



**ARGOGLOBAL SE, ST JULIAN'S,
ZWEIGNIEDERLASSUNG ZURICH**
Financial Condition Report (FCR)
Financial year 2020

Contents

A. BUSINESS ACTIVITIES	3
A.1 Information on the Insurance Company	3
A.2 Auditors	3
A.3 Shareholders	3
A.4 Argo Group	4
A.5 Significant Transactions	5
A.6 List of Major Branches	5
A.7 Strategy, Objective and Key Business Segments	5
A.8 Significant and Unusual Events	6
B. PERFORMANCE	7
B.1 Information on premiums, costs and claims	7
B.2 Income and expenses from investments	7
B.3 Other material income and expenses	7
APPENDIX 1 – Performance Non-Life Solo	9
APPENDIX 2 – Financial Statements and Independent Auditors Report 2020	10

A. BUSINESS ACTIVITIES

A.1 Information on the Insurance Company

ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich 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 Zurich
Dufourstrasse 101
8008
Zurich
Switzerland

ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich 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 Zurich 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

	2020 EUR '000	2019 EUR '000
Authorised shares:		
9,999,999 'A' ordinary shares of EUR1 each	10,000	10,000
1 'B' ordinary share of EUR1	-	-
	10,000	10,000
Issued and fully paid:		
7,749,999 'A' ordinary shares of EUR1 each	7,750	7,750
1 'B' ordinary share of EUR1	-	-
	7,750	7,750

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 ARGD 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 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 Limited. This quota share agreement also covers the Swiss business transacted by ArgoGlobal SE St. Julian's Zweigniederlassung Zurich. No other significant transactions occurred during the year that impacted ArgoGlobal SE St. Julian's Zweigniederlassung Zurich.

A.6 List of Major Branches

ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich 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 Zurich does not itself have a separate strategy and therefore follows the strategy of ArgoGlobal SE.

The principal activity of the ArgoGlobal SE is the transaction of general business insurance. As at the end of 2020, ArgoGlobal SE can underwrite business that fall under the following classes of business:

- Class 1 – Accident (I/R)
- Class 2 – Sickness (I/R)
- Class 4 – Railway Rolling Stock (I/R)
- Class 6 – Ships (I/R)
- Class 7 – Goods in Transit (I/R)
- Class 8 – Fire and Natural Forces (I)
- Class 9 – Other Damage to Property (I)
- Class 12 – Liability for Ships (I/R)
- Class 13 – General liability (I/R)
- Class 15 – Suretyship (I)
- Class 16 – Miscellaneous financial loss (I/R)

However, as mentioned above, it has to be noted that, following the decision of Argo Group to focus on US business at the end of 2020, the European liabilities will be put into run off.

The principal activity of ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich is the transaction of general insurance business. As at the end of 2020, ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich can underwrite Swiss business that falls under the following classes:

- B6 – Sea, lake and river and canal vessels
- B7 – Freight
- B13 – General liability
- B15 – Surety
- B16 – Miscellaneous financial loss

The strategy for 2020 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 Zurich
- Building a strong relationships 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 started the dialogue with 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 2020 and the date of approval of these financial statements that would require an adjustment to the carrying amounts of assets and liabilities of ArgoGlobal SE St. Julian's, Zweigniederlassung Zurich as at 31 December 2020 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 2020.

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 Zurich during 2020 and the comparison with the previous reporting period (2019).

Argo Global SE, St Julians (Malta), Zweigniederlassung Zurich has remained stable during the year ending 31 December 2020. Gross Written Premium amounted to CHF 1,106,000 (2019: CHF 1,123,000) of which CHF 1,105,000 (2019: CHF 1,245,000) was earned at the year-end.

The reduction in incurred claims during the period is driven by the corresponding reduction in earned premium and a full actuarial reserve review. At the year end, the gross incurred claims charge to the Income Statement was CHF 915,000 (2019: CHF 1,854,000), of which the amount relating to paid claims was CHF 166,000 (2019: CHF 35,000).

Argo Global SE holds a 90% whole account quota share reinsurance cover from the majority shareholder Argo Re Ltd. Net of reinsurance, Argo Global SE St. Julian's, Zweigniederlassung Zurich recorded a technical loss of CHF 988,000 (2019: loss CHF 790,000).

B.2 Income and expenses from investments

Argo Global SE, St Julians, Zweigniederlassung Zurich 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. In 2020 the balance sheet reported CHF 8,922,000 (2019: CHF 6,882,000). However, cash deposits do not generate any investment income or expenses.

Argo Global SE, St Julians, Zweigniederlassung Zurich 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 969,000 (2018: CHF 640,000).

Other material expenses included the Acquisition and administrative expenses CHF 1,007,000 (2019: CHF 729,000).

After accounting for finance costs of CHF 89,000 (2018: CHF 18,000), Argo Global SE, St Julians, Zweigniederlassung Zurich resulted in a loss of CHF 108,000 for the 2020 financial year (2019: CHF 168,000).



Rolf Nebel

General Representative

29 April 2021

APPENDIX 1 – Performance Non-Life Solo

APPENDIX 2 – Financial Statements and Independent Auditors Report 2020

An den Generalbevollmächtigten der

ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich, Zürich

Zürich, 28. April 2021

Bericht der Prüfgesellschaft

Als staatlich beaufsichtigtes Revisionsunternehmen haben wir die beigefügte Jahresrechnung der ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich bestehend aus der Bilanz zum 31. Dezember 2020, der Erfolgsrechnung und dem Anhang für das an diesem Stichtag endende Geschäftsjahr nach Art. 28 Abs. 2 VAG sowie unter Einbezug der FINMA-Wegleitung „Erstellung und Prüfung der Jahresrechnung von Zweigniederlassungen (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“ (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 der ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich zum 31. Dezember 2020 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 Zürich 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)



Pascal Nikles
(Qualified
Signature)

Zugelassener Revisionsexperte

Beilage

- ▶ Jahresrechnung (Bilanz, Erfolgsrechnung und Anhang)

ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich

Financial Statements

for the 12 months to December 31, 2020



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Balance Sheet

Assets	Note	31.12.2020	31.12.2020	31.12.2019	31.12.2019
		EUR	CHF	EUR	CHF
1.1 Investments		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	7,822,265	8,291,601	6,256,773	6,882,451
1.6 Reinsurers' share of technical provisions	5	3,514,384	3,725,244	2,888,870	3,177,765
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	728,911	772,646	148,542	163,395
1.11 Other receivables (insurance premium tax prepaid)		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		0	0	0	0
1.14 Total assets		12,065,560	12,789,491	9,294,185	10,223,611
		31.12.2020	31.12.2020	31.12.2019	31.12.2019
Liabilities and equity		EUR	CHF	EUR	CHF
2.1 Technical provisions	5	3,913,870	4,148,700	3,218,855	3,540,750
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	2,453,319	2,600,518	819,386	901,326
2.8 Other liabilities	8	5,732,880	6,076,853	5,383,360	5,921,697
2.9 Deferred income		0	0	0	0
2.10 Subordinated liabilities		0	0	0	0
2.11 Total liabilities		12,100,069	12,826,071	9,421,601	10,363,773
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		(209,625)	(233,781)	(59,530)	(65,669)
2.15.2 Loss for the year		(99,862)	(107,850)	(150,095)	(168,112)
2.15.3 Foreign currency translation gains	9	191,707	205,051	(1,062)	(6,381)
2.16 Treasury shares (as negative item)		0	0	0	0
2.17 Total equity		(34,509)	(36,580)	(127,416)	(140,162)
2.18 Total liabilities and equity		12,065,560	12,789,491	9,294,185	10,223,611



Income Statement

	Note	2020 EUR	2020 CHF	2019 EUR	2019 CHF
1		1,024,080	1,106,006	1,002,798	1,123,132
2		(921,672)	(995,406)	(902,518)	(1,010,820)
3		102,408	110,600	100,280	112,312
4	5	(880)	(950)	109,295	122,410
5	5	792	855	(98,365)	(110,169)
6		102,320	110,505	111,210	124,553
7		0	0	0	0
8		102,320	110,505	111,210	124,553
9	10	(153,480)	(165,760)	(30,870)	(34,580)
10	10	138,132	149,184	27,783	31,122
11	5	(693,460)	(748,950)	(1,624,330)	(1,819,250)
12	5	624,114	674,055	1,461,897	1,637,325
13		0	0	0	0
14		(84,694)	(91,471)	(165,520)	(185,383)
15	11	(932,423)	(1,007,019)	(650,916)	(729,028)
16	11	0	0	0	0
17		(932,423)	(1,007,019)	(650,916)	(729,028)
18		0	0	0	0
19		(1,017,117)	(1,098,490)	(816,436)	(914,411)
20		0	0	0	0
21		0	0	0	0
22		0	0	0	0
23		0	0	0	0
24		0	0	0	0
25	12	(81,998)	(88,553)	(16,111)	(18,045)
26		(996,796)	(1,076,538)	(721,337)	(807,903)
27		0	0	0	0
28		896,934	968,688	571,242	639,791
29		0	0	0	0
30		0	0	0	0
31		(99,862)	(107,850)	(150,095)	(168,112)
32		0	0	0	0
33		(99,862)	(107,850)	(150,095)	(168,112)

ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich



NOTES TO THE FINANCIAL STATEMENTS

General information

ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich ("The Branch") is a Swiss branch of the ArgoGlobal SE (Malta) ("The Company"), with the registered office 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:

	2020	2019
EURCHF Year end	1.06	1.10
EURCHF Average	1.08	1.12

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

	31.12.2020		31.12.2019	
	EUR	CHF	EUR	CHF
ZKB tied asset account CHF	6,388,761	6,772,087	5,228,190	5,751,009
HSBC operating account CHF	29,696	31,478	55,063	60,570
HSBC technical account CHF	150,426	159,451	166,593	183,252
HSBC technical account USD	1,208,740	1,281,264	341,840	376,024
HSBC technical account EUR	44,642	47,321	465,087	511,596
Total:	7,822,265	8,291,601	6,256,773	6,882,451



NOTES TO THE FINANCIAL STATEMENTS

5 Technical provisions - EUR	Gross		Reinsurers' share		Net	
	2020	2019	2020	2019	2020	2019
Unearned premium reserve	324,800	323,925	(292,321)	(291,533)	32,480	32,392
Loss reserve	27,460	28,560	(24,714)	(25,704)	2,746	2,856
Incurred but not reported reserve	3,552,610	2,857,370	(3,197,349)	(2,571,633)	355,261	285,737
Security and fluctuation reserve	9,000	9,000	0	0	9,000	9,000
Total:	3,913,870	3,218,855	(3,514,384)	(2,888,870)	399,487	329,985

	Gross	Reinsurers' share	Net
Change in unearned premium reserve 2020	(880)	792	(88)

5 Technical provisions - CHF	Gross		Reinsurers' share		Net	
	2020	2019	2020	2019	2020	2019
Unearned premium reserve	344,290	356,320	(309,861)	(320,688)	34,429	35,632
Loss reserve	29,110	31,420	(26,199)	(28,278)	2,911	3,142
Incurred but not reported reserve	3,765,760	3,143,110	(3,389,184)	(2,828,799)	376,576	314,311
Security and fluctuation reserve	9,540	9,900	0	0	9,540	9,900
Total:	4,148,700	3,540,750	(3,725,244)	(3,177,765)	423,456	362,985

	Gross	Reinsurers' share	Net
Change in unearned premium reserve 2020	(950)	855	(95)
<i>Of which attributable to FX difference in translation to CHF:</i>	<i>(12,980)</i>	<i>11,682</i>	<i>(1,298)</i>

5.1 Change in technical provisions - EUR	Gross		Reinsurers' share		Net	
	2020	2019	2020	2019	2020	2019
Loss reserve	1,770	(25,420)	(1,593)	22,878	177	(2,542)
Incurred but not reported losses	(664,530)	(655,580)	598,077	590,022	(66,453)	(65,558)
Change related to prior year	(30,700)	(943,330)	27,630	848,997	(3,070)	(94,333)
Security and fluctuation reserve	0	0	0	0	0	0
Total:	(693,460)	(1,624,330)	624,114	1,461,897	(69,346)	(162,433)

5.1 Change In technical provisions - CHF	Gross		Reinsurers' share		Net	
	2020	2019	2020	2019	2020	2019
Loss reserve	1,910	(28,470)	(1,719)	25,623	191	(2,847)
Incurred but not reported losses	(717,700)	(734,250)	645,930	660,825	(71,770)	(73,425)
Change related to prior year	(33,160)	(1,056,530)	29,844	950,877	(3,316)	(105,653)
Security and fluctuation reserve	0	0	0	0	0	0
Total:	(748,950)	(1,819,250)	674,055	1,637,325	(74,895)	(181,925)
<i>Of which attributable to FX difference in translation to CHF:</i>	<i>(128,970)</i>	<i>(45,710)</i>	<i>115,749</i>	<i>40,896</i>	<i>(13,221)</i>	<i>(4,814)</i>

6 Insurance receivables	31.12.2020		31.12.2019	
	EUR	CHF	EUR	CHF
Receivables from policy holders	695,970	737,728	558,172	613,989
Provision for doubtful debt	(15,563)	(16,497)	(15,563)	(17,119)
Receivable from policyholders (unallocated cash)	18,675	19,796	(433,115)	(476,427)
FX adjustment on agents balances	(40,551)	(42,984)	5,815	6,396
Recoverable paid loss	70,380	74,603	33,233	36,556
Total:	728,911	772,646	148,542	163,395

7 Insurance payables	31.12.2020		31.12.2019	
	EUR	CHF	EUR	CHF
Liabilities to re-insurance companies (inter-company account)	1,607,015	1,703,436	811,082	892,191
Payable to policyholders	673	714	20,359	22,395
Payable to policyholders (unallocated cash)	895,212	948,924	0	0
Insurance premium tax accrual	(49,581)	(52,556)	(12,055)	(13,260)
Total:	2,453,319	2,600,518	819,386	901,326



NOTES TO THE FINANCIAL STATEMENTS

8 Other liabilities	31.12.2020		31.12.2019	
	EUR	CHF	EUR	CHF
Other current liabilities	212,259	224,995	19,692	21,662
Intercompany liabilities	5,216,340	5,529,321	5,279,802	5,807,782
Social insurances	65,819	69,768	8,866	9,753
Professional Fees accrued	238,462	252,769	75,000	82,500
Total:	5,732,880	6,076,853	5,383,360	5,921,697

9 Foreign currency translation gains	2020		2019	
	EUR	CHF	EUR	CHF
Foreign exchange translation adjustment	191,707	203,209	(1,062)	(1,168)
Foreign exchange translation difference	0	1,842	0	(5,213)
Total:	191,707	205,051	(1,062)	(6,381)

10 Gross claims and claim expenses paid	2020		2019	
	EUR	CHF	EUR	CHF
<u>Gross</u>				
Losses paid	(153,480)	(165,760)	(30,870)	(34,580)
Total:	(153,480)	(165,760)	(30,870)	(34,580)

<u>Reinsurer's share</u>	2020		2019	
	EUR	CHF	EUR	CHF
Losses paid	138,132	149,184	27,783	31,122
Total:	138,132	149,184	27,783	31,122

<u>Net</u>	2020		2019	
	EUR	CHF	EUR	CHF
Losses paid	(15,348)	(16,576)	(3,087)	(3,458)
Total:	(15,348)	(16,576)	(3,087)	(3,458)

11 Acquisition costs and administrative expenses	2020		2019	
	EUR	CHF	EUR	CHF
General costs	(270,332)	(291,961)	(161,215)	(180,560)
Audit fees	(50,000)	(54,000)	(50,000)	(56,000)
Other services	0	0	(48,901)	(54,769)
Travel expenses	(5,211)	(5,628)	(20,301)	(22,738)
Personnel costs	(596,707)	(644,442)	(357,006)	(399,849)
Total administration costs (a):	(922,250)	(996,031)	(588,522)	(659,147)
Net acquisition costs (b):	(10,173)	(10,988)	(13,493)	(15,112)
Total administrative and policy acquisition costs:	(932,423)	(1,007,019)	(650,916)	(729,028)

12 Other financial expenses	2020		2019	
	EUR	CHF	EUR	CHF
Miscellaneous financial costs	(38,753)	(41,852)	5,576	6,245
Bank fees	(43,245)	(46,701)	(10,086)	(11,297)
Bad debt allowance	0	0	(11,601)	(12,993)
Total:	(81,998)	(88,553)	(16,111)	(18,045)

13 Significant events after reporting date

There were no any significant events after reporting date to disclose, other than events disclosed in note 16.

14 Related party transactions

During the year 2020 there were no related party transactions, other than intercompany transactions disclosed in notes 6 and 8.



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 2020. 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 has been put into run-off and the Branch will start de-licensing process with FINMA in 2021.

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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
As of 31 Dec 2017	83,271	100,000	(40,509)	(43,600)	(229,526)	(274,914)	(186,764)	(218,514)
Loss carried forward	0	0	(40,509)	(43,600)	(229,526)	(274,914)	(40,509)	(43,600)
Loss for the year	0	0	(19,021)	(22,069)	0	0	(19,021)	(22,069)
Foreign currency translation difference	0	0	0	0	0	(7,503)	0	(7,503)
Unrealised foreign currency translation gains	0	0	0	0	123,593	155,208	123,593	155,208
As of 31 Dec 2018	83,271	100,000	(59,530)	(65,669)	(105,933)	(127,209)	(82,192)	(92,878)
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
As of 31 Dec 2019	83,271	100,000	(209,625)	(233,781)	(1,062)	(6,381)	(127,416)	(140,162)
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
As of 31 Dec 2020	83,271	100,000	(309,487)	(341,631)	191,707	205,051	(34,509)	(36,580)

ArgoGlobal SE, St. Julians, Zweigniederlassung Zürich



Proposal for the appropriation of distributable earnings

	31.12.2020	31.12.2020	31.12.2019	31.12.2019
	EUR	CHF	EUR	CHF
Loss brought forward	(209,625)	(233,781)	(59,530)	(65,669)
Loss for the year	(99,862)	(107,850)	(150,095)	(168,112)
Distributable earnings	(309,487)	(341,631)	(209,625)	(233,781)

Proposal of the Branch Managers:

Distributable earnings	(309,487)	(341,631)	(209,625)	(233,781)
Transfer to statutory retained earnings	0	0	0	0
Dividend payments	0	0	0	0
Amount carried forward	(309,487)	(341,631)	(209,625)	(233,781)