
Building for tomorrow, today.

Six Month Report
30 June 2023

BF&M

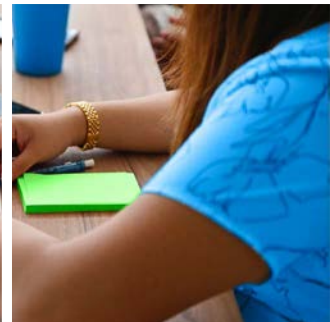


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reports.bfm.bm/docs/2023sixmonthreport

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Report to shareholders

Abigail Clifford

Group President and
Chief Executive Officer

L. Anthony Joaquin

Group Chairman

As we mark the halfway point of this year, we are pleased to present our six month report, detailing the strides we have made as part of our ongoing commitment to building an organisation that is fit for the future needs of our customers.



An excellent first six months

We are reporting a consolidated net income for the six months of \$13.9 million. The Company's combined insurance service and net investment result was a gain of \$31.3 million, driven by higher core investment income, increases in bond and equity assets and an increase in profit commissions. This compared to a net income loss of \$12.2 million in the comparable period in 2022. Shareholders' equity remains strong at \$295.6 million, an increase of 3% over 31 December, 2022, supported by our high-quality general fund asset portfolio totaling \$937.9 million.

BF&M's investment portfolio performed exceptionally well in the first half of the year, driven by improving market fundamentals and the positive impact of rising interest rates, which bolstered our core investment income. We anticipate that our investment income will sustain its momentum, as our portfolio continues to benefit from the higher interest rate environment over the next several years.

Our Property and Casualty business continues to drive rate increases across our markets as we initiate a selective approach to underwriting risks to mitigate the impact of a hard reinsurance market and the associated increased cost of reinsurance. Our Property and Casualty results benefited from lower property loss experience.

Within our Life and Health business, we remain committed to counteracting the rising loss trends within our Group Health business. We are actively collaborating with our strategic partners to manage costs effectively while ensuring that our valued customers receive best-in-class coverage. Our Pension business continues to be a strength, with positive financial contributions and a healthy influx of new business.

Focused on underwriting discipline and operational excellence

With the industry facing the challenges of the rise in reinsurance pricing and reduced capacity, insurers like BF&M must assume more exposure on our balance sheet. A similar challenge is felt across our Life and Health business where we continue to see the impact on pricing of inflation and utilisation. It has therefore never been more critical that we can demonstrate disciplined underwriting. Understanding the risk we are taking on and pricing it appropriately. This is one tool we can use to withstand the market challenges we face.

In tandem with disciplined underwriting, we have launched 'Project Propel'. True to its name, this initiative is our driving force behind propelling efficiency improvements across the board. Efficiency, in our view, is not about cutting corners, but about streamlining processes to serve our customers better, faster, and more seamlessly. In our continuous pursuit of excellence, fostering a culture of efficiency ensures we remain agile, adaptive, and ahead of the curve.

Driven by our purpose

BF&M's purpose has always been anchored in putting the needs of our customers at the forefront of our operations, and the past six months have been a testament to that commitment. As we look forward to building our future state, we are looking to exceed customer expectations at every touchpoint. By committing to superior customer experiences, we are setting the benchmark for what insurance should feel like in a modern era — one where customers are not just policy numbers, but valuable members of our community. This perspective is feeding every decision we make.

Investing for tomorrow

Perhaps one of the most transformative aspects of our journey this year so far has been the considerable investment in our digital roadmap. As the world around us grows more interconnected and tech-centric, it has become imperative for us to not only adapt but to lead. By reimagining our digital strategy, keeping digital at the forefront, and building a forward-looking digital roadmap, we are setting the groundwork for a future where our services are not only efficient but also intuitive. Our commitment goes beyond short-term fixes. We are future proofing our digital strategy, ensuring that we are not only relevant today, but we are ready to capitalise and accelerate on opportunities into the future.

Delivering on our strategy

All these initiatives, while crucial in their own right, are aligned with, and indeed emanate from, our transparent and focused five-year strategy that continues to guide our every step. This strategy, crafted with vision and diligence, ensures that every initiative, every project, and every investment we undertake is laddered up to our overarching goals.

It is this strategy that has been our foundation as we build for tomorrow. A tomorrow where our commitment to our customers, our drive for efficiency, and our digital ambition coalesce to create value for all our stakeholders.

Together, we can build a future vision with purpose, passion, and an unwavering commitment to excellence.



Abigail Clifford

Group President and
Chief Executive Officer,
BF&M Limited



L. Anthony Joaquin

Group Chairman,
BF&M Limited

Financial strength

Our excellent financial results are a testament to our commitment to prudent underwriting practices, meticulous risk management and a resilient diversified business model. In addition, the synergy of favourable market conditions and a steadfast capital position has solidified the foundation for sustainable growth and resilience. We remain firmly committed to our core values and will continue to navigate the complex insurance landscape with financial prudence at the forefront of our operations.

Highlights

For the six months ended 30 June 2023 and 2022

	30 June 2023	30 June 2022 Restated*	% Change
Insurance revenue	\$178,527	\$177,783	0.4%
Net income/(loss) (in \$000's)	\$13,889	(\$12,229)	213.6%
Cash dividends (in \$000's)	\$4,651	\$4,260	9.2%
Net earnings per share	\$1.54	(\$1.38)	211.6%
Cash dividends per share	\$0.52	\$0.48	8.3%
Annualised return on general fund assets	3.0%	-2.7%	211.1%
Annualised return on shareholders' equity	9.2%	-8.6%	207.0%

* Restated for the adoption of IFRS-17 Insurance Contracts

Best-in-class ratings from AM Best

A
(Excellent)

BF&M General
Insurance
Company Limited
Bermuda

A
(Excellent)

BF&M Life
Insurance
Company Limited
Bermuda

A
(Excellent)

Island Heritage
Insurance
Company, Ltd.
Cayman

Governance

At BF&M, we understand that responsible and effective governance is fundamental to maintaining trust and ensuring long-term sustainability. Our commitment to transparency, ethical decision-making and regulatory compliance is at the heart of our corporate culture. Our Board of Directors, Executive and Senior leaders utilise a robust governance framework to steer our organisation toward its strategic goals while upholding the highest standard of integrity.

Group Executive Committee



Abigail Clifford

Group President and
Chief Executive Officer



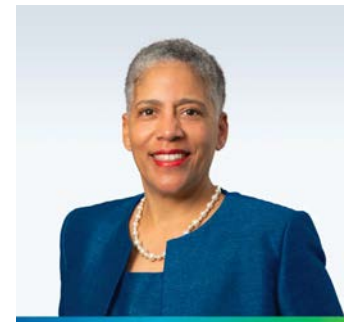
Stephanie Hanson

EVP, Group Chief Operating
Officer



Bruce Walker

EVP, Group Chief
Financial Officer



Michelle Jackson

EVP, Group Head of Life,
Health and Pensions



Caroline Mills-White

EVP, Group Head of P&C

Senior Management Team



Stacy Ashby
Head of Internal Audit



Jennifer Brown
Head of Marketing
and Communications



Jennifer Campbell
Chief Human Resources
Officer



Jason Cook
Group Head of
Business Operations



Marianne Hood
Chief Information Officer



Lisa Jackson
Group Head of Pensions



Lisa Lewis
Group Head of
Client Experience



Caitlyne Lindo
Head of Operational
Transformation



Matthew MacDonald
Head of Financial
Reporting



Jai-Michael Phillips
Head of Life and Health



Matthew Radoux
Chief Actuary and
Chief Risk Officer



Victoria Rankin
Group Head of P&C
Reinsurance and Fronting



Lorenzo Ratteray
Group Head of Consumer
Solutions



Gemma Rochelle
Group General Counsel and
Chief Compliance Officer



Penny Smith
Head of P&C Claims



Andrew Spencer
Head of Investments



Evelyn Tibbetts-Farrar
Group Head of
Producer Solutions



Raana Warner
Head of Facilities and
Office Management



Lin Zhou
Chief Accounting Officer

Board of Directors

L. Anthony Joaquin¹

Group Chairman, Retired Managing Partner,
Ernst & Young

Abigail Clifford

Group President and CEO,
BF&M Limited

Nancy L. Gosling²

President and CEO,
Gosling Brothers Limited

Gordon J. Henderson¹

Retired President and CEO,
BMO Life Insurance Company

Andrew Lo¹

President and CEO,
Embark

Paul C. J. Markey²

Retired Chairman,
AON Bermuda

Conor O’Dea¹

Retired Chairman / Director,
Butterfield Bank (Cayman) Ltd.

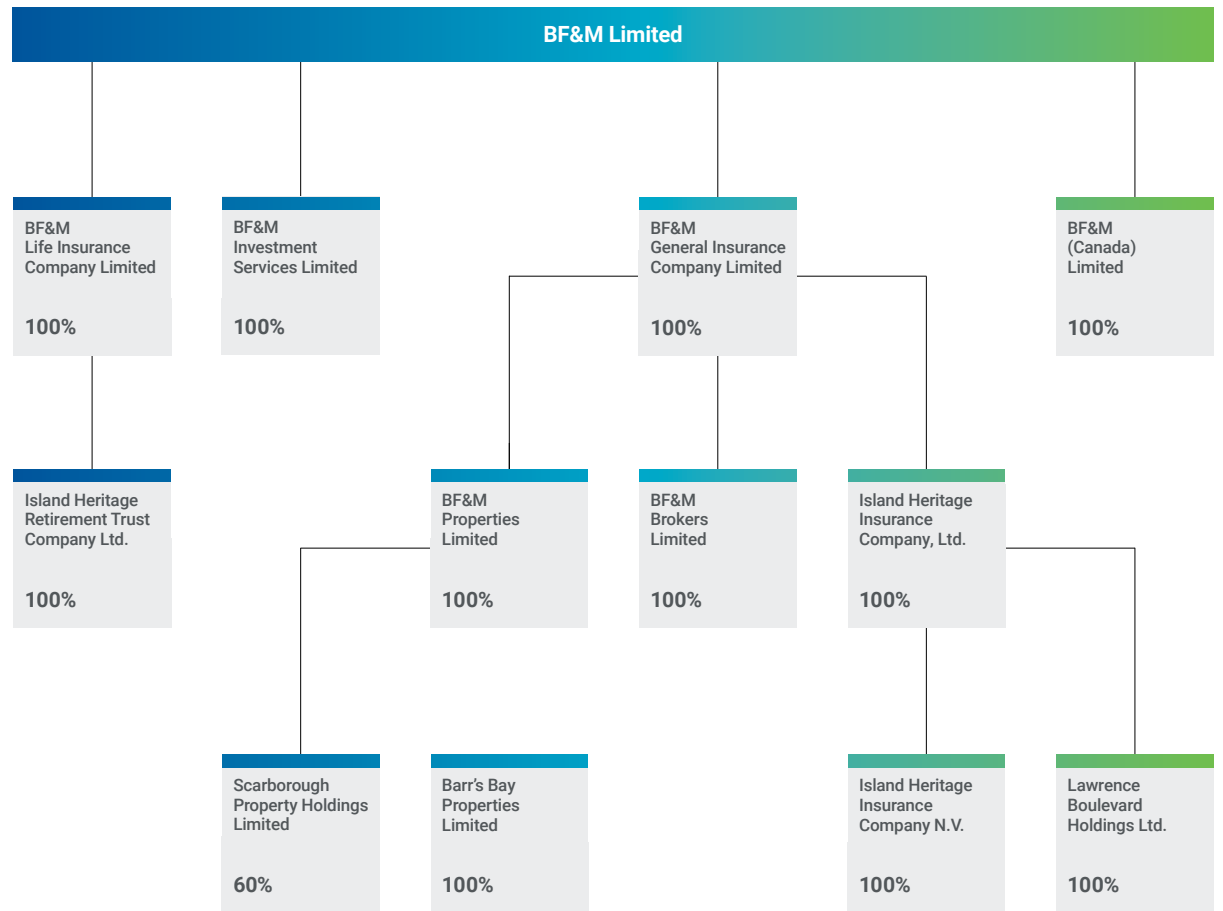
Jennifer Reynolds¹

CEO, Women Corporate
Directors Foundation (WCD)

¹ Finance, Compensation and Corporate Governance Committee

² Audit, Compliance and Corporate Risk Management Committee

Corporate Structure



Directors and Officers

BF&M General Insurance Company Limited

Directors

- Nancy L. Gosling, B.Comm., C.G.A., LLD, Chairman
- Paul C. J. Markey, Deputy Chairman
- Abigail Clifford, B.A., M.Sc.
- Andrew Lo, BAsc, P. Eng.
- Caroline Mills-White, M.Sc., FCIP

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Stephanie Hanson, LL.B. (Hons.), Executive Vice President, Group Chief Operating Officer
- Caroline Mills-White, M.Sc., FCIP, Executive Vice President, Group Head of Property & Casualty
- Lorenzo Ratteray, CPCU, AIC, Group Head of Consumer Solutions, Property & Casualty
- Gemma Rochelle, LL.B. (Hons.), Group General Counsel and Chief Compliance Officer, and Corporate Secretary

BF&M Life Insurance Company Limited

Directors

- Gordon Henderson, B.A. (Hons.), LL.B., Chairman
- L. Anthony Joaquin, FCA, Deputy Chairman
- Abigail Clifford, B.A., M.Sc.
- Michelle Jackson
- Conor O'Dea, FCA
- Jennifer Reynolds, MBA, ICD.D

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Stephanie Hanson, LL.B. (Hons.), Executive Vice President, Group Chief Operating Officer
- Michelle Jackson, Executive Vice President, Group Head of Life, Health & Pensions
- Jody Power, CPA, CA, CFA, Head of IFRS-17–Life
- Gemma Rochelle, LL.B. (Hons.), Group General Counsel and Chief Compliance Officer, and Corporate Secretary

BF&M Investment Services Limited

Directors

- Abigail Clifford, B.A., M.Sc.
- Jennifer Reynolds, MBA, ICD.D

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Stephanie Hanson, LL.B. (Hons.), Executive Vice President, Group Chief Operating Officer
- Gemma Rochelle, LL.B. (Hons.), Group General Counsel and Chief Compliance Officer, and Corporate Secretary
- Andrew Spencer, CPA, CMA, MBA, CFA, FLMI, Head of Investments

Directors and Officers

Island Heritage Insurance Company, Ltd.

Directors

- Conor O'Dea, FCA, Chairman
- Abigail Clifford, B.A., M.Sc.
- Gordon Henderson, B.A. (Hons.), LL.B.
- Paul C. J. Markey
- Caroline Mills-White, M.Sc., FCIP
- Bruce Walker, CPA, CA

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Evelyn Tibbetts-Farrar, CPCU, ACII, Group Head of Producer Solutions, Property & Casualty
- Caroline Mills-White, M.Sc., FCIP, Executive Vice President, Group Head of Property & Casualty
- Barry Williams, Head of Compliance
- Conyers, Corporate Secretary

Directors and Officers Share Interests

The total shares held by Directors and Officers at 30 June 2023 were 149,149 (30 June 2022 - 248,969)

Island Heritage Retirement Trust Company Ltd.

Directors

- Conor O'Dea, FCA, Chairman
- Abigail Clifford, B.A., M.Sc.
- Michelle Jackson

Officers

- Michelle Jackson, Executive Vice President, Group Head of Life, Health & Pensions
- Conyers, Corporate Secretary

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Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2023 (unaudited), 31 December 2022 (unaudited) and 1 January 2022 (unaudited)
(in thousands of Bermuda dollars)

	30 June 2023	31 Dec 2022 *Restated	1 Jan 2022 *Restated
	\$	\$	\$
Assets			
Cash and cash equivalents	101,318	75,847	103,601
Regulatory assets	25,206	24,676	24,783
Investments	682,020	673,212	738,565
Other assets	27,941	23,736	23,105
Reinsurance contract held assets	49,082	72,765	61,139
Investment properties	21,551	21,831	22,055
Property and equipment	17,068	17,548	15,281
Tax recoverable	942	787	1,005
Deferred tax asset	367	310	288
Intangible assets	12,460	13,654	22,537
Total general fund assets	937,955	924,366	1,012,359
Segregated funds assets	1,267,660	1,128,491	1,349,792
Total assets	2,205,615	2,052,857	2,362,151
Liabilities			
Other liabilities	49,491	42,725	60,739
Retirement benefit obligations	750	640	953
Investment contract liabilities	307,601	298,217	308,081
Insurance contract liabilities	271,930	283,789	326,929
Reinsurance contract held liabilities	5,887	5,674	7,797
Total general fund liabilities	635,659	631,045	704,499
Segregated funds liabilities	1,267,660	1,128,491	1,349,792
Total liabilities	1,903,319	1,759,536	2,054,291
Equity			
Share capital	9,272	9,187	9,073
Treasury shares	(6,299)	(5,227)	(4,998)
Contributed surplus	1,482	1,482	1,482
Share premium	68,419	67,853	66,240
Accumulated other comprehensive loss	(1,129)	(1,287)	(1,231)
Retained earnings	223,850	214,869	230,343
Total shareholders' equity	295,595	286,877	300,909
Non-controlling interests	6,701	6,444	6,951
Total equity	302,296	293,321	307,860
Total liabilities and equity	2,205,615	2,052,857	2,362,151

*Restated for the adoption of IFRS 17—Insurance Contracts

Condensed Consolidated Interim Statement of Income

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars, except per share amounts)

	30 June 2023	30 June 2022 *Restated
	\$	\$
Insurance revenue	178,527	177,783
Insurance service expenses	(92,851)	(84,282)
Net expenses from reinsurance contracts held	(72,753)	(79,667)
Insurance service result	12,923	13,834
Investment result	18,791	(58,494)
Change in investment contract liabilities	(457)	12,748
Net investment result	18,334	(45,746)
Net finance (expense)/income from insurance contracts issued	(4,109)	32,141
Net finance income from reinsurance contracts held	772	1,441
Net insurance finance result	(3,337)	33,582
Other income	8,331	7,322
Participating policyholders' net loss/(income)	(149)	159
Other operating expenses	(19,653)	(18,442)
Amortisation expense	(2,183)	(2,617)
Interest expense	(70)	(37)
Income/(loss) before income taxes	14,196	(11,945)
Income taxes	(307)	(284)
Net income/(loss) for the period	13,889	(12,229)
Net income/(loss) attributable to:		
Shareholders	13,632	(12,228)
Non-controlling interests in subsidiaries	257	(1)
Net income/(loss) for the period	13,889	(12,229)
Earnings per share:		
Basic and fully diluted	\$1.54	(\$1.38)

*Restated for the adoption of IFRS 17—Insurance Contracts

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars)

	30 June 2023	30 June 2022 *Restated
	\$	\$
Net income/(loss) for the period	13,889	(12,229)
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to the income statement		
Currency translation differences	158	(104)
Total other comprehensive income/(loss) after income taxes	158	(104)
Total other comprehensive income/(loss) attributable to:		
Shareholders	158	(104)
Total other comprehensive income/(loss) after income taxes	158	(104)
Comprehensive income/(loss)	14,047	(12,333)
Comprehensive income/(loss) attributable to:		
Shareholders	13,790	(12,332)
Non-controlling interests in subsidiaries	257	(1)
Comprehensive income/(loss)	14,047	(12,333)

*Restated for the adoption of IFRS 17—Insurance Contracts

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars)

	30 June 2023	30 June 2022 *Restated
	\$	\$
Share capital		
Balance – beginning of year	9,187	9,073
Shares issued under employee share purchase plan	6	1
Shares issued under equity incentive plan	9	8
Share grants issued under equity incentive plan	83	106
Share grants forfeited under equity incentive plan	(13)	–
Balance – end of period	9,272	9,188
Treasury shares		
Balance – beginning of year	(5,227)	(4,998)
Acquisition of shares	(1,072)	(232)
Balance – end of period	(6,299)	(5,230)
Contributed surplus – beginning and end of period	1,482	1,482
Share premium		
Balance – beginning of year	67,853	66,240
Shares issued under employee share purchase plan	108	29
Shares issued under equity incentive plan	170	164
Share grants issued under equity incentive plan	1,373	1,951
Share grants forfeited under equity incentive plan	(285)	67
Deferred share grant	(800)	(1,031)
Balance – end of period	68,419	67,420
Accumulated other comprehensive loss		
Balance – beginning of year	(1,287)	(1,231)
Other comprehensive income/(loss) income for the period	158	(104)
Balance – end of period	(1,129)	(1,335)
Retained earnings		
Balance – beginning of year	214,869	230,343
Net income/(loss) for the period	13,632	(12,228)
Cash dividends	(4,651)	(4,260)
Balance – end of period	223,850	213,855
Total equity attributable to shareholders of the Group	295,595	285,380
Attributable to non-controlling interest		
Balance – beginning of year	6,444	6,951
Net income/(loss) income for the period	257	(1)
Cash dividends	–	(600)
Balance at the end of the period	6,701	6,350
Total equity	302,296	291,730

*Restated for the adoption of IFRS 17—Insurance Contracts

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars)

	30 June 2023	30 June 2022 *Restated
	\$	\$
Cash flows from operating activities		
Income/(loss) before income tax	14,196	(11,945)
Adjustments for:		
Investment income	(10,620)	(8,938)
Net realised (gain)/loss on investments	(2,625)	512
Change in fair value of investments	(5,985)	67,148
Reversal of impairment of investments	(2,367)	(11,968)
Amortisation of property and equipment	726	686
Amortisation of investment properties	528	493
Amortisation of intangible assets	1,982	2,472
Interest on lease liabilities	70	37
Compensation expense related to shares and options	537	1,226
Changes in assets and liabilities:		
Regulatory assets	(1,343)	(142)
Other assets	(3,815)	(1,594)
Reinsurance contracts held	23,896	12,596
Insurance contract liabilities issued	(11,834)	(43,141)
Investment contract liabilities	9,384	(9,868)
Other liabilities	6,766	(25,117)
Retirement benefit obligations	110	134
Cash generated from (used for) operations	19,606	(27,409)
Income taxes paid	(544)	(362)
Interest received	9,740	8,977
Dividends received	509	434
Net cash generated from (used for) operating activities	29,311	(18,360)

*Restated for the adoption of IFRS 17—Insurance Contracts

Condensed Consolidated Interim Statement of Cash Flows (continued)

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars)

	30 June 2023	30 June 2022 *Restated
	\$	\$
Cash flows from investing activities		
Purchase of investments	(87,212)	(67,078)
Proceeds from sales of investments	90,175	102,216
(Additions)/disposals of property and equipment	(246)	(482)
(Additions)/disposals of investment properties	(248)	(1,028)
(Additions)/disposals of intangible assets	(788)	(363)
Net cash generated from investing activities	1,681	33,265
Cash flows used for financing activities		
Cash dividends paid	(4,651)	(4,260)
Interest paid	(70)	(37)
Acquisition of treasury shares	(1,072)	(232)
Cash dividends paid to non-controlling interest	-	(600)
Cash proceeds on issue of common shares	114	69
Net cash used for financing activities	(5,679)	(5,060)
Effect from changes in exchange rates	158	(104)
Increase in cash and cash equivalents	25,471	9,741
Cash and cash equivalents – beginning of year	75,847	103,601
Cash and cash equivalents – end of period	101,318	113,342

*Restated for the adoption of IFRS 17—Insurance Contracts

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars, except share and per share amounts)

1 Nature of operations and significant accounting policies

BF&M Limited (the "Group") is domiciled in Bermuda as a holding company. It has subsidiaries with operations in 16 countries, with principal offices in Bermuda and the Cayman Islands. The consolidated Group's principal business is insurance. The Group is involved in property, casualty, motor, marine, life, health and long-term disability insurance, annuities, the management and investment of pension plans, as well as the rental of office space in buildings owned by the Group.

The Group reports under International Financial Reporting Standards ("IFRS"). These unaudited interim consolidated financial statements should be read in conjunction with the Group's 2022 consolidated financial statements, as interim financial statements do not include all the information incorporated in annual consolidated financial statements prepared in accordance with IFRS. These condensed financial statements are presented in accordance with the requirements of Section IIA of the Bermuda Stock Exchange Listing Regulations and may not comply fully with the requirements of IAS 34—Interim Financial Reporting.

The accounting policies used in the preparation of the unaudited interim consolidated financial statements are consistent with those adopted in the 2022 consolidated financial statements except as stated in Note 2 below.

All amounts in the unaudited interim consolidated financial statements and notes are shown in thousands of Bermuda dollars unless otherwise stated.

2 New and revised accounting standards

The Group adopted IFRS 17—Insurance Contracts and IFRS 9—Financial Instruments on 1 January 2023. IFRS 17 has been applied retrospectively unless impracticable, in which case the fair value approach to transition was utilised. As permitted by the Standard, IFRS 9 has been applied prospectively.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The most significant changes precipitated by IFRS 17 that affected the Group included valuation changes due to new discounting and risk adjustment methodologies, changes to presentation, and changes when certain assumption and estimate adjustments are recognised within net income. For long-duration contracts, insurance contract liabilities are measured at the estimated present value of fulfilment cash flows, adjusted for an explicit risk adjustment for non-financial risk, and the contractual service margin, which represents unearned contractual profits. The contractual service margin is recognised in net income as services are provided, while the risk adjustment is released into net income as non-financial risk diminishes. Short-duration contracts, including the majority of the Group's general insurance and group life and health contracts, are measured using the simplified premium allocation approach and were minimally affected by the adoption of IFRS 17. The measurement of reinsurance contracts held generally follows the measurement of the underlying direct contracts to which they relate.

IFRS 9 replaces IAS 39 Financial Instruments and covers the classification and measurement of financial instruments as well as the impairment of financial assets. Financial assets are initially measured at fair value and are subsequently measured either at amortised cost (if certain conditions are met) or fair value through profit and loss. None of the Group's financial assets are classified as fair value through OCI. IFRS 9 replaces the incurred loss model of IAS 39 with a forward-looking expected credit loss model which applies to financial assets measured at amortised cost. The application of this forward-looking model for impairment had an insignificant impact on the Group's results.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars, except share and per share amounts)

3 Segmental information

Management has determined the operating segments based on a combination of factors, including products, geographical areas and reports reviewed by the Group Chief Executive Officer (CEO) to make strategic decisions. All the operating segments meet the definition of a reportable segment.

a) Health, life, annuity and pension

This operating segment includes group and individual health and accident, life, disability, annuity and pension products offered in Bermuda, Bahamas, and Cayman. The Group has ceased writing new life products in Bahamas.

b) Property and casualty (Bermuda)

This operating segment is identified by its geographical location and product. Insurance coverage includes motor, property, marine and casualty business.

c) Real estate (Bermuda)

This operating segment includes the Group's real estate operations in Bermuda. The Group currently holds ownership in three buildings, with full ownership of two buildings and a majority ownership in the other. The Group occupies one of the fully owned buildings and the other two are leased principally to non-related parties.

d) Cayman Islands and other Caribbean operations

This operating segment is identified by its geographical location. Insurance coverage includes motor, property, marine and casualty business.

e) Corporate and other

Corporate operations consist of corporate level income and expenses and returns from investments not allocated to any operating segments. It also represents the combined operations of a management company, and an investment management company. The Group manages shared services centrally with most costs allocated based on either net assets, time study, expenses or insurance revenue. Some central costs are not allocated and remain within the corporate Group.

Measurement basis

The accounting policies of the segments are generally the same as those for the Group as a whole, adjustments are made at the Group level where differences exist. The Group evaluates performance of operating segments on the basis of profit or loss from operations before tax.

Intersegment income is recorded at management's estimate of current market prices.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars)

The segmental information provided to the CEO for the reportable segments for the six months ended 30 June 2023 is as follows:

	Health, life, annuity, and pension	Property and casualty	Real estate	Cayman and other Caribbean operations	Corporate and other	Total
	2023	2023	2023	2023	2023	2023
Results by segment	\$	\$	\$	\$	\$	\$
Insurance revenue	62,807	30,726	–	85,897	(903)	178,527
Insurance service expenses	(62,446)	(7,507)	–	(24,239)	1,341	(92,851)
Net expenses from reinsurance contracts held	(1,643)	(16,092)	–	(55,018)	–	(72,753)
Insurance service result	(1,282)	7,127	–	6,640	438	12,923
Investment result	14,423	2,418	–	1,550	400	18,791
Change in investment contract liabilities	–	–	–	–	(457)	(457)
Finance income/(expense) from insurance contracts issued	(2,769)	(486)	–	(854)	–	(4,109)
Finance income/(expense) from reinsurance contracts held	(75)	333	–	514	–	772
Other income	5,510	211	1,990	15	605	8,331
Participating policyholders' share of net income	(149)	–	–	–	–	(149)
Other operating expenses	(9,607)	(5,522)	(476)	(4,829)	781	(19,653)
Amortisation expense	(54)	(601)	(661)	(191)	(676)	(2,183)
Interest expense	–	–	–	(7)	(63)	(70)
Income tax expense	–	(231)	–	–	(76)	(307)
Non-controlling interests in subsidiaries	–	257	–	–	–	257
Shareholders' net income	5,997	2,992	853	2,838	952	13,632
Other segment information						
Impairment recoveries recognised in net income on mortgages	(104)	–	–	–	–	(104)
Total assets	629,088	182,480	35,232	139,058	(47,903)	937,955
Fixed asset and intangible expenditures	12	27	349	551	237	1,176
Total liabilities	522,797	32,763	7,523	83,959	(11,383)	635,659

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023 (unaudited) and 2022 (unaudited)
(in thousands of Bermuda dollars, except share and per share amounts)

The segmental information provided to the CEO for the reportable segments for the six months ended 30 June 2022 is as follows:	Health, life, annuity, and pension	Property and casualty	Real estate	Cayman and other Caribbean operations	Corporate and other	Total Restated*
	2022	2022	2022	2022	2022	2022
Results by segment	\$	\$	\$	\$	\$	\$
Insurance revenue	57,927	29,538	–	90,838	(520)	177,783
Insurance service expenses	(50,833)	(9,990)	–	(24,607)	1,148	(84,282)
Net expenses from reinsurance contracts held	(2,084)	(14,710)	–	(62,441)	(432)	(79,667)
Insurance service result	5,010	4,838	–	3,790	196	13,834
Investment result	(49,901)	(4,790)	–	(4,054)	251	(58,494)
Change in investment contract liabilities	–	–	–	–	12,748	12,748
Finance income/(expense) from insurance contracts issued	31,244	152	–	745	–	32,141
Finance income/(expense) from reinsurance contracts held	1,989	(59)	–	(489)	–	1,441
Other income	5,212	231	1,337	14	528	7,322
Participating policyholders' share of net income	159	–	–	–	–	159
Other operating expenses	(9,918)	(5,529)	(563)	(3,642)	1,210	(18,442)
Amortisation expense	(154)	(1,006)	(612)	(178)	(667)	(2,617)
Interest expense	–	–	–	(8)	(29)	(37)
Income tax expense	–	(161)	–	–	(123)	(284)
Non-controlling interests in subsidiaries	–	(1)	–	–	–	(1)
Shareholders' net (loss)/income	(16,359)	(6,323)	162	(3,822)	14,114	(12,228)
Other segment information						
Impairment recoveries recognised in net income on mortgages	(1,491)	–	–	–	–	(1,491)
Total assets	620,138	182,679	29,648	138,235	(54,001)	916,699
Fixed asset and intangible expenditures	13	107	1,136	70	595	1,921
Total liabilities	522,480	32,669	2,036	86,216	(18,428)	624,973

*Restated for the adoption of IFRS 17—Insurance Contracts

4 Comparative Figures

Certain of the comparative figures have been restated to reflect the financial statement presentation adopted for the current period and, where applicable, the retrospective application of IFRS 17 as discussed in Note 2.

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