



# Further. Faster.

—  
SEPTEMBER 2021  
SIX-MONTH REPORT



**C O N T E N T S**

Report to Shareholders

03

Governance

11

Financial Statements

16

Dear Shareholders,

The first half of fiscal year 2022 brought a roller coaster of news on the global economy. The emergence of new variants can change the economic outlook very rapidly. Whilst uncertainty remains regarding the long-term health, economic and societal impacts of COVID-19, the vigorous fiscal response and vaccination rollout continue to play an important role in supporting economic recovery. There has also been a notable rise in global inflation, impacting all our stakeholders.

Against this backdrop, the Argus Group has continued to deliver strong earnings and shareholders' equity growth in the first six months to September 30, 2021.

Our operating earnings - which is a key measure of the profitability of the Group - are \$9.8 million for the period ended September 30, 2021, compared to \$10.2 million in the prior year.

Since March 2018, our shareholders' equity has increased from \$105.9 million to \$157.5 million as of September 30, 2021. During this time, we

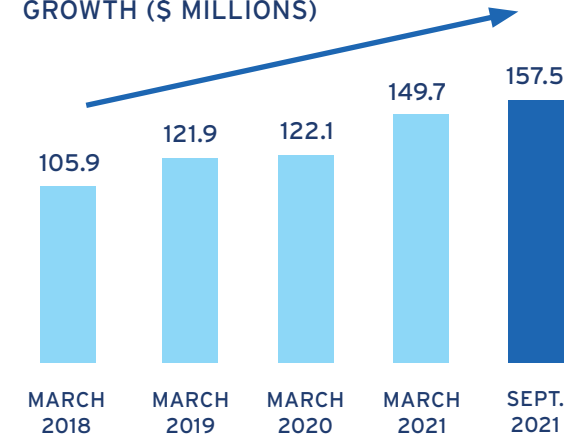
have returned \$14.0 million to shareholders through dividends.

The growth in our shareholders' equity has been achieved through solid operating earnings, revenue growth, diversification strategies, and divestiture of non-core assets. All achieved while maintaining a high client retention rate and continued commitment to careful and diligent custodianship of policyholder and shareholder assets.

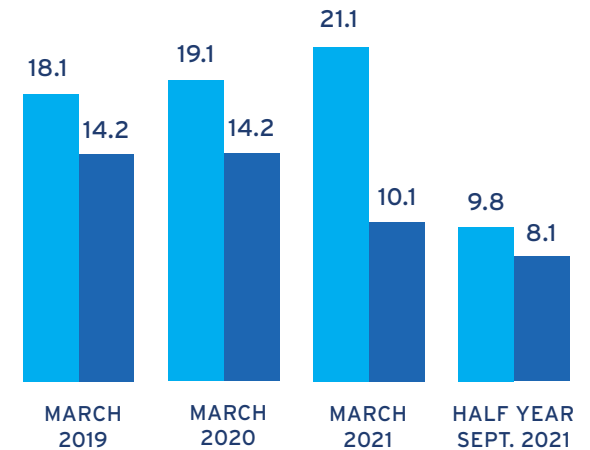
Our strong balance sheet and careful capital management have allowed us to invest in our strategy to create long-term sustainable value and growth. Our capital exceeds the regulatory requirements, and we continue to seek opportunities to strategically deploy our surplus capital to optimise shareholder value.

Our reported net earnings for the six months to September 2021 are \$8.1 million and total comprehensive income - which includes the growth in value of the Group's assets - is \$9.3 million.

### SHAREHOLDERS' EQUITY GROWTH (\$ MILLIONS)



### EARNINGS (\$ MILLIONS)



■ NET OPERATING EARNINGS\*  
 ■ NET EARNINGS

\*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, gains from sale of business segments, changes in fair value of investments and investment properties, asset workouts and asset impairments.

# Core Business Performance

The key performance metrics for the Argus Group for the period have remained strong. The strength in our 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 six months to September 30, 2021, the combined operating ratio for the insurance businesses within the Group was a healthy 78.2 percent, which compares well with our three-year average of 79.4 percent.

Diligent treasury management has ensured operating cash flows during the period have remained strong with a net operating cash inflow of \$6.9 million compared to net inflow of \$11.6 million over the same period last year.

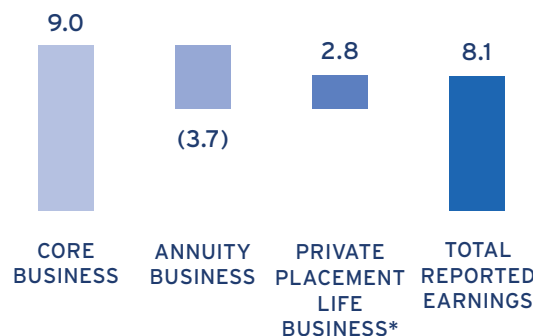
Our core business, which consists of all lines of business except annuities and the recently

sold private placement life business, has continued to demonstrate resilience, delivering net earnings for the six months of \$10.6 million (six months to September 2020 - \$12.0 million) and total comprehensive income of \$9.2 million (six months to September 2020 - \$20.8 million).

The headline net earnings for the period only tells part of the story. To understand the financial results for the period, we must separate out the long-term annuity business. This aspect of our operations continues

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

(SIX MONTHS TO SEPTEMBER 30, 2021)



to generate attractive long-term profits and returns on capital deployed, but the accounting and valuation rules we currently must follow introduce a lot of volatility in the reported net income figure, especially over shorter periods.

Whilst last year we and our clients were wrestling with the economic and operational challenges of COVID-19 and the associated restrictions, the past six months have brought a new set of challenges that have materially affected many of the businesses and individuals we serve. In each of our communities we've been delighted to see the return to growth and a sense of normality, but we've also seen huge shifts in demand and expectations that necessitate fresh thinking for us and our clients. Throughout, the Argus team has worked tirelessly to retain and acquire new clients through excellent client management and bespoke client solutions.

### \* 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 six-month result, including gain on sale, is \$2.8 million. See Note 14 of the financial statements.

# Core Revenue

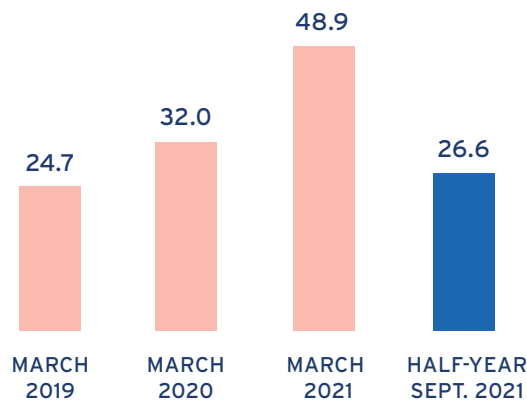
Revenue for the six months to September 2021, from net insurance premiums in our core health, life and general insurance business increased \$4.7 million, or approximately 6 percent, compared to the same period last year. Growth in premium rates across our health and European general insurance business has been the major contributor to the revenue increase.

Commission and fee income generated by our core business, as shown in the adjacent chart, has increased by \$6.2 million, or approximately 30 percent, compared to the prior year. We have a deliberate strategy to improve the resilience and diversification of our business by increasing the sources of fee-based income. We are pleased with the strong growth in this type of income during the period.

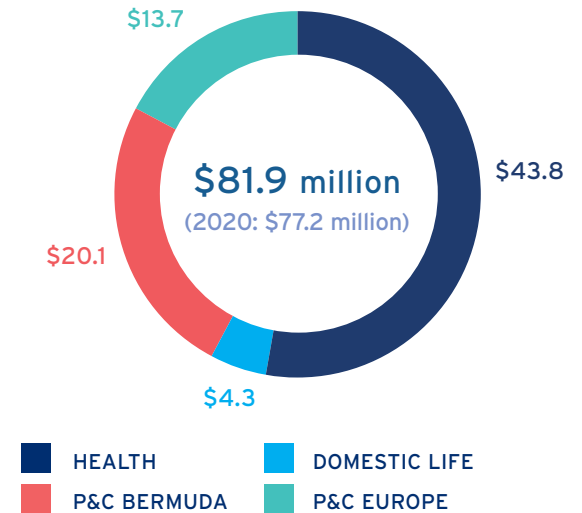
Significantly contributing to the growth in fee income were the acquisitions of the medical practices in Bermuda in June 2020 and the continued growth of Antes, our insurance brokerage business in Malta.

Income from our European insurance brokerage operations has remained robust and income from our asset management and pension administration businesses have benefitted from the investment market growth we've seen this year.

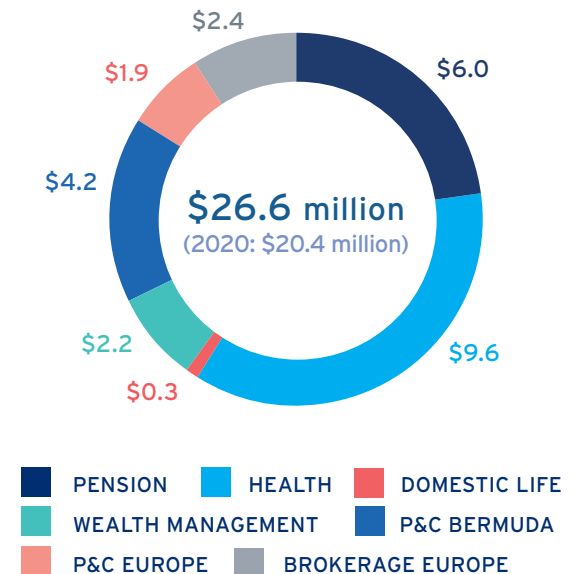
**COMMISSION & FEE INCOME - CORE BUSINESS (\$ MILLIONS)**



**GROSS PREMIUMS WRITTEN (SIX MONTHS TO SEPTEMBER 30, 2021)**



**COMMISSION & FEE INCOME - CORE BUSINESS (SIX MONTHS TO SEPTEMBER 30, 2021)**



# Core Claims

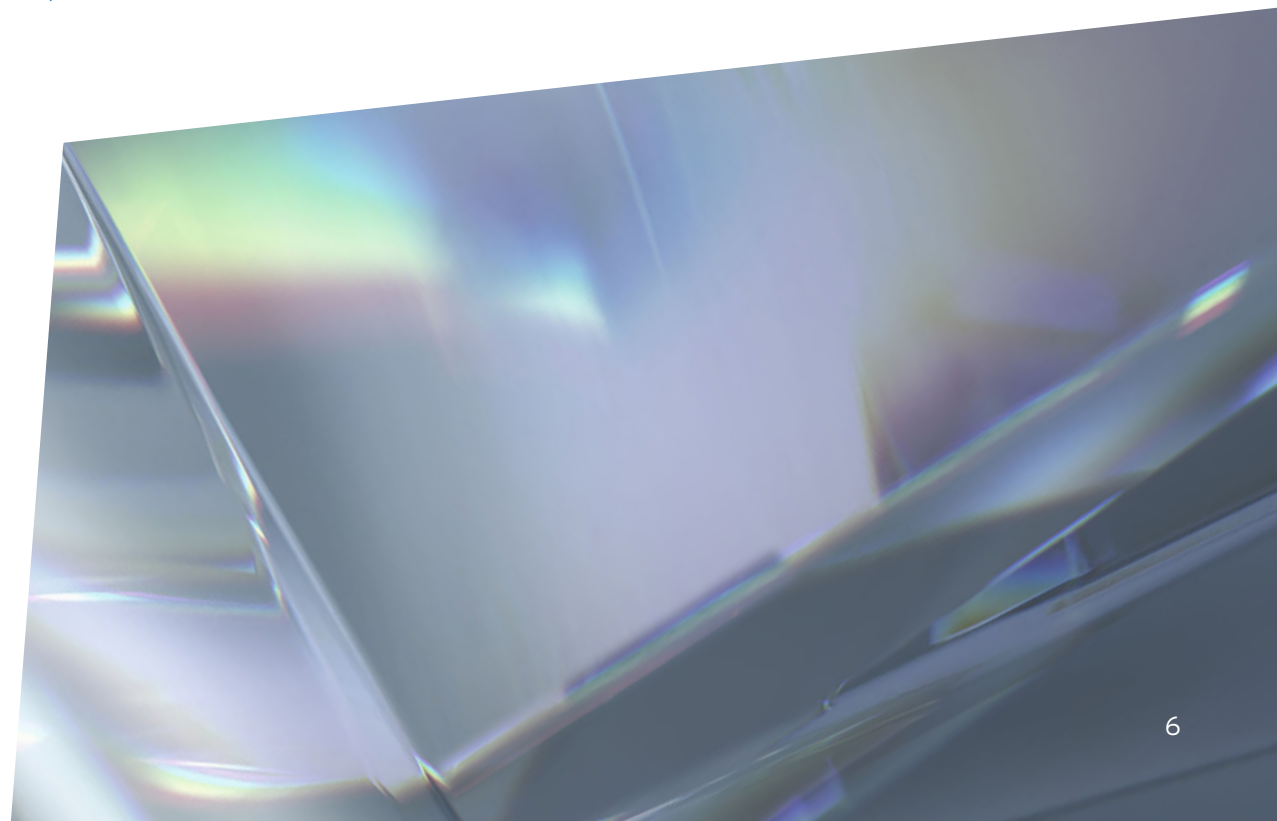
Claims activity across our core insurance businesses has started to return to more normal levels during the first six months of our fiscal year, after the unusually low levels experienced last year.

Our general insurance businesses in Bermuda and Europe have performed well with no significant claims events occurring.

We continue to analyse emerging health data for indicators of increases in the frequency or severity of health claims as a consequence of the lower utilisation of standard and preventative benefits caused by limitations to healthcare access during periods of COVID-19 related lockdowns and travel restrictions.

We continued to deliver on our commitment to put our customers at the heart of everything we do.

“Our general insurance businesses in Bermuda and Europe have performed well.”



# Annuity Business

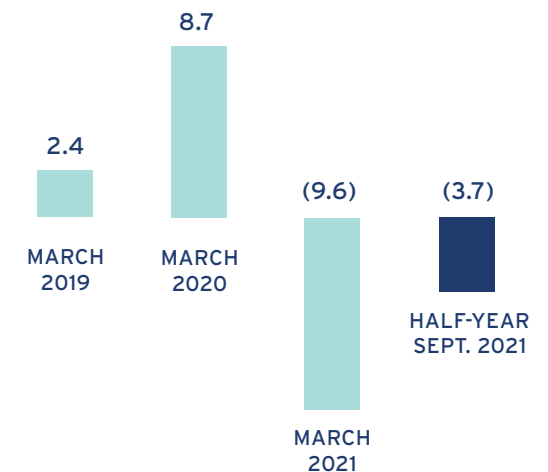
As noted earlier, our annuity business generates attractive long-term profits and returns on capital deployed, but current accounting and valuation rules introduce a lot of volatility in the reported net income figure, especially over shorter periods. The annuity business remains well managed and governed, supported by best-in-class investment managers and a team of professional actuaries. The Argus Group's high-quality fixed income portfolio remains aligned to the interest rate sensitivity of our longer-term annuity liabilities.

Our annuity business reported a net loss for the six months of \$3.7 million and total comprehensive income of \$0.6 million. The net loss 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 representative view of the economics and underlying profitability of the annuity business is shown in the following chart, which brings together the impact of the increase in the annuity liability and the investment portfolio gains that are reported through 'other comprehensive income'. The chart

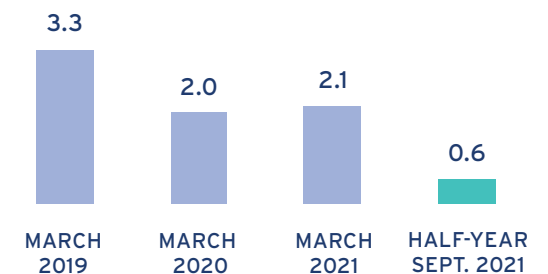
shows the meaningful contribution of the annuity business to Group net earnings and total comprehensive income over many years. The year-on-year volatility in the reported net earnings is not indicative of a change in the underlying profitability; rather, it's the result of accounting and valuation rules which we currently must follow.

It will be at least another 18 months before the new international accounting standards IFRS 17 and IFRS 9 are introduced, users of financial statements are required to pull together the pieces to see that the annuity business has good fundamental economics, contributing positive long-term profits and returns on capital deployed.

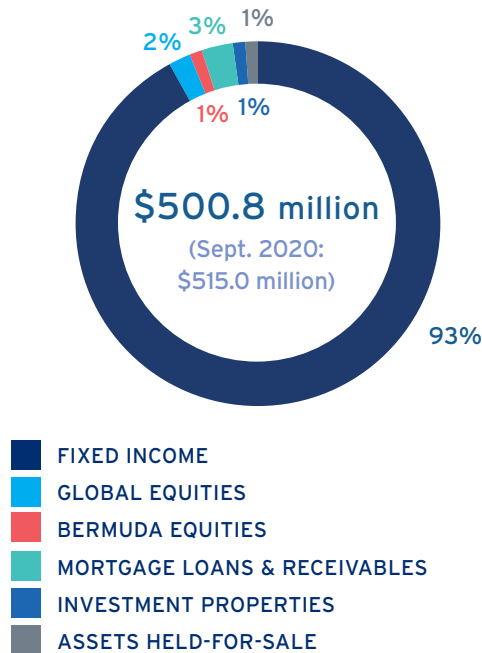
NET EARNINGS (\$ MILLIONS)



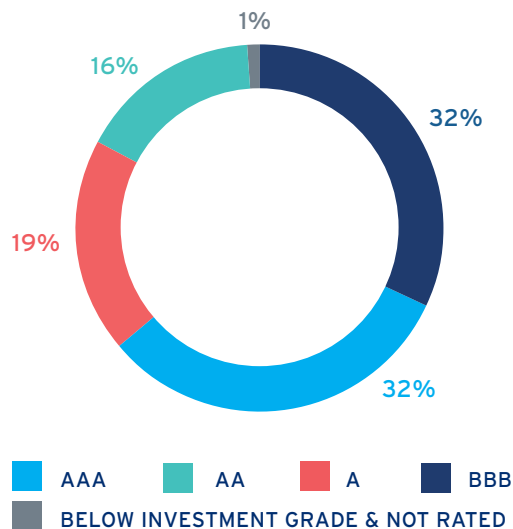
NET EARNINGS INCLUDING OTHER COMPREHENSIVE INCOME (\$ MILLIONS)



INVESTMENT ASSETS  
AT SEPTEMBER 30, 2021



FIXED INCOME PORTFOLIO RATINGS  
AT SEPTEMBER 30, 2021



# Investments

The Argus Group's investment philosophy is to invest in a diversified asset mix that optimises our risk-adjusted returns, whilst ensuring that future liability payments are met and strong capital levels are maintained. We act as careful and diligent stewards of policyholder and shareholder assets. We have a clear objective to maximise sustainable long-term, risk-adjusted returns via appropriate asset allocation and active investment management, without taking inappropriate levels of risk.

A year and a half since the outbreak of the COVID-19 pandemic, the global economy is poised to stage its most robust post-recession recovery in 80 years. With the rapid rollout of vaccinations, economies around the world have continued to recover. The equity markets have reached repeated all-time highs and credit markets have remained calm. As we approach the end of 2021, the recovery momentum has weakened due to uncertainty around the rapid spread of new COVID-19 variants and higher than expected inflation, caused in part by global supply-chain issues and wage pressures.

Against this backdrop, the Group's investment portfolio generated a total return of \$9.6 million for the six months to September 30, 2021 - \$8.1 million reported through the income statement, and \$1.5 million of unrealised gains reported as other comprehensive income on the balance sheet.

The Argus Group continues to hold a high quality, diversified, global investment portfolio. 93 percent of the Group's investments are in fixed income bonds, of which 99 percent are classified as investment grade.



# Dividends and Shareholder Value

The Board has declared a dividend of ten cents per share, payable on January 28, 2022, for shareholders of record on December 31, 2021. This results in an 11 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 period end date)

**3.3%**      2021: 4.2%  
 2020: 8.3%

HALF YEAR SEPT. 30, 2021

## EARNINGS PER SHARE

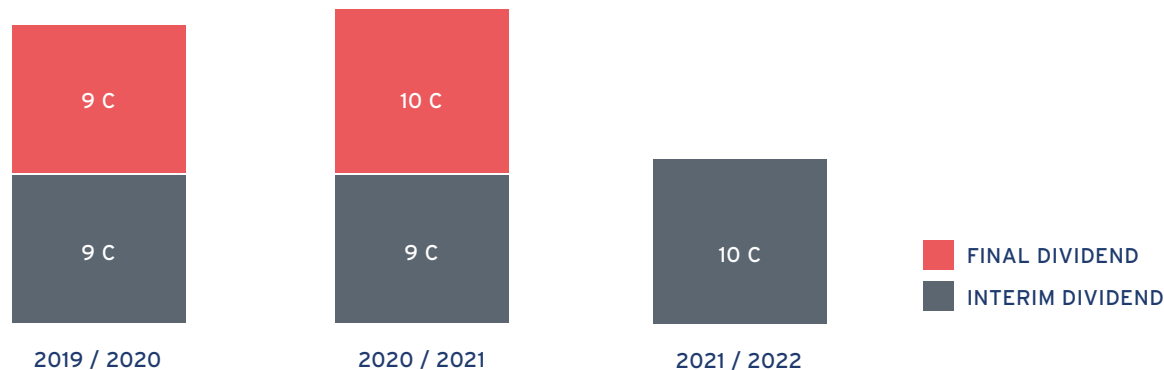
SIX MONTHS TO SEPTEMBER 30, 2021

**\$0.37**      2021: \$0.47  
 2020: \$0.67

We have continued to grow value for our shareholders. Since fiscal 2019-20 we have seen a strong improvement to our price-to-book ratio, leading to shareholder returns (share price growth and dividends) of 127% over the last 12 months, and annualised returns of 18% over the last three years.

	BOOK VALUE PER SHARE	SHARE PRICE	PRICE TO BOOK RATIO
Sept. 2021	7.26	6.00	83%
March 2021	6.94	4.56	66%
March 2020	5.73	2.18	38%

## DIVIDENDS DECLARED



# Environmental, Social and Governance

The first six months of our fiscal year saw the world start to emerge from COVID-19 lockdowns. Malta and Gibraltar saw excellent economic recovery largely driven by high vaccination rates and an increase in tourism and business travel. Bermuda's economic recovery remains somewhat uneven as the island experiences spikes in infection and continues to focus on initial and booster vaccination programmes.

During these challenging times, Argus understands that Environmental, Social and Governance issues are as important as ever. We know that being a profitable, well-run business with a strong balance sheet is no longer sufficient. COVID-19 has exposed inequities, platitudes and superficial values. We know that putting people at the heart of our business sets us apart from our peers. Being a good corporate citizen is core to our brand value.

We have demonstrated time and again during COVID-19 that we will do the right thing. When our insureds were unable to access local and overseas treatment during COVID-19 lockdowns it would have been easy to record low claims ratios and higher health profits. We didn't. We returned \$5.0 million to our clients as a

premium rebate because this was the right thing to do. When our pension members were allowed to access their pension assets through government-mandated hardship withdrawals, we worked tirelessly to give them speedy access to these much-needed funds. We provided a free tele-nurse and tele-GP service to the uninsured during the early phases of the pandemic when they needed care the most. We funded vaccination programmes and donated our doctors' time to administer vaccines. Additionally, our staff, like many in our communities, have experienced significant loss and are grieving. We have assisted our Bermuda-based staff by designing a menu of self-care interventions and programmes to support their physical, mental, and emotional wellbeing through free meals for their children, prayer and meditation groups and increased counselling.

Argus is committed to doing our part to help. As we continue to execute our strategic plans, we've also embarked on a journey to address inequity at Argus. This year we included targeted diversity and inclusion questions in our annual Employee Engagement survey and the honest and candid responses from colleagues show that we have work to do.

As a result, a Group-wide team comprising employees and a Board member is focused on ensuring recruitment and development policies, and other aspects of working at Argus or serving on the Argus Board, are truly inclusive and equitable. Every opinion is encouraged and valued, and everyone feels safe to speak up.

On behalf of the Board and Management we thank our shareholders and clients for their continued support and our staff for their steadfast commitment.

DAVID A. BROWN  
CHAIR, ARGUS GROUP



ALISON S. HILL  
GROUP CEO



PETER J. DUNKERLEY  
GROUP CFO



# Our Board of Directors

— Our Directors are dedicated to promoting collaboration and innovation throughout the Company. They are focused on the goal of ensuring exceptional service for our customers and 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  
Independent Director



PETER R. BURNIM, MBA  
Independent 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

## AGM

At the AGM of the Company held on September 23, 2021, 11 directors were re-elected. Ms. Sheila Nicoll retired from the Board and Mr. David Brown was re-elected Chairman.

# Officers & Committees

## — ARGUS GROUP HOLDINGS LIMITED

### **David A. Brown (Chair)**

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

## OFFICERS

Chair - David A. Brown  
Deputy Chair - Peter R. Burnim  
Chief Executive Officer - Alison S. Hill  
Chief Financial Officer - Peter J. Dunkerley  
Chief Investment & Governance Officer - Simon Giffen  
Company Secretary - Elizabeth A. Hutton

## BOARD COMMITTEES

### **Audit Committee**

#### **Keith W. Abercromby (Chair)**

David A. Brown  
Garrett P. Curran  
Alison S. Hill  
Paul C. Wollmann

### **Governance Committee**

#### **Timothy C. Faries (Chair)**

Alison S. Hill  
Barbara J. Merry

### **Risk Committee**

#### **E. Barclay Simmons (Chair)**

Peter R. Burnim  
Alison S. Hill  
Barbara J. Merry  
Constantinos Miranthis

### **People & Compensation**

#### **Kim R. Wilkerson (Chair)**

David A. Brown  
Alison S. Hill

# Our Leadership Team



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

---



**PETER DUNKERLEY**  
Chief Financial Officer, Argus  
Group Holdings Limited

---



**TYRONE MONTOVIO**  
Chief Executive Officer,  
Argus Europe

---



**SIMON GIFFEN**  
Chief Investment &  
Governance Officer

---



**PETER LOZIER**  
Chief Executive Officer,  
Argus Americas

---



**DAVID SIMONS**  
Managing Director  
Centre of Excellence

---



**ONESIMUS NZABALINDA**  
Chief Global Compliance &  
Audit Officer

---



**HANNAH ROSS**  
Chief Strategy &  
Capital Officer

---



**SHEENA SMITH**  
Chief Human Capital  
& Culture Officer

---

# Our Principal Operating Subsidiaries

## ARGUS AMERICAS

### BERMUDA SUBSIDIARIES

#### Argus Insurance Company Limited

**Paul C. Wollmann (Chair)**

Peter J. Dunkerley

Alison S. Hill

Peter Lozier

Constantinos Miranthis

#### Centurion Insurance Services Limited

**Barbara J. 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

**David A. Brown (Chair)**

Dr. Gerhard L. Boonstra

Peter J. Dunkerley

Peter Lozier

Alison S. Hill

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

## ARGUS EUROPE

### GIBRALTAR SUBSIDIARIES

**Argus Insurance Company  
(Europe) Limited**

**Keith W. Abercromby (Chair)**

Peter R. Burnim

Alison S. Hill

Michael Macelli

Tyrone Montovio

Constantinos Miranthis

Peter J. Dunkerley *(subject to regulatory approval)*

### WestMed Insurance Services Limited

**Alison S. Hill (Chair)**

Tyrone Montovio

Peter J. Dunkerley *(subject to regulatory approval)*

### MALTA SUBSIDIARIES

**Antes Insurance Brokers Limited**

**Barbara J. Merry (Chair)**

Garrett P. Curran *(subject to regulatory approval)*

Peter J. Dunkerley

Alison S. Hill

Tyrone Montovio *(subject to regulatory approval)*

Kevin Galea Pace

Lawrence Pavia



The background features a complex, abstract design. On the left, there are several overlapping, semi-transparent blue planes that create a sense of depth and movement. These planes are set against a white background that is bisected by a prominent white diagonal line running from the top-left towards the bottom-right. The overall aesthetic is clean, modern, and professional.

# Financial Statements



# Condensed Consolidated Balance Sheets

<i>(In \$ thousands)</i>	Note	SEPTEMBER 30 2021 <i>(Unaudited)</i>	MARCH 31 2021 <i>(Audited)</i>
<b>Assets</b>			
Cash and short-term investments		63,783	74,554
Interest and dividends receivable		2,560	2,448
Assets held-for-sale	4	4,240	26,433
Investments	5	493,681	467,105
Receivable for investments sold		2,719	2,710
Insurance balances receivable		22,348	24,543
Reinsurers' share of:			
Claims provisions		13,640	12,099
Unearned premiums		13,424	11,552
Other assets		11,894	11,507
Deferred policy acquisition costs		1,797	1,753
Investment properties		2,899	2,899
Investment in associates		3,089	3,093
Property and equipment		55,466	56,749
Right-of-use assets		4,160	4,813
Intangible assets	3	26,532	27,469
<b>TOTAL GENERAL FUND ASSETS</b>		<b>722,232</b>	<b>729,727</b>
Segregated fund assets held-for-sale	4	-	519,222
Segregated fund assets from continuing operations	11	1,208,215	1,182,550
<b>TOTAL SEGREGATED FUND ASSETS</b>		<b>1,208,215</b>	<b>1,701,772</b>
<b>TOTAL ASSETS</b>		<b>1,930,447</b>	<b>2,431,499</b>

Approved by the Board of Directors



David A. Brown  
Chair



Alison S. Hill  
Chief Executive Officer

<i>(In \$ thousands)</i>	Note	SEPTEMBER 30 2021 <i>(Unaudited)</i>	MARCH 31 2021 <i>(Audited)</i>
<b>Liabilities</b>			
Insurance balances payable		23,440	24,650
Liabilities held-for-sale	4	-	15,699
Taxes payable		468	376
Accounts payable and accrued liabilities		34,169	40,017
Lease liabilities		4,461	5,095
Insurance contract liabilities	8	251,021	241,851
Investment contract liabilities		247,202	248,244
Post-employment benefit liability	9	3,986	3,938
<b>TOTAL GENERAL FUND LIABILITIES</b>		<b>564,747</b>	<b>579,870</b>
Segregated fund liabilities held-for-sale	4	-	519,222
Segregated fund liabilities from continuing operations	11	1,208,215	1,182,550
<b>TOTAL SEGREGATED FUND LIABILITIES</b>		<b>1,208,215</b>	<b>1,701,772</b>
<b>TOTAL LIABILITIES</b>		<b>1,772,962</b>	<b>2,281,642</b>
<b>Equity</b>			
Attributable to shareholders of the Company			
Share capital		17,845	17,611
Contributed surplus		54,355	54,005
Retained earnings		75,564	69,580
Accumulated other comprehensive income	13	9,721	8,526
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>		<b>157,485</b>	<b>149,722</b>
Attributable to non-controlling interests		-	135
<b>TOTAL EQUITY</b>		<b>157,485</b>	<b>149,857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,930,447</b>	<b>2,431,499</b>

# Condensed Consolidated Statements of Operations

<i>For the six months ended September 30 (In \$ thousands)</i>	Note	2021 (Unaudited)	2020 (Unaudited)
<b>Revenue</b>			
Gross premiums written		85,011	79,895
Reinsurance ceded		(22,503)	(21,745)
Net premiums written		62,508	58,150
Net change in unearned premiums		(2,170)	(1,854)
Net premiums earned		60,338	56,296
Investment income	5	8,138	7,320
Gain from the sale of subsidiaries	14	986	-
Share of earnings of associates		71	35
Commissions, management fees and other	12	27,639	22,232
		<b>97,172</b>	<b>85,883</b>
<b>Expenses</b>			
Policy benefits		8,011	7,240
Claims and adjustment expenses		36,029	28,743
Reinsurance recoveries		(2,876)	(2,510)
Gross change in contract liabilities		6,506	15,246
Change in reinsurers' share of claims provisions		(1,708)	(2,343)
NET BENEFITS AND CLAIMS		45,962	46,376
Commission expenses		3,181	2,573
Operating expenses		35,869	34,756
Amortisation, depreciation and impairment		3,732	2,580
		<b>88,744</b>	<b>86,285</b>
EARNINGS/(LOSS) BEFORE INCOME TAXES		8,428	(402)
Income tax expense		313	319
<b>NET EARNINGS/(LOSS) FOR THE PERIOD</b>		<b>8,115</b>	<b>(721)</b>
Attributable to:			
Shareholders of the Company		8,100	(741)
Non-controlling interests		15	20
		<b>8,115</b>	<b>(721)</b>
Earnings/(loss) per share:			
Basic	10	0.37	(0.03)
Fully diluted		0.37	(0.03)

The accompanying notes form part of these condensed consolidated financial statements.

# Condensed Consolidated Statements of Comprehensive Operations

<i>For the six months ended September 30 (In \$ thousands)</i>	<b>Note</b>	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
Net earnings/(loss) for the period		8,115	(721)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to net earnings/(loss):			
Post-employment medical benefit obligation remeasurement		(70)	(505)
Items that are or may subsequently be reclassified to net earnings/(loss):			
Change in unrealised gains/(losses) on available-for-sale investments		3,170	23,927
Change in unrealised gains/(losses) on translating financial statements of foreign operations		(286)	1,380
Realised gains on available-for-sale investments	14	(1,619)	-
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>1,195</b>	<b>24,802</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>9,310</b>	<b>24,081</b>
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		1,195	24,802
Non-controlling interests		-	-
		<b>1,195</b>	<b>24,802</b>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the Company		9,295	24,061
Non-controlling interests		15	20
		<b>9,310</b>	<b>24,081</b>

The accompanying notes form part of these condensed consolidated financial statements..

# Condensed Consolidated Statements of Changes in Equity

<i>For the six months ended September 30 (In \$ thousands)</i>	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
<b>Share Capital</b>		
Authorised:		
25,000,000 common shares of \$1.00 each (2020 - 25,000,000)	25,000	25,000
Issued and fully paid, beginning of period 22,451,224 shares (2020 - 22,259,760 shares)	22,451	22,260
Add: Shares issued under the dividend reinvestment plan 105,671 shares (2020 - 92,473 shares)	106	92
Deduct: Shares held in Treasury, at cost 868,859 shares (2020 - 891,323 shares)	(4,712)	(4,842)
<b>BALANCE, NET OF SHARES HELD IN TREASURY, END OF PERIOD</b>	<b>17,845</b>	<b>17,510</b>
<b>Contributed Surplus</b>		
Balance, beginning of period	54,005	53,502
Stock-based compensation expense	76	79
Treasury shares granted to employees	(284)	(122)
Shares issued under the dividend reinvestment plan	558	213
<b>BALANCE, END OF PERIOD</b>	<b>54,355</b>	<b>53,672</b>
<b>Retained Earnings</b>		
Balance, beginning of period	69,580	63,493
Net earnings/(loss) for the period	8,100	(741)
Dividends	(2,155)	(1,924)
Loss on treasury shares granted to employees	39	(152)
<b>BALANCE, END OF PERIOD</b>	<b>75,564</b>	<b>60,676</b>
<b>Accumulated Other Comprehensive Income/(Loss)</b>		
Balance, beginning of period	8,526	(12,013)
Other comprehensive income/(loss)	1,195	24,802
<b>BALANCE, END OF PERIOD</b>	<b>9,721</b>	<b>12,789</b>
<b>TOTAL ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<b>157,485</b>	<b>144,647</b>
<b>Attributable to Non-controlling Interests</b>		
Balance, beginning of period	135	123
Net earnings for the period	15	20
Elimination of non-controlling interest on disposal of subsidiaries	(150)	-
<b>TOTAL EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>-</b>	<b>143</b>
<b>TOTAL EQUITY</b>	<b>157,485</b>	<b>144,790</b>

*The accompanying notes form part of these condensed consolidated financial statements.*

# Condensed Consolidated Statements of Cash Flows

<i>(In \$ thousands)</i>	Note	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>	<i>(In \$ thousands)</i>	Note	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>							
Earnings/(loss) before income taxes		8,428	(402)	Interest income received		4,825	5,597
Adjustments to reconcile net earnings/(loss) to cash basis				Dividend income received		142	352
Bad debt expense		14	(1,031)	Income tax paid		(151)	(456)
Interest income		(5,445)	(6,140)	<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>6,886</b>	<b>11,615</b>
Dividend income		(71)	(352)	<b>INVESTING ACTIVITIES</b>			
Investment income related to deposit administration pension plans		504	753	Purchase of investments		(81,480)	(299,116)
Net realised and unrealised gains on investments		(3,687)	(2,511)	Sale, maturity and paydown of investments		59,604	294,512
Amortisation of mortgages and net premium of bonds		790	837	Purchase of subsidiary, net of cash acquired		-	(16,540)
Net impairment losses on investments		-	231	Sale of subsidiaries, net of cash disposed of	14	3,438	-
Share of earnings of associates, including impairment		(71)	-	Purchase of property and equipment		(916)	(3,314)
Net realised and unrealised (gains)/losses on investment properties		-	135	<b>CASH USED IN INVESTING ACTIVITIES</b>		<b>(19,354)</b>	<b>(24,458)</b>
Gain from the sale of subsidiaries	14	(986)	-	<b>FINANCING ACTIVITIES</b>			
Amortisation, depreciation and impairment		3,732	2,580	Dividends paid to shareholders		(1,512)	(1,636)
Expense on vesting of stock-based compensation		76	79	Acquisition of shares held in Treasury		(95)	-
Interest expense on leases		100	139	Principal demand loan payments		(34)	-
Interest expense on note payable		47	-	Principal lease payments		(463)	(366)
		(4,997)	(5,280)	<b>CASH USED IN FINANCING ACTIVITIES</b>		<b>(2,104)</b>	<b>(2,002)</b>
Change in operating balances				<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS</b>		<b>(293)</b>	<b>1,339</b>
Insurance balances receivable		1,985	565	<b>NET DECREASE IN CASH AND SHORT-TERM INVESTMENTS</b>		<b>(14,865)</b>	<b>(13,506)</b>
Reinsurers' share of:				<b>CASH AND SHORT-TERM INVESTMENTS, beginning of period</b>		<b>78,648</b>	<b>74,251</b>
Claims provisions		(1,706)	(2,587)	<b>CASH AND SHORT-TERM INVESTMENTS, end of period</b>		<b>63,783</b>	<b>60,745</b>
Unearned premiums		(1,923)	(1,835)	Cash and short-term investments from continuing operations		63,783	58,097
Other assets		(727)	(554)	Cash and short-term investments held-for-sale		-	2,648
Deferred policy acquisition costs		(75)	(6)			<b>63,783</b>	<b>60,745</b>
Insurance balances payable		9,790	776				
Accounts payable and accrued liabilities		(944)	2,552				
Insurance contract liabilities		(1,042)	20,232				
Investment contract liabilities		(6,697)	(7,311)				
Post-employment benefit liability		(22)	(28)				
		(1,361)	11,804				

The accompanying notes form part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

September 30, 2021

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

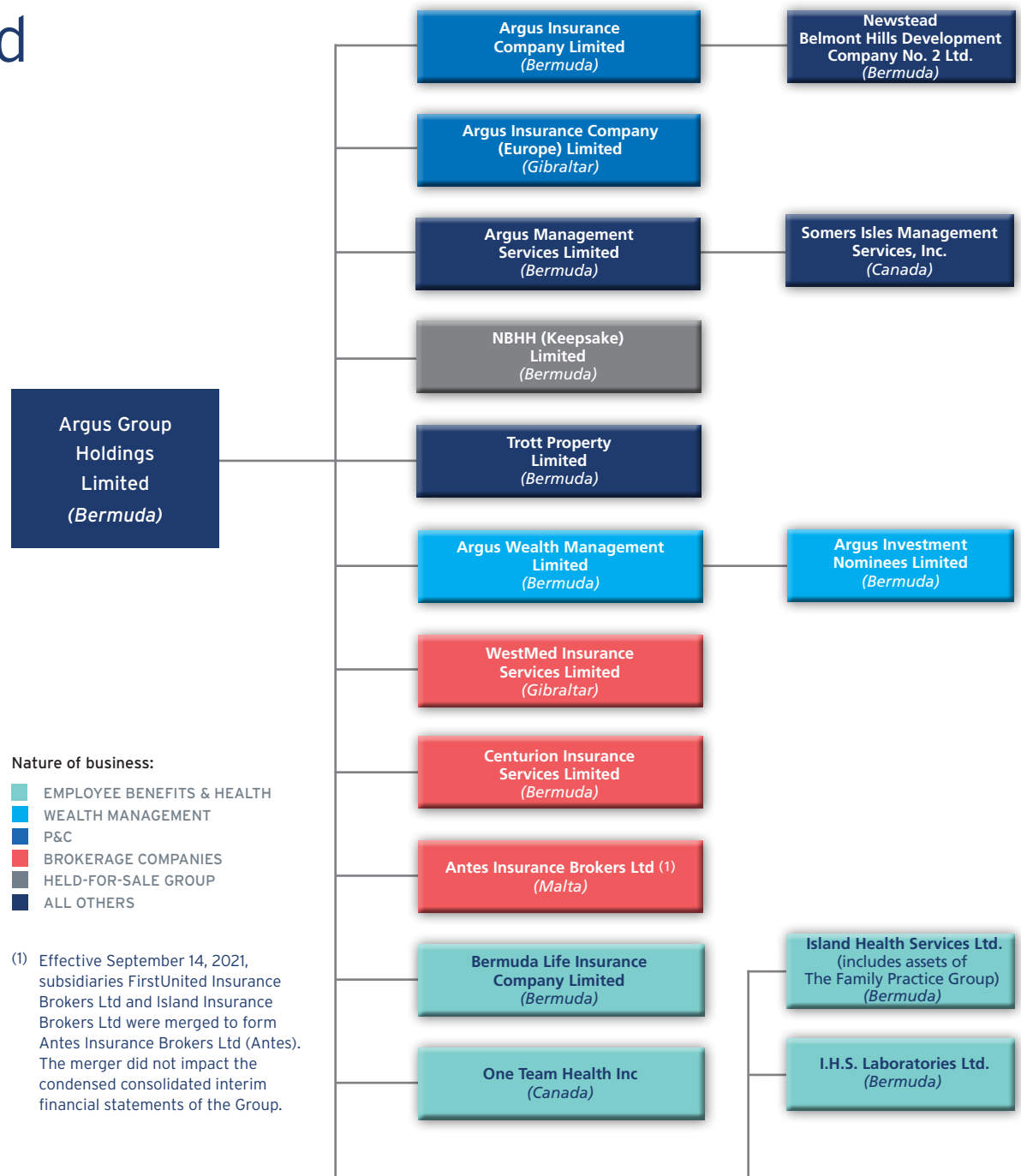
## 1 Operations

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 September 30, 2021, it had 1,381 shareholders; 82.8 percent of whom were Bermudian, holding 90.3 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 and insurance broker services.

### 1.1 Group composition

The table provides details of the significant subsidiaries as at September 30, 2021, which are directly and indirectly held by the Company.



## 2 Significant Accounting Policies

### 2.1 BASIS OF PRESENTATION

These unaudited consolidated interim financial statements have been prepared on a condensed basis in accordance with International Accounting Standard 34 (IAS 34), *Interim Financial Reporting* and do not include all of the information required for full annual financial statements.

All amounts are in Bermuda dollars, which is the Group's presentation currency and which are on par with United States (U.S.) Dollars. The Condensed Consolidated Balance Sheets are presented in order of decreasing liquidity.

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as our March 31, 2021, audited consolidated financial statements and should be read in conjunction with the latter, except for any changes discussed in Note 2.2.

### 2.2 NEW AND REVISED ACCOUNTING POLICIES AND STANDARDS

There are amendments to existing standards and interpretations that are mandatory for the first time for financial periods beginning April 1, 2021, as discussed in the March 31, 2021, audited consolidated financial statements. However, these do not impact the condensed consolidated interim financial statements of the Group.

### 2.3 SEASONALITY OF OPERATIONS

The Group underwrites a range of risks, some of which are subject to potential seasonal variation. The most material of these is the Group's exposure to North Atlantic hurricanes, which are largely concentrated in the second and third quarters of the fiscal year. In contrast, a majority of gross premium income written in the lines of business impacted occurs during the first quarter of the fiscal year. If any catastrophic events do occur, it is likely that the Group will share some of the market's losses, net of reinsurance.

Details of the Group's recent exposures to these lines of business are disclosed in the March 31, 2021 annual report.

### 2.4 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, which could deepen if the virus is prolonged. The Group continues to monitor and evaluate the impact of the pandemic on the Group's business which includes stress and scenario testing and has implemented

processes for the continuation of operations and to support the wellbeing of customers, employees and broader communities. The risks associated with the COVID-19 pandemic are being managed in accordance with the Group's existing risk management framework. Business continuity plans are in effect across the Group, with a significant majority of employees continuing to work remotely to provide service to customers and maintain operations and technology functions. While the duration and impact of COVID-19 is highly uncertain, the Group's statutory capital remains well in excess of its minimum regulatory requirements and has sufficient margin to absorb the potential impact of this event.

### 3 Acquisitions

Effective June 30, 2020, Island Health Services (including the Family Practice Group assets) and I.H.S Laboratories became wholly owned subsidiaries of Argus Group Holdings Limited. The acquisition of these Bermuda-based medical practices is in line with the Group's strategy to diversify its operations and create a Better Health Partnership.

The purchase consideration is subject to certain adjustments dependent on the persistency of the book of business. \$17.0 million was settled on June 30, 2020, while the remaining balance is payable over the next three years. The fair value estimate of the contingent consideration as of September 30, 2021, is \$7.2 million. The contingent consideration is based on the achievement of performance-related milestones and the range of undiscounted payment outcomes is between zero and \$8.5 million.

The fair value of the identifiable net assets acquired as at the acquisition dates were as follows:

	As at Acquisition Date
Net assets at fair value	3,740
Intangibles arising on acquisition	19,835
<b>TOTAL CONSIDERATION</b>	<b>23,575</b>

The Group incurred acquisition-related costs of \$0.3 million on legal fees and due diligence costs, which are shown in Operating expenses on the Condensed Consolidated Statements of Operations.

### 4 Assets and Liabilities Held-for-Sale

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

During the period, subsidiaries classified as held-for-sale at March 31, 2021, were disposed of. Refer to Note 14 for details.

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

	SEPTEMBER 30 2021	MARCH 31 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 asset held-for-sale	-	26,433
Segregated fund assets held-for-sale	-	519,222
	<b>4,240</b>	<b>545,655</b>
<b>LIABILITIES</b>		
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 <sup>(1)</sup>	-	1,767
Segregated fund liabilities held-for-sale	-	519,222
	-	<b>536,688</b>

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



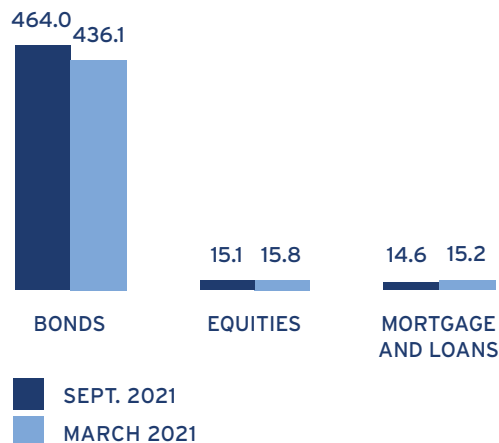
## 5 Investments

### 5.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

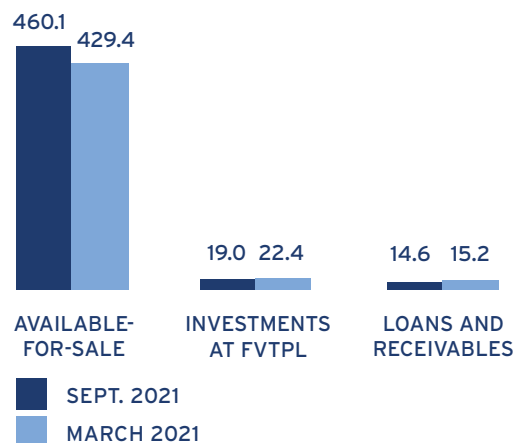
	SEPTEMBER 30, 2021		MARCH 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale				
Bonds	446,415	446,415	415,054	415,054
Equities	13,639	13,639	14,377	14,377
	460,054	460,054	429,431	429,431
Investments at FVTPL <sup>(1)</sup>				
Bonds	17,574	17,574	21,012	21,012
Equities	1,441	1,441	1,441	1,441
	19,015	19,015	22,453	22,453
Loans and receivables				
Mortgages and loans	14,571	15,568	15,180	16,188
Policy loans	41	41	41	41
	14,612	15,609	15,221	16,229
<b>TOTAL INVESTMENTS</b>	<b>493,681</b>	<b>494,678</b>	<b>467,105</b>	<b>468,113</b>

(1) Fair value through profit or loss.

#### INVESTMENT COMPOSITION (IN MILLIONS)



#### INVESTMENT CLASSIFICATION (IN MILLIONS)



Included in Bonds and Mortgages and loans are investments that support the investment contract liabilities associated with deposit administration pension plans of \$226.9 million (March 31, 2021 - \$226.3 million). These investments are maintained under a separate account to provide the policyholders certain protections from creditors of the Group.

During the period, cash flows arising from sales and purchases related to reverse sale and repurchase agreements on investments amounted to \$nil (2020 - \$49.6 million) which are shown net in cash flows generated from/ (used in) investing activities in the Condensed Consolidated Statements of Cash Flows.

#### Investments that meet the SPPI criterion

The Group has investments of \$425.7 million (March 31, 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 period is a gain of \$4.2 million (March 31, 2021 - gain of \$4.5 million). In terms of credit quality of such assets (excluding mortgages and policy loan), 99 percent (March 31, 2021 - 98 percent) investments are above investment grade assets and the remaining 1 percent (March 31, 2021 - 2 percent) are below investment grade assets.

Investments with a carrying value of \$52.9 million (March 31, 2021 - \$46.2 million) do not have SPPI qualifying cash flows as at

September 30, 2021. The change in the fair value of these invested assets during the period is a loss of \$0.2 million (March 31, 2021 - gain of \$1.4 million).

Equities with a carrying value of \$14.0 million (March 31, 2021 - \$15.9 million) do not meet the SPPI criterion as at September 30, 2021.

## 5.2 INVESTMENT INCOME

FOR THE SIX MONTHS ENDED SEPTEMBER 30	2021	2020
Interest income		
Bonds - available-for-sale	5,229	5,937
Bonds - at FVTPL	71	(1)
Mortgages and loans	270	290
Cash and other	(125)	(87)
	5,445	6,139
Dividend income		
Equities - available-for-sale	71	352
	71	352
Net realised and unrealised (losses)/gains on investments		
Bonds - available-for-sale	1,330	1,973
Bonds - at FVTPL	392	(4)
Equities - available-for-sale	1,965	(86)
Derivative financial instruments	-	629
Investment properties	-	(135)
	3,687	2,377
Other		
Amortisation of premium on bonds	(790)	(837)
Rental income and other	229	273
Net impairment losses on investments	-	(231)
	(561)	(795)
<b>INVESTMENT INCOME BEFORE DEDUCTIONS</b>	<b>8,642</b>	<b>8,073</b>
Deductions		
Investment income relating to Deposit Administration Pension Plans	(504)	(753)
<b>INVESTMENT INCOME</b>	<b>8,138</b>	<b>7,320</b>

### 5.3 INVESTMENT CLASSIFICATION

Effective April 1, 2016, the Group redesignated certain fixed income investments with a carrying value and fair value of \$318.6 million from the held-for-trading to the available-for-sale category. The valuation of these investments is based on Level 2 and 3 inputs in the fair value hierarchy, as defined in Note 6.

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. Management

believes that the users of the financial statements will be better served by redesignating these investments to available-for-sale.

Management redesignated these investments to the available-for-sale category as allowed by IAS 39 *Financial Instruments*. The investments were redesignated at their fair values as of April 1, 2016, and the effect of the change was applied prospectively in these financial statements from the date of redesignation. The carrying value of the redesignated investments as of September 30, 2021, is \$25.0 million (March 2021 - \$26.1 million).

The table below sets out the amounts recognised as Investment income (interest /

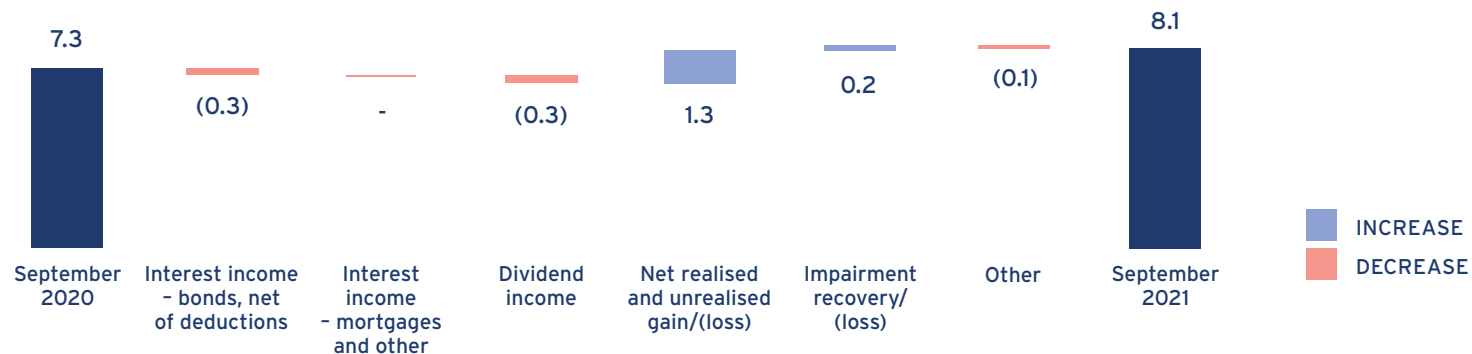
dividend income and amortisation) on the Condensed Consolidated Statement of Operations and Other comprehensive income in respect of investments redesignated out of the held-for-trading category.

If the investments had not been redesignated, \$0.8 million of unrealised gains (2020 - \$2.9 million unrealised gains) would have been recognised in Investment income on the Condensed Consolidated Statement of Operations.

The effective interest rates on trading investments redesignated as available-for-sale investments at April 1, 2016, and still held at the reporting date, ranged from 5.7 percent to 6.4 percent (2020 - 2.7 percent to 5.8 percent), with expected recoverable cash flows of \$36.0 million (2020 - \$61.8 million).

FOR THE SIX MONTHS ENDED SEPTEMBER 30	2021 Consolidated Statement of Operations	Other Comprehensive Loss	2020 Consolidated Statement of Operations	Other Comprehensive Income
Investment income	499	-	792	-
Net unrealised gains/(losses) on investments	-	812	-	2,939
	499	812	792	2,939

### INVESTMENT INCOME (IN MILLIONS)



## 6 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 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 adjustments to any pricing provided by independent pricing services or its third-party investment managers for either period ended September 30, 2021, and year ended March 31, 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 similar 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 carrying values of certain short-term assets and liabilities approximate fair value and are classified as 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 assets 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

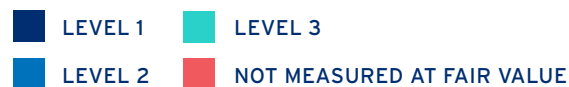
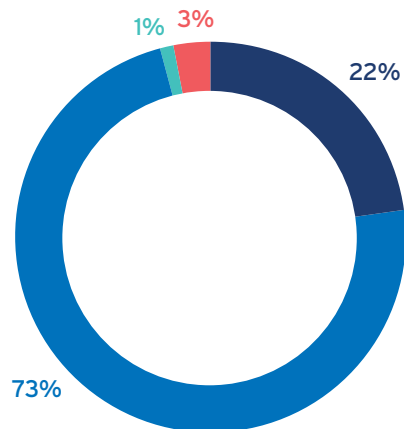
private business ventures, to which the Group does not have access. The Group considers net asset value as a reasonable approximate of fair value.

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.

## 6.1 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 Condensed Consolidated Balance Sheets, categorised by level under the fair value hierarchy.

### ASSET FAIR VALUE LEVELLING SEPTEMBER 2021



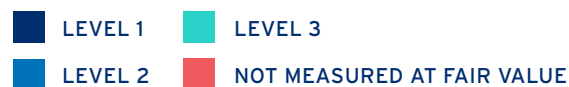
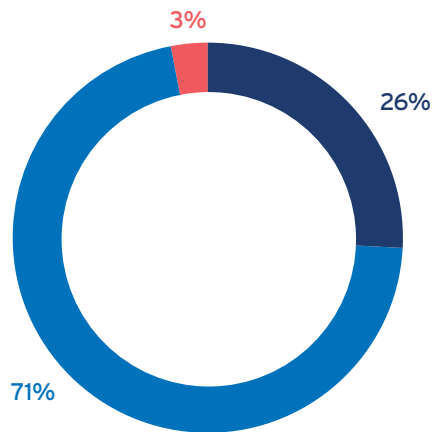
SEPTEMBER 30, 2021	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	63,783	-	-	63,783
Interest and dividends receivable	-	2,560	-	2,560
<b>Available-for-sale investments</b>				
<b>Bonds</b>				
U.S. government	47,752	-	-	47,752
U.S. corporates	-	223,372	-	223,372
Municipal, other government and agency	-	52,014	-	52,014
Foreign corporates	-	15,978	-	15,978
Mortgage/asset-backed securities	-	68,610	-	68,610
Other <sup>(1)</sup>	-	38,689	-	38,689
<b>Total Available-for-sale Bonds</b>	<b>47,752</b>	<b>398,663</b>	<b>-</b>	<b>446,415</b>
<b>Equities</b>				
Global listed equities	3,342	-	-	3,342
Investment in equity funds	-	8,458	-	8,458
Private equity funds and unquoted equities	-	-	1,839	1,839
<b>Total Available-for-sale equities</b>	<b>3,342</b>	<b>8,458</b>	<b>1,839</b>	<b>13,639</b>
<b>TOTAL AVAILABLE-FOR-SALE INVESTMENTS</b>	<b>51,094</b>	<b>407,121</b>	<b>1,839</b>	<b>460,054</b>
<b>FVTPL</b>				
<b>Bonds</b>				
U.S. government	17,574	-	-	17,574
<b>Total Bonds at FVTPL</b>	<b>17,574</b>	<b>-</b>	<b>-</b>	<b>17,574</b>
<b>FVTPL</b>				
<b>Equities</b>				
Private equity funds and unquoted equities	-	-	1,441	1,441
<b>Total Equities at FVTPL</b>	<b>-</b>	<b>-</b>	<b>1,441</b>	<b>1,441</b>
<b>TOTAL INVESTMENTS AT FVTPL</b>	<b>17,574</b>	<b>-</b>	<b>1,441</b>	<b>19,015</b>
Receivable for investments sold	-	2,719	-	2,719
Investment properties	-	2,899	-	2,899
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b>132,451</b>	<b>415,299</b>	<b>3,280</b>	<b>551,030</b>
<b>Liabilities</b>				
Investment contract liabilities	-	234	-	234
<b>TOTAL LIABILITIES AT FAIR VALUE</b>	<b>-</b>	<b>234</b>	<b>-</b>	<b>234</b>
<b>SEGREGATED FUNDS</b>				
From continuing operations	(921)	1,209,136	-	1,208,215
	(921)	1,209,136	-	1,208,215

(1) Investment in bond funds.

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 <sup>(1)</sup>	-	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
Total Bonds at FVTPL	21,012	-	-	21,012
FVTPL				
Equities				
Private equity funds and unquoted equities	-	-	1,441	1,441
Total Equities at FVTPL	-	-	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

### ASSET FAIR VALUE LEVELLING MARCH 2021



(1) Investment in bond funds.

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

SEPTEMBER 30, 2021	Investments		Total
	At FVTPL Equities	Available-for-sale Equities	
Balance, beginning of year	1,441	1,922	3,363
Included in Investment income	-	79	79
Included in Other comprehensive income	-	(83)	(83)
Sales/Write Off	-	(79)	(79)
	1,441	1,839	3,280

MARCH 31, 2021	Investments		Total
	At FVTPL Equities	Available-for-sale Equities	
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



## 6.2 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

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

SEPTEMBER 30, 2021	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
<b>ASSETS</b>					
Mortgages and loans <sup>(1)</sup>	-	15,568	-	15,568	14,571
Policy loans	-	41	-	41	41
<b>TOTAL ASSETS DISCLOSED AT FAIR VALUE</b>	-	15,609	-	15,609	14,612
<b>LIABILITIES</b>					
Investment contract liabilities <sup>(2)</sup>	-	243,954	-	243,954	246,968
<b>TOTAL LIABILITIES DISCLOSED AT FAIR VALUE</b>	-	243,954	-	243,954	246,968
<b>MARCH 31, 2021</b>					
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
<b>ASSETS</b>					
Mortgages and loans <sup>(1)</sup>	-	16,188	-	16,188	15,180
Policy loans	-	41	-	41	41
<b>TOTAL ASSETS DISCLOSED AT FAIR VALUE</b>	-	16,229	-	16,229	15,221
<b>LIABILITIES</b>					
Investment Contract liabilities <sup>(2)</sup>	-	245,461	-	245,461	247,916
<b>TOTAL LIABILITIES DISCLOSED AT FAIR VALUE</b>	-	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 that 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.

## 6.3 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 period ended September 30, 2021 (March 31, 2021 - nil).

## 7 Operating Segments

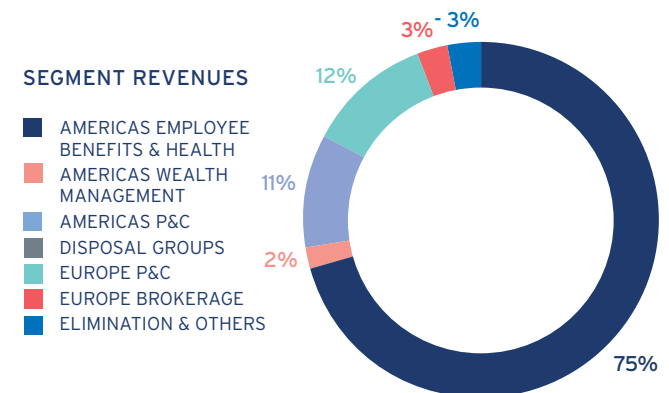
### 7.1 RESULTS BY SEGMENT

FOR THE SIX MONTHS ENDED SEPTEMBER 30		AMERICAS				Total	EUROPE			CORE		Consolidated Total
		Employee Benefits & Health	Wealth Management	Property & Casualty	Disposal Groups		Property & Casualty	Brokerage	Total	All other	Elimination	
Segment revenues	2021	65,862	2,181	9,534	387	77,964	10,631	2,443	13,074	90	(3,151)	87,977
	2020	58,240	1,999	9,564	708	70,511	8,629	2,290	10,919	-	(2,902)	78,528
Investment income	2021	5,909	1	572	329	6,811	205	-	205	(167)	1,289	8,138
	2020	7,740	7	156	205	8,108	(26)	-	(26)	(292)	(470)	7,320
Gain from the sale of subsidiaries	2021	-	-	-	-	-	-	-	-	(10,071)	11,057	986
	2020	-	-	-	-	-	-	-	-	-	-	-
Share of earnings of associates	2021	-	-	71	-	71	-	-	-	-	-	71
	2020	-	-	35	-	35	-	-	-	-	-	35
<b>TOTAL SEGMENT REVENUES</b>	2021	71,771	2,182	10,177	716	84,846	10,836	2,443	13,279	(10,148)	9,195	97,172
	2020	65,980	2,006	9,755	913	78,654	8,603	2,290	10,893	(292)	(3,372)	85,883
Amortisation, depreciation and impairment	2021	1,749	-	92	63	1,904	250	88	338	620	870	3,732
	2020	1,591	51	21	125	1,788	259	87	346	318	128	2,580
Income tax expense	2021	-	-	-	-	-	52	240	292	36	(15)	313
	2020	-	-	-	-	-	30	326	356	8	(45)	319
Segment earnings attributable to shareholders, after tax	2021	11,388	126	3,843	164	15,521	537	124	661	(19,180)	11,098	8,100
	2020	8,162	122	2,739	(1,228)	9,795	358	316	674	(11,040)	(170)	(741)

#### GEOGRAPHIC INFORMATION ON SEGMENT REVENUES:

FOR THE SIX MONTHS ENDED SEPTEMBER 30		Americas	Europe	Total
Segment revenues	2021	83,893	13,279	97,172
	2020	74,990	10,893	85,883

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



## 7.2 ASSETS AND LIABILITIES BY SEGMENT

	AMERICAS				EUROPE			CORE		Consolidated Total	
	Employee Benefits	Wealth Management	Property & Casualty	Disposal Groups	Total	Property & Casualty	Brokerage	Total	All Other		Elimination
<b>SEPTEMBER 30, 2021:</b>											
Total General Fund Assets	530,673	759	62,650	4,240	598,322	56,687	14,151	70,838	186,103	(133,031)	722,232
Segregated Fund Assets	1,208,215	-	-	-	1,208,215	-	-	-	-	-	1,208,215
Total General Fund Liabilities	463,047	475	34,149	-	497,671	36,815	12,581	49,396	17,961	(281)	564,747
Segregated Fund Liabilities	1,208,215	-	-	-	1,208,215	-	-	-	-	-	1,208,215
<b>MARCH 31, 2021:</b>											
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

## 8 Insurance Contract Liabilities

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

SEPTEMBER 30, 2021	Gross	Ceded	Net
Life and annuity policy reserves	183,425	3,526	179,899
Provision for unpaid and unreported claims	41,225	10,114	31,111
	224,650	13,640	211,010
Unearned premiums	26,371	13,424	12,947
<b>TOTAL INSURANCE CONTRACT LIABILITIES</b>	<b>251,021</b>	<b>27,064</b>	<b>223,957</b>

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

### 8.1 LIFE AND ANNUITY POLICY RESERVES

The increase in the Insurance contract liabilities is mainly driven by the Life and annuity policy reserves. The changes in the net Life and annuity policy reserves for the period are as follows:

	For the six months ended September 30, 2021	For the year ended March 31, 2021
Balance, beginning of year	177,592	170,963
Changes due to:		
Issuance of new policies	2,881	8,282
Normal in-force movement	(4,185)	(8,379)
Mortality/morbidity assumptions	-	(1,762)
Interest rate assumptions	3,611	8,790
Expense assumptions	-	(302)
	<b>179,899</b>	<b>177,592</b>

## 9 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 actuarial risks, such as longevity risk, interest rate risk and healthcare 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:

	For the six months ended September 30 2021	For the year ended March 31 2021
Balance, beginning of year	3,938	3,670
Movements during the period/ year recognised in Operating expense:		
Current service cost	16	32
Interest cost on benefit liability	48	98
	<b>64</b>	<b>130</b>
Remeasurement during the period/year included in Other comprehensive income:		
Actuarial gain arising from experience adjustment	70	340
Benefit payments	(86)	(202)
<b>BALANCE, END OF PERIOD/YEAR</b>	<b>3,986</b>	<b>3,938</b>

As at September 30, 2021, the present value of the defined benefit obligation was comprised of \$0.6 million (March 31, 2021 - \$0.6 million) relating to active employees and \$3.4 million (March 31, 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 period. 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 the 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:

	SEPTEMBER 30 2021	MARCH 31 2021
Discount rate	2.5%	2.8%
Health care cost trend rate	5.5%	5.5%

## 10 Earnings Per Share

The following table reflects the net earnings/(loss) and share data used in the basic and diluted earnings per share computations:

FOR THE SIX MONTHS ENDED SEPTEMBER 30	2021	2020
Net earnings/(loss) for the period	8,100	(741)

FOR THE SIX MONTHS ENDED SEPTEMBER 30 (Number of shares)	2021	2020
Weighted average outstanding common shares	21,601,998	21,385,112
Common shares and common share equivalents	21,688,036	21,460,910

## 11 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:

	For the six months ended September 30, 2021	For the year ended March 31, 2021
<b>Additions to Segregated Funds</b>		
Contributions and transfers	82,041	119,912
Return on investments	196,946	435,323
Segregated funds acquired	-	1,721
	<b>278,987</b>	<b>556,956</b>
<b>Deductions from Segregated Funds</b>		
Withdrawals, benefit payments and transfers to the General Fund	224,541	164,888
Operating expenses	20,919	16,845
Segregated funds disposed of on sale of subsidiaries	527,084	-
	<b>772,544</b>	<b>181,733</b>
Net additions/(deductions) to Segregated Funds for the period	<b>(493,557)</b>	<b>375,223</b>
Segregated Funds, beginning of period	1,701,772	1,326,549
<b>SEGREGATED FUNDS, END OF YEAR</b>	<b>1,208,215</b>	<b>1,701,772</b>
<b>SEGREGATED FUNDS CLASSIFIED UNDER HELD-FOR-SALE, END OF PERIOD/YEAR</b>	<b>-</b>	<b>(519,222)</b>
<b>SEGREGATED FUNDS FROM CONTINUING OPERATIONS, END OF PERIOD/YEAR</b>	<b>1,208,215</b>	<b>1,182,550</b>

## 12 Commissions, Management Fees and Other

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

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021	Employee Benefits and Health	Wealth Management	Americas Property and Casualty	Disposal Groups	Europe Property and Casualty	Europe Brokerage Companies	All Other	Total
Fee income from service contracts								
pensions and policyholder administration	15,506	-	-	1,051	-	-	91	16,648
Investment management	-	2,148	-	-	-	-	-	2,148
Brokerage income	-	-	354	-	802	2,384	-	3,540
<b>Total fee income from service contracts</b>	<b>15,506</b>	<b>2,148</b>	<b>354</b>	<b>1,051</b>	<b>802</b>	<b>2,384</b>	<b>91</b>	<b>22,336</b>
<b>Reinsurance commission income</b>	<b>405</b>	<b>-</b>	<b>3,732</b>	<b>-</b>	<b>1,166</b>	<b>-</b>	<b>-</b>	<b>5,303</b>
	<b>15,911</b>	<b>2,148</b>	<b>4,086</b>	<b>1,051</b>	<b>1,968</b>	<b>2,384</b>	<b>91</b>	<b>27,639</b>

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020	Employee Benefits and Health	Wealth Management	Americas Property and Casualty	Disposal Groups	Europe Property and Casualty	Europe Brokerage Companies	All Other	Total
Fee income from service contracts								
pensions and policyholder administration	9,888	-	-	2,054	-	-	-	11,942
Investment management	-	1,951	-	-	-	-	-	1,951
Brokerage income	-	-	521	-	188	2,078	-	2,787
<b>Total fee income from service contracts</b>	<b>9,888</b>	<b>1,951</b>	<b>521</b>	<b>2,054</b>	<b>188</b>	<b>2,078</b>	<b>-</b>	<b>16,680</b>
<b>Reinsurance commission income</b>	<b>953</b>	<b>-</b>	<b>3,574</b>	<b>-</b>	<b>1,025</b>	<b>-</b>	<b>-</b>	<b>5,552</b>
	<b>10,841</b>	<b>1,951</b>	<b>4,095</b>	<b>2,054</b>	<b>1,213</b>	<b>2,078</b>	<b>-</b>	<b>22,232</b>

### 13 Components of Accumulated Other Comprehensive Income

	SEPTEMBER 30 2021	MARCH 31 2021
Remeasurement of post-employment medical benefit obligation	(1,405)	(1,335)
Available-for-sale investments	13,506	11,955
Translation of financial statements of foreign operations	(2,380)	(2,094)
<b>NET ACCUMULATED OTHER COMPREHENSIVE INCOME</b>	<b>9,721</b>	<b>8,526</b>

### 14 Disposal of subsidiaries

On July 1, 2021, the Group completed the sale of the International 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)
<b>Net Cash inflow</b>	<b>3,438</b>

#### (b) Gain from sale of subsidiaries:

Proceeds from sale	5,861
Less payable to non-controlling Interest	(65)
Net proceeds from sale	5,796
Net assets disposed of on sale of subsidiaries	(4,810)
<b>Gain on sale of subsidiaries</b>	<b>986</b>

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.

### 15 Directors and Officers Holdings and Restricted Stock

At September 30, 2021 the Directors and Officers of the Company had combined interests totalling 140,330 shares out of 22,556,895 shares (2020 - 96,351 shares out of 22,352,233 shares) in issue on that date.

In the six-month period ended September 30, 2021 there were 15,734 (2020 - 14,901) restricted shares granted to Directors and Officers.

### 16 Subsequent Events

The Board has declared dividend of 10 cents per share based on the interim consolidated financial statements for the Group for the six months ended September 30, 2021.