



**ARGOGLOBAL SE, ST JULIAN'S,  
ZWEIGNIEDERLASSUNG CHAM**

**Financial Condition Report (FCR)**

Financial year 2021

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## A. BUSINESS ACTIVITIES

### A.1 Information on the Insurance Company

ArgoGlobal SE St. Julian's, Zweigniederlassung Cham is authorised and regulated by FINMA as an insurance company domiciled abroad for their insurance activities in or from Switzerland according to the Insurance Supervisory Act 2006. Article 2 paragraph 1. The registered address of the Company is:

ArgoGlobal SE St. Julian's, Zweigniederlassung Cham  
c/o PRS Prime Re Services AG  
Gewerbstrasse 6  
6330 Cham  
Switzerland

ArgoGlobal SE St. Julian's, Zweigniederlassung Cham is a third country branch of ArgoGlobal SE. ArgoGlobal SE is licensed by the Malta Financial Services Authority as an insurance company in terms of the Insurance Business Act, 1998, Cap.403 of the Laws of Malta, registration number SE2. The registered address of ArgoGlobal SE is:

ArgoGlobal SE  
Aragon House  
Dragonara Road  
St. Julian's  
STJ 3140  
Malta

### A.2 Auditors

The independent auditors of ArgoGlobal SE St. Julian's, Zweigniederlassung Cham is:

Ernst & Young AG  
Maagplatz 1  
8010  
Zurich  
Switzerland

### A.3 Shareholders

The immediate parent company of ArgoGlobal SE is Argo Global Holdings (Malta) limited, a company with registered address at Aragon House Dragonara Road, St Julian's, STJ 3140, Malta.

The ultimate parent company of ArgoGlobal SE is Argo Group International Holdings Ltd., a company with registered address at 110 Pitts Bay Road, Pembroke HM08, Bermuda.

## Share Capital and Reserves

	2021 EUR '000	2020 EUR '000
<b>Authorised shares:</b>		
9,999,999 'A' ordinary shares of EUR1 each	10,000	10,000
1 'B' ordinary share of EUR1	-	-
	<b>10,000</b>	<b>10,000</b>
<b>Issued and fully paid:</b>		
7,749,999 'A' ordinary shares of EUR1 each	7,750	7,750
1 'B' ordinary share of EUR1	-	-
	<b>7,750</b>	<b>7,750</b>

The ordinary 'B' share shall rank pari passu, provided that the holder of the ordinary 'B' share shall not be entitled to participate in any dividend distribution or participate in the profits of the Company, whether in liquidation or otherwise.

## A.4 Argo Group

Argo Group International Holdings, Ltd. is an international underwriter of specialty insurance and reinsurance products in areas of the property and casualty market. Through its operating subsidiaries, Argo Group offers a comprehensive line of products and services designed to meet the unique coverage and claims-handling needs of clients in four business segments:

- Excess & Surplus Lines
- U.S. Commercial Specialty
- International Specialty
- Lloyd's Syndicate 1200

Argo Group is listed on the New York Stock Exchange under the symbol ARGO and is regulated by the United States Securities & Exchanges Commission.

Argo's expansion into international markets and the reinsurance business began in 2007 when Argonaut Group merged with Bermuda-based PXRE Group, creating Argo Group. Subsequent to this merger, the company headquarters was moved from San Antonio to Bermuda. Concurrently, Argo Group's reinsurance company, Argo Re, Ltd. was formed. In 2008, Argo Group acquired Heritage, a specialist insurer and Lloyd's syndicate.

Currently, Argo Group has offices in nine geographies, including the U.S., Brazil, Europe and the UAE. Through its 30 locations, Argo writes business in numerous countries across the world. In 2011, Argo launched a new entity in Malta – ArgoGlobal SE - to serve markets in the European Union with primary and excess general and professional liability coverage. ArgoGlobal SE was granted its license at the end of December 2011.

In the last quarter of 2020 Argo Group decided to focus its activities on US business, as a result this will entail that Argo Group will run-off its European liabilities.

## **A.5 Significant Transactions**

ArgoGlobal SE has a significant whole account quota share arrangement with Argo Re, Ltd. This quota share agreement also covers the Swiss business transacted by ArgoGlobal SE St. Julian's Zweigniederlassung Cham. No other significant transactions occurred during the year that impacted ArgoGlobal SE St. Julian's Zweigniederlassung Cham.

## **A.6 List of Major Branches**

ArgoGlobal SE St. Julian's, Zweigniederlassung Cham does not itself have any branches.

## **A.7 Strategy, Objective and Key Business Segments**

ArgoGlobal SE has a strategy and objectives, which are set within the context of Argo Group's International strategy. ArgoGlobal SE St. Julian's, Zweigniederlassung Cham does not itself have a separate strategy and therefore follows the strategy of ArgoGlobal SE.

The principal activity of ArgoGlobal SE St. Julian's, Zweigniederlassung Cham is the transaction of general insurance business.

The 2020 strategy was as follows:

- To become a leading provider in selected insurance sector by providing exceptional service
- Leveraging competitive strengths to access niche business on a low cost basis
- Leveraging core competencies across the Argo international business to support the underwriting at ArgoGlobal SE and ArgoGlobal SE St. Julian's Zweigniederlassung Cham
- Building a strong relationship with national / regional speciality brokers and agencies as well as partnering with managing general agents in the target insurance lines
- Developing a flat organisation with empowered underwriters

With the business going into run-off the future of the business will be to service the policyholders and insureds to same high standard as in prior years. ArgoGlobal SE has submitted run-off plan to the Swiss Financial Market Supervisory Authority (FINMA) with regard to the orderly transition, run-off and closure of the Swiss Branch.

## A.8 Significant and Unusual Events

There have been no significant events between 31 December 2021 and the date of approval of the financial statements that would require an adjustment to the carrying amounts of assets and liabilities of ArgoGlobal SE St. Julian's, Zweigniederlassung Cham as at 31 December 2021 or that would need to be disclosed here. The outbreak of COVID-19 also has no impact on the carrying amounts of assets and liabilities in the financial statements 2021.

ArgoGlobal SE has been monitoring the impact of COVID 19 through a self-assessment process, summarized in a report to the Board and Senior Management team. The key elements arising from the self-assessment are:

- Incident Management Team and International Leadership team meeting regularly to monitor and discuss the updates;
- Services operating as expected with limited disruption to business. Regular communications with staff and external stakeholders is in place
- Re-forecasting of the business plan and various underwriting exposure scenarios have been considered.

## B. PERFORMANCE

### B.1 Information on premiums, costs and claims

Appendix 1 shows the underwriting performance of ArgoGlobal SE St. Julian's, Zweigniederlassung Cham during 2021 and the comparison with the previous reporting period (2020).

Argo Global SE, St Julians (Malta), Zweigniederlassung Cham has remained in run off during the year ending 31 December 2021. Gross Written Premium amounted to CHF 8,950 (2020: 1,106,006) which was largely represented by the premiums received on remaining policies.

Accordingly, there was a significant reduction in the incurred claims during the business year. At the year end, the gross incurred claims charge to the Income Statement was CHF 415,000 (2020: 915,000), of which the amount relating to paid claims was CHF 9,000 (2020: 166,000). Argo holds a 90% whole account quota share reinsurance cover from the majority shareholder Argo Re. Net of reinsurance, Argo Global SE recorded a technical profit of CHF 915,000 (2020: loss 988,000). This was driven by the partial release of the technical reserves as well as reduction in acquisition costs, which is consistent with the run off situation.

After accounting for the admin expenses and finance costs, the company resulted in a profit of CHF 43,000 for the 2021 financial year (2020: loss of 188,000).

### B.2 Income and expenses from investments

Argo Global SE, St Julians, Zweigniederlassung Cham maintains all of its assets in a form of cash deposit, which is spread between five bank accounts, including the Tied Assets Account, as presented in the Annual Financial Statements contained in Appendix 2.

The balance sheet reports a stable position of cash in hand, which is spread over five bank accounts between two banks. At 31 December 2021, the amount of cash was CHF 7,922,000 (2020: 8,292,000). Gross technical provisions stood at CHF 3,433,000 (2020: 4,149,000) with the reinsurer's share of claims outstanding amounting to CHF 3,081,000 (2020: 3,725,000). However, cash deposits do not generate any investment income or expenses.

Argo Global SE, St Julians, Zweigniederlassung Cham does not hold any other investments. As a result, the branch did not record any investment income or expenses.

### B.3 Other material income and expenses

Other material income is represented by the Service charge fee of CHF 75,000 (2020: CHF 969,000).

Other material expenses included the Acquisition and administrative expenses CHF 18,500 (2020: CHF 1,007,000).

After accounting for finance costs of CHF 121,000 (2020: CHF 89,000), Argo Global SE, St Julians, Zweigniederlassung Cham resulted in a profit of CHF 43,000 for the 2021 financial year (2020: loss CHF 108,000).



Rolf Nebel

General Representative

26 April 2022

## APPENDIX 1 – Performance Non-Life Solo

Financial situation report: quantitative template "Performance Solo NL"

Currency: CHF  
Amounts stated in millions

	Total		Accident		Illness		Motor vehicle		Transport		Direct Swiss business		Fire, natural hazards, property damage		General third-party liability		Other branches		
	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year									
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Financial situation report: quantitative template "Performance Solo NL"

	Direct non-Swiss business		Indirect business														
	Total	Previous year	Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous		
			Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	
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## **APPENDIX 2 – Financial Statements and Independent Auditors Report 2021**

An den Generalbevollmächtigten der  
ArgoGlobal SE, St. Julians,  
Zweigniederlassung Cham  
Cham

Zürich, 29. April 2022

## Bericht der Prüfgesellschaft

Als staatlich beaufsichtigtes Revisionsunternehmen haben wir die beigelegte Jahresrechnung der ArgoGlobal SE, St. Julians, Zweigniederlassung Cham der ArgoGlobal SE, St. Julians bestehend aus der Bilanz zum 31. Dezember 2021, der Erfolgsrechnung, der Mittelflussrechnung und dem Anhang für das an diesem Stichtag endende Geschäftsjahr nach Art. 28 Abs. 2 Versicherungsaufsichtsgesetz (VAG) sowie unter Einbezug der FINMA-Wegleitung „Erstellung und Prüfung der Jahresrechnung von Zweigniederlassungen ausländischer Versicherungsunternehmen (WNL)“ geprüft.

Die Jahresrechnung wurde vom Generalbevollmächtigten auf der Grundlage der Rechnungslegungsbestimmungen des Obligationenrechts und den Vorgaben des Aufsichtsrechts aufgestellt.



### Verantwortung des Generalbevollmächtigten für die Jahresrechnung

Der Generalbevollmächtigte ist verantwortlich für die Aufstellung dieser Jahresrechnung in Übereinstimmung mit den Rechnungslegungsbestimmungen des Obligationenrechts, den Vorgaben des Aufsichtsrechts – insbesondere Finanzmarktaufsichtsgesetz (FINMAG), Versicherungsaufsichtsgesetz (VAG), Versicherungsaufsichtsverordnung (AVO) und Versicherungsaufsichtsverordnung FINMA (AVO-FINMA) sowie der FINMA-Wegleitung „Erstellung und Prüfung der Jahresrechnung von Zweigniederlassungen ausländischer Versicherungsunternehmen“ (WNL) – und für die internen Kontrollen, die der Generalbevollmächtigte als notwendig erachtet, um die Aufstellung einer Jahresrechnung zu ermöglichen, die frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.



### Verantwortung der Prüfgesellschaft

Unsere Aufgabe ist es, auf der Grundlage unserer Prüfung ein Urteil über diese Jahresrechnung abzugeben. Wir haben unsere Prüfung in Übereinstimmung mit den aufsichtsrechtlichen Vorgaben nach Art. 28 Abs. 2 VAG und der WNL sowie mit den Schweizer Prüfungsstandards durchgeführt. Nach diesen Standards haben wir die beruflichen Verhaltensanforderungen einzuhalten und die Prüfung so zu planen und durchzuführen, dass hinreichende Sicherheit darüber erlangt wird, ob die Jahresrechnung frei von wesentlichen falschen Darstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen, um Prüfungsnachweise für die in der Jahresrechnung enthaltenen Wertansätze und sonstigen Angaben zu erlangen. Die Auswahl der Prüfungshandlungen liegt im pflichtgemässen Ermessen des Prüfers. Dies schliesst die Beurteilung der Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen in der Jahresrechnung ein. Bei der Beurteilung dieser Risiken berücksichtigt der Prüfer das für die Aufstellung der Jahresrechnung relevante interne Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen

Kontrollsystems der Zweigniederlassung abzugeben. Eine Prüfung umfasst auch die Beurteilung der Angemessenheit der angewandten Rechnungslegungsmethoden und der Vertretbarkeit der vom Generalbevollmächtigten ermittelten geschätzten Werte in der Rechnungslegung sowie die Beurteilung der Gesamtdarstellung der Jahresrechnung.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.



### **Prüfungsurteil**

Nach unserer Beurteilung entspricht die Jahresrechnung ArgoGlobal SE, St. Julians, Zweigniederlassung Cham der ArgoGlobal SE, St. Julians zum 31. Dezember 2021 in allen wesentlichen Belangen den Rechnungslegungsbestimmungen des Obligationenrechts, den Vorgaben des Aufsichtsrechts (insbesondere FINMAG, VAG, AVO, AVO-FINMA) sowie der WNL.



### **Rechnungslegungsgrundlage**

Ohne unser Prüfungsurteil zu modifizieren, machen wir darauf aufmerksam, dass die Jahresrechnung der ArgoGlobal SE, St. Julians, Zweigniederlassung Cham der ArgoGlobal SE, St. Julians auf den vorgenannten Grundlagen erstellt wurde. Die Jahresrechnung wurde aufgestellt, um den Anforderungen des Art. 25 Abs. 4 VAG zu entsprechen. Folglich ist diese Jahresrechnung möglicherweise für einen anderen Zweck nicht geeignet.

Ernst & Young AG



Rolf Bächler  
(Qualified  
Signature)

Zugelassener Revisionsexperte  
(Leitender Revisor)



Meik Babylon  
(Qualified  
Signature)

Zugelassener Revisionsexperte

### **Beilage**

- ▶ Jahresrechnung (Bilanz, Erfolgsrechnung und Anhang)

# ArgoGlobal SE, St. Julians, Zweigniederlassung Cham

Financial Statements

for the 12 months to December 31, 2021



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## Balance Sheet

	Note	31.12.2021	31.12.2021	31.12.2020	31.12.2020
		EUR	CHF	EUR	CHF
<b>Assets</b>					
1.1		0	0	0	0
1.1.1	Real estate	0	0	0	0
1.1.2	Participations	0	0	0	0
1.1.3	Fixed-interest securities	0	0	0	0
1.1.4	Loans	0	0	0	0
1.1.5	Mortgage loans	0	0	0	0
1.1.6	Shares	0	0	0	0
1.1.7	Other investments	0	0	0	0
1.2	Investments for unit-linked business	0	0	0	0
1.3	Receivables from derivative financial instruments	0	0	0	0
1.4	Deposits on ceded reinsurance business	0	0	0	0
1.5	Cash and cash equivalents	4 7,473,712	7,922,134	7,822,265	8,291,601
1.6	Reinsurers' share of technical provisions	5 2,906,722	3,081,123	3,514,384	3,725,244
1.7	Property and equipment	0	0	0	0
1.8	Deferred acquisition costs	0	0	0	0
1.9	Intangible assets	0	0	0	0
1.10	Insurance receivables	6 195,634	207,371	728,911	772,646
1.11	Other receivables	0	0	0	0
1.12	Other assets	0	0	0	0
1.13	Share capital not paid in	0	0	0	0
1.14	Prepaid expenses (insurance premium tax)	55,608	58,947	0	0
<b>1.14</b>	<b>Total assets</b>	<b>10,631,676</b>	<b>11,269,575</b>	<b>12,065,560</b>	<b>12,789,491</b>
<b>Liabilities and equity</b>					
		31.12.2021	31.12.2021	31.12.2020	31.12.2020
		EUR	CHF	EUR	CHF
2.1	Technical provisions	5 3,238,690	3,433,010	3,913,870	4,148,700
2.2	Technical provisions for unit-like business	0	0	0	0
2.3	Non-technical provisions	0	0	0	0
2.4	Interest-bearing liabilities	0	0	0	0
2.5	Liabilities from derivative financial instruments	0	0	0	0
2.6	Liabilities from deposit retained on ceded business	0	0	0	0
2.7	Insurance payables	7 673	714	2,453,319	2,600,518
2.8	Other liabilities	8 7,329,782	7,769,569	5,732,880	6,076,853
2.9	Deferred income	0	0	0	0
2.10	Subordinated liabilities	0	0	0	0
2.11	Total liabilities	10,569,145	11,203,293	12,100,069	12,826,071
2.12	Group liability (contribution from parent)	83,271	100,000	83,271	100,000
2.13	Legal capital reserves	0	0	0	0
2.13.1	Reserves from capital contributions	0	0	0	0
2.13.2	Organization fund	0	0	0	0
2.14	Legal retained earnings	0	0	0	0
2.15	Voluntary retained earnings	0	0	0	0
2.15.1	Loss carried forward	(309,487)	(341,631)	(209,625)	(233,781)
2.15.2	Loss for the year	39,795	42,979	(99,862)	(107,850)
2.15.3	Foreign currency translation gains	9 248,952	264,934	191,707	205,051
2.16	Treasury shares (as negative item)	0	0	0	0
2.17	Total equity	62,531	66,282	(34,509)	(36,580)
<b>2.18</b>	<b>Total liabilities and equity</b>	<b>10,631,676</b>	<b>11,269,575</b>	<b>12,065,560</b>	<b>12,789,491</b>

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## Income Statement

	Note	2021 EUR	2021 CHF	2020 EUR	2020 CHF
1	Gross premium written	8,287	8,950	1,024,080	1,106,006
2	Premiums ceded to reinsurers	(7,458)	(8,055)	(921,672)	(995,406)
3	<b>Net premiums written (1+2)</b>	<b>829</b>	<b>895</b>	<b>102,408</b>	<b>110,600</b>
4	Change in unearned premium reserves	5 283,110	305,760	(880)	(950)
5	Change in reinsurers' share of unearned premium reserves	5 (254,799)	(275,184)	792	855
6	<b>Net premiums earned (3+4+5)</b>	<b>29,140</b>	<b>31,471</b>	<b>102,320</b>	<b>110,505</b>
7	Other insurance income	0	0	0	0
8	<b>Total technical income (6+7)</b>	<b>29,140</b>	<b>31,471</b>	<b>102,320</b>	<b>110,505</b>
9	Gross claims and claim expenses paid	10 (8,440)	(9,110)	(153,480)	(165,760)
10	Reinsurers' share of claims and claim expense	10 7,596	8,199	138,132	149,184
11	Change in technical provisions	5 393,030	424,480	(693,460)	(748,950)
12	Change in reinsurers' share of technical provisions	5 (353,727)	(382,032)	624,114	674,055
13	Change in technical provisions for unit-linked business	0	0	0	0
14	<b>Net claims and claim expenses incurred (9+10+11+12+13)</b>	<b>38,459</b>	<b>41,537</b>	<b>(84,694)</b>	<b>(91,471)</b>
15	Acquisition costs and administrative expenses	11 17,210	18,590	(932,423)	(1,007,019)
16	expenses	11 0	0	0	0
17	<b>Net acquisition costs and administrative expenses (15+16)</b>	<b>17,210</b>	<b>18,590</b>	<b>(932,423)</b>	<b>(1,007,019)</b>
18	Other technical expenses own business	0	0	0	0
19	<b>Total technical expense (14+17+18)</b>	<b>55,669</b>	<b>60,127</b>	<b>(1,017,117)</b>	<b>(1,098,490)</b>
20	Income from investments	0	0	0	0
21	Expenses from investments	0	0	0	0
22	<b>Net income from investments (20+21)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
23	Capital and interest gains from unit-linked business	0	0	0	0
24	Other financial income	0	0	0	0
25	Other financial expenses	12 (111,686)	(120,625)	(81,998)	(88,553)
26	<b>Operating loss (8+14+17+18+22+23+24+25)</b>	<b>(26,877)</b>	<b>(29,027)</b>	<b>(996,796)</b>	<b>(1,076,538)</b>
27	Interest expenses from interest-bearing liabilities	0	0	0	0
28	Other income (service charge fee)	69,169	74,703	896,934	968,688
29	Other expenses	0	0	0	0
30	Extraordinary income/expense	0	0	0	0
31	<b>Loss before tax (26+27+28+29+30)</b>	<b>42,292</b>	<b>45,676</b>	<b>(99,862)</b>	<b>(107,850)</b>
32	Income tax expense	(2,497)	(2,697)	0	0
33	<b>Loss after tax (31+32)</b>	<b>39,795</b>	<b>42,979</b>	<b>(99,862)</b>	<b>(107,850)</b>

# ArgoGlobal SE, St. Julians, Zweigniederlassung Cham



## NOTES TO THE FINANCIAL STATEMENTS

### General information

ArgoGlobal SE, St. Julians, Zweigniederlassung Cham ("The Branch") is a Swiss branch of the ArgoGlobal SE (Malta) ("The Company"), with the registered office at c/o PRS Prime Re Services AG, Gewerbestrasse 6, 6330 Cham, Switzerland (previously and until 14.06.2021, at Dufourstrasse 101, 8008 Zurich, Switzerland). As in prior years, the branch has no more than 10 employees and holds no direct or indirect participations.

### 1 Financial reporting standards

The annual financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (CO) (Art.957-963b CO applicable as of 1 January 2013). Apart from the CO, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5-6a AVO-FINMA, applicable as of 15 December 2015) have been applied.

### 2 Foreign currency translation

The branch's functional currency is Euro. These financial statements are prepared in Euro and translated into the Swiss Franc. Expense and income in foreign currency are translated at the average rates prescribed by FINMA. Balance sheet items denominated in foreign currency are translated at the year-end rates prescribed by FINMA.

The exchange rates used are presented below:

	2021	2020
EURCHF Year end	1.06	1.06
EURCHF Average	1.08	1.08

### 3 Valuation principles

Uniform valuation principles are applied. Assets, equity and liabilities are valued individually. The quoted or market price as of the balance sheet date is used for assets subsequently valued at observable market prices instead of amortized cost. Equity and liabilities are stated at their nominal value.

#### Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

#### Other receivables

Other receivables are carried at the fair value of the consideration to be received in the future for services provided.

#### Technical provisions

Technical provisions include the outstanding claims provision, the provision for unearned premium and security and fluctuation provision. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

#### Other liabilities

Liabilities for amounts payable are carried at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Branch.

#### Equity and Retained Earnings

Equity and retained earnings are recognised at historical cost.

### 4 Cash and cash equivalents

	31.12.2021		31.12.2020	
	EUR	CHF	EUR	CHF
ZKB tied asset account CHF	6,340,751	6,721,196	6,388,761	6,772,087
HSBC operating account CHF	78,867	83,599	29,696	31,478
HSBC technical account CHF	158,539	168,051	150,426	159,451
HSBC technical account USD	826,492	876,082	1,208,740	1,281,264
HSBC technical account EUR	69,063	73,206	44,642	47,321
Total:	<b>7,473,712</b>	<b>7,922,134</b>	<b>7,822,265</b>	<b>8,291,601</b>



NOTES TO THE FINANCIAL STATEMENTS

5 Technical provisions - EUR	Gross		Reinsurers' share		Net	
	2021	2020	2021	2020	2021	2020
Unearned premium reserve	41,690	324,800	(37,522)	(292,321)	4,169	32,480
Loss reserve	28,010	27,460	(25,209)	(24,714)	2,801	2,746
Incurred but not reported reserve	3,159,990	3,552,610	(2,843,991)	(3,197,349)	315,999	355,261
Security and fluctuation reserve	9,000	9,000	0	0	9,000	9,000
<b>Total:</b>	<b>3,238,690</b>	<b>3,913,870</b>	<b>(2,906,722)</b>	<b>(3,514,384)</b>	<b>331,969</b>	<b>399,487</b>

Change in unearned premium reserve 2021	Gross	Reinsurers' share	Net
	283,110	(254,799)	28,311

5 Technical provisions - CHF	Gross		Reinsurers' share		Net	
	2021	2020	2021	2020	2021	2020
Unearned premium reserve	44,190	344,290	(39,771)	(309,861)	4,419	34,429
Loss reserve	29,690	29,110	(26,721)	(26,199)	2,969	2,911
Incurred but not reported reserve	3,349,590	3,765,760	(3,014,631)	(3,389,184)	334,959	376,576
Security and fluctuation reserve	9,540	9,540	0	0	9,540	9,540
<b>Total:</b>	<b>3,433,010</b>	<b>4,148,700</b>	<b>(3,081,123)</b>	<b>(3,725,244)</b>	<b>351,887</b>	<b>423,456</b>

Change in unearned premium reserve 2021	Gross	Reinsurers' share	Net
	305,760	(275,184)	30,576
<i>Of which attributable to FX difference in translation to CHF:</i>	<i>5,660</i>	<i>(5,094)</i>	<i>566</i>

5.1 Change in technical provisions - EUR	Gross		Reinsurers' share		Net	
	2021	2020	2021	2020	2021	2020
Loss reserve	420	1,770	(378)	(1,593)	42	177
Incurred but not reported losses	(182,240)	(664,530)	164,016	598,077	(18,224)	(66,453)
Change related to prior year	574,850	(30,700)	(517,365)	27,630	57,485	(3,070)
Security and fluctuation reserve	0	0	0	0	0	0
<b>Total:</b>	<b>393,030</b>	<b>(693,460)</b>	<b>(353,727)</b>	<b>624,114</b>	<b>39,303</b>	<b>(69,346)</b>

5.1 Change in technical provisions - CHF	Gross		Reinsurers' share		Net	
	2021	2020	2021	2020	2021	2020
Loss reserve	460	1,910	(414)	(1,719)	46	191
Incurred but not reported losses	(196,820)	(717,700)	177,138	645,930	(19,682)	(71,770)
Change related to prior year	620,840	(33,160)	(558,756)	29,844	62,084	(3,316)
Security and fluctuation reserve	0	0	0	0	0	0
<b>Total:</b>	<b>424,480</b>	<b>(748,950)</b>	<b>(382,032)</b>	<b>674,055</b>	<b>42,448</b>	<b>(74,895)</b>
<i>Of which attributable to FX difference in translation to CHF:</i>	<i>8,890</i>	<i>(128,970)</i>	<i>(8,001)</i>	<i>115,749</i>	<i>889</i>	<i>(13,221)</i>

6 Insurance receivables	31.12.2021		31.12.2020	
	EUR	CHF	EUR	CHF
Receivables from policy holders	0	0	695,970	737,728
Receivable from re-insurance companies	166,153	176,122	0	0
Provision for doubtful debt	31,002	32,862	(15,563)	(16,497)
Receivable from policyholders (unallocated cash)	0	0	18,675	19,796
FX adjustment on agents balances	(1,521)	(1,613)	(40,551)	(42,984)
Recoverable paid loss	0	0	70,380	74,603
<b>Total:</b>	<b>195,634</b>	<b>207,371</b>	<b>728,911</b>	<b>772,646</b>

7 Insurance payables	31.12.2021		31.12.2020	
	EUR	CHF	EUR	CHF
Liabilities to re-insurance companies (inter-company account)	0	0	1,607,015	1,703,436
Payable to policyholders	673	714	673	714
Payable to policyholders (unallocated cash)	0	0	895,212	948,924
Insurance premium tax accrual	0	0	(49,581)	(52,556)
<b>Total:</b>	<b>673</b>	<b>714</b>	<b>2,453,319</b>	<b>2,600,518</b>

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## NOTES TO THE FINANCIAL STATEMENTS

8 Other liabilities	31.12.2021		31.12.2020	
	EUR	CHF	EUR	CHF
Other current liabilities	40,284	42,701	212,259	224,995
Intercompany liabilities	7,235,907	7,670,062	5,216,340	5,529,321
Social insurances and payroll	(21,409)	(22,694)	65,819	69,768
Professional Fees accrued	75,000	79,500	238,462	252,769
Total:	<b>7,329,782</b>	<b>7,769,569</b>	<b>5,732,880</b>	<b>6,076,853</b>
9 Foreign currency translation gains	2021		2020	
	EUR	CHF	EUR	CHF
Foreign exchange translation adjustment	248,952	263,889	191,707	203,209
Foreign exchange translation difference	0	1,045	0	1,842
Total:	<b>248,952</b>	<b>264,934</b>	<b>191,707</b>	<b>205,051</b>
10 Gross claims and claim expenses paid	2021		2020	
	EUR	CHF	EUR	CHF
<u>Gross</u>				
Losses paid	(8,440)	(9,110)	(153,480)	(165,760)
Total:	<b>(8,440)</b>	<b>(9,110)</b>	<b>(153,480)</b>	<b>(165,760)</b>
<u>Reinsurer's share</u>				
	2021		2020	
	EUR	CHF	EUR	CHF
Losses paid	7,596	8,199	138,132	149,184
Total:	<b>7,596</b>	<b>8,199</b>	<b>138,132</b>	<b>149,184</b>
<u>Net</u>				
	2021		2020	
	EUR	CHF	EUR	CHF
Losses paid	(844)	(911)	(15,348)	(16,576)
Total:	<b>(844)</b>	<b>(911)</b>	<b>(15,348)</b>	<b>(16,576)</b>
11 Acquisition costs and administrative expenses	2021		2020	
	EUR	CHF	EUR	CHF
General costs	(201,859)	(218,006)	(270,332)	(291,961)
Audit fees	25,000	27,000	(50,000)	(54,000)
Travel expenses	0	0	(5,211)	(5,628)
Personnel costs	198,337	214,206	(596,707)	(644,442)
Total administration costs (a):	<b>21,478</b>	<b>23,200</b>	<b>(922,250)</b>	<b>(996,031)</b>
Net acquisition costs (b):	(4,268)	(4,610)	(10,173)	(10,988)
Policy acquisition costs	(3,797)	(4,101)	3,797	4,100
Change in deferred acquisition costs	(471)	(509)	(13,970)	(15,088)
Total administrative and policy acquisition costs:	<b>17,210</b>	<b>18,590</b>	<b>(932,423)</b>	<b>(1,007,019)</b>
12 Other financial expenses	2021		2020	
	EUR	CHF	EUR	CHF
Miscellaneous financial costs	(52,782)	(57,008)	(38,753)	(41,852)
Bank fees	(58,904)	(63,617)	(43,245)	(46,701)
Total:	<b>(111,686)</b>	<b>(120,625)</b>	<b>(81,998)</b>	<b>(88,553)</b>
13 Significant events after reporting date	<p>The Argo Group intends to sell Argo Global Holdings (Malta) Limited, and all its subsidiaries including ArgoGlobal Se, St. Julian's, to RiverStone Holdings Limited, which is expected to be completed during the second quarter of 2022.</p>			
14 Related party transactions	<p>During the year 2021 there were no related party transactions, other than intercompany transactions disclosed in notes 6 and 8.</p>			



NOTES TO THE FINANCIAL STATEMENTS

**15 Impact of COVID-19**

The outbreak of COVID-19 has no material impact on the carrying amounts of assets and liabilities in the financial statements 2021. The Company has conducted a review with the underwriting and claims functions across the whole of the AGSE platform and for the Branch currently no material exposure to COVID-19 is expected.

**16 Future outlook**

In October 2020, the decision has been taken by Argo Group International Holdings, Ltd. (the Argo Group) and the Company for the Company and the Branch to cease accepting new and renewal business with immediate effect. The adverse results generated by the Company have led the Argo Group and the Company to agree that it would be in the best interests of the Company to no longer consider entering into contracts of (re)insurance going forward. The existing book of business had been put into run-off. In 2021 the Branch started the de-licensing process with FINMA and as of 31 December 2021, the Run-off plan was under discussions with FINMA. At the moment it is still uncertain as to how long the complete run off process will continue, therefore, the Company can not reliably estimate the full run off costs, which will only be known once the run off plan is approved by FINMA. This is expected to happen over the course of 2022.



## Statement of changes in equity

	Group Liability (contribution from parent)		Voluntary retained earnings		Foreign currency differences		Total equity	
	EUR	CHF	EUR	CHF	EUR	CHF	EUR	CHF
<b>As of 31 Dec 2018</b>	<b>83,271</b>	<b>100,000</b>	<b>(59,530)</b>	<b>(65,669)</b>	<b>(105,933)</b>	<b>(127,209)</b>	<b>(82,192)</b>	<b>(92,878)</b>
Loss carried forward	0	0	(59,530)	(65,669)	(105,933)	(127,209)	(59,530)	(65,669)
Loss for the year	0	0	(150,095)	(168,112)	0	0	(150,095)	(168,112)
Foreign currency translation difference	0	0	0	0	0	(5,213)	0	(5,213)
Unrealised foreign currency translation gains	0	0	0	0	104,871	126,041	104,871	126,041
<b>As of 31 Dec 2019</b>	<b>83,271</b>	<b>100,000</b>	<b>(209,625)</b>	<b>(233,781)</b>	<b>(1,062)</b>	<b>(6,381)</b>	<b>(127,416)</b>	<b>(140,162)</b>
Loss carried forward	0	0	(209,625)	(233,781)	0	0	(209,625)	(233,781)
Loss for the year	0	0	(99,862)	(107,850)	0	0	(99,862)	(107,850)
Foreign currency translation difference	0	0	0	0	0	(1,842)	0	(1,842)
Unrealised foreign currency translation gains	0	0	0	0	191,707	206,893	191,707	206,893
<b>As of 31 Dec 2020</b>	<b>83,271</b>	<b>100,000</b>	<b>(309,487)</b>	<b>(341,631)</b>	<b>191,707</b>	<b>205,051</b>	<b>(34,509)</b>	<b>(36,580)</b>
Loss carried forward	0	0	(309,487)	(341,631)	0	0	(309,487)	(341,631)
Loss for the year	0	0	39,795	42,979	0	0	39,795	42,979
Foreign currency translation difference	0	0	0	0	0	1,045	0	1,045
Unrealised foreign currency translation gains	0	0	0	0	248,952	263,889	248,952	263,889
<b>As of 31 Dec 2021</b>	<b>83,271</b>	<b>100,000</b>	<b>(269,692)</b>	<b>(298,652)</b>	<b>248,952</b>	<b>264,934</b>	<b>62,531</b>	<b>66,282</b>