

Argo Group Limited (“Argo”)

Exposure to Cyprus

Argo Group Limited, the independent alternative investment manager offering a multi-strategy platform for investing in global emerging markets, is a holding company incorporated in the Isle of Man and has principal subsidiaries in Cyprus, the UK and the Cayman Islands (together the “Group”). Substantially all of Argo’s revenue is derived from management and performance fees paid by the funds which are under the management of the Group.

As announced on 12 March 2013, the Group had cash and cash equivalents as at 31 December 2012 of US\$5.1 million. The Board has been mindful of the Group’s exposure to Cypriot sovereign risk and has managed its treasury accordingly. Argo currently has cash balances of US\$104,000 and €20,000 at Cypriot banks and estimates the Group’s exposure to Cypriot credit risk to be approximately €50,000.

The Group's priorities continue to be the achievement of consistent investment performance and increasing AUM both of which the Group has the capacity to achieve without a corresponding increase in costs. Emerging markets remain attractive and despite the continuing challenges posed by the global markets for asset gathering the Board is confident about the future of the business.

As improved sentiment towards the euro and greater risk appetite amongst investors flows through to 2013 the Board continues to be optimistic about the Group's future prospects. Argo has a strong debt-free balance sheet, a prerequisite for further growth. This underlies the Board's confidence that with continued operational efficiency and its talented team the Group is well positioned to continue to weather the economic and political challenges ahead and to benefit from the eventual global recovery.