000,000)		**25,000**	25,000
Issued and fully paid, beginning of year 22,451,224 shares (2021 – 22,259,760 shares)		**22,451**	22,260
Add: Shares issued under the dividend reinvestment plan 187,643 shares (2021 – 191,464 shares)		**188**	191
Deduct: Shares held in Treasury, at cost 1,263,369 shares (2021 – 892,917 shares)		**(7,167)**	(4,840)
BALANCE, NET OF SHARES HELD IN TREASURY, END OF YEAR		**15,472**	17,611
Contributed Surplus			
Balance, beginning of year		**54,005**	53,502
Stock-based compensation expense		**164**	148
Treasury shares granted to employees		**(226)**	(131)
Shares issued under the dividend reinvestment plan	23	**972**	486
BALANCE, END OF YEAR		**54,915**	54,005
Retained Earnings			
Balance, beginning of year		**69,580**	63,493
Net earnings for the year		**25,704**	10,132
Dividends		**(4,320)**	(3,893)
Loss on treasury shares granted to employees		**-**	(152)
BALANCE, END OF YEAR		**90,964**	69,580
Accumulated Other Comprehensive Income/(Loss)			
Balance, beginning of year		**8,526**	(12,013)
Other comprehensive income/(loss)		**(26,883)**	20,539
BALANCE, END OF YEAR		**(18,357)**	8,526
TOTAL ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**142,994**	149,722
Attributable to Non-controlling Interests			
Balance, beginning of year		**135**	123
Net earnings/(loss) for the year		**15**	12
Elimination of non-controlling interest on disposal of subsidiaries		**(150)**	-
TOTAL ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**-**	135
TOTAL EQUITY		**142,994**	149,857

The accompanying notes form part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(In $ thousands)	MARCH 31 2022	MARCH 31 2021
OPERATING ACTIVITIES		
Earnings/(loss) before income taxes	**26,297**	11,145
Adjustments to reconcile net earnings to cash basis		
Bad debt expense	**84**	1,169
Interest income	**(11,381)**	(12,845)
Dividend income	**(542)**	(396)
Investment income related to deposit administration pension plans	**937**	1,364
Net realised and unrealised gains on investments	**(2,966)**	(3,165)
Amortisation of mortgages and net premium of bonds	**1,460**	1,601
Net impairment losses on investments	**262**	238
Change in the fair value of contingent liability	**556**	772
(Income)/loss from associates, including impairment	**90**	(261)
Net realised and unrealised (gains)/losses on investment properties	**125**	260
Gain from the sale of subsidiaries	**(986)**	-
Amortisation, depreciation and impairment	**8,098**	6,602
Expense on vesting of stock-based compensation	**164**	148
Interest expense	**280**	336
	(3,819)	(4,177)
Change in operating balances		
Insurance balances receivable	**(852)**	(4,877)
Reinsurers' share of:		
Claims provisions	**(3,117)**	5,186
Unearned premiums	**(1,480)**	(532)
Other assets	**(864)**	(3,804)
Deferred policy acquisition costs	**(322)**	(125)
Insurance balances payable	**334**	5,774
Accounts payable and accrued liabilities	**(1,772)**	8,098
Insurance contract liabilities	**(5,632)**	6,818
Investment contract liabilities	**(1,700)**	(5,311)
Post-employment benefit liability	**(7)**	(72)
	(15,412)	11,155

(In $ thousands)	MARCH 31 2022	MARCH 31 2021
Interest income received	**9,799**	11,024
Dividend income received	**637**	396
Income tax paid	**(867)**	(1,020)
CASH GENERATED FROM OPERATING ACTIVITIES	**16,635**	28,523
INVESTING ACTIVITIES		
Purchase of investments	**(124,983)**	(528,784)
Sale, maturity and paydown of investments	**94,169**	529,183
Purchase of subsidiary, net of cash acquired	**-**	(16,539)
Sale of subsidiaries, net of cash disposed of	**3,438**	-
Purchase of property and equipment	**(2,892)**	(5,545)
CASH USED IN INVESTING ACTIVITIES	**(30,268)**	(21,685)
FINANCING ACTIVITIES		
Dividends paid to shareholders	**(3,199)**	(3,222)
Interest expense paid	**(280)**	(336)
Acquisition of shares held in Treasury	**(2,359)**	-
Payment to non-controlling interests	**(65)**	-
Principal demand loan payments	**(1,179)**	(49)
Principal lease payments	**(859)**	(763)
CASH USED IN FINANCING ACTIVITIES	**(7,941)**	(4,370)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	**(1,225)**	1,929
NET (DECREASE)/INCREASE IN CASH AND SHORT-TERM INVESTMENTS	**(22,799)**	4,397
CASH AND SHORT-TERM INVESTMENTS, beginning of year	**78,648**	74,251
CASH AND SHORT-TERM INVESTMENTS, end of year	**55,849**	78,648
Cash and short-term investments from continuing operations	**55,849**	74,554
Cash and short-term investments held-for-sale	**-**	4,094
	55,849	78,648

The accompanying notes form part of these consolidated financial statements.

Contents

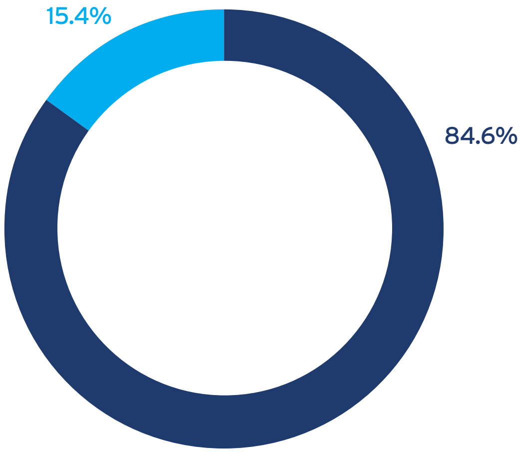
Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

March 31, 2022

(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, 2022, it has 1,386 shareholders, 83.0 percent of whom are Bermudian, holding 84.6 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, 2022, were authorised for issue by the Board of Directors on August 12, 2022.

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; and
- Post-employment benefit liability is measured at the present value of the defined benefit obligation.

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 Comprehensive 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.

Asset-Liability management was changed in the current year to combine Life and Annuity segments into a single asset segment (see note 18.1)

(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.

For certain entities within the International Life Division, which are registered segregated accounts companies, a segregated account is linked to each variable universal life insurance policies issued to policyholders who require U.S. compliant private placement life insurance and annuity products (Note 4). Insurance premiums arising from these policies are treated as deposits and are not recorded as revenue on the Consolidated Statements of Comprehensive Operations. Fees charged to policyholders, related to insured risk and associated administrative costs are recorded in Commissions, management fees and other on the Consolidated Statements of Comprehensive Operations. These fees are recognised as revenue from each period in accordance with the terms of the contract.

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 COVID-19 ON THE GROUP

In early 2020, many countries experienced an outbreak of the COVID-19 disease, which was later declared to be a global pandemic by the World Health Organization. Measures adopted by governments in countries worldwide to mitigate the spread have significantly impacted the global economy. The Group continues to monitor and evaluate the impact of the pandemic on its business. The risks associated with the COVID-19 pandemic are being managed in accordance with the Group's existing risk management framework. The most recent annual solvency assessment exercise indicates resilience against the financial impact of this event. The Group remains sufficiently capitalized as at March 31, 2022, with no adverse impact to its ability to meet policyholder obligations.

2.21 THE IMPACT OF RUSSIA'S INVASION OF UKRAINE ON THE GROUP

In February, 2022, Russia launched a military attack on neighboring country Ukraine. As the war continues to evolve and additional sanctions are imposed, the Group continues to monitor the impact of the crisis on its business. The Group currently faces no direct exposure to the war. There is minimal impact to balance sheet assets as we don't have exposures to Russian or Ukraine assets, and no direct impact to investments or clients. However, the conflict has impacted the financial markets and increased market volatilities as it has intensified inflationary pressures worldwide, particularly with energy and commodities and shows no sign of abating in the short run. The Asset Management team works closely with investment managers to monitor market movements and when warranted, execute portfolio rebalancing activities.

2.22 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.22.1 New and revised standards effective April 1, 2021

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, 2021.

2.22.1(a) Amendments to IFRS 16 COVID-19 Related Rent Concessions

Effective April 1, 2021, the Group adopted the amendments to *IFRS 16 COVID-19 Related Rent Concessions*; (*the 2020 amendments*), which were issued in May 2020. The 2020 amendments were applied retrospectively and provide the lessees with a practical expedient to not account for COVID-19-related rent concessions as lease modifications. The adoption of these amendments did not have any impact on the Group's Consolidated Financial Statements.

2.22.1(b) Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Effective April 1, 2021, the Group adopted the amendments to *IFRS 16 COVID-19 Related Rent Concessions, (the 2021 amendments)*. The amendments provide a one year extension to the the 2020 amendments in response to the ongoing economics challenges resulting from the COVID-19 pandemic. The adoption of these amendments did not have any impact on the Group's Consolidated Financial Statements.

2.23 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 2022 and beyond is as follows:

TOPIC	EFFECTIVE DATE FOR THE COMPANY	EXPECTED IMPACT
Annual Improvements to IFRS Standards 2018-2020	April 1, 2022	No significant impact
Amendments to IFRS 3 *Business Combination*	April 1, 2022	No significant impact
Amendments to IAS 16 *Property Plant and Equipment* – Proceeds before Intended Use	April 1, 2022	No significant impact
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contacts – Cost of fulfilling a Contracts	April 1, 2022	No significant impact
IFRS 9 *Financial Instruments*	April 1, 2023*	Impact assessment in progress
IFRS 17 *Insurance Contracts*	April 1, 2023	Impact assessment in progress
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

* Deferral option was exercised, refer to discussion in 2.23.5

2.23.1 Annual Improvements to *IFRS Standards 2018-2020*

In May 2020, the IASB issued Annual Improvements to *IFRS Standards 2018–2020*, which includes minor amendments to three IFRS standards applicable to the Consolidated Financial Statements. The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.23.2 Amendments to *IFRS 3 Business Combinations*

Amendments to *IFRS 3, Business Combinations* were issued in May 2020, and are effective for business combinations occurring on or after January 1, 2022, with earlier application permitted. 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. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.23.3 Amendments to *IAS 16 Property Plant and Equipment – Proceeds before Intended Use*

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which includes amendments to *IAS 16 Property, Plant and Equipment*. 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 are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.23.4 Amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which includes amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. 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 are effective for annual periods beginning on or after January 1, 2022. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.23.5 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.

Management is assessing the impact of this standard in conjunction with IFRS 17, Insurance Contracts as discussed in Note 2.23.6.

2.23.6 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.

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 premium allocation approach, an optional simplified measurement model is available for eligible group of insurance contracts.

  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 nonfinancial 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.

2.23.7 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.

2.23.8 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.

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 March 2018, Management committed to a plan to sell the International Life Division, including the related assets and liabilities. The sale was completed during the year. Refer to Note 3 for details.

Management also committed to a plan for the sale of certain property units held by the Group as investment properties, discussions are ongoing.

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

AS AT MARCH 31	2022	2021
Cash and short-term investments	-	4,094
Investments	-	13,247
Reinsurers' share of:		
Claims provisions	-	2,868
Unearned premium	-	97
Other assets	-	1,022
Investment properties	**4,240**	4,240
Intangible assets	-	865
Total General fund assets held-for-sale	**4,240**	26,433
Segregated fund assets held-for-sale	-	519,222
	4,240	545,655
LIABILITIES		
Life and annuity policy reserves	-	10,568
Insurance balances payable	-	4,771
Accounts payable and accrued liabilities	-	360
Total General fund liabilities held-for-sale	-	15,699
Due to related parties – net (1)	-	1,767
Segregated fund liabilities held-for-sale	-	519,222
	-	536,688

(1) The divestment plan of the International Life Division includes the settlement of the Due from related parties prior to the effective date of sale.

5 Cash and Short-term Investments

AS AT MARCH 31	2022	2021
Cash at bank and in hand	**47,485**	64,492
Short-term investments	**8,364**	10,062
	55,849	74,554

Included in Cash at bank and in hand is restricted cash of €5.5 million ($6.2 million) (2021 – €3.7 million ($4.5 million)). Certain subsidiaries have arrangements in place on behalf of clients in order to comply with regulatory requirements in Malta.

$nil (2021 – $5.0 million) of cash at bank and in hand is held to support the investment contract liabilities associated with deposit administration pension plans (Note 19).

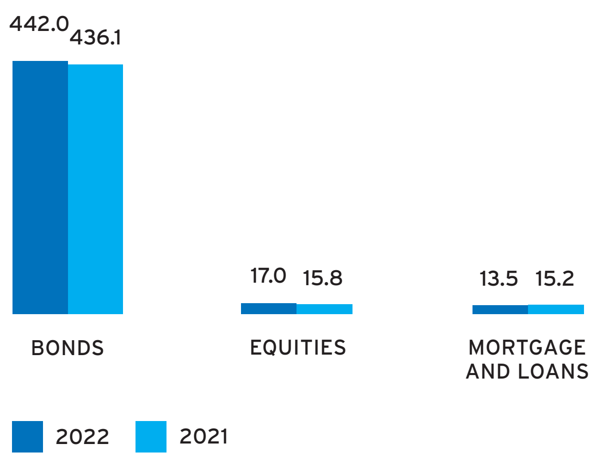
Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of Cash at bank and in hand. As of March 31, 2022 and 2021, the Group's bank overdraft position is not material.

6 Investments

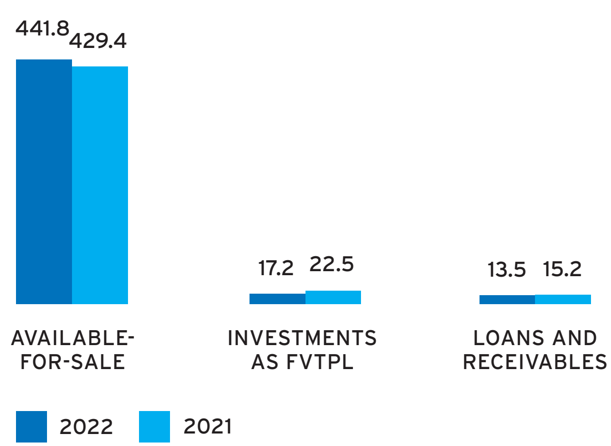
6.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

	MARCH 31, 2022		MARCH 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale				
Bonds	**426,217**	**426,217**	415,054	415,054
Equities	**15,598**	**15,598**	14,377	14,377
	441,815	**441,815**	429,431	429,431
Investments at FVTPL				
Bonds	**15,779**	**15,779**	21,012	21,012
Equities	**1,441**	**1,441**	1,441	1,441
	17,220	**17,220**	22,453	22,453
Loans and receivables				
Mortgages and loans	**13,422**	**13,899**	15,180	16,188
Policy loans	**41**	**41**	41	41
	13,463	**13,940**	15,221	16,229
TOTAL INVESTMENTS	**472,498**	**472,975**	467,105	468,113

INVESTMENT COMPOSITION ($ MILLIONS)



INVESTMENT CLASSIFICATION ($ MILLIONS)



During the year, certain fixed income and equity investments classified under the held-for-trading category were sold due to portfolio reallocations, as the Group seeks to simplify and diversify its investment holdings. All investments purchased during the year were classified under available-for-sale. This is in consideration of Management's intent to hold the investments for an indefinite period of time and use the investments for strategic asset/liability management purposes, which may be sold from time to time to effectively manage interest rate exposure, prepayment risk and liquidity needs.

Included in Bonds are investments that support the investment contract liabilities associated with deposit administration pension plans (Note 19) of $229.0 million (2021 – $226.3 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 $1.4 million (2021 – $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 2.23.5, the Group has investments of $397.4 million (2021 – $405.1 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 $22.0 million (2021 – gain of $4.5 million). In terms of credit quality of such assets (excluding mortgages), 99 percent (2021 – 98 percent) investments are above investment grade assets and the remaining 1 percent (2021 – 2 percent) are below investment grade assets.

Investments with a carrying value of $58.0 million (2021 – $46.2 million) do not have SPPI qualifying cash flows as at March 31, 2022. The change in the fair value of these invested assets during the year is a loss of $2.1 million (2021 – gain of $1.4 million).

Equities with a carrying value of $17.0 million (2021 – $15.9 million, including derivatives) do not meet the SPPI criterion as at March 31, 2022.

Investments presented as assets held-for-sale with a carrying value of $nil (2021 – $13.2 million), refer to mortgages and loans and bond funds, and do not have SPPI qualifying cash flows as at March 31, 2022. The change in the fair value of these invested assets during the year is $nil (2021 – $1.9 million).

6.2 REVERSE SALE AND REPURCHASE AGREEMENTS

The Group may enter into reverse sale and repurchase agreements (reverse repos) on investments. The money received from these agreements where the Group is the borrower (i.e. where the Group is under an obligation to take the securities back) is shown on the Consolidated Balance Sheets as a Payable arising from reverse repos. The securities delivered to the lender continue to be reported in Investments on the Consolidated Balance Sheets in accordance with their relevant category.

During the year, cash flows arising from these agreements amounted to sales and purchases of $nil (2021 – $68.6 million), which are shown net in cash used in investing activities in the Consolidated Statement of Cash Flows.

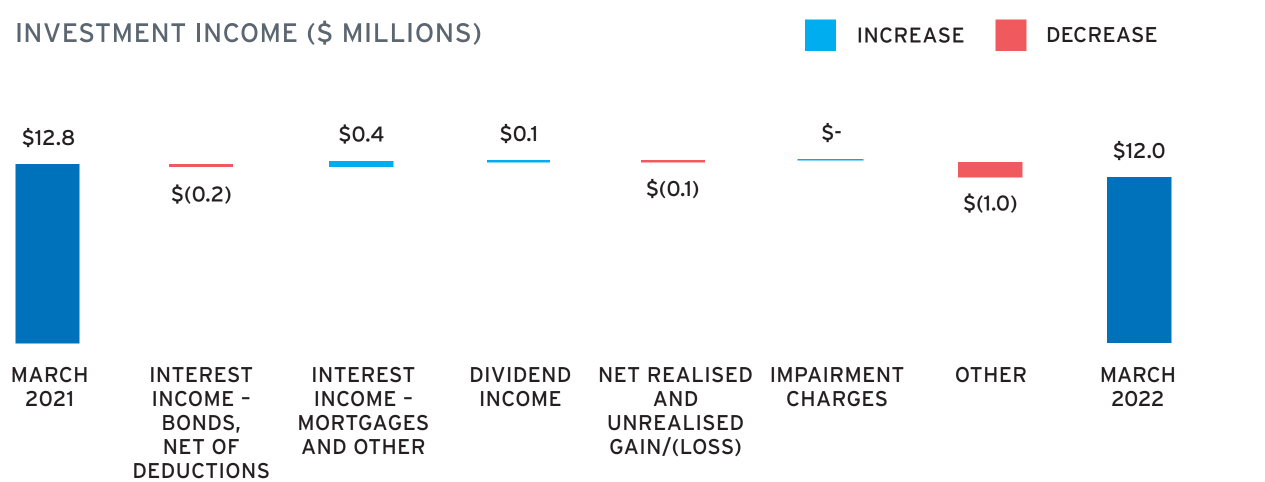
Transactions arising from these agreements are subject to a master netting agreement that creates a contingent right of offset that does not qualify for offsetting.

As of March 31, 2022 and 2021, the Group does not hold any outstanding balances arising from reverse repos.

6.3 INVESTMENT INCOME

AS AT MARCH 31	2022	2021
Interest income		
Bonds - available-for-sale	**10,478**	11,323
Bonds - at FVTPL	**113**	82
Mortgages and loans	**456**	55
Cash and other	**334**	1,385
	11,381	12,845
Dividend income		
Equities - available-for-sale	**542**	396
	542	396
Net realised and unrealised gains/(losses) on investments		
Bonds - available-for-sale	**1,439**	5,732
Bonds - at FVTPL	**(506)**	(2,617)
Equities - at FVTPL	**-**	186
Equities - available-for-sale	**2,033**	(27)
Derivative financial instruments	**-**	(109)
Investment properties	**(125)**	(260)
	2,841	2,905
Other		
Amortisation of mortgages and net premium on bonds	**(1,460)**	(1,601)
Rental income and other	**431**	671
Impairment charges	**(262)**	(238)
Change in the fair value of contingent liability	**(556)**	(772)
	(1,847)	(1,940)
INVESTMENT INCOME BEFORE DEDUCTIONS	**12,917**	14,206
Deductions		
Investment income relating to Deposit administration pension plans	**(937)**	(1,364)
INVESTMENT INCOME	**11,980**	12,842

INVESTMENT INCOME ($ MILLIONS)



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, 2022 and 2021.

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 was 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.

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.

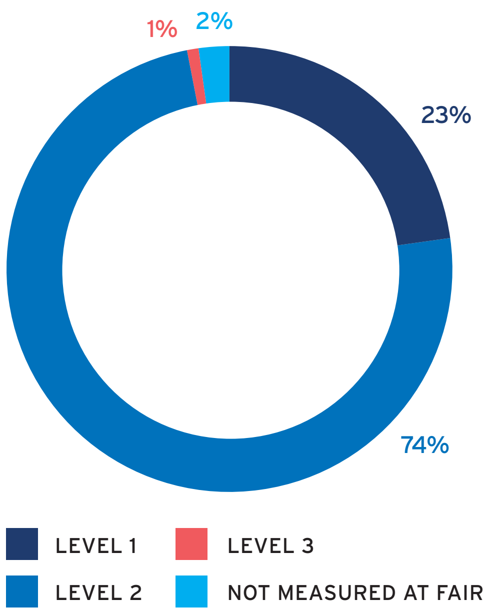
Level 3 investments are securities for which valuation techniques are not based on observable market data. The Group classifies unquoted/private equities as Level 3, as the valuation technique incorporates both observable and unobservable inputs. These investments may be subject to certain lock-up provisions. 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 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 2022

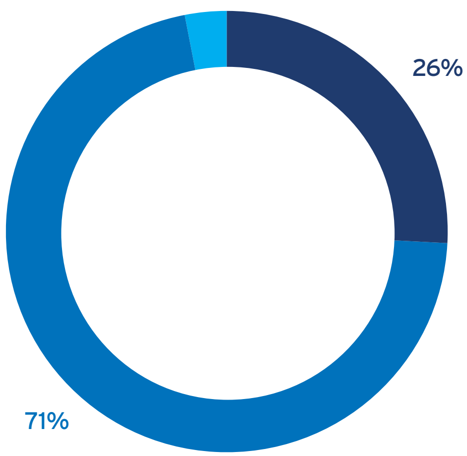


MARCH 31, 2022	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	55,849	-	-	55,849
Interest and dividends receivable	-	2,526	-	2,526
Available-for-sale investments				
Bonds				
U.S. government	45,289	-	-	45,289
U.S. corporates	-	205,040	-	205,040
Municipal, other government and 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				
From continuing operations	8,313	1,195,425	-	1,203,738
TOTAL SEGREGATED FUNDS	8,313	1,195,425	-	1,203,738

(1) Investment in bond funds.

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

ASSET FAIR VALUE LEVELLING 2021



MARCH 31, 2021	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	74,554	-	-	74,554
Interest and dividends receivable	-	2,448	-	2,448
Available-for-sale investments				
Bonds				
U.S. government	43,306	-	-	43,306
U.S. corporates	-	215,201	-	215,201
Municipal, other government and agency	-	52,721	-	52,721
Foreign corporates	-	15,449	-	15,449
Mortgage/asset-backed securities	-	56,942	-	56,942
Other (1)	-	31,435	-	31,435
Total Available-for-sale bonds	43,306	371,748	-	415,054
Equities				
Global listed equities	2,526	-	-	2,526
Investment in equity funds	-	9,929	-	9,929
Private equity funds and unquoted equities	-	-	1,922	1,922
Total Available-for-sale equities	2,526	9,929	1,922	14,377
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	45,832	381,677	1,922	429,431
FVTPL				
Bonds				
U.S. government	21,012	-	-	21,012
FVTPL				
Equities				
Private equity funds and unquoted equities	-	-	1,441	1,441
TOTAL INVESTMENTS AT FVTPL	21,012	-	1,441	22,453
Receivable for investment sold	-	2,710	-	2,710
Investment properties	-	2,899	-	2,899
TOTAL ASSETS AT FAIR VALUE	141,398	389,734	3,363	534,495
LIABILITIES				
Investment contract liabilities	-	328	-	328
TOTAL LIABILITIES AT FAIR VALUE	-	328	-	328
SEGREGATED FUNDS				
From continuing operations	4,984	1,177,566	-	1,182,550
Held-for-sale	48,849	296,752	173,621	519,222
TOTAL SEGREGATED FUNDS	53,833	1,474,318	173,621	1,701,772

(1) Investment in bond funds.

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, 2022	At FVTPL Equities	Available-for-sale Equities	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**

MARCH 31, 2021	At FVTPL Equities	Available-for-sale Equities	Total
Balance, beginning of year	1,254	791	2,045
Included in Investment income	187	-	187
Included in Other comprehensive income	-	(180)	(180)
Purchases	-	1,311	1,311
	1,441	1,922	3,363

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, 2 and 3 during the year ended March 31, 2022 and 2021.

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**

MARCH 31, 2021	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Mortgages and loans (1)	-	16,188	-	16,188	15,180
Policy loans	-	41	-	41	41
TOTAL ASSETS DISCLOSED AT FAIR VALUE	-	16,229	-	16,229	15,221
LIABILITIES					
Investment Contract liabilities (2)	-	245,461	-	245,461	247,916
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	245,461	-	245,461	247,916

(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, 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**

MARCH 31, 2021	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due from policyholders, agents and brokers	2,787	4,984	5,021	7,313	20,105
Due from reinsurers	3,862	576	-	-	4,438
TOTAL INSURANCE BALANCES RECEIVABLE	6,649	5,560	5,021	7,313	24,543

9 Other Assets

AS AT MARCH 31	2022	2021
Other financial assets		
Fees receivable	**2,099**	2,044
Lease receivable	**408**	450
Notes and others	**3,370**	3,271
TOTAL OTHER FINANCIAL ASSETS	**5,877**	5,765
Income taxes receivable	**300**	235
Prepaid expenses	**5,794**	5,507
TOTAL OTHER ASSETS	**11,971**	11,507

10 Deferred Policy Acquisition Costs

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

AS AT MARCH 31	2022	2021
Balance, beginning of year	**1,753**	1,473
Deferral during the year	**5,789**	5,486
Expense for the year	**(5,467)**	(5,361)
Foreign exchange rate movements	**(102)**	155
BALANCE, END OF YEAR	**1,973**	1,753

11 Investment Properties

	Fair Value
Balance, April 1, 2020	**2,899**
Unrealised gains/(losses) on investment properties	**-**
BALANCE, MARCH 31, 2021	**2,899**
Unrealised gains/(losses) on investment properties	**(125)**
BALANCE, MARCH 31, 2022	**2,774**

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 $0.4 million (2021 – $0.5 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 $0.8 million (2021 – $0.7 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 $0.1 million unrealised losses from change in fair value on its investment properties flowing through the Consolidated Statements of Operations (2021 – $nil).

12 Investment in Associates

The Group's investment in associates of $2.9 million (2021 – $3.1 million) comprised of equity interests in a number of individually immaterial associates. The Group's share of earnings from associates as at March 31, 2022 amounts to a loss of $0.1 million (2021 – $0.3 million gain).

12.1 CONTINGENCIES AND RESTRICTIONS

Included in Investment in associates is a 40.7 percent interest (2021 – 40.7 percent) in a private company domiciled in Bermuda. The carrying value of this investment as at March 31, 2022, is $2.6 million (2021 – $2.8 million). The Group has issued a guarantee in respect of its proportionate share of a term bank loan facility totalling $4.4 million (2021 – $4.7 million).

13 Property and Equipment

	Land and buildings	Computer equipment	Furniture and other equipment	Total
Balance, March 31, 2020	78,498	15,428	7,563	101,489
Additions	2,006	2,599	940	5,545
Acquisition of subsidiary	4,497	276	1,185	5,958
Retirements (1)	(14)	(102)	-	(116)
Disposal	-	(87)	-	(87)
Reversal of impairment loss	202	-	-	202
Foreign exchange rate movements	87	51	91	229
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**
Accumulated depreciation				
Balance, March 31, 2020	37,138	5,844	7,000	49,982
Depreciation charge for the year	1,906	2,436	264	4,606
Acquisition of subsidiary	1,190	156	526	1,872
Retirements (1)	(14)	(142)	-	(156)
Foreign exchange rate movements	74	34	59	167
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**
Net carrying amount:				
As at March 31, 2021	44,982	9,837	1,930	56,749
AS AT MARCH 31, 2022	**43,468**	**8,747**	**1,858**	**54,073**

(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, 2020	4,447
Additions (1)	602
Acquisition of subsidiary	1,299
Derecognition of right-of-use asset	(267)
Foreign exchange rate movements	402
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**
Accumulated depreciation	
Balance, March 31, 2020	697
Depreciation charge for the year	876
Foreign exchange rate movements	97
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**
Net carrying amount:	
As at March 31, 2021	4,813
AS AT MARCH 31, 2022	**3,411**

(1) The additions pertain to office space rentals of OTH and FirstUnited.

Lease Liabilities

AS AT MARCH 31	2022	2021
Undiscounted cash flows		
Within 1 year	**905**	1,114
After 1 year but not more than 5 years	**2,437**	3,293
More than 5 years	**1,230**	1,852
Undiscounted balance	**4,572**	6,259
Effect of discounting	**(830)**	(1,164)
LEASE LIABILITIES	**3,742**	5,095

There were no short-term leases in March 2022. In March 2021 the exemption on short-term leases was applied on certain office rentals which resulted in recognising $0.2 million lease expense in the operating expenses.

The interest expense recognised in Operating expenses on the Consolidated Statements of Operations for the year ended March 31, 2022 amounted to $0.2 million (2021 – $0.3 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	2022	2021
Undiscounted cash flows		
Within 1 year	**72**	72
After 1 year but not more than 5 years	**288**	288
More than 5 years	**162**	234
Total undiscounted lease receivable	**522**	594
Unearned financial income	**(114)**	(144)
LEASE RECEIVABLE	**408**	450

For the year ended March 31, 2022, interest income on lease receivable recognised in Investment income on the Consolidated Statements of Operation amounted to $0.03 million (2021 – $0.02 million).

15 Intangible Assets

	Customer Lists	Goodwill	Non-compete Agreements	Total
Gross carrying amount				
Balance, March 31, 2020	18,375	756	-	19,131
Additions	-	19,835	2,339	22,174
Foreign exchange adjustments	(264)	-	-	(264)
BALANCE, MARCH 31, 2021	18,111	20,591	2,339	41,041
Foreign exchange adjustments	197	-	-	197
BALANCE, MARCH 31, 2022	**18,308**	**20,591**	**2,339**	**41,238**
Accumulated amortisation and impairment losses				
Balance, March 31, 2020	12,514	-	-	12,514
Amortisation charge for the year	777	-	545	1,322
Foreign exchange adjustments	(264)	-	-	(264)
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**
Net carrying amount:				
As at March 31, 2021	5,084	20,591	1,794	27,469
AS AT MARCH 31, 2022	**4,308**	**20,591**	**976**	**25,875**

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 9.6 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 growth rate by potential 5 percent would result in the goodwill associated with the OTH CGU to be fully impaired. A similar decline in the annualised growth rate for VBCI would not result in its carrying value exceeding its recoverable amount. An estimated decline in the annualised revenue growth rate of 6.5 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, 2022 and 2021.

16 Insurance Balances Payable

Insurance balances payable is comprised of:

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**

MARCH 31, 2021	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Europe Brokerage Companies	Total
Due to policyholders, agents and brokers	5,283	1,819	1,054	8,283	16,439
Due to reinsurers	1,165	906	1,341	-	3,412
Deferred commission income	-	2,674	1,055	1,070	4,799
TOTAL INSURANCE BALANCES PAYABLE	6,448	5,399	3,450	9,353	24,650

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

AS AT MARCH 31	2022	2021
Balance, beginning of year	**4,799**	4,134
Deferral during the year	**18,357**	18,005
Income for the year	**(18,253)**	(17,233)
Foreign exchange rate movements	**213**	(107)
BALANCE, END OF YEAR	**5,116**	4,799

17 Accounts Payable and Accrued Liabilities

AS AT MARCH 31	2022	2021
Accrued staff benefits	**8,267**	7,600
Commission payables	**194**	230
Payables and other accrued expense	**23,488**	23,946
Contingent liability arising from business acquisition	**5,419**	7,062
Demand loan	**-**	1,179
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**37,368**	40,017

On August 16, 2016, Island Health Services Limited (the "Borrower") secured a $0.8 million demand loan to finance the purchase and renovation of 12 Dundonald Street building. On January 16, 2019 the facility letter was amended to increase the demand loan by $0.6 million. The total loan facility is payable in full by February 2032, and interest is charged at the bank's base rate plus two percent per annum. During the year the Borrower repaid the demand loan in full.

18 Insurance Contract Liabilities

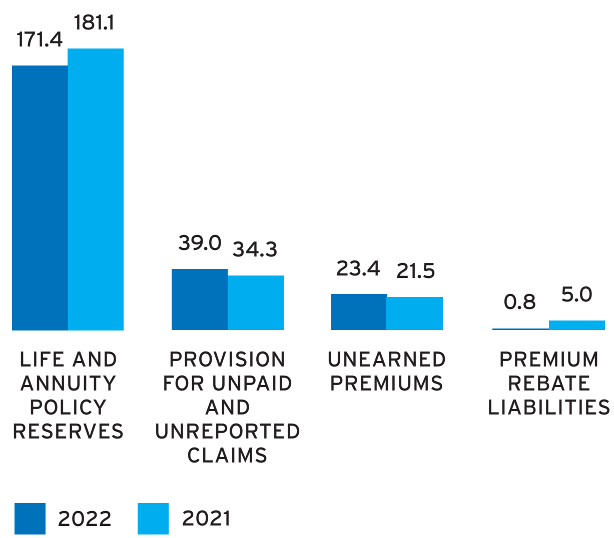
The Group's Insurance contract liabilities and Reinsurers' share of claims provisions and unearned premiums are comprised of:

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**

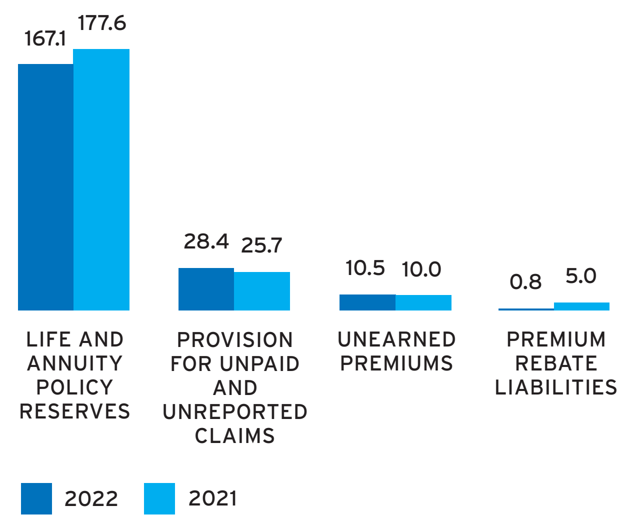
In March 2021 the Group launched a $5.0 million premium rebates scheme for all its health insureds in recognition of the impact COVID-19-related restrictions have had to health care access. The premium rebates measurement criteria, period of measurement applied to determine the qualified policyholders 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 2022, $0.2 million of premium rebate were forfeited due to insureds not meeting the above qualifying criteria.

MARCH 31, 2021	Note	Gross	Ceded	Net
Life and annuity policy reserves	18.1	181,126	3,534	177,592
Provision for unpaid and unreported claims	18.2	34,253	8,565	25,688
		215,379	12,099	203,280
Unearned premiums	18.3	21,508	11,552	9,956
Premium rebates liabilities		4,964	-	4,964
TOTAL INSURANCE CONTRACT LIABILITIES		241,851	23,651	218,200

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, 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**

MARCH 31, 2021	Group Insurance	Life and Pensions	Total
Annuities	-	174,257	174,257
Long-term disability	5,045	-	5,045
Life	-	1,824	1,824
Life and annuity policy reserves	5,045	176,081	181,126
Reinsurers' share of claims provisions	(3,712)	178	(3,534)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,333	176,259	177,592

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, 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**

MARCH 31, 2021	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	2,154	144,936	9,109	5,667	15,726	177,592

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 an increase in reserves backing policyholder liabilities of $5.9 million (2021 – $6.7 million). These amounts are net of the impact of the reinsurance assets on policyholder liabilities of $4.3 million (2021 – $3.5 million). The changes in the net Life and annuity policy reserves for the year are as follows:

AS AT MARCH 31	2022	2021
Balance, beginning of year	**177,592**	170,963
Changes due to:		
Issuance of new policies	**7,626**	8,282
Normal in-force movement	**(12,201)**	(8,379)
Mortality/morbidity assumptions	**(317)**	(1,762)
Interest rate assumptions	**(6,772)**	8,790
Expense assumptions	**1,146**	(302)
BALANCE, END OF YEAR	**167,074**	177,592

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 \$2.8 million, 1.7 percent (2021 – \$4.1 million, 2.4 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 \$12.7 million (2021 – \$14.9 million). A 100 basis points decrease in the best estimate assumption increases the total Life and annuity policy reserves by \$14.8 million (2021 – \$17.5 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 (2021 – \$2.2 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 (2021 – \$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, 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**

MARCH 31, 2021	Employee Benefits and Health	Americas Property and Casualty	Europe Property and Casualty	Total
Health care	7,736	1,644	-	9,380
Property	-	1,280	1,580	2,860
Motor	-	6,393	10,840	17,233
Accident and liability	-	698	3,630	4,328
Marine	-	120	332	452
Provision for unpaid and unreported claims, gross	7,736	10,135	16,382	34,253
Reinsurers' share of claims provisions	-	(5,048)	(3,517)	(8,565)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	7,736	5,087	12,865	25,688

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

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**

MARCH 31, 2021	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	38,679	13,397	25,282
Claims and adjustment expenses incurred			
Current year	71,913	8,427	63,486
Prior years	(2,096)	1,187	(3,283)
Total Claims and adjustment expenses incurred	69,817	9,614	60,203
Claims and adjustment expenses paid			
Current year	(51,505)	(4,588)	(46,917)
Prior years	(24,084)	(10,297)	(13,787)
Total Claims and adjustment expenses paid	(75,589)	(14,885)	(60,704)
Foreign exchange adjustments	1,346	439	907
BALANCE, END OF YEAR	34,253	8,565	25,688

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of gross ultimate liability (1)											
as at end of accident year	92,232	94,099	124,218	88,673	91,680	97,148	99,033	93,375	69,996	89,569	-
one year later	82,201	88,110	120,591	91,037	89,301	96,182	94,472	89,491	66,666	-	-
two years later	81,448	87,826	120,236	91,103	92,836	96,649	97,232	88,468	-	-	-
three years later	81,555	86,979	136,807	91,293	92,632	96,093	97,264	-	-	-	-
four years later	81,584	86,801	137,070	91,103	92,327	95,627	-	-	-	-	-
five years later	81,639	86,509	128,545	90,938	92,161	-	-	-	-	-	-
six years later	81,588	86,321	129,402	90,908	-	-	-	-	-	-	-
seven years later	81,079	86,299	129,416	-	-	-	-	-	-	-	-
eight years later	81,068	86,280	-	-	-	-	-	-	-	-	-
nine years later	81,053	-	-	-	-	-	-	-	-	-	-
Current estimate of cumulative liability	81,053	86,280	129,416	90,908	92,161	95,627	97,264	88,468	66,666	89,569	917,412
Cumulative payments to date	(80,637)	(86,246)	(129,245)	(90,463)	(91,655)	(94,614)	(94,666)	(83,683)	(61,197)	(65,960)	(878,366)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	1
Total gross liability	**416**	**34**	**171**	**445**	**506**	**1,013**	**2,598**	**4,785**	**5,469**	**23,609**	**39,047**

Net claims:

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of net ultimate liability (1)											
as at end of accident year	86,374	85,856	83,638	83,123	83,035	90,114	93,400	81,047	63,143	79,926	-
one year later	76,566	79,438	80,890	86,365	81,057	89,743	87,766	75,199	59,073	-	-
two years later	75,617	79,502	80,551	86,367	84,587	90,416	90,496	74,038	-	-	-
three years later	75,752	79,336	81,005	86,471	84,435	89,892	90,057	-	-	-	-
four years later	75,754	79,264	80,828	86,389	84,325	89,691	-	-	-	-	-
five years later	75,759	79,099	80,556	86,542	84,158	-	-	-	-	-	-
six years later	75,894	79,203	80,577	86,258	-	-	-	-	-	-	-
seven years later	75,534	79,198	80,610	-	-	-	-	-	-	-	-
eight years later	75,561	79,159	-	-	-	-	-	-	-	-	-
nine years later	75,539	-	-	-	-	-	-	-	-	-	-
Current estimate of net cumulative liability	75,539	79,159	80,610	86,258	84,158	89,691	90,057	74,038	59,073	79,926	798,509
Cumulative payments to date	(75,129)	(79,127)	(80,446)	(86,100)	(83,831)	(89,047)	(88,642)	(71,474)	(55,419)	(60,867)	(770,082)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	1
Total net liability	**410**	**32**	**164**	**158**	**327**	**644**	**1,415**	**2,564**	**3,654**	**19,059**	**28,428**

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

18.3 UNEARNED PREMIUMS

AS AT MARCH 31	2022 Unearned premiums	2022 Reinsurer's share of Unearned premiums	2022 Net	2021 Unearned premiums	2021 Reinsurer's share of Unearned premiums	2021 Net
Balance, beginning of year	**21,508**	**11,552**	**9,956**	19,217	10,662	8,555
Premiums written during the year	**164,718**	**40,674**	**124,044**	150,532	38,870	111,662
Net premiums earned	**(162,178)**	**(39,286)**	**(122,892)**	(149,348)	(38,278)	(111,070)
Movement from Assets held-for-sale	**-**	**5**	**(5)**	-	30	(30)
Change in unearned premiums	**2,540**	**1,393**	**1,147**	1,184	622	562
Foreign exchange movement	**(690)**	**(107)**	**(583)**	1,107	268	839
BALANCE, END OF YEAR	**23,358**	**12,838**	**10,520**	21,508	11,552	9,956

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, 2022 or 2021.

19 Investment Contract Liabilities

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

AS AT MARCH 31	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost:				
Deposit administration pension plans	**229,131**	**220,344**	231,348	228,893
Self-funded group health policies	**17,257**	**17,257**	16,568	16,568
	246,388	**237,601**	247,916	245,461
At FVTPL:				
Deposit accounted annuity policies	**156**	**156**	328	328
TOTAL INVESTMENT CONTRACT LIABILITIES	**246,544**	**237,757**	248,244	245,789

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	2022	2021
Balance, beginning of year	**247,916**	253,029
Deposits	**81,209**	76,820
Withdrawals	**(80,030)**	(74,281)
Transfers to Segregated funds	**125**	185
Fees deducted	**(3,344)**	(3,491)
Interest	**1,738**	2,129
Other	**(1,226)**	(6,475)
BALANCE, END OF YEAR	**246,388**	247,916

For the year ended March 31, 2022, the net gain relating to investment contracts measured at amortised cost is $3.0 million (2021 – net gain of $5.5 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	2022	2021
Balance, beginning of year	**328**	526
Included in net earnings [(1)]	**5**	9
Deposits	**11**	14
Withdrawals	**(188)**	(221)
BALANCE, END OF YEAR	**156**	328

(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	2022	2021
Balance, beginning of year	**3,938**	3,670
Movements during the year recognised in Operating expense:		
Current service cost	**22**	32
Interest cost on benefit liability	**137**	98
	159	130
Remeasurement during the year included in Other comprehensive income:		
Actuarial (gain)/loss arising from experience adjustment	**(660)**	340
Benefit payments	**(166)**	(202)
BALANCE, END OF YEAR	**3,271**	3,938

As at March 31, 2022, the present value of the defined benefit obligation was comprised of $0.4 million (2021 – $0.6 million) relating to active employees and $2.9 million (2021 – $3.4 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	2022	2021
Discount rate	**3.6%**	2.8%
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 $0.5 million (2021 – $0.4 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, 2022	Increase	Decrease
Aggregate of current service cost and interest cost	**3**	**(2)**
Accrued benefit liability	**389**	**(331)**

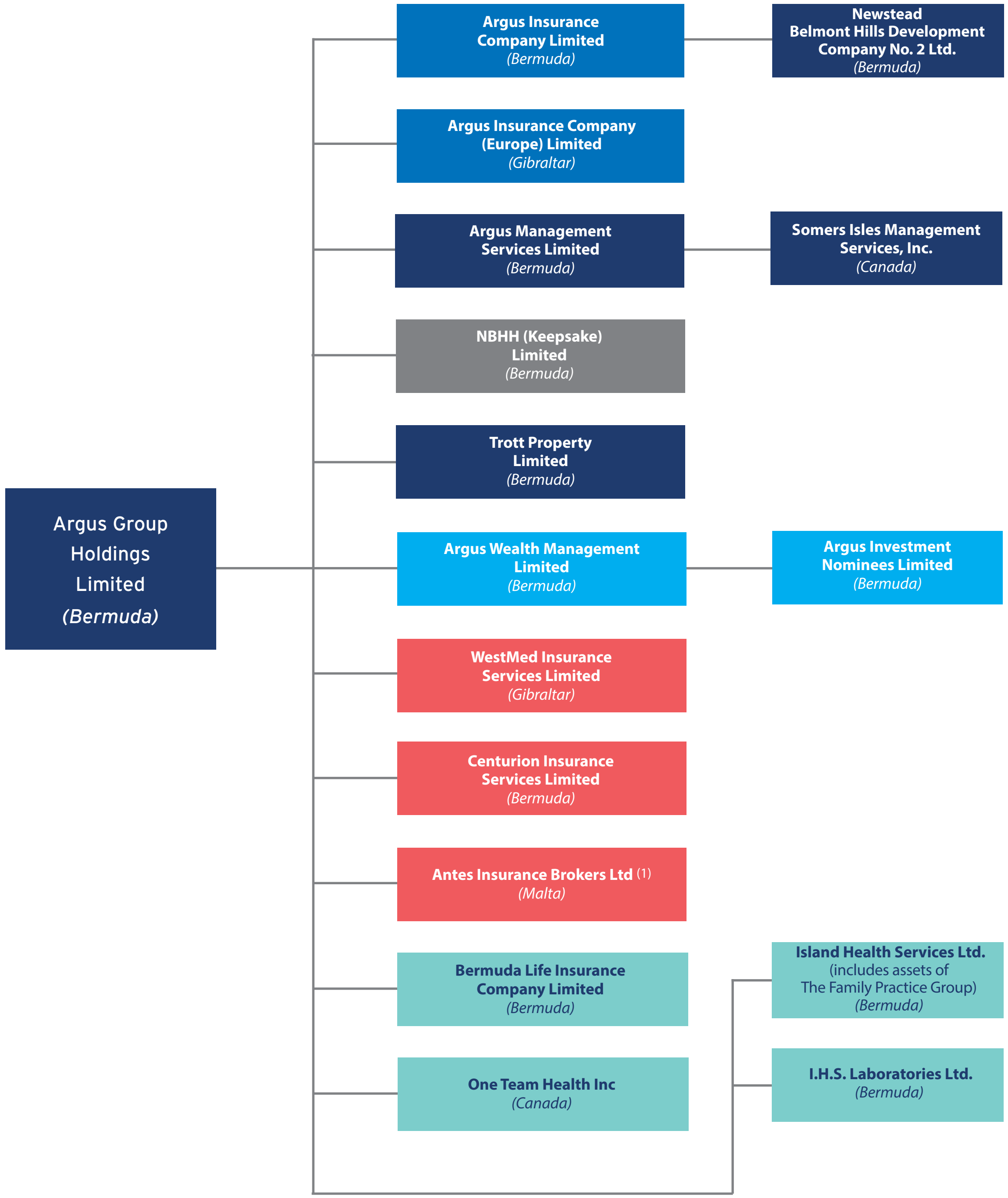
MARCH 31, 2021	Increase	Decrease
Aggregate of current service cost and interest cost	5	(4)
Accrued benefit liability	484	(410)

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, 2022

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	2022	2021
General fund assets	**607,995**	639,848
General fund liabilities	**514,251**	522,634

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, 2022, of $946.2 million (2021 – $920.3 million) include the Group's Segregated Funds of $929.3 million (2021 – $904.1 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.

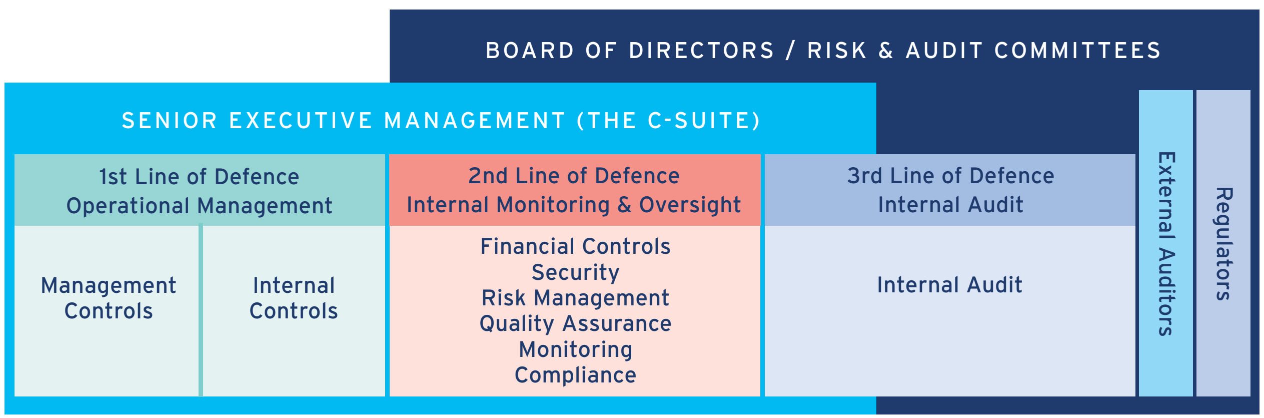
22 Risk Management

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, 2022 and 2021, 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 Group holds general business and long-term business insurance licenses. During the year; prior to the issuance of their standalone financial statement, subsidiary Bermuda Life Insurance Company Limited took remedial actions to comply with the minimum solvency margin requirements of the Act.

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

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**

MARCH 31, 2021	Bermuda	Europe	Total
Statutory capital and surplus	99,228	18,309	117,537
Minimum solvency margin	26,775	4,651	31,426

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, 2022 and 2021, 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	2022	2021
Cash and short-term investment		**55,849**	74,554
Interest and dividends receivable		**2,526**	2,448
Bonds – Available-for-sale and FVTPL	6.1	**441,996**	436,066
Mortgages and loans	6.1	**13,422**	15,180
Policy loans	6.1	**41**	41
Receivable for investments sold		**2,400**	2,710
Insurance balances receivable	8	**24,509**	24,543
Other financial assets included in Other assets	9	**5,877**	5,765
Reinsurers' share of claims provisions	18	**14,908**	12,099
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		**561,528**	573,406

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.

In response to the COVID-19 pandemic, during the year ended March 31, 2021, the Group temporarily offered a number of support initiatives for qualifying policyholders. The support was granted after careful consideration of the impact of the COVID-19 pandemic on the credit-worthiness of each qualifying policy-holder, who was subsequently monitored for any further credit deterioration.

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.

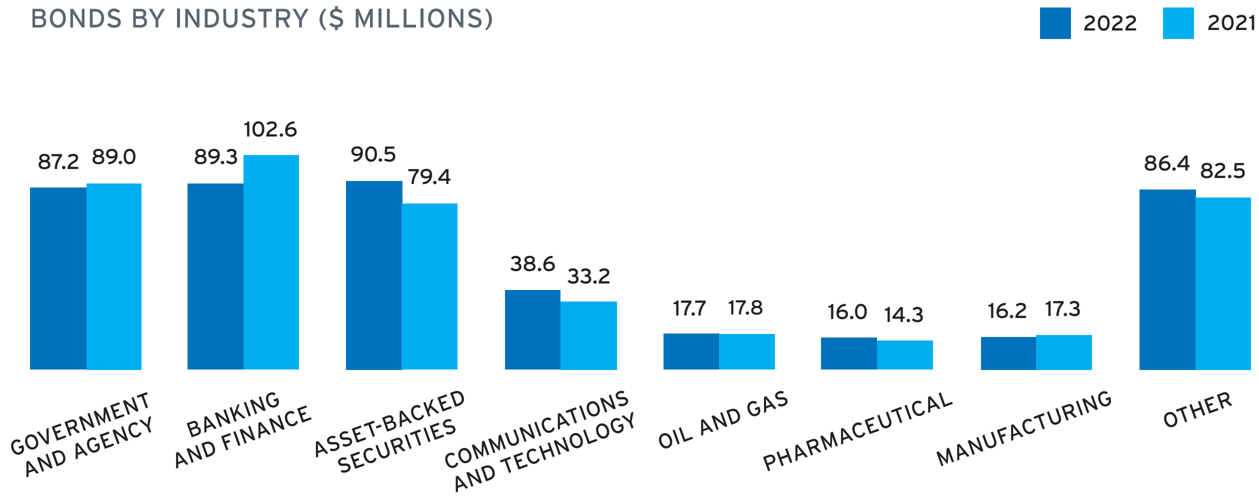
AS AT MARCH 31	2022	2021
Bonds issued or guaranteed by:		
Government and Agency	**87,231**	88,975
Banking and Finance	**89,300**	102,581
Asset-backed Securities	**90,521**	79,381
Communications and Technology	**38,596**	33,239
Oil and Gas	**17,703**	17,768
Manufacturing	**16,233**	17,329
Pharmaceutical	**15,988**	14,299
Transportation	**5,266**	5,671
Utilities and Energy	**9,579**	11,156
Insurance	**5,658**	5,073
SupraNational	**5,361**	4,571
Mining	**2,397**	3,695
Other (1)	**58,163**	52,328
TOTAL BONDS	**441,996**	436,066

(1) Other includes investment with less than $2.0 million of concentration of credit risk by industry sector which totals $20.8 million and investment in bond funds of $37.4 million as disclosed in Note 7.1 (2021 - $31.4 million).

AS AT MARCH 31	2022	2021
Geographical distribution of bonds is as follows:		
United States of America	**291,554**	304,256
United Kingdom	**14,999**	19,610
Cayman Islands	**39,784**	22,554
France	**7,364**	7,499
Netherlands	**6,146**	5,631
Canada	**3,307**	3,565
Ireland	**2,165**	3,146
Switzerland	**4,785**	5,169
Mexico	**4,255**	4,771
SupraNational	**5,361**	4,571
Australia	**1,592**	2,007
Japan	**6,297**	6,796
Other (1)	**54,387**	46,491
TOTAL BONDS	**441,996**	436,066

(1) Other includes investment with less than $2.0 million of concentration of credit risk by geographical distribution which totals $17.0 million and bond funds of $37.4 million as disclosed in Note 7.1 (2021 - $31.4 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, 2022, the Group's mortgages and loans amount to $13.4 million (2021 – $15.2 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	2022	2021
Bond portfolio quality:		
AAA	**143,515**	143,019
AA	**74,778**	25,888
A	**90,295**	114,054
BBB	**129,057**	145,669
BB or lower	**3,341**	5,991
Not rated	**1,010**	1,445
TOTAL BONDS	**441,996**	436,066

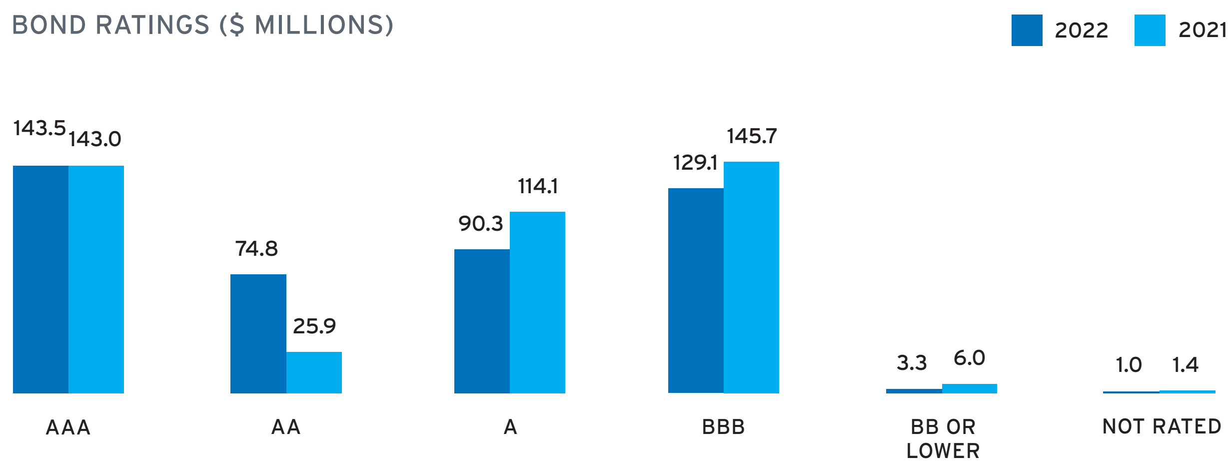
22.3.1(d)(ii) Allowance for credit losses on impaired investments

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	2022	2021
Balance, beginning of year	**1,991**	2,917
Net provision made during the year – Mortgage and loans	**262**	238
Provision written off during the year	**-**	(1,164)
BALANCE, END OF YEAR	**2,253**	1,991

BOND RATINGS ($ MILLIONS)



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

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**

MARCH 31, 2021	Past due but not impaired			
	Less than 90 days	90 to 179 days	180 days or more	Total
Mortgage and loans and certain mortgages and loan included in Assets held-for-sale	-	-	4,315	4,315
Other receivables included in Other assets	592	166	149	907
BALANCE, END OF YEAR	592	166	4,464	5,222

Past due financial assets have an allowance of $0.3 million (2021 – $0.2 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.

The COVID-19 pandemic did not have a material negative impact on the Group's liquidity position. As disclosed in the Consolidated Statements of Cash Flows, the operations generated positive cash flows of $16.6 million during the year (2021 – $28.5). The Group also maintains a revolving loan facility which expires in September 2022. At March 31, 2022, this credit facility remains undrawn.

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.

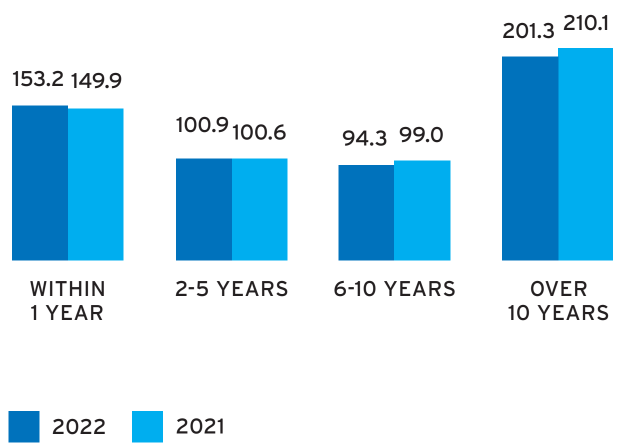
MARCH 31, 2022	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves - net of reinsurance	**14,314**	**53,073**	**54,809**	**95,948**	**218,144**(1)
Provision for unpaid and unreported claims - net of reinsurance	**20,676**	**7,094**	**653**	**5**	**28,428**
Insurance balances payable	**24,063**	**-**	**-**	**-**	**24,063**
Investment contract liabilities	**55,957**	**34,278**	**36,650**	**102,398**	**229,283**
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.

MARCH 31, 2021	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves - net of reinsurance	14,602	53,894	55,828	102,061	226,385(1)
Provision for unpaid and unreported claims - net of reinsurance	16,222	7,681	1,478	307	25,688
Insurance balances payable	24,650	-	-	-	24,650
Investment contract liabilities	53,789	34,492	38,323	105,051	231,655(1)
Taxes payable	376	-	-	-	376
Accounts payable and accrued liabilities	38,946	432	540	99	40,017
Lease liabilities	1,114	3,293	1,852	-	6,259(1)
Post-employment benefit liability	191	803	985	2,540	4,519(1)
TOTAL FROM GENERAL FUND LIABILITIES	149,890	100,595	99,006	210,058	559,549

(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)



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 £14.4 million, €2.3 million and CAD (0.5) million (2021 – £13.5 million, €3.8 million and CAD 0.4 million).

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

MARCH 31, 2021	Change in variables	Impact on equity
Currency:		
Sterling	+/- 10%	+/- 1,356
Euro	+/- 10%	+/- 386
CAD	+/- 10%	+/- 48

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, 2022, the sensitivity of Other comprehensive income to a 100 basis point parallel increase in interest rates would have been a $6.3 million decrease (2021 – $6.4 million decrease). For a 100 basis point parallel decline in interest rates the sensitivity to net income would have been a $6.5 million increase (2021 – $6.4 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 $1.7 million (2021 – $1.6 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 23.3 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	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 AT MARCH 31 Record date	Per share amount	2021 Amount of dividends	Payment date
July 17, 2020	0.09	1,937	August 28, 2020
December 31, 2020	0.09	1,956	January 28, 2021
	0.18	3,893	

As a result of the Dividend Reinvestment Plan, share capital and contributed surplus as at March 31, 2022 increased by $0.2 million and $1.0 million (2021 – $0.2 million and $0.5 million), respectively.

24 Components of Accumulated Other Comprehensive Income/(Loss)

AS AT MARCH 31	2022	2021
Remeasurement of post-employment medical benefit obligation	(675)	(1,335)
Available-for-sale investments (1)	(14,445)	11,955
Translation of financial statements of foreign operations	(3,237)	(2,094)
NET ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	(18,357)	8,526

(1) As at March 31, 2021 – $1.6 million of the accumulated other comprehensive income arose from the International Life Division's available-for-sale investments (Note 4). During the year the Group disposed of the International Life Division.

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	2022	2021
Net earnings for the year	**25,704**	10,132

AS AT MARCH 31 (Number of shares)	2022	2021
Weighted average outstanding common shares	**21,264,313**	21,438,128
Common shares and common share equivalents	**21,375,498**	21,558,307

26 Commissions, Management Fees and Other

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

AS AT MARCH 31, 2022	Employee Benefits and Health	Wealth Management	Americas Property & Casualty	Disposal Groups	Europe Property & 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**

AS AT MARCH 31, 2021	Employee Benefits and Health	Wealth Management	Americas Property & Casualty	Disposal Groups	Europe Property & Casualty	Europe Brokerage Companies	Total
Fee income from service contracts							
Pensions and policyholder administration	25,894	-	-	4,146	11	-	30,051
Investment management	-	2,988	-	-	-	-	2,988
Brokerage income	-	-	815	-	696	5,197	6,708
Total fee income from service contracts	25,894	2,988	815	4,146	707	5,197	39,747
Reinsurance commission income	1,274	-	9,405	-	2,617	-	13,296
	27,168	2,988	10,220	4,146	3,324	5,197	53,043

27 Reinsurance Recoveries

AS AT MARCH 31	2022	2021
Claims and adjustment expenses recovered from reinsurers	**(7,477)**	(14,885)
Policy benefits recovered from reinsurers	**(1,379)**	(1,366)
TOTAL REINSURANCE RECOVERIES	**(8,856)**	(16,251)

28 Net Change in Contract Liabilities

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)**

AS AT MARCH 31, 2021	Employee Benefits and Health	Americas Property and Casualty	Disposal Group	Europe Property and Casualty	Total
Gross change in contract liabilities					
Insurance contracts	6,075	2,260	(432)	(7,389)	514
Investment contracts	(9)	-	-	-	(9)
Total	6,066	2,260	(432)	(7,389)	505
Change in reinsurers' share of claims provision	(424)	(1,983)	602	7,310	5,505
NET	5,642	277	170	(79)	6,010

29 Operating Expenses

Operating expenses incurred during the year are as follows:

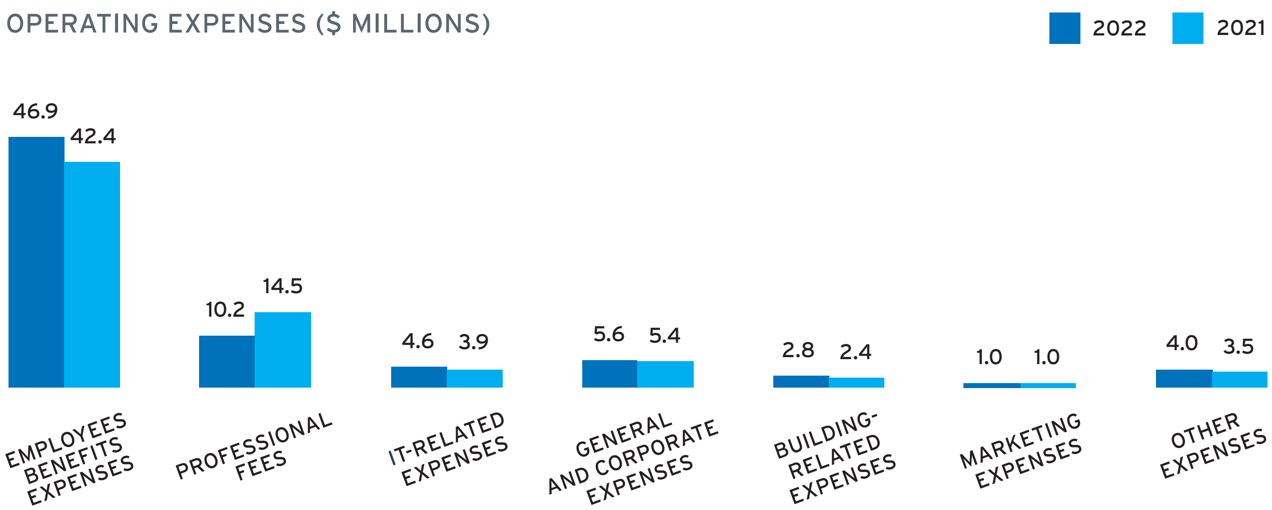
AS AT MARCH 31	2022	2021
Employee benefits expenses (see following table)	**46,915**	42,409
Professional fees	**10,170**	14,500
IT-related expenses	**4,551**	3,880
General and corporate expenses	**5,561**	5,418
Building-related expenses	**2,765**	2,383
Marketing expenses	**1,028**	1,032
Other expenses	**4,004**	3,536
TOTAL OPERATING EXPENSES	**74,994**	73,158

Employee benefits expense during the year is comprised of:

AS AT MARCH 31	Note	2022	2021
Salaries and other short-term benefits		**45,749**	41,193
Pension costs [(1)]		**1,009**	1,140
Post-employment medical benefits	20	**(7)**	(72)
Stock-based compensation	30	**164**	148
TOTAL EMPLOYEE BENEFITS EXPENSE		**46,915**	42,409

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

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 granted and forfeited during the year are as follows:

AS AT MARCH 31	2022	2021
Number of shares granted	**49,050**	51,200
Fair value per share	**$6.15**	$2.56
Number of shares forfeited	**13,050**	3,018

The following table summarises information about the outstanding stock grants:

RESTRICTED SHARES VESTING	Number of shares
July 2022	**27,900**
July 2023	**14,750**
August 2022	**15,000**
August 2023	**15,000**
August 2024	**15,000**
TOTAL	**87,650**

31 Related Party Transactions

31.1 TRANSACTIONS WITH SIGNIFICANTLY INFLUENCED INVESTEES

31.1.1 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 (2021 – $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, 2022 and 2021.

31.1.2 The Group rented office premises from a significantly influenced investee paying a total of $nil (2021 – $0.2 million) in rent and service charges in the year, which are shown in Operating expenses in the Consolidate Statements of Operations.

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	2022	2021
Salaries and other short-term benefits	**3,464**	3,710
Post-employment benefits [(1)]	**152**	140
Stock-based compensation	**27**	24
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	**3,643**	3,874

(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, 2022, was 141,643 (2021 – 98,626) shares.

With the exception of the employment contract with the Chief Executive Officer, Ms. A. S. Hill, and a consultancy agreement with a non-executive director, there were no other service contracts with the directors during the year.

The Group has extended mortgage loans to certain Officers totalling $nil as at March 31, 2022 (2021 – $0.7 million).

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 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.

U.S.

Argus International Life Insurance Limited (AILIL), a Bermuda domiciled subsidiary, has elected under section 953(d) of the U.S. Internal Revenue Code (IRC) to be taxed as a U.S. domestic corporation. AILIL is subject to a U.S. corporate income tax rate of 21 percent for the fiscal year ended March 31, 2021. During the year the Group disposed of subsidiary AILIL.

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	2022	2021
Total current income taxes	**571**	1,004
Deferred taxes	**7**	(3)
TOTAL INCOME TAX EXPENSE/(BENEFIT)	**578**	1,001

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	2022	2021
Earnings before income taxes	**26,297**	11,145
Less: Earnings not subject to taxes	**23,591**	7,147
EARNINGS SUBJECT TO TAXES	**2,706**	3,998
Income taxes at the application rate	**567**	874
Tax effect of:		
Expenses not deductible for tax purposes	**(29)**	40
Adjustment to taxes related to prior year	**20**	(43)
Difference between depreciation and capital allowances	**7**	22
Effect of tax losses brought forward	**13**	108
TOTAL CURRENT INCOME TAXES	**578**	1,001

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	2022	2021
Tax losses carried forward	**244**	768
Capital allowances carried forward	**(3)**	11
Deductible temporary differences	**5**	1
NET UNRECOGNISED DEFERRED TAX ASSETS	**246**	780

As of March 31, 2022, the Group has net operating loss carryforwards of $0.9 million (2021 – $3.5 million). Of the total net operating loss carryforwards of the Group, $nil (2021 – $0.1 million) is subject to limitations under IRC section 382. The Group's net operating loss carryforwards will expire in 2040 through to 2042 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 and the Argus International Life Insurance Limited Consolidation and Amendment Act 2008.

Changes to Segregated Funds are as follows:

AS AT MARCH 31	2022	2021
Additions to Segregated Funds		
Contributions and transfers	**176,275**	119,912
Return on investments	**187,073**	435,323
Segregated funds acquired	**3,790**	1,721
	367,138	556,956
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	**311,034**	164,888
Operating expenses	**27,054**	16,845
Segregated funds disposed of on sale of subsidiaries	**527,084**	-
	865,172	181,733
Net additions/(deductions) to Segregated Funds for the year	**(498,034)**	375,223
Segregated Funds, beginning of year	**1,701,772**	1,326,549
SEGREGATED FUNDS, END OF YEAR	**1,203,738**	1,701,772
SEGREGATED FUNDS CLASSIFIED UNDER HELD-FOR-SALE, END OF YEAR	**-**	(519,222)
SEGREGATED FUNDS FROM CONTINUING OPERATIONS, END OF YEAR	**1,203,738**	1,182,550

34 Operating Segments

34.1 RESULTS BY SEGMENT

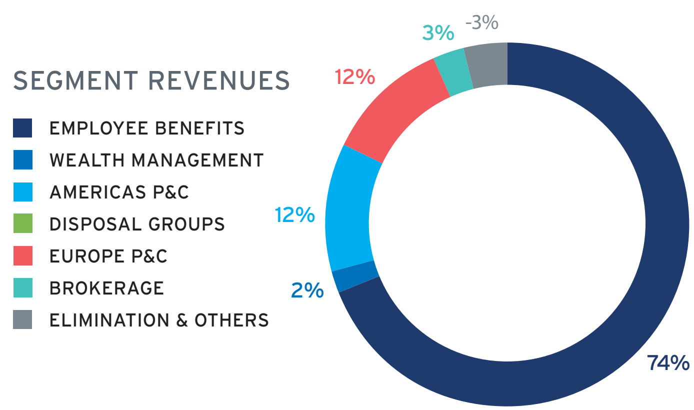
		AMERICAS					EUROPE			CORE		
AS AT MARCH 31		Employee Benefits and Health	Wealth Management	Property & Casualty	Disposal Groups	**Total**	Property and Casualty	Brokerage Companies	**Total**	All other	Elimination	**Consolidated Total**
Segment revenues	**2022**	**132,989**	**4,314**	**21,414**	**387**	**159,104**	**21,828**	**6,047**	**27,875**	**181**	**(6,886)**	**180,274**
	2021	118,653	4,153	21,141	1,710	145,657	19,107	5,517	24,624	1	(6,169)	164,113
Investment income	**2022**	**9,901**	**1**	**327**	**329**	**10,558**	**229**	**2**	**231**	**(451)**	**1,642**	**11,980**
	2021	12,632	5	159	434	13,230	120	8	128	238	(754)	12,842
Gain from the sale of subsidiaries	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,072)**	**11,058**	**986**
	2021	-	-	-	-	-	-	-	-	-	-	-
Income/(loss) from associates	**2022**	**-**	**-**	**(90)**	**-**	**(90)**	**-**	**-**	**-**	**-**	**-**	**(90)**
	2021	-	-	261	-	261	-	-	-	-	-	261
TOTAL SEGMENT REVENUES	**2022**	**142,890**	**4,315**	**21,651**	**716**	**169,572**	**22,057**	**6,049**	**28,106**	**(10,342)**	**5,814**	**193,150**
	2021	131,285	4,158	21,561	2,144	159,148	19,227	5,525	24,752	239	(6,923)	177,216
Amortisation, depreciation and impairment	**2022**	**3,471**	**-**	**209**	**63**	**3,743**	**493**	**163**	**656**	**2,166**	**1,533**	**8,098**
	2021	3,683	77	77	251	4,088	471	174	645	881	988	6,602
Income tax expense	**2022**	**-**	**-**	**-**	**-**	**-**	**151**	**380**	**531**	**61**	**(14)**	**578**
	2021	-	-	-	-	-	305	706	1,011	8	(18)	1,001
Segment earnings/(loss) attributable to shareholders, after tax	**2022**	**34,207**	**182**	**8,760**	**164**	**43,313**	**1,522**	**626**	**2,148**	**(30,104)**	**10,347**	**25,704**
	2021	20,179	285	9,076	(1,022)	28,518	2,344	568	2,912	(20,632)	(666)	10,132

(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	**2022**	**165,044**	**28,106**	**193,150**
	2021	152,464	24,752	177,216

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					
	Employee Benefits and Health	Wealth Management	Property and Casualty	Disposal Groups	Total	Property and Casualty	Brokerage Companies	Total	All other	Elimination	Consolidated Total
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**
MARCH 31, 2021:											
Total General Fund Assets	533,869	606	57,447	26,433	618,355	55,984	16,462	72,446	189,006	(150,080)	729,727
Segregated Fund Assets	1,182,550	-	-	519,222	1,701,772	-	-	-	-	-	1,701,772
Total General Fund Liabilities	465,060	(1,321)	26,476	17,466	507,681	36,083	12,819	48,902	22,061	1,226	579,870
Segregated Fund Liabilities	1,182,550	-	-	519,222	1,701,772	-	-	-	-	-	1,701,772

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, 2022, are as follows:

AS AT MARCH 31	2022	2021
Within one year	**1,071**	1,488
After one year but not more than five years	**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 2021 comparative figures have been reclassified to conform to the presentation adopted for 2022.

37 Subsequent Events

37.1 DIVIDENDS

Based upon the audited financial results of the Group for the year ended March 31, 2022, the Directors have declared a dividend of 11 cents per share (2021 – 10 cents per share) payable on August 26, 2022 for shareholders of record on July 29, 2022.

37.2 SHARE REPURCHASE PROGRAMME

Effective July 1, 2022, 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, 2023.

Photography credits

Unsplash
Rod Long
Lawrence Crayton
Artyom Korshunov

Camera Talk
V. Stephen Raynor
Michelle Dismont Frazzoni

In line with our commitment to reduce Argus' carbon footprint, this report has been produced in a digital format.

Registered Office
The Argus Building, 14 Wesley Street,
Hamilton HM 11, Bermuda

Mailing Address
P.O. Box HM 1064, Hamilton HM EX, Bermuda

Customer Service Centre
T (441) 298-0888
insurance@argus.bm

argus.bm

ARGUS
Our Interest is You.