XL Reinsurance

AXA XL Reinsurance Ltd

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
AXA XL Reinsurance Ltd

Opinion

We have audited the consolidated financial statements of AXA XL Reinsurance Ltd (the Company), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

April 30, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	*(US Dollars in thousands)*	December 31, 2024	December 31, 2023
	Goodwill	25,330	25,330
	Other intangible assets	18,713	20,595
6	**Total intangible assets**	**44,043**	**45,925**
	Investments in real estate properties	102,876	182,212
	Financial investments	6,541,226	6,677,692
7	**Investments from insurance activities**	**6,644,102**	**6,859,904**
8	**Investments accounted for using the equity method**	**—**	**—**
	Assets arising from reinsurance contracts held	2,028,682	2,080,951
11	**Assets arising from insurance contracts, investment contracts, and reinsurance contracts held**	**2,028,682**	**2,080,951**
	of which present value of future cash flows ("PVFCF")	*1,970,398*	*2,026,183*
	of which risk adjustment for non-financial risk	*54,980*	*47,548*
	of which contractual service margin ("CSM")	*3,304*	*7,220*
14	Derivative assets	—	2,010
	Tangible assets	4,625	5,493
13	Deferred tax assets	96,691	97,895
	Other assets	**101,316**	**105,398**
	Current tax receivables	22,208	25,506
	Other receivables	7,155	38,491
9	**Receivables**	**29,363**	**63,997**
	Cash and cash equivalents	**631,634**	**793,337**
	TOTAL ASSETS	**9,479,140**	**9,949,512**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024 AND 2023

Notes	*(US Dollars in thousands)*	December 31, 2024	December 31, 2023
	Shareholder's equity - Group share	**2,876,050**	**3,509,718**
	of which Net income - Group share	581,872	376,132
	Minority Interests	**—**	**7,365**
10	**TOTAL SHAREHOLDER'S EQUITY**	**2,876,050**	**3,517,083**
	Liabilities arising from insurance contracts and investment contracts with discretionary participation features	6,139,517	6,106,972
11	**Liabilities arising from insurance contracts, investment contracts, and reinsurance contracts held**	**6,139,517**	**6,106,972**
	of which present value of future cash flows ("PVFCF")	*5,946,459*	*5,916,143*
	of which risk adjustment for non-financial risk	*189,725*	*183,232*
	of which contractual service margin ("CSM")	*3,333*	*7,597*
	Provisions for risks and charges	**5,208**	**5,832**
14	Derivative liabilities	4,669	—
13	Deferred tax liabilities	20,962	25,400
	Other liabilities	**25,631**	**25,400**
	Current tax payable	39,987	31,045
	Collateral debts relating to investments under a lending agreement or equivalent	307,397	156,589
	Other payables	85,350	106,591
12	**Payables**	**432,734**	**294,225**
	TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**9,479,140**	**9,949,512**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Notes	*(US Dollars in thousands)*	December 31, 2024	December 31, 2023
	Insurance revenue	2,576,452	2,410,443
	Revenues from other activities	6,050	5,326
15	**Revenues from all activities**	**2,582,502**	**2,415,769**
	Insurance service expenses	(1,883,000)	(1,656,993)
	Net (expenses)/recoveries from reinsurance contracts held	(205,204)	(395,274)
	Expenses from other activities	—	(299)
17	**Expenses from all activities**	**(2,088,204)**	**(2,052,566)**
	Result from all activities	**494,298**	**363,203**
16	**Investment return**	**313,201**	**266,144**
	Net finance income/(expenses) from insurance contracts issued	(146,333)	(192,951)
	Net finance income/(expenses) from reinsurance contracts held	43,899	25,253
	Net finance income or expenses from insurance and reinsurance contracts	**(102,434)**	**(167,698)**
	Financial result excluding financing debt expenses	**210,767**	**98,446**
17	Other income/(expenses)	(49,662)	(6,802)
	Change in impairment of goodwill and other intangible assets	(1,745)	(1,901)
	Other operating expenses	**(51,407)**	**(8,703)**
	Operating profit before tax	**653,658**	**452,946**
	Financing debts expenses	(157)	(15)
	Profit before tax	**653,501**	**452,931**
13	Income tax	(71,629)	(79,604)
	Net income (loss)	**581,872**	**373,327**
	Split between		
	Net income (loss) - Group share	**581,872**	**376,132**
	Net consolidated income (loss) - Minority interests	—	(2,805)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Net income	**581,872**	**373,327**
Changes in fair value of financial instruments[a]	(67,680)	222,690
Net finance income/(expenses) from insurance contracts issued	(59,093)	(182,550)
Net finance income/(expenses) from reinsurance contracts	52,604	37,595
Foreign currency translation differences	(41,739)	41,657
Items that may be reclassified subsequently to Profit or Loss	**(115,908)**	**119,392**
Realised capital gains or losses on equity instruments, without recycling in Profit or Loss	—	90
Change in fair value of equity instruments, without recycling in Profit or Loss[b]	2,964	1,116
Employee benefits actuarial gains and losses	251	(1,138)
Items that will not be reclassified subsequently to Profit or Loss	**3,215**	**68**
Other comprehensive income (loss), net of tax	**(112,693)**	**119,460**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**469,179**	**492,787**
Splits between		
Comprehensive Income (Loss) - Group share	**469,179**	**496,547**
Comprehensive Income (Loss) - Minority Interests	—	(3,760)

(a) Including changes in the fair value of cash flow hedge reserve and cost of hedging reserve.

(b) Including changes in the fair value hedge reserve of equity instruments.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US Dollars in thousands, except for number of shares and nominal value)	Number of shares	Nominal value	Share capital	Capital in excess of nominal value	Other reserves recognised through OCI	Translation reserves	Undistributed profits and other reserves	Shareholders' equity company share	Minority interests	Total shareholders' equity
Shareholder's equity opening January 1, 2024	**10,000,000,000**	**0.01**	**100,000**	**3,219,653**	**(107,776)**	**(336,958)**	**634,799**	**3,509,718**	**7,365**	**3,517,083**
Dividends paid	—	—	—	—	—	—	(1,078,835)	(1,078,835)	—	(1,078,835)
Others (including impact on change in scope)[a]				(432)	(6,904)	13,415	(30,091)	(24,012)	(7,365)	(31,377)
Impact of transactions with shareholder	**10,000,000,000**	**0.01**	**100,000**	**3,219,221**	**(114,680)**	**(323,543)**	**(474,127)**	**2,406,871**	**—**	**2,406,871**
Net consolidated income (loss)	—	—	—	—	—	—	581,872	581,872		581,872
Other comprehensive income (loss)	—	—	—	—	(71,205)	(41,739)	251	(112,693)	—	(112,693)
Total comprehensive income (loss)	**—**	**—**	**—**	**—**	**(71,205)**	**(41,739)**	**582,123**	**469,179**	**—**	**469,179**
Shareholder's equity closing December 31, 2024	**10,000,000,000**	**0.01**	**100,000**	**3,219,221**	**(185,885)**	**(365,282)**	**107,996**	**2,876,050**	**—**	**2,876,050**

(a) Relates mainly to disposals of companies under common control (See Note 4.1).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(US Dollars in thousands, except for number of shares and nominal value)	**Number of shares**	**Nominal value**	**Share capital**	**Capital in excess of nominal value**	**Other reserves recognised through OCI**	**Translation reserves**	**Undistributed profits and other reserves**	**Shareholders' equity company share**	**Minority interests**	**Total shareholders' equity**
Shareholder's equity opening January 1, 2023	**10,000,000**	**0.01**	**100,000**	**3,024,888**	**(73,265)**	**(368,102)**	**(214,245)**	**2,469,276**	**—**	**2,469,276**
Capital distribution to parent	—	—	—	(100,000)	—	—	—	(100,000)	—	(100,000)
Dividends paid	—	—	—	—	—	—	(150,000)	(150,000)	—	(150,000)
Others (including impact on change in scope)[(a)]	—	—	—	294,765	(114,407)	(10,513)	624,050	793,895	11,125	805,020
Impact of transactions with shareholder	**10,000,000**	**0.01**	**100,000**	**3,219,653**	**(187,672)**	**(378,615)**	**259,805**	**3,013,171**	**11,125**	**3,024,296**
Net consolidated income (loss)	—	—	—	—	—	—	376,132	376,132	(2,805)	373,327
Other comprehensive income (loss)	—	—	—	—	79,896	41,657	(1,138)	120,415	(955)	119,460
Total comprehensive income (loss)	**—**	**—**	**—**	**—**	**79,896**	**41,657**	**374,994**	**496,547**	**(3,760)**	**492,787**
Shareholder's equity closing December 31, 2023	**10,000,000**	**0.01**	**100,000**	**3,219,653**	**(107,776)**	**(336,958)**	**634,799**	**3,509,718**	**7,365**	**3,517,083**

(a) Relates mainly to acquisitions of companies under common control (See Note 4.1).

CONSOLIDATED STATEMENT OF CASH FLOWS

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Operating profit before tax	**653,501**	**452,931**
Net amortization expense	(4,701)	(105)
Change in goodwill impairment and other intangible assets impairment	1,745	1,901
Net increase/(write back) in impairment on investments and tangible assets	188	(2,453)
Change in fair value of assets and liabilities at fair value through profit or loss	3,498	76,082
Net change in liabilities arising from insurance and investment contracts	107,819	6,627
Net (write back)/increase in other provisions	(373)	1,405
Adjustment of non cash balances included in the operating income before tax	**108,176**	**83,457**
Net realized (losses)/gains	(28,152)	39,367
Financing debt expenses	157	15
Adjustment of balances included in operating income before tax for reclassification to investing or financing activities	**(27,995)**	**39,382**
Investment income & expense recorded in profit or loss during the period	(258,556)	(219,494)
Adjustment of transactions from accrued to cash basis	**(258,556)**	**(219,494)**
Dividends and interim dividends collected	—	8,226
Interest collected	274,283	214,042
Investment paid (excluding interests on financing and undated subordinated debts, margin calls and others)	(15,195)	(11,628)
Net cash (used)/provided by other assets and liabilities	(24,422)	(95,700)
Tax expenses (paid)/recovered	(65,429)	115,637
Other operating cash impact and non cash adjustment	342,377	(190,967)
Net cash impact of transactions with cash impact not included in the operating income before tax	**511,614**	**39,610**
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**986,740**	**395,886**
Disposal of subsidiaries and affiliated companies, net of cash ceded	199,607	—
Cash provided by contribution of common control entities	—	90,115
Net cash related to changes in scope of consolidation	**199,607**	**90,115**
Sales and / or repayment of debt instruments	657,907	1,950,479
Sales of equity instruments and non-consolidated investment funds	53,290	—
Sales of investment properties held directly or not	127,052	—
Sales and/or repayment of loans and other assets	399,767	—
Net cash related to sales and repayments of investments	**1,238,016**	**1,950,479**
Purchases of debt instruments	(1,079,826)	(2,204,011)
Purchases of equity instruments	(151,480)	—
Purchases of investment properties held direct or not	(20,246)	—
Purchases and/or issues of loans and other assets	(257,316)	—
Net cash related to purchases and issuance of investments	**(1,508,868)**	**(2,204,011)**
Increase in collateral payable/Decrease in collateral receivable	10,983	382,217
Decrease in collateral payable/Increase in collateral receivable	(21,096)	(216,787)
Net cash impact of assets lending/borrowing collateral receivables and payables	**(10,113)**	**165,430**
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	**(81,358)**	**2,013**

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Distribution to parent	—	(100,000)
Dividend payment	(1,078,835)	(150,000)
Net cash related to transactions with shareholder	**(1,078,835)**	**(250,000)**
Interests on financing debt paid	(157)	(15)
Net cash related to Group financing	**(157)**	**(15)**
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES	**(1,078,992)**	**(250,015)**
CASH AND CASH EQUIVALENT AS OF JANUARY 1	**793,337**	**643,270**
Net cash provided/(used) by operating activities	986,740	395,886
Net cash (used)/provided by investing activities	(81,358)	2,013
Net cash (used)/provided by financing activities	(1,078,992)	(250,015)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	11,907	2,183
CASH AND CASH EQUIVALENT AS OF DECEMBER 31	**631,634**	**793,337**

Note 1 General Information

AXA XL Reinsurance Ltd (the “Company” or “AXA XL Re”) is an exempted company incorporated and domiciled in Bermuda and registered as a Class 4 insurer under the Insurance Act 1978. Its registered office is O’Hara House, One Bermudiana Road, Hamilton HM11 Bermuda. The Company was incorporated in Bermuda on December 10, 2020 in accordance with Section 14 of the Companies Act 1981 under the original name, Redesign Reinsurance Ltd, and changed its name to AXA XL Reinsurance Ltd on January 7, 2021. Effective February 3, 2021, the Company was registered in Bermuda as a Class 4 insurer with Section 4 of the Insurance Act 1978.

The Company’s shares are wholly owned by AXA XL Reinsurance Holdings Limited, and the ultimate parent is AXA SA, a French société anonyme that is the holding company of an international financial services group (“AXA”). A list of the main entities included in the scope of AXA XL Re’s consolidated financial statements is provided in Note 3.1.

The Company is part of the reinsurance segment of AXA XL, the P&C and specialty risk division of AXA, and is a leading reinsurer writing casualty, property risk, property catastrophe, specialty, and other reinsurance lines on a global basis with business being written on both a proportional and non-proportional treaty basis, as well as facultative basis. The Company and its subsidiaries operate mainly in Bermuda, Europe, the United States of America and Latin America.

Note 2 Significant Accounting Policies

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS), and interpretations of the IFRS Interpretations Committee that are endorsed by the European Union before the end of the reporting period with a compulsory adoption date of January 1, 2024.

The consolidated financial statements for the year ended December 31, 2024 were authorized for issue by the directors on April 22, 2025. The directors have the power to amend and reissue the financial statements.

2.1.2 Basis of accounting and going concern

The financial statements have been prepared on a going concern basis, based on the expectation that the Company will continue in operational existence for twelve months from the date of the financial statements.

The consolidated financial statements are prepared under the historical cost convention and modified by the measurement of certain financial assets and liabilities at fair value as follows:

- derivative financial instruments;
- financial instruments at fair value through profit or loss; and
- financial instruments at fair value through other comprehensive income.

2.1.3 Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is AXA XL Re’s functional currency, and all values are rounded to the nearest thousand ($’000 / US Dollars in thousands), except where otherwise indicated. Rounding differences may exist, including for percentages.

2.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions, as well as a degree of judgment in the application of the Company's accounting principles described below. The Company's most significant areas of estimation include:

- reinsurance premium estimates;
- assets and liabilities arising from insurance contracts and reinsurance contracts held;
- valuation and impairment of investments;
- income taxes;
- carrying value of goodwill and intangible assets (in particular impairment tests described in Note 2.6).

While Management believes that all amounts included in the consolidated financial statements reflect the Company's best estimates and assumptions, actual results could differ materially from these estimates.

The principles set out in the Note 2 sections which follow specify the measurement methods used for these items. These methods, along with key assumptions where required, are discussed in greater depth in the Notes relating to the asset and liability items concerned where meaningful and useful.

As recommended by IAS 1, assets and liabilities are generally classified globally in the consolidated statement of financial position in increasing order of liquidity, which is more relevant for financial institutions than a classification between current and non-current items.

2.1.5 Prior year adjustment

Management identified a prior year adjustment related to the implementation of IFRS 17 that impacts several financial statement line items included in the tables below.

These 2023 values have been updated throughout the footnotes where comparative information is disclosed.

The affected comparative primary statement line items have been corrected as shown in the table below.

Consolidated statement of financial position

(US Dollars in thousands)	December 31, 2022 As reported	December 31, 2022 As corrected	Change
Assets arising from reinsurance contracts held	2,054,588	2,012,793	41,795
Assets arising from insurance contracts, investment contracts, and reinsurance contracts held	**2,054,588**	**2,012,793**	**41,795**
of which present value of future cash flows (“PVFCF”)	1,991,137	1,946,316	44,821
of which risk adjustment for non-financial risk	55,462	58,488	(3,026)
Deferred tax assets	82,678	99,937	(17,259)
Other assets	**83,748**	**101,007**	**(17,259)**
TOTAL ASSETS	**7,515,807**	**7,491,271**	**24,536**
TOTAL SHAREHOLDERS' EQUITY	**2,528,646**	**2,469,276**	**59,370**
Liabilities arising from insurance contracts and investment contracts with discretionary participation features	4,825,140	4,879,263	(54,123)
Liabilities arising from insurance contracts, investment contracts, and reinsurance contracts held	**4,825,140**	**4,879,263**	**(54,123)**
of which present value of future cash flows (“PVFCF”)	4,619,836	4,671,310	(51,474)
of which risk adjustment for non-financial risk	196,819	199,468	(2,649)
Deferred tax liabilities	39,121	19,832	19,289
Other liabilities	**39,121**	**19,832**	**19,289**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**7,515,807**	**7,491,271**	**24,536**

Consolidated statement of financial position

(US Dollars in thousands)	December 31, 2023 As reported	December 31, 2023 As corrected	Change
Assets arising from reinsurance contracts held	2,183,990	2,080,951	103,039
Assets arising from insurance contracts, investment contracts, and reinsurance contracts held	**2,183,990**	**2,080,951**	**103,039**
of which present value of future cash flows (“PVFCF”)	2,134,444	2,026,183	108,261
of which risk adjustment for non-financial risk	42,326	47,548	(5,222)
Deferred tax assets	89,601	97,895	(8,294)
Other assets	**97,104**	**105,398**	**(8,294)**
TOTAL ASSETS	**10,044,257**	**9,949,512**	**94,745**

TOTAL SHAREHOLDERS' EQUITY	**3,717,219**	**3,517,083**	**200,136**
Liabilities arising from insurance contracts and investment contracts with discretionary participation features	5,988,623	6,106,972	(118,349)
Liabilities arising from insurance contracts, investment contracts, and reinsurance contracts held	**5,988,623**	**6,106,972**	**(118,349)**
of which present value of future cash flows ("PVFCF")	5,796,039	5,916,143	(120,104)
of which risk adjustment for non-financial risk	184,987	183,232	1,755
Deferred tax liabilities	38,358	25,400	12,958
Other liabilities	**38,358**	**25,400**	**12,958**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**10,044,257**	**9,949,512**	**94,745**

Consolidated statement of profit or loss

(US Dollars in thousands)	**December 31, 2023** **As reported**	**December 31, 2023** **As corrected**	**Change**
Insurance revenue	2,384,663	2,410,443	25,780
Revenues from all activities	**2,389,989**	**2,415,769**	**25,780**
Insurance service expenses	(1,641,528)	(1,656,993)	(15,465)
Net (expenses)/recoveries from reinsurance contracts held	(341,632)	(395,274)	(53,642)
Expenses from all activities	**(1,983,459)**	**(2,052,566)**	**(69,107)**
Result from all activities	406,530	363,203	(43,327)
Net finance income (expenses) from insurance contracts issued	(194,336)	(192,951)	1,385
Net finance income (expenses) from reinsurance contracts held	19,745	25,253	5,508
Net finance income or expenses from insurance and reinsurance contracts	**(174,591)**	**(167,698)**	**6,893**
Financial result excluding financing debt expenses	**91,554**	**98,446**	**6,892**
Operating profit before tax	**489,192**	**452,946**	**(36,246)**
Profit before tax	**489,177**	**452,931**	**(36,246)**
Income tax	(91,637)	(79,604)	12,033
Net income	**397,540**	**373,327**	**(24,213)**
Net income - Group share	**400,345**	**376,132**	**(24,213)**

Consolidated statement of comprehensive income

(US Dollars in thousands)	**December 31, 2023** **As reported**	**December 31, 2023** **As corrected**	**Change**
Net income	**397,540**	**373,327**	**(24,213)**
Net finance income (expenses) from insurance contracts issued	(165,616)	(182,550)	(16,934)
Net finance income (expenses) from reinsurance contracts	42,041	37,595	(4,446)
Items that will not be reclassified subsequently to Profit and Loss	**140,772**	**119,392**	**(21,380)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**538,380**	**492,787**	**(45,593)**

Consolidated statement of changes in equity

(US Dollars in thousands, except for number of shares and nominal value)	Number of shares	Nominal value	Share capital	Capital in excess of nominal value	Other reserves recognised through OCI	Translation reserves	Undistributed profits and other reserves	Shareholders' equity company share	Minority interests	Total shareholders' equity
Shareholder's equity opening January 1, 2023 as reported	**10,000,000**	**0.01**	**100,000**	**3,024,888**	**(64,117)**	**(368,102)**	**(164,023)**	**2,528,646**	**—**	**2,528,646**
Prior year adjustment	—	—	—	—	(9,148)	—	(50,222)	—	—	(59,370)
Shareholder's equity opening January 1, 2023 as corrected	**10,000,000**	**0.01**	**100,000**	**3,024,888**	**(73,265)**	**(368,102)**	**(214,245)**	**2,469,276**	**—**	**2,469,276**

Consolidated statement of cash flows

(US Dollars in thousands)	December 31, 2023 As reported	December 31, 2023 As corrected	Change
Operating profit before tax	**489,177**	**452,931**	**36,246**
Net change in liabilities arising from insurance and investment contracts	(40,592)	6,627	(47,219)
Adjustment of non cash balances included in the operating income before tax	**36,238**	83,457	**(47,219)**
Tax expenses paid	111,722	115,637	(3,915)
Other operating cash impact and non cash adjustment	(176,079)	(190,967)	14,888
Net cash impact of transactions with cash impact not included in the operating income before tax	**50,583**	**39,610**	**10,973**

2.2 IFRS STANDARDS AND AMENDMENTS

2.2.1 IFRS requirements adopted on January 1, 2024

The application of the amendments below as of January 1, 2024, had no material impact on the AXA XL Re's Consolidated Financial Statements:

- Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (including the deferral of its effective date) and Non-current Liabilities with Covenants;
- Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements.

2.2.2 Standards and amendments published but not yet effective

Amendments to the Classification and Measurement Requirements for Financial Instruments in IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments : Disclosures

These amendments, issued on May 30, 2024, will be effective on January 1, 2026, with earlier application permitted. They have not yet been endorsed by the European Union.

They result from the post-implementation review of the classification and measurement requirements in IFRS 9 - Financial Instruments and related requirements in IFRS 7 - Financial Instruments: Disclosures. These amendments improve the requirements in IFRS 9 and IFRS 7 related to settling financial liabilities using an electronic payment system as well as to assessing contractual cash flow characteristics of financial assets with contingent features, including those with Environmental, Social and Governance (ESG)-linked features.

The amendments also modify disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and add disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The assessment of their impact on the AXA XL Re's Consolidated Financial Statements is in progress.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 - Presentation and Disclosure in Financial Statements, published on April 9, 2024, will be effective on January 1, 2027, with earlier application permitted. The standard has not yet been endorsed by the European Union.

It is aimed at improving the quality and cross-industry comparability of financial reporting, notably by introducing defined subtotals in the statement of profit or loss, adding new principles for aggregation and disaggregation of information and requiring disclosures about management-defined performance measures. It will replace IAS 1 - Presentation of Financial Statements.

The assessment of its impact on the AXA XL Re's Consolidated Financial Statements is in progress.

Other IFRS requirements not yet effective

The following standards and amendments are not expected to have a material impact on the AXA XL Re's Consolidated Financial Statements:

- IFRS 19 - Subsidiaries without Public Accountability: Disclosures, published on May 9, 2024, and effective for annual periods beginning on or after January 1, 2027;
- Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, published on August 15, 2023, and effective for annual periods beginning on or after January 1, 2025;
- Annual Improvements to IFRS Accounting Standards - Volume 11: narrow amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, published on July 18, 2024, and effective for annual periods beginning on or after January 1, 2026; and
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity, published on December 18, 2024, and effective for annual periods beginning on or after January 1, 2026.

2.3 PRINCIPLES AND METHODS OF CONSOLIDATION

2.3.1 Scope and basis of consolidation

Companies in which AXA XL Re exercises control are subsidiaries. They are fully consolidated from the date on which control is transferred to AXA XL Re. Under IFRS 10 - Consolidated Financial Statements, AXA XL Re controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Only substantive rights (i.e. the holder must have the practicability to exercise them) and rights that are not protective are considered in the control evaluation.

Companies in which AXA XL Re exercises significant influence are accounted for under the equity method. Under IAS 28 - Investments in Associates and Joint Ventures, significant influence is presumed when AXA XL Re directly or indirectly holds 20% or more of the voting rights. Significant influence can also be exercised through an agreement with other shareholders.

Under the equity method, AXA XL Re's share in equity investments' post-acquisition profit or loss is recognized in the statement of profit or loss, and its share of post-acquisition movements in reserves is stated under "Other reserves".

Investment funds and real estate companies are either fully consolidated or accounted for under the equity method, depending on which conditions of IFRS 10 / IAS 28 listed above that they satisfy. Fees received by asset managers are also taken into account in the assessment of the exposure to variability of returns. For fully consolidated investment funds, minority interests are recognized at fair value and shown as liabilities in the consolidated statement of financial position if the companies' instruments can be redeemed at any time by the holder at fair value. Investment funds accounted for using the equity method are shown under the caption "Financial investments".

2.3.2 Business combinations and subsequent changes in the Company ownership interest

2.3.2.1 Business combinations of entities under common control

For business combinations of entities under common control, the acquired entities' results and consolidated statement of financial position are incorporated retroactively to the earliest period of common control. Assets and liabilities of the acquired entity are stated at predecessor carrying values adjusted to achieve uniform accounting policies. Any difference between the consideration given and aggregate carrying value of assets and liabilities of the acquired entity at the date of transaction is included in equity.

2.3.2.2 Purchase and sale of minority interests in a controlled subsidiary

Purchase and sale transactions of minority interests in a controlled subsidiary that do not change the conclusion of control are recorded through shareholder's equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Company, it is re-measured to its fair value and any gain or loss is also recognized in net income.

2.3.2.3 Intra-group transactions

Intra-group transactions, including internal dividends, payables/receivables and gains/losses pertaining to these transactions are eliminated:

- in full for controlled subsidiaries; and
- to the extent of AXA XL Re's interest for entities accounted for using the equity method.

The effect on profit or loss of transactions between consolidated entities is always eliminated. However, in case of a loss, an impairment test is performed in order to assess whether an impairment has to be booked.

In the event of an internal sale of an asset that is not intended to be held for the long term by the Company, deferred tax is recognized as the current tax calculated on the realized gain or loss and is eliminated.

2.4 FOREIGN CURRENCY TRANSLATION

The results and financial position of all AXA XL Re entities that have a functional currency (i.e. the currency of the primary economic environment in which the entity operates) different from AXA XL Re's presentational currency are translated into US Dollars as follows:

- assets and liabilities are translated at the year-end exchange rate;
- revenues and expenses are translated at the monthly average exchange rates over the period;
- all resulting foreign exchange differences are recognized as a separate component of equity (translation differences).

At the local entity level, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of profit or loss. When currency risk relating to such monetary items is hedged using derivative instruments a described in Note 2.8, changes in fair value of those derivative instruments are recognized in profit or loss and therefore offset most of the translation difference relating to monetary items

All assets and liabilities arising from insurance contracts are treated as monetary items. At each period end foreign currency monetary items are revalued using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Assets and liabilities of foreign operations whose functional currency is not the US Dollar are then translated into the Company's US reporting currency at prevailing financial position-date exchange rates, while revenue and expenses of such foreign operations are translated into the Company's US reporting currency at monthly average exchange rates during the year. The net effect of these translation adjustments, as well as any gains or losses on intercompany balances for which settlement is not planned or anticipated in the foreseeable future, net of applicable deferred income taxes, are included in shareholder’s equity in the currency translation reserve.

Goodwill arising on the acquisition of a foreign entity is recorded in the local currency of the acquired entity and is translated into US Dollars at the closing date.

Foreign exchange differences arising from monetary financial assets at fair value through other comprehensive income (“OCI”) are recognized as income or expense for the period in respect of the portion corresponding to amortized cost. The residual translation differences relating to fair value changes are recorded in OCI, like for non-monetary items such as equity securities designated at fair value through OCI without recycling.

The groups of insurance contracts that generate cash flows in one or several foreign currencies are treated as monetary items, which requires translating their carrying amounts at the end of the reporting period into the functional currency using the closing rate.

Foreign exchange differences arising from the translation of a net investment in a foreign subsidiary, borrowings and other currency instruments qualifying for hedge accounting of such investment are recorded in shareholder’s equity under translation differences and are recycled in the statement of profit or loss as part of the realized gain or loss on disposal of the hedged net investment. As of December 31, 2024 and December 31, 2023, the Company did not enter into any derivative transactions that would qualify as a net investment hedge.

Regarding the cumulative amount of the exchange differences related to disposed business, the Company applies the step-by-step consolidation method (IFRIC 16).

2.5 FAIR VALUE MEASUREMENT

The Company applies the fair value hierarchy of IFRS 13 - Fair Value Measurement as described below for all assets and liabilities where another IFRS requires or permits fair value measurement or disclosures about fair value measurement in the Notes to the Consolidated Financial Statements. The principles below address mostly assets given the nature of the activities of the Company.

2.5.1 Assets and liabilities quoted in an active market

An asset or a liability is considered as being quoted in an active market when quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s length basis between a willing seller and a willing buyer.

The assets need to be liquid, meaning that AXA XL Re can dispose of them in the ordinary course of business within a certain limited time period at approximately the price at which the asset is valued. Liquidity for debt instruments is assessed using a multi-criteria approach including the number of quotes available, the place of issuance and the evolution of the widening of bid ask spreads.

The fair value of assets and liabilities traded on active markets is determined using quoted market prices when available. For financial instruments traded in active markets, quotes received from external pricing services represent consensus prices, i.e. using similar models and inputs resulting in a very limited dispersion.

The fair value of assets and liabilities for which fair value is determined in whole directly by reference to an active market is disclosed as level 1 in the Notes to the Consolidated Financial Statements.

2.5.2 Assets and liabilities not quoted in an active market

An asset or liability is regarded as not quoted in an active market:

- if there is little observation of transaction prices as an inherent characteristic of the asset or the liability;
- when there is a significant decline in the volume and level of trading activity;
- in case of significant illiquidity;
- if observable prices cannot be considered as representing fair value because of dislocated market conditions.

Characteristics of inactive markets can therefore be very different in nature, inherent to the asset or the liability, or indicative of a change in the conditions prevailing in certain markets.

The fair value of assets and liabilities that are not traded in an active market is estimated using:

- external and independent pricing services; or
- valuation techniques.

The fair value of assets and liabilities that are not traded in an active market mainly based on observable market data are disclosed as level 2 in the Notes to the Consolidated Financial Statements. Those which are mainly not based on observable market data are disclosed as level 3.

2.5.2.1 No active market: use of external pricing services

External pricing services may be fund asset managers in the case of non-consolidated investments in funds or brokers. Where possible, AXA XL Re collects quotes from external pricing providers as inputs to measure fair value. Prices received may form tight clusters or dispersed quotes which may then lead to the use of valuation techniques. The dispersion of quotes received may be an indication of the large range of assumptions used by external pricing providers given the limited number of transactions to be observed or reflect the existence of distress transactions.

2.5.2.2 No active market: use of valuation techniques

The objective of valuation techniques is to arrive at the price at which an orderly transaction would take place between market participants (a willing buyer and a willing seller) at the measurement date. Valuation techniques include:

- market approach: the consideration of recent prices and other relevant information generated by market transactions involving substantially similar assets or liabilities;
- income approach: use of discounted cash flow analysis, option pricing models, and other present value techniques to convert future amounts to a single current (i.e. discounted) amount;
- cost approach: the consideration of amounts that would currently be required to construct or replace the service capacity of an asset.

Valuation techniques are subjective in nature and significant judgment is involved in establishing fair values. They include recent arm’s length transactions between knowledgeable willing parties on similar assets if available and representative of fair value and involve various assumptions regarding the underlying price, yield curve, correlations, volatility, default rates and other factors. Unlisted equity instruments valuation is based on cross checks using different methodologies such as discounted cash flows techniques, price-earnings ratios multiples, adjusted net asset values, taking into account recent transactions on instruments which are substantially the same if concluded at arm’s length between knowledgeable willing parties, if any. The use of valuation techniques and assumptions could produce different estimates of fair value. However, valuations are determined using generally accepted models (discounted cash flows, Black & Scholes models, etc.) based on quoted market prices for similar instruments or underlying (index, credit spread, etc.) whenever such directly observable data are available and valuations are adjusted for liquidity and credit risk.

Valuation techniques may be used when there is little observation of transaction prices as an inherent characteristic of the market, when quotes made available by external pricing providers are too dispersed or when market conditions are so dislocated that observed data cannot be used or need significant adjustments. Internal mark to model valuations are, therefore, either normal market practices for certain assets and liabilities inherently scarcely traded or exceptional processes implemented due to specific market conditions.

When valuation techniques are used, the classification between levels 2 and 3 depends on the proportion of assumptions supported by observable market data used by external pricing services or, in very limited cases, by the Company.

2.5.2.3 Use of valuation techniques in dislocated markets

The dislocation of certain markets may be evidenced by various factors. For example, a very large widening of bid ask spreads may be a helpful indicator in understanding whether market participants are willing to transact. The dislocation of markets may also be suspected in case of wide dispersion in the prices (over time or among market participants), small number of transactions, closing down of primary and/or secondary markets, forced transactions motivated by needs of liquidity or other difficult financial conditions with insufficient time to market the assets to be sold, and large bulk sales to exit such markets at all costs that may involve side arrangements (such as sellers providing finance for a sale to a buyer).

In such cases, the Company uses valuation techniques including observable data whenever possible and relevant, adjusted if needed to develop the best estimate of fair value, including adequate risk premiums, or develops a valuation model based on unobservable data representing estimates of assumptions that willing market participants would use when prices are not current, relevant or available without undue costs and efforts. In inactive markets, transactions may be inputs when measuring fair value, but would likely not be determinative and unobservable data may be more appropriate than observable inputs.

2.6 INTANGIBLE ASSETS

2.6.1 Goodwill and impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of AXA XL Re's share of the net assets of an acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill arising on acquisition of subsidiaries is shown as a separate intangible asset, while that on associates and joint ventures is included within the carrying value of those investments.

Goodwill is considered to have an indefinite useful life and is therefore not amortized, but instead subject to a test for impairment at least annually.

Goodwill is allocated to AXA XL Re’s Reinsurance cash-generating unit (“CGU”) according to the smallest identifiable unit to which cash flows are generated and at which goodwill is monitored for internal management purposes.

The impairment process examines whether or not the carrying value of the goodwill attributable to individual CGUs exceeds its recoverable amount. Any excess of goodwill over the recoverable amount arising from this process indicates impairment. Any impairment charges are presented as part of operational expenses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Impairment of goodwill is not reversible.

AXA XL Re performs an impairment test of goodwill by CGU, using valuation approaches that rely on parameters such as market indicators, market value of assets, market value of liabilities and future operating profits, derived on the basis of operational and economic assumptions in order to determine any significant adverse changes that might lead to the non-recoverability of the goodwill. Compliant with IAS 36 - Impairment of Assets, within each CGU, a comparison is made between net book value and the recoverable value (equal to the higher of fair value less costs to sell and value in use). Value-in-use consists of the net assets and the value placed on expected future earnings from existing and new business.

The value-in-use approach is built upon cash flow projections based on the business plans approved by AXA XL Re management and discounted using a risk adjusted rate. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

2.6.2 Other intangible assets

The Company's definite-lived intangibles consist primarily of acquired agency relationships, distribution networks, trade names, and internally-developed computer software. These assets are deemed to have defined useful lives and are amortized on a straight- line basis over the assets' estimated useful lives. The amortization periods approximate the time over which the Company expects to generate future net cash inflows from the use of these assets, and range from three to twenty years depending on the nature of the asset. In accordance with IFRS, these assets are subject to impairment testing when events or conditions indicate that the carrying value of an asset may not be fully recoverable from future cash flows. If the carrying value of a definite-lived intangible asset is in excess of its fair value, the asset must be written down to its fair value through the recognition of an impairment charge to earnings. The Company tests definite-lived intangible assets whenever events or circumstances indicate that carrying values may not be recoverable.

2.7 INVESTMENTS FROM INSURANCE ACTIVITIES

Investments from insurance activities include investments in real estate properties and financial investments.

2.7.1 Investments in real estate properties

Investments in real estate properties, including investments in real estate funds, are recognized at cost. The properties components are amortized over their estimated useful lives, also considering their residual value if it may be reliably estimated.

In case of unrealized loss over 15%, an impairment is recognized for the difference between the net book value of the investment property and the fair value of the asset based on an independent valuation. Furthermore, at the level of each reporting entity, if the cumulated amount of unrealized losses under 15% (without offsetting with unrealized gains) represents more than 10% of the cumulated net cost of real estate assets, additional impairment is booked on a line-by-line approach until the 10% threshold is reached.

In subsequent periods, if the appraisal value rises to at least 15% more than the net carrying value, previously recorded impairment is reversed to the extent of the difference between (i) the net carrying value and (ii) the lower of the appraisal value and the depreciated cost (before impairment).

The fair value of investments in real estate properties generally cannot be determined via reference to quotes of an active market from an exchange market or service provider. Instead, AXA XL Re real estate properties are valued by qualified independent appraisers with relevant professional qualification and experience in the locations and segments of the properties to be valued.

Three main valuation methods may apply to determine the fair value of AXA XL Re real estate assets (the first two ones being the most used):

- the discounted cash flow method determines the value of the real estate property from its potential to generate future income. Thus, the value is estimated by compiling the net present value of the future cash flows. Main inputs for the valuation are: projected rental income, projected operating expenses, capital expenditures requirements, discount rate and exit yield which corresponds to the rate used to capitalize the exit rent to determine the exit value of an asset. The Company provides external appraisers with all relevant information (notably detailed rent rolls, budget, etc.) to enable them to determine future cash flows, to which they also apply their own assumptions. The discount rate and exit yield applied vary from one property to another since they are combination of the risk-free rate and the risk premium attached to each property due to its location, quality, size, and technical specificities;
- the income capitalization method determines the value of the real estate property by applying a capitalization rate at the net operating income at perpetuity. The income capitalization method can notably be used when cash flows are stable and relatively certain, mainly where the real estate asset is fully leased (with limited number of tenants) and/or no occupancy changes are expected. In that case, it may not be necessary to consider an explicit forecast period such as used under the discounted cash flow methodology and a terminal value may form the only basis for value;
- the Hardcore method is a variation of the income capitalization method and determines the value of the real estate property by applying a different capitalization rate at the net operating income depending on the type of income.

Specific risks (such as climate, regulatory, legal risks) on real estate property are reflected in the exit yield or discount rate used in the modelling by the external appraiser.

2.7.2 Financial investments

2.7.2.1 Classification of financial assets

Financial assets held by AXA XL Re include notably debt instruments, equity instruments, loans, receivables and investments in non-consolidated investments funds. These instruments are held directly or through controlled investment funds.

The classification of financial assets reflects the way those assets are subsequently measured in the statement of financial position and how gains and losses generated by those assets are reported. The classification of financial assets (including the application of classification options) is assessed at initial recognition applying the guidance below and cannot be modified afterwards, unless if, in extremely rare cases, the business model in which those financial assets are held changes.

Financial assets held directly

Financial assets are classified in the three following measurement categories, based on the business model in which those financial assets are held and on the characteristics of their contractual cash flows:

- a financial asset is measured at amortized cost if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows from the assets held, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”);
- if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets (which is the major business model for AXA XL Re’s investments in debt instruments), and (ii) the contractual terms of cash flows are SPPI, the financial asset is measured at fair value through other comprehensive income (“FV OCI”) and realized gains and losses are recycled through profit or loss upon sale;
- assets not fitting either of these categories are measured at fair value through profit or loss (“FV P&L”).

In addition to the general classification guidance above, the Company uses the following classification options:

- optional FV OCI designation for investments in equity instruments (other than those held for trading), also referred to as “FV OCI without recycling”. When applying this option, all subsequent changes in fair value on concerned equity instruments are presented in OCI and never recycled to profit or loss ; however, the corresponding cumulative gains or losses are transferred to retained earnings on de-recognition. Dividends received on those instruments are recognized in profit or loss. AXA XL Re applies this optional designation for most of equity securities held;
- optional FV P&L designation (Fair Value Option for financial assets). AXA XL Re applies this option for some financial assets that otherwise meet the requirements to be measured at amortized cost or at FV OCI, if doing so eliminates or significantly reduces an accounting mismatch in profit or loss.

Financial assets held through consolidated investment funds

Assets held through consolidated investment funds are classified:

- either as assets of the “Core Investment Portfolios” which include assets backing liabilities arising from insurance and investment contracts, managed in accordance with the AXA XL Re’s Assets and Liabilities Management (“ALM”) strategy;
- or as assets of the “Satellite Investment Portfolios”, reflecting the strategic asset allocation based on a dynamic asset management aiming at maximizing returns. Those portfolios are managed, and their performance is evaluated on a fair value basis.

Financial assets held in the “Core Investment Portfolios” are classified on a line-by-line basis as if they were held directly. Debt instruments held in those funds are managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and, by consequence, are measured at FV OCI to the extent that their contractual cash flows are SPPI on the principal amount outstanding.

Financial assets held in the “Satellite Investment Portfolios” are held within a business model whose objective is achieved neither by collecting contractual cash flows nor collecting contractual cash flows and selling financial assets and are, therefore, accounted for at FV P&L.

2.7.2.2 Impairment of financial investments

The impairment applies to debt instruments, loans and receivables measured at amortized cost or at FV OCI and reflects Expected Credit Losses (“ECL”) on those financial assets.

The Company measures ECL allowances at an amount equal to:

- 12-month ECL resulting from default events that are possible within the 12 months after the reporting date and recognized for financial assets for which the credit risk has not increased significantly since initial recognition (it is also assumed that the credit risk has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date); or
- lifetime ECL resulting from all possible default events over the expected life of the financial asset and calculated for financial instruments for which there have been significant increases in credit risk since initial recognition, as well as for financial asset for which a credit event has occurred since their initial recognition.

Financial assets for which 12-month ECL are recognized referred to as “Stage 1” financial assets. Financial assets for which lifetime ECL are recognized but for which no credit event has occurred are referred to as “Stage 2” financial instruments. Finally, financial assets for which a credit event has occurred since their initial recognition are referred to as credit-impaired, or “Stage 3” financial assets.

To perform the impairment stage allocation, at each reporting date, the Company assesses, for each financial asset within the scope of the ECL calculation:

- whether the financial asset has low credit risk;
- whether the credit risk on the financial asset has increased significantly since initial recognition;

- whether the credit risk on the financial asset previously classified in Stage 2 has improved since the previous reporting date; and
- whether a credit event (default) has occurred.

The approach used by AXA XL Re to perform the impairment stage allocation relies on both:

- A quantitative assessment aimed at detecting, for all financial assets within the scope of ECL calculations, significant increases and decreases in credit risk. The Company assesses at each reporting date whether the credit risk has significantly deteriorated compared to initial recognition, a concept referred to as “Significant Increase in Credit Risk” (SICR). This concept triggers the shift from a 12-month expected credit loss to a lifetime expected credit loss for each instrument. The quantitative assessment is based on the “IFRS 9 rating” determined by the Company. This methodology has been developed internally by AXA XL Re’s financial risk management and investment department and captures all relevant information, including forwarding looking information. In the absence of this internal rating, external rating agencies are used. This methodology outlines three specific cases:
    1. General case for corporate bonds, government agency, sub-sovereign, and quasi-sovereign bonds, with a methodology based on the issuer’s rating;
    2. Specific cases for asset-backed securities (ABS), mortgage loans, and specific corporate bonds (SFT, secured debt, subordinated debt), with a methodology based on the instrument’s rating;
    3. Specific case for government bonds, with a methodology based on the country’s rating.

- The quantitative assessment of the SICR takes into account specific rules such as a downgrade of 3 notches or more in the IFRS 9 rating for instruments rated B- and above at the reporting date, and a downgrade of one notch for instruments rated CCC+ and below at the reporting date. Furthermore, the Company applies the practical expedient for low credit risk instruments, thereby limiting the quantitative analysis of credit risk deterioration to high-yield assets (rating below BBB-).
- A qualitative assessment based on expert judgment, carried out to confirm transfers between stage 1 and stage 2 or 3 for significant exposures identified through the quantitative assessment. This qualitative assessment only applies to instruments where the IFRS 9 rating does not result from an internal view of credit risk (namely, government bonds) and supplements the quantitative analysis to confirm the significant deterioration of credit risk.

ECL is defined at each financial reporting date based on the key inputs which are the probability of the default, the magnitude of the potential credit loss after any potential recovery and the exposure to the risk of default determined as the financial instrument’s gross carrying amount plus the accrued interests at the closing date.

The amount of ECL is updated at each reporting date to reflect changes in credit risk on the concerned financial assets. Any increase in credit risk gives rise to an additional ECL allowance. Previously recognized ECL allowances are reversed when the corresponding credit risk improves. ECL allowances and reversals are recognized in profit or loss and, as a counterpart, affect:

- for the financial assets measured at amortized cost, their carrying value in the statement of financial position;
- for the financial assets measured at FV OCI, the amount of unrealized gains or losses on those instruments accumulated in the OCI.

2.7.3 Repurchase agreement and securities lending

The Company is party to repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. Since substantially all of the risks and rewards of the financial assets remain with the Company over the entire lifetime of the transaction, the Company does not derecognize the financial assets. The liability in balance of the cash received is reported separately in the statement of financial position. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

Additionally, the Company is party to total return swaps under which financial assets are sold to a counterparty with a corresponding agreement. Cash flows equal to those of the underlying assets will be remitted to the Company in exchange for specified payments taking into account any increase or decline in the fair value of the assets. This results in substantially all of the risks and rewards of the financial assets remaining with the Company. As such, the Company does not derecognize the financial assets.

2.8 DERIVATIVE INSTRUMENTS

Derivatives are initially recognized at fair value at purchase date and are subsequently re-measured at their fair value at the reporting date. Unrealized gains and losses are recognized in the statement of profit or loss unless they relate to a qualifying hedge relationship as described below.

In the statement of financial position, derivatives are presented in separate line items, as an asset or a liability depending upon the fair value position at the reporting date, with no offsetting, regardless of whether these derivatives meet the criteria for hedge accounting.

The Company designates certain derivatives as either: (i) hedging the exposure to variability in cash flows attributable to a recognized asset or liability or a highly probable future transaction (cash flow hedge), or (ii) hedging the exposure to changes in fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge), or (iii) hedging net investments in a foreign operation (net investment hedges).

The Company formally documents, at inception of a designated hedging relationship, its risk management objectives and strategy for undertaking the hedge. This documentation includes (i) the identification of the hedged item and of the hedging instrument, (ii) the nature of the risk being hedged, (iii) the economic relationship between the hedged item and the hedging instrument, including whether the changes in the value of the hedged item and the hedging instrument are expected to offset each other, (iv) and how the assessment of whether the hedging relationship meets the hedge effectiveness requirements will be performed, including its analysis of the sources of hedge ineffectiveness.

The hedging relationship documentation is updated on an ongoing basis.

The purpose and condition of the use of derivatives within the Company are detailed in Note 14.

2.8.1 Cash flow hedge

A separate component of equity, referred to as cash flow hedge reserve, is adjusted through other comprehensive income (“OCI”) for the lower of the following amounts:

- gain or loss on the hedging instrument cumulated since inception of the hedge, and
- change in fair value of the hedged item cumulated since inception of the hedge (i.e. the present value of the cumulative change in the hedged expected future cash flows).

If the cumulative gain or loss on the hedging instrument exceeds the change in fair value of the hedged item (sometimes referred to as an ‘over-hedge’), the related ineffectiveness is recognized in profit or loss. If the cumulative gain or loss on the hedging instrument is lower than the change in fair value of the hedged item (sometimes referred to as an ‘under-hedge’), no ineffectiveness appears.

Cumulative gain or loss in shareholders’ equity is recycled in the statement of profit or loss when the hedged underlying item impacts the profit or loss for the period (for example when the hedged future transaction is recognized). When a hedging instrument reaches its maturity date or is sold, or when a hedge no longer qualifies for hedge accounting, the cumulative gains or losses in shareholder’s equity are released in profit or loss when the initially hedged future transaction ultimately impacts the statement of profit or loss. If the hedged future cash flows are no longer expected to occur, the cumulative gains or losses are immediately reclassified from shareholder’s equity to profit or loss.

Cash flow hedge relationships are by design highly effective as they generally rely on matching the critical terms of the hedged item and the hedging instrument. When the critical terms matching method cannot be used, some hedge ineffectiveness may occur due to basis or timing differences. Hedge ineffectiveness is measured using the dollar offset method and is recognized when required in profit or loss.

2.8.2 Fair value hedge

Changes in the fair value of derivatives designated and qualifying as fair value hedges of equity instruments designated at FV OCI are recorded in OCI, without recycling into profit or loss, together with changes in fair value of the hedged equity instrument.

Changes in the fair value of derivatives designated and qualifying as fair value hedges of other financial instruments are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability. Therefore, the gain or loss relating to any ineffective portion is directly recognized in the statement of profit or loss.

Hedged items involved in fair value hedge relationships are generally already measured at fair value through OCI. In this case, the hedge accounting consists in a remeasurement of the hedged item through the profit or loss instead of OCI.

Fair value hedge relationships are designed to be highly effective. When sources of ineffectiveness in hedge relationships are identified, the hedge ineffectiveness is measured using the dollar offset method and are recognized in profit or loss.

2.8.3 Net investment hedge

The accounting of net investments in foreign operations hedge is similar to the accounting of cash flow hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholder's equity; the gain or loss relating to the ineffective portion is recognized in the statement of profit or loss. Cumulative gains and losses in shareholder's equity impact the statement of profit or loss only on disposal of the foreign operations.

2.8.4 Cost of hedging approach

When only part of a derivative is used as the hedging instrument, the Company applies the "cost of hedging approach" under IFRS 9 to reduce profit or loss volatility. For example, if only changes in the intrinsic value of an option are designated as the hedging instrument, the changes in fair value of the time value of the option are deferred in other comprehensive income (OCI). This deferred amount is then recognized in profit or loss, depending on whether the hedged item is transaction-related or time-period related.

The same approach applies to changes in forward points of a forward contract and changes in the foreign currency basis spread when excluded from the designation of the hedging instrument.

2.8.5 Derivatives not qualifying for hedge accounting

Most of the derivatives used by the Company are purchased for hedging purposes or as an alternative to gain exposure to certain asset classes through "synthetic positions". However, given IFRS 9 constraints, only qualifying hedges are eligible to hedge accounting provisions described above. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the statement of profit or loss.

The Company holds financial instruments that also include embedded derivatives. A derivative embedded in a contract where the host is a financial asset in the scope of IFRS 9 is not separated. Instead, the hybrid financial instrument as a whole is assessed for classification applying the guidance described in section 2.7.2.1. Conversely, if the host contract is a financial liability within the scope of IFRS 9 and is not measured at FV P&L, the embedded derivative is separated from the host contract to the extent that the impact is deemed material, unless the economic characteristics and risks of both the embedded derivative and the host contract are closely related. In this case, the host contract is accounted for as a financial liability within the scope of IFRS 9, and the separated derivative is accounted for at FV P&L and might be eligible as a hedging instrument.

2.9 ASSETS HELD FOR SALE

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. The assets, particularly buildings, are measured at the lower of their carrying value and their fair value net of estimated selling costs and are shown separately in the consolidated statement of financial position.

2.10 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits while cash equivalents are short-term, liquid investments that are readily convertible to cash and which are subject to low volatility.

Investments normally qualify as cash equivalents only when they have a maturity of three months or less from the date of acquisition.

2.11 SHAREHOLDER'S EQUITY

2.11.1 Share capital

Ordinary shares are classified in shareholder's equity when there is no obligation to transfer cash or other assets to the holders.

Additional costs (net of tax) directly attributable to the issue of equity instruments are shown in shareholder's equity as a deduction to the proceeds.

2.11.2 Compound financial instruments

Any financial instrument issued by the Company with an equity component (for example certain options granted to convert the debt instrument into an equity instrument of the Company) and a liability component (a contractual obligation to deliver cash) is classified separately on the liability side of the consolidated statement of financial position with the equity component reported in Company shareholder's equity and the liability component reported in financing debt. Gains and losses relating to redemptions or refinancing of the equity component are recognized as changes to shareholder's equity.

2.11.3 Minority interests

Minority interests in the Company's shareholder's equity represent equity in subsidiary entities which is not directly or indirectly attributable to the Company's controlling shareholder.

2.12 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

In the consolidated statement of financial position, (i) insurance contracts and (ii) reinsurance contracts held are aggregated by portfolios and presented separately, depending on their balances at the end of the reporting period, leading to the four following categories:

- the carrying amount of portfolios of insurance contracts that are assets;
- the carrying amount of portfolios of insurance contracts that are liabilities;
- the carrying amount of portfolios of reinsurance contracts held that are assets; and
- the carrying amount of portfolios of reinsurance contracts held that are liabilities.

IFRS 17 - Insurance Contracts applies to these contracts, such as detailed in sections 2.12 of this Note.

Significant judgments and estimates are made by the Company in applying IFRS 17. The judgments that have the most significant effects on the amounts recognized in the consolidated financial statements relate to the classification of contracts, their level of aggregation and their measurement.

In particular, the Company makes significant judgments regarding inputs, assumptions concerning the future and other sources of uncertainty at the reporting date, and uses estimation techniques to measure the insurance contracts. These assumptions and estimates are reviewed on an ongoing basis, based on changes in facts and circumstances (including market changes), which leads to adjustments in the measurement of contracts.

The Company uses notable assumptions to project future cash flows and ensures to design them to adequately reflect any uncertainty underlying the cash flows. Non-market assumptions, based on latest best estimate assumptions (historical data and expert judgment), include the following information: loss ratios, best estimate reserves, and payment patterns.

In respect of estimation techniques used to measure the Property & Casualty (P&C) insurance contracts, different actuarial projection models are applied, based on (i) the portfolios' main features (in terms of risk drivers, underwriting and claims policies), (ii) quality, relevance and consistency over time of available statistical data, (iii) selection of relevant actuarial assumptions and models, and (iv) ability to economically interpret and justify the projected range of results, both quantitatively and qualitatively.

In respect of estimation techniques used to measure the Life contracts, they are based on projections of the key components of statutory financial statements, namely income or expenses that relate to policyholders and beneficiary obligations.

The main assumptions that may generate material changes in the estimate of the future cash flows relate to (i) mortality, morbidity, and longevity rates, (ii) policyholder behavior (due to lapse and surrender), and (iii) overhead expenses.

More specifically, assumptions made about the discount rates, the confidence level for risk adjustment for non-financial risk, the pattern of the Contractual Service Margin ("CSM") release are explained in paragraph 2.12.3 and quantitative information about these assumptions is disclosed in Note 11.5.

2.12.1 Definition and classification

An insurance contract is a contract under which an issuer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (an “insured event”) adversely affects this policyholder. The assessment whether a contract transfers a significant insurance risk considers all substantive rights and obligations (including those arising from law or regulation) and is based on the use of judgment.

2.12.1.1 Insurance contracts with direct participation features

The Company classifies as insurance contract with direct participation features (i.e. direct participating contract) a contract for which (i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, (ii) the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and (iii) the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. In addition to the transfer of significant insurance risk to the issuer, a direct participating contract is therefore based on a substantially investment-related service under which an entity promises an investment return on underlying items (the link must be enforceable), as well as on a contractually specified participation. The underlying items determine some of the amounts payable to a policyholder and can comprise any items (e.g. a reference portfolio of assets, technical items, the net assets of the entity, or a specified subset of the net assets of the entity). The nature of underlying items mainly depends on local regulation and products' features. The Company assesses whether the conditions above are met using its expectations at inception of the contract and needs not reassess the conditions afterwards, unless the contract is modified. AXA XL Re does not have any insurance contracts with direct participation features.

2.12.1.2 Insurance contracts without direct participation features

The Company classifies as insurance contract without direct participation features an insurance contract that is not an insurance contract with direct participation features, namely:

- an insurance contract with indirect participation features (i.e. indirect participating contract) because the payment to policyholders depends upon the return on underlying items, without meeting the criteria defined for insurance contracts with direct participation features; or
- an insurance contract without any participation features (i.e. non-participating contract) as the payment to policyholders does not depend upon the return on underlying items.

2.12.2 Level of aggregation of insurance contracts

The insurance contracts are aggregated at inception to form a group, which is the basis for recognition, measurement and presentation. To define the level of aggregation to be used, the Company applies the process hereafter:

- first, portfolios of insurance contracts are identified, each of them only comprising contracts that are managed together and subject to similar risks:
    - since the way insurance contracts are managed is based on the nature of service provided to the policyholder (e.g. Property and Casualty, Life, adverse development cover…), contracts for which the service provided to the policyholder is substantially similar are managed together. In assessing the nature of the service provided, the entity considers different factors such as the granularity at which the internal strategy is designed, the business units organization or the granularity of financial reporting;
    - contracts are bearing similar risks when the nature of the risk drivers (death, longevity, liability, motor, property damage, etc.) at inception of contracts is similar,
- then, these portfolios are broken down by annual cohort (IFRS 17 as issued by the IASB preventing contracts issued more than one year apart from being included in the same group).
- finally, a further split is performed depending on the level of profitability, with notably a separate group for contracts that are onerous at initial recognition.

A group of insurance contracts should not be reconsidered after initial recognition.

2.12.3 The General Measurement Model or “BBA”

IFRS 17 requires applying by default the General Measurement Model of insurance contracts, called the “Building Block Approach” (“BBA”) as it is based on the following building blocks:

- the Fulfillment Cash Flows (“FCF”), which comprise:
    - the present value of future cash flows (“PVFCF”) corresponding to probability-weighted estimates of future cash inflows and outflows (forward looking) with an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows (market consistent); and
    - a risk adjustment (“RA”) for non-financial risk;
- the Contractual Service Margin (“CSM”), which is calculated at inception as the difference between the premium paid by the policyholder and the expected FCF, and corresponds to the present value of future expected profits.

The General Measurement Model is used for AXA XL Re Life business.

2.12.3.1 Insurance acquisition cash flows

The insurance acquisition cash flows (IACF) arise from the costs of selling, underwriting and starting a group of insurance contracts. When these IACF are incurred prior to the date of initial recognition of the group of insurance contracts, such IACF are recognized as an asset, which is deducted from the carrying amounts of insurance contracts. The recoverability of assets for IACF is assessed at the end of each reporting period, if facts and circumstances indicate that the asset may be impaired. If an impairment loss is identified, the carrying amount of the asset for IACF is adjusted and the impairment loss is recognized in the statement of profit or loss. When the group of insurance contract is recognized, the corresponding asset for IACF is derecognized and included in the measurement of that group. AXA XL Re does not have any IACF asset.

2.12.3.2 Estimates of future cash flows

The FCF notably include all the probability-weighted estimates of future cash flows within the boundary of each contract already recognized. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which AXA XL Re can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends notably when AXA XL Re has the practical ability to reassess the insurance risks and, as a result, can set a price or level of benefits that fully reflects those risks.

The unbiased estimate of the expected future cash flows within the boundary of insurance contracts, including the cost of options and guarantees, are based on a probability-weighted mean of the full range of possible outcomes to factor the uncertainty about the timing and amounts of the cash flows, determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables reflecting conditions existing at the measurement date.

The cash flows attributable to the group of insurance contracts include premiums from the policyholders, claim payments (including reported, incurred and all the future claims for which AXA XL Re has a substantive obligation net of recoveries from claims), expenses, and commissions.

The following cash flows are not included in the contracts boundary: investment returns as they are recognized, measured and presented separately under other applicable IFRSs, costs of investment activities performed for the benefit of shareholders, payments or receipts that arise under reinsurance contracts held (as they are accounted for separately), those that may arise from future insurance contracts, overheads that do not provide any economic benefits to fulfilling insurance contracts, income tax payments and receipts AXA XL Re does not pay or receive in a fiduciary capacity, flows arising from components separated from the insurance contracts and accounted for using other applicable IFRSs.

If insurance premiums are first collected by an intermediary and then transferred to AXA XL Re at a later date, the premium receivables from the intermediary are accounted for as future cash flows within the boundary of insurance contracts included in the measurement of the corresponding group of insurance contracts applying IFRS 17.

2.12.3.3 Discount rate

AXA XL Re has a defined methodology for the calibration and the generation of “IFRS 17 yield curves” used to discount the estimate of future cash flows within the boundary of contracts, consistent with the IFRS 17 requirements and applied homogeneously across all AXA XL Re entities.

If the standard does not impose a particular estimation technique to determine the yield curves, AXA XL Re has chosen to adopt a bottom-up approach. This approach consists in using a Basic Risk-Free Rate (“RFR”), based on swap rates for most currencies and government bond raters for others, adjusted by adding on a Liquidity Premium (“LP”) allowance to reflect the remuneration of illiquidity observed on traded assets until the Last Liquid Point (“LLP”), meaning the longest maturity for which there are enough traded bonds. An Ultimate Forward Rate (“UFR”) macro-economically defined as the sum of the average of past real interest rates and central bank's target inflation is also considered. Discount rates between the LLP and the UFR maturities are obtained by extrapolation.

The yield curves used by AXA XL Re for main currencies are summarized in Note 11.5.

The Company has chosen to apply the "OCI option" to all portfolio of insurance contracts, allowing to recognize the impact of changes in discount rates through Other Comprehensive Income.

2.12.3.4 Risk adjustment for non-financial risk ("RA")

The measurement of the RA reflects the compensation required by AXA XL Re for bearing the uncertainty around the amount and timing of the future cash flows that arises from non-financial risk as AXA XL Re fulfills insurance contracts. In this respect, the Company considers the 62.5th-67.5th percentile range as the adequate level of prudence on underlying insurance liabilities.

The determination of the risk adjustment follows a value-at-risk type approach, reflecting a retained confidence level with reference to the risk drivers of insurance liabilities. The value-at-risk is the maximum loss within a certain confidence level. The implementation is slightly different between Life and Property & Casualty businesses. For Life business, groups of contracts are first shocked, risk factor by risk factor, up to the retained confidence level to assess the change in the present value of future cash flows. Then, diversification benefits between risks implicit to the entity's portfolio are considered by applying correlation factors between risks. For Property & Casualty liabilities for incurred claims, a direct value-at-risk calculation, reflecting the retained confidence level, is applied to the full probability distribution of the related liabilities. Finally, a diversification effect between AXA XL Re entities is considered to reflect the fact that a same risk is unlikely to impact all the Company's entities at the same time.

The changes in the RA are presented in the insurance service result (i.e. they are not disaggregated into an insurance service component and an insurance finance component).

2.12.3.5 Contractual Service Margin ("CSM")

For a group of insurance contracts, the CSM represents the unearned profit attributable to the shareholders. At inception, the CSM is the amount that offsets the FCF, less the derecognition of any IACF (see above), or the value of AXA XL Re's rights in excess of the value of its obligations under the insurance contracts. On the other hand, the CSM cannot be negative. Consequently, if the expected cash outflows exceed the expected cash inflows, the group of contracts is onerous and the loss, which corresponds to the expected net cash outflow, is expensed immediately in the consolidated statement of profit or loss.

At the end of each subsequent reporting period, AXA XL Re remeasures the liability for remaining coverage ("LRC"), which comprises the FCF related to future services and the CSM of the group of contracts at that date. Hence, the CSM is adjusted at each subsequent reporting period for changes in expected future cash flows driven by changes in technical assumptions (death, morbidity, longevity, surrenders, expenses, future premiums). Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of future cash flows).

Moreover, the CSM is progressively recognized and included in insurance revenue in the consolidated statement of profit or loss over the coverage period of insurance contracts (refer to paragraph 2.15.1). The portion of the CSM to be released as part of insurance revenue for a reporting period, which reflects the provision of insurance contract services, is based on coverage units. In practice, AXA XL Re:

- identifies the total number of coverage units for each group of contracts, which is the quantity of services provided for the insurance contracts belonging to the group over the expected coverage period;
- allocates the CSM at the end of the reporting period (before having recognized any amounts in the statement of profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current reporting period and expected to be provided in the future; and
- recognizes the amount of CSM allocated to the coverage units provided in the current reporting period in the statement of profit or loss.

Given the variety of insurance contracts, AXA XL Re exercises its judgment to define coverage units, considering both the level of coverage defined within the contract (e.g. a death benefit over a fixed term, the policyholders' account value, or a combination of guarantees) and the expected coverage duration of the contract.

However, this release of CSM is not applicable if there are adverse changes in future cash flows greater than the remaining CSM. In this case, the group of contracts becomes onerous and the loss is immediately recognized in the statement of profit or loss.

When a group of insurance contracts is onerous, on initial recognition or subsequently, the LRC includes a loss component reflecting the loss recognized in profit or loss. As long as the group of contracts remains onerous, subsequent changes in the amount of loss component are immediately allocated to the statement of profit or loss.

2.12.3.6 Liability for Incurred Claims ("LIC")

After initial recognition of a group of insurance contracts, the carrying amount of the group at each reporting date is the sum of two different components: the LRC, that relates to the remaining coverage (see above) and the LIC, which corresponds to the FCF related to past services allocated to the group.

The LIC reflects AXA XL Re's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses, as well as to pay amounts relating to other insurance contract services already provided or any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the LRC.

2.12.4 Measurement with the Premium Allocation Approach

The Premium Allocation Approach (PAA) is used for AXA XL Re's Property and Casualty business.

This is a simplified model permitted for the measurement of the liability for remaining coverage ("LRC") provided that the measurement of the LRC does not differ materially from the general measurement model ("BBA") or the coverage period is one year or less. With the PAA, the LRC corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized on a pro rata basis as insurance revenue at the closing date. However, the BBA remains applicable for the measurement of incurred claims.

2.12.5 De-recognition of insurance contracts

An insurance contract is de-recognized from the group of contracts to which it belongs in case of extinguishment, transfer, or a modification of its terms in a such a way that a new contract is recognized in a new group. The de-recognition of insurance contracts leads to the elimination of the Fulfillment Cash Flows ("FCF") and an adjustment to the Contractual Service Margin ("CSM") of the group of contracts instead of generating a direct and immediate effect in profit or loss, unless the group of contracts becomes onerous or empty. Depending on the cause of de-recognition, the CSM of the group of contracts is adjusted:

- in case of extinguishment of an insurance contract, by the same amount eliminated from the FCF;
- in case of a portfolio transfer to a third party, by the difference between the amount eliminated from the FCF and the premium charged by the third party;
- in case of a modification of insurance contracts (requiring a de-recognition followed by a recognition in a new group of contracts), by the difference between the amount eliminated from the FCF and any additional premium charged to the policyholder as a result of the modification. This means that the global adjustments of CSM generated by the modification is split between the initial group of contracts and the new one, depending on the hypothetical premium that the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification.

Finally, if an insurance contract is de-recognized because of its transfer to a third party or a modification, the remaining amount previously recognized in Other Comprehensive Income ("OCI") is reclassified in the statement of profit or loss when the Building Block Approach applies.

2.12.6 Reinsurance contracts

The Company assumes and cedes reinsurance in the normal course of business. Assumed reinsurance refers to the Company's acceptance of certain insurance risks that other companies have underwritten leading to the recognition of groups of reinsurance contracts issued. Ceded reinsurance refers to the transfer of insurance risks, along with the related premiums, to other reinsurers who will assume the risks as the Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk underwritten, leading to the recognition of groups of reinsurance contracts held.

Both groups of reinsurance contracts issued and groups of reinsurance contracts held are subject to the Building Block Approach ("BBA") or the Premium Allocation Approach ("PAA") described in the previous paragraphs provided that there is a transfer of significant insurance risk; in any case, they are not eligible for the Variable Fee Approach as they are not insurance contracts with direct participation features. As the specificities of the treaties can affect their classification, each reinsurance contract is subject to a detailed analysis by AXA XL Re in order to determine the appropriate accounting treatment.

Whereas the recognition and measurement of reinsurance contracts issued are similar to insurance contracts issued, the reinsurance contracts held have some specificities which are described hereafter.

Date of initial recognition

The recognition of groups of reinsurance contracts held depends on the type of coverage. When the reinsurance contract held provides proportionate coverage, the date of recognition of the group corresponds to the date when any underlying insurance contract is recognized by AXA XL Re. When the reinsurance contract held does not provide proportionate coverage, the group of reinsurance contracts is recognized at the earliest of the beginning of the coverage period of the group of underlying insurance contracts and the date when the entity recognizes an onerous group of underlying insurance contracts.

Boundary of contract

For reinsurance contracts held, the cash flows are within the boundary of the reinsurance contract if AXA XL Re has a substantive right to receive services from the reinsurer or a substantive obligation to pay premiums to the reinsurer. Depending on the relationship between the contract boundary of the direct insurance contracts and that of the reinsurance contracts held, in some cases, the reinsurance treaty might offer protection for underlying insurance contracts that AXA XL Re has not issued yet. However, the carrying amount of a reinsurance contract held is nil before any cash flows occur or any service is received.

Measurement

Similar to underlying insurance contracts, PAA is used for short term reinsurance coverages, while long term coverages are measured with the BBA.

The measurement of reinsurance contracts held follows a mirroring principle of the underlying insurance contracts leading to estimate the present value of the future cash flows of the reinsurance contract held using assumptions consistent with those used for the underlying insurance contracts. Thus, the reinsurance asset is derived using the same assumptions as those used by AXA XL Re for the underlying insurance contracts as these are the ones used to determine the expected reinsurance recoveries. In practice, some reinsurance contracts held by AXA XL Re provide cover for underlying contracts that are included in different groups.

However, using consistent assumptions does not imply the use of the same assumptions as those used for measuring the underlying contracts if those assumptions are not valid for the reinsurance contract held. In practice, the use of the same discount rate might not be appropriate, especially if the reinsurance contract is entered into during the coverage period of the underlying contracts. In addition, the cash flows from the reinsurance contract held include an adjustment for the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes.

At inception, the reinsurance coverage, in exchange of a reinsurance premium, is measured as:

- the reinsurer’s share of the expected present value of the cash flows generated by the underlying insurance contracts, including an adjustment to reflect the fact that the reinsurer might dispute coverage or fail to satisfy its obligations under the contract (risk of non-performance / counterparty risk) ; and
- typically a “net cost” (a “net gain” can however occur in some cases), which is in substance a negative Contractual Service Margin (“CSM”) corresponding to the cost paid to the reinsurer, depending on the pricing of the reinsurance contract held and assessed independently of the CSM arising from the underlying insurance contracts.

The mechanics of the measurement models are the same for the underlying insurance contracts with the difference that the concept of CSM is replaced by the concept of net cost / net gain. This net loss or net gain is deferred and released in profit or loss throughout the coverage period, in line with the provision of reinsurance services. However, if the net cost of purchasing reinsurance relates to past events, i.e. retrospective reinsurance contracts covering such as adverse development covers for incurred claims, any net cost occurring at inception is immediately recognized in profit or loss.

Subsequently, at the end of each reporting period, the carrying amount of the net deferred cost or gain for reinsurance contracts held is adjusted to reflect changes in estimates. However, if AXA XL Re recognizes losses in profit or loss on underlying contracts because of adverse changes in estimates of fulfillment cash flows, the corresponding changes in cash inflows for reinsurance contracts held are also recognized in profit or loss and therefore do not adjust the net deferred loss or gain of the group of reinsurance contracts held. As a result, there is no net effect in the profit or loss for the period to the extent that the change in the fulfillment cash flows of the underlying contracts is matched with a change in the fulfillment cash flows on the reinsurance contracts held.

2.12.7 Transition methods

The Company has been applying IFRS 17 as from January 1, 2023, with a transition date at January 1, 2022 corresponding to the beginning of the annual reporting period immediately preceding the date of initial application.

The transition from IFRS 4 to IFRS 17 required applying the new standard fully retrospectively, as if it was applied from the inception of insurance contracts in force. However, if the application of this full retrospective approach ("FRA") is impracticable, the two following options are possible:

- either the modified retrospective approach ("MRA"), which consists in applying certain modifications of general requirements, to the extent that the full retrospective application is impracticable, but still with the objective to achieve the outcome as close as possible to the retrospective application, based on reasonable and supportable information available without undue cost and effort;
- or the fair value approach ("FVA"), which consists in repricing the contracts in the light of actuarial and financial parameters seen at the transition date by calculating the CSM as the positive difference between (i) the fair value of liabilities determined in accordance with IFRS 13 - Fair Value Measurement, corresponding to the price that would be required by an external party to acquire the liabilities, and (ii) the fulfillment cash flows of insurance contracts.

In practice, the Company has applied the FRA only to the liabilities for remaining coverage ("LRC") of the insurance contracts measured using the Premium Allocation Approach ("PAA") and the liabilities for incurred claims ("LIC") occurred since 2019. This date aligns with the acquisition of the Company by AXA, the ultimate parent.

For the other groups of insurance contracts, different factors (such as the impossibility of running models since the inception of the contracts, the unavailability of yield curves, the lack of historical data) have made the application of the FRA impracticable. For these groups of contracts, AXA XL Re has applied the FVA, namely:

- for long-term Life contracts, the FVA was the approach used;
- for LIC occurred before 2019 related to non-direct participating contracts, in the absence of reasonable and supportable information (under IFRS 4, claims reserves are generally not discounted), the FVA was applied and the Company used the yield curve in force at the time of acquisition by AXA.

2.13 OTHER LIABILITIES

2.13.1 Deposit liabilities

Contracts entered into by the Company that are not deemed to transfer significant underwriting risk and/or timing risk are accounted for as deposits, whereby liabilities are initially recorded at an amount equal to the assets received. The Company uses a portfolio rate of return of equivalent duration to the liabilities in determining risk transfer. An initial accretion rate is established based on actuarial estimates whereby the deposit liability is increased to the estimated amount payable over the term of the contract.

The deposit accretion rate is the rate of return required to fund expected future payment obligations (this is equivalent to the "best estimate" of future cash flows), which are determined actuarially based upon the nature of the underlying indemnifiable losses.

The Company periodically reassesses the estimated ultimate liability. Any changes to this liability are reflected as adjustments to interest expense to reflect the cumulative effect of the period the contract has been in force, and by an adjustment to the future accretion rate of the liability over the remaining estimated contract term.

2.13.2 Income taxes

The current income tax expense (benefit) is recorded in profit or loss on the basis of local tax regulations.

Deferred tax assets and liabilities emerge from temporary differences between the accounting and fiscal values of assets and liabilities, and when applicable from tax loss carry forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences taking into account the existence of tax groups and any legal or regulatory requirements on the limits (in terms of amounts or timing) relating to the carry forwards of unused tax credits. The recoverability of deferred tax assets recognized in previous periods is re-assessed at each closing.

In particular, a deferred tax liability is recognized for any taxable temporary difference relating to the value of shares in a consolidated company held, unless the Company controls the date when the temporary difference is reversed and it is probable that the temporary difference will not be reversed in the foreseeable future. If an AXA XL Re company decides to sell its stake in another consolidated entity, the difference between the carrying value and the tax value of these shares for the company that holds them leads to the recognition of deferred tax.

The measurement of deferred tax liabilities and deferred tax assets reflects the expected tax impact, at the end of the reporting period. That would follow the way the Company expects to recover or settle the carrying amount of its assets and liabilities. When income taxes are calculated at a different rate if dividends are paid, deferred taxes are measured at the tax rate applicable to undistributed profits. The income tax consequences of dividends are only accounted when a liability to pay the dividend is recognized.

The international tax reform released by Organization for Economic Cooperation and Development (OECD), known as Pillar Two, aims to ensure that an effective taxation of 15% is reached in each jurisdiction where multinational groups operate. As a result, if the effective tax rate based on Pillar Two rules in a jurisdiction where the Group operates is lower than the minimum 15% rate, an additional tax has to be paid. Amendments to IAS 12 introduce a mandatory temporary exception, prohibiting both the recognition and disclosure of deferred tax assets and deferred tax liabilities that arise from the implementation of the OECD Pillar Two model rules.

2.14 PROVISIONS FOR RISKS, CHARGES AND CONTINGENT LIABILITIES

2.14.1 Restructuring costs

Restructuring provisions, other than those that may be recognized on the consolidated statement of financial position of an acquired company on the acquisition date, are recorded when the Company has a present obligation evidenced by a binding sale agreement or a detailed formal plan whose main features are announced to those affected or their representatives.

2.14.2 Other provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the provision can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at management's best estimate, at the end of the reporting period, of the expenditure required to settle the obligation, discounted at the risk-free rate of return for long term provisions.

2.15 REVENUES FROM ALL ACTIVITIES

2.15.1 Insurance revenues

The insurance revenue reflects the insurance contract services provided by AXA XL Re over the period, which is derived from the reduction in the liability for remaining coverage ("LRC") during the reporting period, subject to corrections (adjustment of premiums, loss components) and excluding investment components (*i.e.* amounts to be paid to a policyholder in all circumstances, regardless of whether an insured event occurs).

However, the way these changes are reflected in insurance revenue differs by measurement model.

For the contracts measured under the Premium Allocation Approach ("PAA"), the insurance revenue corresponds to the amount of expected insurance coverage during the period (or passage of time if not significantly different), excluding any investment components.

For the contracts measured under the Building Block Approach ("BBA"), the insurance revenue corresponds to the release of the LRC, depending on the quantity of provided services, and an allocation of insurance acquisition cash flows (refer to paragraph 2.12.3).

In substance, the amounts related to the provision of insurance contract services include:

- the expected claims, including expenses other than insurance acquisition cash flows, but excluding those not contributing to the fulfillment of insurance contracts (i.e. non-attributable expenses);
- the release of the risk adjustment for non-financial risk;
- the allocation of the Contractual Service Margin ("CSM") to the period.

The allocation of insurance acquisition cash flows represents the portion of premiums that corresponds to the recovering of those cash flows to each reporting period in a systematic way based on the passage of time, the same amount being recognized as insurance service expenses. This mechanism allows the inclusion in revenue of the part of the premium corresponding to the coverage of insurance acquisition cash flows. This means that insurance acquisition cash flows are not recognized in the statement of profit or loss when the acquisition cash flows occur but when the CSM is released.

2.15.2 Revenues from other activities

Revenues from other activities mainly include insurance companies revenues from non-insurance activities, notably commissions received on the sales or distribution of financial products.

2.15.3 Deposit accounting

Contracts entered into by the Company that are not deemed to transfer significant underwriting risk and/or timing risk are accounted for as deposits (see section 2.13.1).

2.16 EXPENSES FROM ALL ACTIVITIES

2.16.1 Insurance service expenses

Insurance service expenses arising from groups of contracts issued by AXA XL Re are recognized in the statement of profit or loss as they are incurred, excluding amounts allocated to refunds of premiums and payment of policy loans. Symmetrically to insurance revenue, the payments relating to investment components are excluded from insurance service expenses.

All insurance service expenses correspond to actual cash outflows within the boundary of contracts identified when projecting and calculating the present value of future cash flows (refer to Note 2.12.3.2). These cash flows are:

- those that relate directly to the fulfillment of insurance contract; and
- those over which AXA XL Re has discretion over the amount or timing. In this respect, the change in discretionary cash flows is determined at inception of the contract (e.g. by identifying the minimum guarantees and defining its profit-sharing policy)

2.16.2 Net expenses from reinsurance contracts held

In the consolidated statement of profit or loss, net expenses from reinsurance contracts held (net income in some cases) are presented separately from the insurance service expenses and included in a single aggregate, corresponding to the net between reinsurance service expenses and amounts recovered from the reinsurers.

2.16.3 Expenses from other activities

The expenses from other activities include the expenses that are the twin of revenues from other activities, namely acquisition costs and administrative expenses relating to other non-insurance activities (i.e. those incurred by insurance entities and holding entities).

2.17 FINANCIAL RESULT (EXCLUDING FINANCING EXPENSES)

2.17.1 Investment return

The investment return recognized through profit or loss consists of:

- net investment income from investments, including net of interest expenses and depreciation expense; this item includes interest received calculated using the effective interest method for debt instruments and dividends received on equity instruments;
- realized gains and losses relating to investments at amortized cost and at fair value through other comprehensive income (with recycling in profit or loss), net of releases of impairment following sales;
- realized gains and losses and change in fair value of investments at fair value through profit or loss; and
- change in impairment on investments.

2.17.2 Net finance income or expenses from insurance and reinsurance contracts held

Net finance income or expenses from insurance and reinsurance contracts is presented in the AXA XL Re consolidated statement of profit or loss with a split between insurance contracts issued and reinsurance contracts held.

This aggregate comprises the changes in the carrying amount of the groups of contracts that relate to financial risk arising from both (i) the effect of the time value of money and changes in the time value of money and, (ii) the effect of financial risk and changes in financial risk (i.e. effect of changes in discount rates, exchange rate, the time value of options and guarantees).

However, the option to disaggregate insurance (and reinsurance) financial income or expense between the consolidated statement of profit or loss and the Other Comprehensive Income ("OCI") is applied by AXA XL Re in order to limit the volatility in profit or loss (considering that many of the supporting financial assets are measured at fair value through OCI under IFRS 9).

Under this option, for contracts without direct participation features, the difference between the valuation of the liabilities at locked-in rates (used for the unwind in the finance income or expenses) and their valuation at current rates is recognized by AXA XL Re in OCI. In the same way, when changes in liabilities arise from a contractual link (indexation) between inflation and the payments to policyholders, the changes due to inflation that relate to future services shall also be considered as resulting from a financial risk and therefore are recognized by AXA XL Re through OCI with a release over the duration of the payments to the policyholders. The amount included in the consolidated statement of profit or loss is determined by a systematic allocation of the expected total insurance (and reinsurance) finance income or expenses over the duration of the group of contracts. This systematic allocation is based on the characteristics of the contracts, depending on whether the changes in assumptions relating to financial risk have a substantial effect on the amount paid to the policyholder or not:

- when the changes in financial risk assumptions do not have a substantial effect on amounts paid to the policyholders, the systematic allocation is determined using the discount rates at the date of initial recognition of the groups of contracts measured with the Building Block Approach and at the date of the incurred claims for groups of contracts applying the Premium Allocation Approach;
- when the changes in financial risk assumptions do have a substantial effect on amounts paid to policyholder, the systematic allocation is determined by using a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield approach) or a crediting rate based on the amounts credited to the policyholders in the period and expected to be credited in future periods (i.e. the projected crediting approach).

2.18 OTHER INCOME AND EXPENSES

Other income and expenses notably include other insurance expenses, which correspond to overheads assessed as being not attributable to the fulfillment of insurance contracts (refer to paragraph 2.12.3).

2.19 SUBSEQUENT EVENTS

Subsequent events relate to events that occur between the end of the reporting period date and the date when the Consolidated Financial Statements are issued:

- such events lead to an adjustment of the consolidated financial statements if they provide evidence of conditions that existed at the end of the reporting period;
- such events result in additional disclosures if indicative of conditions that arose after the end of the reporting period, and if relevant and material.

See Note 21 for further details.

Note 3 Scope of Consolidation

3.1 CONSOLIDATED COMPANIES

3.1.1 Main fully consolidated companies

Below is a list of the main fully consolidated companies of AXA XL Re, excluding consolidated investment funds and real estate entities. Each of the below are wholly owned by AXA XL Re.

AXA XL Re Entities	Jurisdiction
AXA XL Reinsurance Ltd	Bermuda
XL Re Europe SE	Ireland
Catlin Re Switzerland Ltd	Switzerland
XL Reinsurance America Inc	United States

3.1.2 Main investments in companies accounted for using the equity method

Companies accounted for using the equity method are discussed in Note 8 with the exception of equity-method investment funds. As of December 31, 2024, investment funds accounted for using the equity method amounted to $203.9 million invested assets ($215.0 million at the end of 2023). See Note 2.7.2.1 for further details.

3.2 NON-CONSOLIDATED STRUCTURED ENTITIES

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when relevant activities are directed by means of contractual arrangements. Structured entities often have a narrow and well-defined objective or restricted activities.

The Company holds interests in investment funds including real estate companies. These funds are accounted for using the equity method (see Note 2.3.1). Other funds are not consolidated because they are not controlled or under significant influence. By nature, and notably because of the power of decision usually given to the asset managers (internal or external to AXA XL Re), most of these funds are structured entities.

As an investor, AXA XL Re's interests in non-consolidated funds are limited to the investments held which are fully recognized in the consolidated statement of financial position. Depending on the nature of its investment, AXA XL Re receives interests or dividends and can realize capital gains or losses when sold. These investments are subject to impairment testing as any financial asset.

Information on these non-consolidated investment funds are provided in different sections of these financial statements:

- Note 7 Investments, with the breakdown of investments and detail on non-consolidated investment funds in Note 7.7.
- Note 16 Net Financial Result Excluding Financing Expenses.

Note 4 Acquisitions & Disposals

4.1 COMMON CONTROL ACQUISITIONS & DISPOSALS

A number of transactions, accounted for under common control, were undertaken by XL Group Ltd. through XL Bermuda Ltd ("XLB") and XL Reinsurance America Inc. ("XLRA") to develop the Company as a reinsurance specific reporting entity.

During 2024 and 2023, the Company and its subsidiaries continued to enter into certain transactions to transfer reinsurance business among the other AXA entities.

4.1.1 Accounting method

The below transactions are classified as common control transactions, as the combining entities are ultimately controlled by the same party (or parties) both before and after the combination. Common control combinations are outside the scope of IFRS 3 and as explained in Note 2.3.2, AXA XL Re has accordingly applied the predecessor value method to account for these business combinations retroactively from the date these entities came under common control.

4.1.2 Disposal of XL Reinsurance (China) Limited

Effective April 1, 2024, XLRA sold its share of XL Reinsurance (China) Limited ("XL Re China") to AXA China Region Insurance Company (Bermuda) Limited ("ACRIB"). XL Re China was 51% owned by XLRA and 49% owned by XL Insurance Company SE ("XLICSE"). Consideration received for this transaction was $17.0 million. XL Re China is now consolidated within ACRIB, which is a direct subsidiary of the ultimate parent company, AXA.

The table below provides details of the assets and liabilities that were disposed of.

(US Dollars in thousands)	
Intangible assets	291
Assets arising from reinsurance contracts held	39,259
Receivables	30,120
Cash and cash equivalents	33,268
Total carrying value of assets disposed	**102,938**
Liabilities arising from insurance contracts	39,312
Provisions for risks and charges	283
Deferred tax liabilities	1,062
Payables	43,497
Total carrying value of liabilities disposed	**84,154**
Carrying value of net assets acquired	18,784
Total consideration received	**17,000**
Difference between net assets acquired and consideration paid	**(1,784)**
Group share	(910)
Minority interest share	(874)

4.1.3 Disposal of AXA XL Resseguros S.A.

Effective June 30, 2024, Catlin Re Switzerland Ltd ("CRCH") sold AXA XL Resseguros S.A. to AXA XL Reinsurance (Holdings) Ltd, the parent company of AXA XL Re. Consideration received for this transaction was $78.8 million.

The table below provides details of the assets and liabilities that were disposed of.

(US Dollars in thousands)	
Intangible assets	55
Investments	118,429
Assets arising from reinsurance contracts held	33,932
Receivables	26,099
Cash and cash equivalents	8,559
Total carrying value of assets disposed	**187,074**
Liabilities arising from insurance contracts	51,726
Deferred tax liabilities	16,560
Payables	20,999
Total carrying value of liabilities disposed	**89,285**
Carrying value of net assets acquired	97,789
Total consideration received	**78,835**
Difference between net assets acquired and consideration paid	**(18,954)**

4.1.4 Acquisition of XL Reinsurance America Inc.

During 2023, XLB contributed all shares of XL Reinsurance America Inc. ("XLRA") to AXA XL Reinsurance (Holdings) Ltd, with no consideration paid. Prior to the effective date, XL America Inc., a subsidiary of XLB, was the sole shareholder of XLRA, with a carrying value of $856.8 million. The Company and XLB are ultimately controlled by the same parent company, AXA.

Immediately subsequent to the initial contribution, AXA XL Reinsurance (Holdings) Ltd contributed all assets to the Company, which is a direct subsidiary of AXA XL Reinsurance (Holdings) Ltd. As a result, XLRA is now a direct wholly-owned subsidiary of the Company.

The table below provides the details of the assets and liabilities acquired, net of reserves and translation reserves assumed of $544.3 million, prior to any consolidation adjustments including the elimination of intercompany reinsurance agreements. Refer to Note 18 for detail regarding the intercompany reinsurance agreements.

Reserves and translation reserves were comprised mainly of retained earnings and other comprehensive income relating to unrealized gains on investments. A total of $544.3 million assumed share consideration equal to the share capital of XLRA, was contributed by XLB to AXA XL Re, via AXA XL Reinsurance (Holdings) Ltd, on acquisition. The balances presented below have been restated for the implementation of IFRS 9 and IFRS 17, which were adopted on January 1, 2023.

(US Dollars in thousands)	
Intangible assets	4,467
Investments	1,741,002
Assets arising from reinsurance contracts held	672,428
Receivables	846,595
Cash and cash equivalents	90,115
Total carrying value of assets acquired	**3,354,607**
Liabilities arising from insurance contracts and investment contracts with discretionary participation features	2,118,449
Provisions for risks and charges	1,313
Payables	378,075
Total carrying value of liabilities assumed	**2,497,837**
Carrying value of net assets acquired	856,770
Less: reserves and translation reserves assumed	(544,267)
Carrying value of net assets acquired net of reserves and translation reserves assumed	312,503
Total consideration received in shares	**312,503**

Note 5 Financial and Reinsurance Risk Management

5.1 RISK MANAGEMENT AND INTERNAL ORGANIZATION

The Company faces strategic, financial and operational risks related to, among others: underwriting activities, financial reporting, changing macroeconomic conditions, investments, reserving, changes in laws or regulations, information systems, business interruption and fraud. An enterprise view of risk is required to identify and manage the consequences of these common risks and risk drivers on the Company's profitability, capital strength and liquidity. This is managed by the Risk Management ("RM") function, an integrated part of all business processes, who define and deploy the Risk Management Framework (“RMF”).

The Company RMF consists of a set of risk policies and standards. These are reviewed and approved by the Board, at least annually. The RMF would be reviewed more regularly if the Company was subject to a major change in regulatory requirements, strategy or organizational structure.

The aim of the RMF is to:

- Support business objectives and strategy;
- Provide management information to facilitate the identification and understanding of material risks including related mitigants;
- Contribute to the Company's overall internal control framework by helping to manage the inherent complexity within the business;
- Maintain the desired credit rating which is applicable to the Company;
- Support regulatory risk management requirements.

The Board meets regularly and oversees the implementation and embedding of the RMF and monitoring of Company performance against its risk appetite. The Board also has responsibility for capital monitoring. The Board ensures that material and emerging risks are identified and reported and that appropriate arrangements are in place to manage and mitigate those risks effectively. The Company's stress testing framework and outputs are reviewed by the Board and support understanding of the risk profile.

The AXA XL Division ("AXA XL") and the Company are required by AXA Group to comply with AXA Group policies and standards. The AXA Group Standards form part of the overall risk management framework including Compliance, Internal Audit, Internal Control and Risk Management. AXA Group Standards have specifically identified Divisional and Company standard owners. The Group Solvency II Policies have been implemented and adapted to AXA XL Division’s specificities as described in the AXA XL Division’s Solvency II Policies. These policies are also implemented at legal entity level with local addenda. The Solvency II Policies implement AXA’s risk strategy throughout the AXA XL Division and the Company, facilitate control mechanisms and consider the nature, scope and time horizon of the business and the associated risks.

The AXA standards include Risk Management Second Opinions, the Internal Control Framework and the Risk Appetite Framework which are outlined below.

5.1.1 Risk management Second Opinions

The AXA Standards require Risk Management to provide formal "Second Opinions" in certain key areas of risk to ensure that the viewpoint of Risk Management is formally documented within any related concerns and mitigation plans. The "Second Opinions" are provided by Risk Management "Centers of Excellence" at the divisional level and cover the following areas:

- New products and loss-making portfolios;
- Reserves;
- New investments and changes to the Strategic Asset Allocation (“SAA”);
- Strategic business plan;
- Ceded reinsurance (outwards) program;
- Major projects; and
- Mergers and acquisitions

5.1.2 Internal control framework

The AXA XL Internal Control team, within the Risk Management function, manages the AXA Internal Control Framework at AXA XL Division and monitors the overall system of controls, covering all AXA XL departments and processes, ensuring all controls are performed. The AXA Internal Control Framework provides a robust and effective approach by:

- Implementing a risk-based approach to focus on risks that really matter;
- Promoting management accountability for controls;
- Introducing a common set of tools and techniques to be consistently used across the Group;
- Improving coordination between the different control functions.

The AXA XL framework covers a total of 30 macro-processes for AXA XL that constitute the AXA XL value chain for the insurance and reinsurance business. For each macro-process, key risks are defined and for each key risk, control objectives are defined to cover them. For each control objective, controls are designed and operated locally to efficiently meet control objectives and mitigate the related key risk.

The AXA XL Internal Control team is also responsible for the Internal Financial Control framework, looking at key controls around financial reporting and Solvency II across the Division. This framework has been in place at AXA XL for many years and provides reasonable assurance to legal entities within the Division that financial reporting is reliable and compliant with applicable laws and regulations and provides comfort over the completeness, accuracy and appropriateness of data.

5.1.3 Risk appetite framework ("RAF")

The Company's RAF is a key dimension of the risk management strategy and is derived from the AXA Group RAF. The RAF distinguishes between 'Risk Appetite Statements' which apply to multiple risk types, and 'Risk Appetite Exposures' which apply to single risk types. In addition, there exists the potential for additional 'Risk Indicators' which are not explicitly specified in the scope of the RAF but are identified as required by the Company. The RAF is used to provide governance for setting new monitoring requirements, as well as reviewing and updating existing risk appetite statements, tolerances and limits, so that these are aligned with business and risk management strategies. The Company's RAF and indicators focus on regulatory capital at risk, tolerances to risks from material individual events (e.g. natural catastrophes, realistic disaster scenarios that cross multiple lines of business, etc.), liquidity standards, and tolerance to specific investment related risks. The Board approved risk appetites and risk tolerances were reviewed during the 2025 business planning process and it was determined that all statements and tolerances were appropriate to allow the Company to execute the 2025 business plan.

5.1.4 Risk management strategy

The risk management strategy is overseen by the Board and supports the delivery of the overall business strategy. To support the Board, the RM function oversees detailed risk management activity and monitoring against the Board approved risk appetites.

The risk management strategy is to ensure that risk implications, as well as reward, are considered in both setting and implementing the Company's strategic and business objectives, and risks associated with the strategic direction of the business are appropriately monitored. The strategy is articulated in the risk policies and is achieved by incorporating risk processes, information and decisions in the day to day running of the business.

The Company's strategy involves taking on risk to generate return. Risks are selected and controlled or traded off through the risk strategy that focuses on:

- Retaining risk within an approved risk appetite that is consistent with our strategic objectives while maintaining appropriate levels of capital;
- A diversified portfolio of underwriting and financial markets risks;
- Managing excessive aggregation risk via a limit framework;
- Exercising consistency and transparency of risk management and control across the Company;
- Risk mitigation on key underwriting and financial market risks to protect capital from the impact of extreme events; and
- Risk reporting to the Board and other stakeholders (e.g. regulators).

The risk management strategy and risk appetite frameworks are supported by the following:

- Risk Governance - a clear and cost-effective organizational structure for risk management, including clear roles and responsibilities. The Company operates a ‘Three Lines of Defense’ governance structure, at a functional level and at a management committee level.

- Risk Definition and Categorization - provides a common taxonomy and language for risk to allow for categorization of all risks in a way which facilitates links between the business and risk management processes.
- Risk Cycle and Processes - the approach taken to top down, bottom up and process led risk identification, quantification and management and control.
- Risk Management Information and Reporting, including Commercial Insurer Solvency Self-Assessment ("CISSA") Production - ensuring timely and accurate information is reviewed in line with the governance structure.
- Risk-Based Decision Making - the results of the CISSA and the insights gained in the CISSA process are considered for a range of business decisions.
- Skills, Resources and Risk Culture; Organizational Learning; Change Management Governance - all enable a mature risk culture throughout the Company.

5.1.5 Risk management and solvency self-assessment systems implementation

The CISSA process includes all the material risks, processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks the Company faces or may face and to determine capital necessary to ensure that the Company's overall solvency needs are met at all times.

The Regulatory Capital Requirement is derived using the Bermuda Solvency Capital Requirement (“BSCR”) standard formula. The results are presented to the Board to provide richer insights on risk exposures, and to inform and drive risk and capital-based decision making.

The processes for the CISSA and production of the CISSA Report are tailored to fit into the Company's organizational structures in a proportionate manner with techniques to assess the overall solvency needs and taking into consideration the nature, scale and complexity of the risks inherent to the business.

The risk management cycle is set for key aspects of the risk management process that are deemed to be part of the CISSA process and that will support the production of the Company's CISSA Report. The CISSA process includes procedures that enable the Company to monitor its compliance with its risk appetites, and regulatory capital requirements whilst considering potential future changes in the risk profile and considering stressed situations.

5.1.6 Relationship between the solvency self-assessment, solvency needs, and capital and risk management systems

The Company's RMF is designed to be comprehensive and to provide a sound basis for the set of risk appetites, and the capacity to identify, manage and report on key risks facing the Company on a timely basis. From this, we can see that the Company’s risk profile can be managed in line with its Board approved limit and risk appetite framework.

The Company uses the BSCR to calculate the required CISSA capital to support its business plans based on risks facing the business. AXA XL also maintains its own internal model which is used to determine its contribution to the AXA Group consolidated solvency position and to assist the Company with its portfolio shaping decisions and return metrics.

5.1.7 Internal financial control ("IFC")

The Internal Control function is committed to promoting a robust Internal Control Framework, including Internal Financial Control, for the Audit Committee of key legal entities within the AXA XL Division, executive management, and external stakeholders to rely on for financial and regulatory reporting purposes.

The IFC’s core strategic objectives include:

- Conducting an effective and efficient assessment of the design and operating effectiveness of internal controls over financial reporting;
- Identifying areas in which the inherent risk of financial misstatement is high so that management can address these risks before they manifest themselves in an actual misstatement;
- Providing executive management, the Company's Board and AXA Group reasonable assurance over AXA XL's financial reporting processes; and
- Adding value by helping management promote a robust control environment.

The Internal Control team performs a regular assessment of the control framework which includes risk identification, risk assessment and planning, documenting business processes, evaluation and validation of key risks, testing of controls and identification and management of issues. For the Internal Financial Control Framework, this cycle is annual and well established.

The team is also responsible for monitoring remediation plans until closure and for making regular reporting on controls results to AXA Group, the Reinsurance Audit Risk and Compliance Committee ("Re ARCC"), the Audit Committee of key legal entities, executive management and external auditors and regulators.

5.1.8 Compliance function

The compliance function is responsible for advising the Company's management and Board on compliance with applicable laws, regulations and administrative provisions adopted in accordance with the Insurance Act 1978 and other local laws and regulations, and on the impact of changes in the legal and regulatory environment applicable to the Company's operations. The function provides expertise, advice and support to various departments of the Company to assess situations and compliance matters, analyze compliance risk and contribute to design solutions to mitigate those risks to which the Company is exposed.

The compliance function has a direct reporting line to the Global Chief Compliance Officer and to regional Chief Executive Officers. The compliance function manages a wide range of compliance related matters including (i) regular reporting on significant compliance and regulatory matters to senior management and to regulators, (ii) financial crime matters (which include anti-corruption, anti-bribery, anti-money laundering programs as well as international sanctions/embargo compliance), (iii) data privacy, (iv) Employee Compliance & Ethics Guide and, (v) the monitoring of compliance and regulatory risks.

The compliance function undertakes an annual Compliance Risk Assessment to identify the most significant compliance risks to which the business is exposed. Based on this assessment, an Annual Compliance Plan is developed at the end of each year for the following year.

The compliance activities within the Company are articulated around a number of AXA Group Standards and Policies which set the minimum requirements expected to be covered by the Company. The AXA XL Code of Conduct (the "Code") contains standards and policies on significant risks affecting the compliance activities as well as the high-level control and monitoring principles to which the Company must adhere. Both the standards and policies contained in the Code (e.g. compliance governance, anti-money laundering, sanctions, anti-bribery, etc.) are mandatory. In addition, the compliance function has adapted the AXA XL requirements and developed local policies to align with the relevant laws and regulations in the jurisdiction in which the Company operates and conducts business. These local policies are reviewed on a regular basis with recommendations being made for adoption to the Board or the Executive Committee.

On a regular basis, the compliance function reports directly to the Audit Committee on significant compliance matters. These include major regulatory changes that have compliance implications, results of the Compliance Risk Assessment, the Annual Compliance Plan, and any other significant issues that require escalation.

5.1.9 Internal audit function

AXA XL Internal Audit provides the Board and Executive Management with independent and objective assurance on the effectiveness of the overall control environment to help protect the assets and reputation of the organization and help improve its operations.

AXA XL Internal Audit sets an annual plan of work, approved and monitored by the Audit Committee, based on an assessment of both the inherent risk and the adequacy of controls as well as consideration of cyclical coverage.

A report is issued at the conclusion of each audit assignment to relevant senior management, with the results and resolution status of internal audit issues presented regularly to the Audit Committee and management.

The AXA XL internal audit function has an audit charter to document its purpose, independence, scope, accountabilities, responsibilities, authorities and standards. The charter is approved by the Audit Committee each year.

The head of the AXA XL internal audit function has a direct and unfettered reporting line directly to his/her respective Audit Committee Chairman and reports functionally through to the Group Head of Internal Audit.

5.2 MARKET RISK

Market risk represents the potential for loss due to adverse changes in the fair value of financial and other instruments. The Company is principally exposed to the following market risks:

Component	Definition
Interest rate and spread risk	Financial loss or volatility of profits due to the combined sensitivity of the economic value of the investment portfolio and reinsurance liability cash flows and issued debt securities to changes in the level or volatility of benchmark interest rates and credit spreads.
Market risk concentrations	Financial loss or volatility of profits due to the increased sensitivity of the market value of the investment portfolio to other risks specifically due to concentrations of investments such as in specific geographical region, industry or company.
Foreign exchange risk	Financial loss due to volatility in the value of the Company's assets and liabilities following changes in currency exchange rates.
Equity price risk	Financial loss or volatility of profits due to the sensitivity of the value of the investment portfolio to changes in the level or in the volatility of market prices of equities.

For further details of the Company's investment portfolio which is subject to the risks above, see Note 7.

The Company identifies and manages market risk through the following processes:

Process	Definition
Business planning	As part of the annual planning process, a review is undertaken of the nature of assets required to support the business plan and the expected liabilities.
Investment risk appetite	The Company Risk Appetite Framework sets maximum risk tolerances and is reviewed annually.
Risk reporting and processes	The risk reporting process assists in identifying if there are any changes to market risks already identified in the previous assessment.

The Strategic Asset Allocation ("SAA") process establishes a target allocation for the investment portfolio that is constructed to maximize enterprise value, subject to various considerations and constraints. It is subject to the risk tolerances recommended by Risk Management and is approved annually by the Board.

- **Authorities Framework / Risk Appetite Framework**

  In conjunction with the SAA, the Company has a Risk Appetite Framework modeled off the AXA Group and AXA XL Divisional framework which limits exposure to various asset classes (with tighter limits for higher risk asset types), as well as duration and FX mismatches. The Company also benefits from AXA XL Division centralized investment risk monitoring through the Investment Authorities and Guidelines, which further monitors exposures by average credit quality, corporate industry sector, region (for municipal securities, emerging markets and developed sovereigns), BBB exposure and below, and leverage. These controls are implemented through regular compliance monitoring and reporting.

  The Risk Appetite Framework and associated market risk limits address the key market risk factors and are commensurate with the volume and complexity of activity undertaken by the Company. The framework is designed to capture investment risks and to consistently and objectively measure, assess, manage and report such risks on an ongoing basis.

- **Service Level Agreement**

  A service level agreement is in place between XL Group Investments Ltd. and the Company. This includes guidance on type of investments and the weighted average credit ratings of the portfolio that can be made on behalf of the Company. Adherence to policies and limits are monitored on a regular basis and reported to the Board.

5.2.1 Foreign exchange risk

Foreign currency exposures represent all net assets and liabilities held in currencies other than US dollars that generate foreign exchange volatility. The Company's foreign currency exposure is dominated by the Euro, British Pound and Canadian Dollar. The majority of our exposure relates to subsidiaries of the Company which are denominated in the currencies below with our foreign currency exposure reported as translation reserves in the consolidated statement of changes in equity.

The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. Asset liability management analysis is run regularly to adjust surplus and shortfall currencies, ensuring that the entity exposures are broadly matched.

The table below outlines the Company's year-end adjusted net asset exposure.

(Foreign currency - US Dollars in thousands)	December 31, 2024	December 31, 2023
Euro	712,798	893,874
British Pound	114,292	214,780
Canadian Dollar	199,026	210,694

5.2.2 Stress testing and sensitivity analysis on the investment portfolio

An embedded Stress Testing framework is used to understand possible impacts of major risks, including market risks. The following stress and scenario tests are used to identify risk exposures:

- Interest rate and credit spread sensitivity testing: by re-valuing current portfolio holdings assuming various changes in the levels of interest rates and credit spreads;
- FX stress tests on assets and liabilities;
- Ad hoc scenario stress testing as deemed appropriate by Risk Management;
- Predefined stress tests in accordance with the BMA framework.

The Company performs sensitivity analyses to estimate its exposure to movements in interest rates and equity markets. These analyses quantify the potential impact on the Company of positive and adverse changes in financial markets.

The sensitivities of shareholder's equity to changes in major economic assumptions were calculated as follows for year-end 2024:

- upward/downward shift of 50 basis points in reference interest rates simulates an instantaneous shock to the initial conditions;
- upward/downward shift of 50 basis points in credit spreads in similar fashion to interest rates;
- 25% higher/lower value of equity markets simulates a shock to the initial conditions for equities only. Listed equities and private equity values including the impact of equity hedges are shocked (i.e., changes to current market values of all these equities excluding hedge funds).

Investment Portfolio Sensitivities	December 31, 2024		December 31, 2023	
(US Dollars in thousands)	Amount	As a Percentage	Amount	As a Percentage
Shareholder's Equity	2,876,050	100.0 %	3,517,083	100.0 %
Interest rates +50bps	(56,361)	(2.0)%	(75,894)	(2.2)%
Interest rates -50bps	57,332	2.0 %	78,102	2.2 %
Credit spreads +50bps	(58,015)	(2.0)%	(66,545)	(1.9)%
Credit spreads -50bps	59,851	2.1 %	68,697	2.0 %
Equity Markets +25%	25,814	0.9 %	12,589	0.4 %
Equity Markets -25%	(25,814)	(0.9)%	(12,589)	(0.4)%

Note: All sensitivities are presented net of tax.

5.3 CREDIT RISK

Credit risk is defined as the risk of loss resulting from migration and default. The Company is exposed to five sources of credit risk: (i) underwriting businesses with products with embedded credit risk exposures, (ii) Investments, (iii) Treasury, (iv) Unsecured Reinsurance Recoverables and (v) Broker Premium Receivables. Credit risk arising from country specific exposures is captured as part of the country risk framework.

Each source of credit risk is further defined as follows:

Component	Description
Reinsurance counterparty risk	Risk of losses due to the default of a reinsurer or a deterioration of its credit worthiness.
Investment counterparty risk	Counterparty default risk is the risk of possible losses due to the unexpected default, or deterioration in the credit standing of investment counterparties.
Premium counterparty risk	Premium counterparty default risk is the risk of possible losses due to unexpected default, or deterioration in the credit standing of the premium debtors in relation to reinsurance contracts written.
Underwriting counterparty risk	Exposure to obligor credit risk default or deterioration of obligor that the Company is exposed to through certain credit sensitive underwriting activities which include, Trade Credit, Commercial and Construction Surety, and Professional Lines.
Treasury counterparty risk	Exposure to the risk of default or to the risk of credit deterioration of counterparty banks used by the company in its day-to-day Treasury operations (deposits, cash balances and foreign exchange transactions).

5.3.1 Credit risk framework

The Company benefits from the Credit Risk Framework of the AXA XL Division, which is managed with four sets of limits:

1. The Systemic Credit Clash Scenario is an enterprise view of portfolio risk to a systemic credit event that incorporates all relevant risk sources that could be impacted by a credit risk event.
2. The Systemic Financial Institutions Realistic Disaster scenario ("FI RDS") is an underwriting view of portfolio risk to a defined global financial crisis.

   These scenarios (Systemic Credit Clash and FI RDS) reflect an "instantaneous" view of the ultimate risk. The scenarios conservatively assume that the entirety of the losses, which are expected to be multiyear in nature, all occur on day one. The risk sources are diverse in terms of how they are expected to manifest themselves, thus creating a form of "time diversification". The scenarios are expressed in Probable Maximum Loss (PML) terms with methodologies aligned to tail events.
3. Obligor idiosyncratic concentration risk is managed with alerts and limits set as a function of obligor credit quality. Alerts and limits are in USD net notional terms representing the amount at risk and assuming no recovery. Exposures are from the functional sources (Reinsurance Recoverables, Treasury, and Investments) and from the reinsurance underwriting businesses with embedded credit risk activities. Credit quality ratings are derived from AXA Group. When an obligor is not in the AXA Group universe, AXA XL applies its own credit rating methodology.
4. Country risk limits are set to manage obligor concentration aggregated at their country of risk level with limits by country expressed in PML terms and with methodologies aligned to tail events.

Guidelines are used to manage concentration to brokers and issuers of incoming letters of credit and surety bonds.

In addition, obligor exposures are also required to align to the AXA Group Global Issuer Framework which can constrain AXA XL obligor deployment even if AXA XL credit risk framework capacity exists. Constraints from Group come in various forms:

- Names on Ban list due to default risk, reputational risk, or high level of deployment;
- Names on Watch list due to high deployment where available capacity has already been allocated to other AXA entities;
- Names with specific risk allocations to the credit sensitive businesses and/or to Treasury.

Credit risk arising from credit sensitive underwriting activities is managed via the underwriting limit framework. Credit risk in the investment portfolio is managed through various frameworks applied at AXA XL and Company including Authorities & Guidelines, and Fixed Income Concentration. These address the credit quality of obligors and counterparties, diversification, and exposure versus limits by rating, term, and seniority.

5.3.2 Investment portfolio

Credit risk is also managed through the credit research performed by external investment management service providers, AXA Group Risk Management, and the in-house portfolio management team.

At December 31, 2024 and 2023, the breakdown of the investment portfolio by credit rating category was as follows:

	Percentage of Total	
Investment Portfolio by Credit Rating Category	**December 31, 2024**	**December 31, 2023**
AA & above	52.2 %	50.9 %
A	25.7 %	29.5 %
BBB	21.9 %	19.0 %
BB and below / other	0.2 %	0.6 %
TOTAL	**100.0%**	**100.0%**

5.3.3 Reinsurance recoverables

The Company manages its credit risk in its external reinsurance relationships by transacting with reinsurers that it considers financially sound, and if necessary, collateral in the form of funds withheld, trust accounts and/or irrevocable letters of credit may be held.

The following table sets forth the ratings profile of the reinsurers that support the unpaid loss and loss expense recoverable and reinsurance balances receivable, net of collateral, at December 31, 2024 and 2023:

	Percentage of Total	
Reinsurer Financial Strength Rating	**December 31, 2024**	**December 31, 2023**
AA & above	84.7 %	87.9 %
A	13.2 %	9.7 %
BBB	0.7 %	1.3 %
BB and below	0.6 %	0.9 %
Captives	0.8 %	0.2 %
TOTAL	100.0 %	**100 %**

5.3.4 Stress testing

There is an embedded stress testing framework that is used to understand possible impacts of major risks, including credit risks. AXA XL stress tests the impact of downgrades against the obligor credit and country risk appetites. The Company initiates corrective actions by restricting any further capacity deployment in case of a high probability of downgrade that would breach the company credit or country risk limits.

5.4 INSURANCE RISK

Insurance risk is defined using the following categories:

Component	Definition
Underwriting risk	Underwriting risk derives from reinsurance policies written for the current period and from unearned exposure from prior periods. The risk is that the corresponding premium will be insufficient to cover future claims and other costs or more generally that the underwriting profitability from this tranche of business will be less than expected; underwriting risk includes man-made catastrophe events and natural catastrophe events.
Reserve risk	Reserve risk relates to policy liabilities (corresponding to business written in prior periods where the exposure has already been earned at the opening financial position date) being insufficient to cover the cost of claims and associated expenses until the time horizon for the solvency assessment. Additional risks are that the timing or amount of actual claims pay outs do not align with the timing or amounts of the estimated claims pay outs and that there are changes in the valuation of the market value margin (risk margin) during the time horizon for solvency assessment.

Underwriting and loss experience is reviewed regularly for, among other things, loss trends, emerging exposures, changes in the regulatory or legal environment as well as the efficacy of policy terms and conditions. Underwriting risk is also identified through:

Process	Description
Business planning	Analysis is undertaken of the underwriting portfolio, exposures, loss experience and changes to the external environment (including market cycle, economic environment) to identify any changes to the insurance risk profile for the forthcoming period of the budget/business plan.
Underwriting processes (including guidelines and escalation authorities)	Each individual contract written is assessed, through the underwriting process (which is subject to granular underwriting guidelines and escalation authorities) for the nature and level of insurance risk that it brings to the business including consideration of the exposure by nature of the limit, the risks insured, the location of the risks and other underwriting criteria.
Reserving and claims process	On an ongoing basis, claims trends are monitored and analyzed for any indications of change to the underlying insurance risk.
Risk assessment and process	Through the risk assessment processes, the Company quantifies existing risks and identifies new risks. This is reinforced by a Top Risk Review, which is conducted across all major products collaboratively between Underwriting and Risk Management. The review scope includes risk scenarios that may materially impact the performance of the Company. These scenarios are assessed by specialists in terms of potential frequency and severity and reviewed annually.
Development of Realistic Disaster Scenarios (RDS) and other scenarios	Used to monitor exposure to the defined scenarios and monitor compliance with underwriting risk tolerances and limits.
Independent underwriting reviews	Conducted on a risk-based approach by the Underwriting Governance team.

5.4.1 Mitigation strategies

5.4.1.1 Reinsurance purchase

The Company manages its outwards third party reinsurance risk transfer program to support the Company's underwriting strategy within risk appetite and to ensure efficient use of capital. AXA XL collaborate with AXA SA on the outwards reinsurance strategy placements, especially for placements where there is an AXA Group Risk Appetite in place. Business ceded varies by location and line of business based on a number of factors, including market conditions. The goals of the outwards reinsurance risk transfer program include reducing exposure on individual risks, protecting against catastrophic risks, maintaining acceptable capital ratios and enabling the writing of additional business. The overall goal of the program is to reduce volatility and enhance overall capital efficiency.

In addition, the Company considers reinsurance arrangements with affiliates within the AXA XL Division. The two most significant arrangements involve Syndicate 2003 and XL Bermuda Ltd and amounts related to these contracts are detailed in Note 18.

The Company's reinsurance strategy is considered as part of the annual business planning process. The impact of that strategy is monitored quarterly by management.

5.4.1.2 Actuarial function

To mitigate the risk of significant changes in reserves from one period to the next, which are due to internal (not external) factors such as human errors, the reserving process performed by the Actuarial function is highly structured, strictly defined and controlled, and includes several layers of oversight.

5.4.1.3 Reserve 2nd Opinion

To have an independent opinion on the level of technical reserves, and on the risks and uncertainties related to the reserve valuation process, AXA XL conducts two reserve assessments, performed by independent reporting lines: The 1st Opinion assessment is performed by Actuarial Financial Reporting (reporting to the CEO Reinsurance), and the 2nd Opinion assessment is performed by Risk Management (reporting to the AXA XL CRO). The two assessments are developed separately and presented to the Management Review Committee of Reserves, which determines the level of booked reserves based on the two views. The results are also presented to the Board of Directors.

5.4.1.4 Rating adequacy

Underwriters are supported by dedicated teams of claims personnel and pricing actuaries. Technical prices are determined using a blend of both experience and exposure rating methodologies including industry recognized catastrophe models where available. A technical price is assessed and compared to the actual price for all business written and reflects the mean losses expected to arise from a contract with appropriate loads for expenses and the cost of capital. Underwriting guidelines and policy forms differ by product offering as well as by legal jurisdiction. Pricing tools are specialized and generally operate by line of business. Pricing is overseen by the Chief Pricing Actuary who reports to the CEO Reinsurance and is a member of the Reinsurance Leadership Team.

5.4.1.5 Underwriting authorities and guidelines

All underwriters are assigned individual underwriting authorities with the objective of preserving the capital base and controlling earnings volatility. Authorities within the business units are delegated through the underwriting management structure, and the annual review of underwriting limits is part of the business planning process. Authorities are also set in line with individual underwriter experience level, agreed risk appetites and risk tolerances for material individual events, RDS' that cross multiple lines of business, and from risks related to some or all the above that may occur concurrently.

The Company underwrites and prices most risks individually following a review of the exposure and in accordance with its underwriting guidelines. The Company seeks to serve our clients while controlling our exposure both on a portfolio basis and on individual reinsurance contracts through terms and conditions, policy limits and sub-limits, attachment points and ceded reinsurance (outwards) arrangements on certain types of risks.

5.5 LIQUIDITY RISK

Liquidity risk is defined as the inability to meet cash and collateral posting obligations when they come due. Liquidity risk arises from three principal areas: operating, financing, and investing cash flows. The RMF addresses how the Company manages liquidity both under a normal and a stressed environment.

5.5.1 Mitigation strategy

One of the principal objectives of liquidity risk management is to ensure that there is readily available access to funds with which to settle large or multiple unforeseen claims. It is generally expected that positive cash flow from operations (underwriting activities and investment income) will be sufficient to cover cash outflows under most future loss scenarios.

Cash requirements include all possible claims on cash from policyholders, and operations. Some of these cash outflows are scheduled while others are known with much less certainty. The goal is to ensure sufficient liquidity in the asset portfolio, together with secured external cash sources, to provide for timely payment of potential cash demands under both normal business conditions and under extreme conditions resulting from unforeseen events over multiple time horizons. AXA XL Treasury has responsibility to identify and monitor concentration risk of cash at banks, along with funding requirements.

Liquidity risk is managed through Treasury conducting detailed Asset-Liability Managment analysis to match the currency mix of its liabilities with appropriate assets. Investments manages the Duration Gap of assets and liabilities within a pre-defined range.

The major source of liquidity risk within underwriting contracts is the exposure to Downgrade Clauses/Special Termination Clauses linked to the assuming entity's credit rating, which are commonly included in inwards reinsurance contracts. These triggers typically necessitate the cancellation of the policy and the return of the cedant's unearned premium in the event of being downgraded below a certain rating level, which has the potential to be a material liquidity event when aggregated. The risk is mitigated by a variety of means such as the tracking and monitoring of exposure, training to Legal staff on the topic, and by enforcing a mandatory authorization process if a Clause includes a trigger above a certain threshold. AXA XL's key operating entities benefit from a credit rating linked to the ultimate parent company, and the AXA Group's balance sheet strength further reduces the likelihood of the risk materializing.

The AXA XL Treasury and Risk Management departments serve as the focal point for liquidity monitoring, drawing on the expertise of other internal functions, as well as managing cash held at bank accounts covering day-to-day cash requirements, typically referred to as operating cash. Operating cash balances, together with cash managed within the investment portfolio, comprise the primary sources of liquidity for the Company. The Company has several credit facilities in place which are detailed in Note 19.1.

The state of the Company's liquidity is routinely reported to the Board and monitored as part of the RAF.

5.5.2 Stress testing

There is an embedded stress testing framework that is used to understand possible impacts of major risks, including liquidity risks. A stressed liquidity analysis report is prepared on a quarterly basis by Treasury and Risk Management, which includes the Company's own view of the stressed sources and uses of liquidity over 12 months. Entities must maintain appropriate excess liquidity post simultaneous stresses on market risk, credit risk, P&C risk and operational risk.

5.6 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal controls and/or processes, from people and systems, or from external events. This includes legal risk and excludes risks arising from strategic decisions. In line with business objectives, the Company does not take on operational risk with a view to achieving enhanced return. Rather, it accepts operational risk as a consequence of writing (re)insurance business and having operations to support the writing of that business. The Company identifies, measures and manages operational risk through its annual risk assessment process, OPERA (internal loss incident and risk event) reporting, Internal Control testing and governance processes.

5.6.1 Mitigation Strategies

The Company's risk register takes into account the controls in place that mitigate specific risks. The nature of the controls and the strength of control exercised are based upon the:

- Potential severity of the risk.
- Frequency of the risk occurring.
- Cost of implementing controls relative to the significance of the risk; and
- Appetite and tolerance for the risk.

An annual risk assessment is performed for all risks on the risk register. The assessment involves capturing the risk owner's view of the potential severity should an incident occur relating to the risk, and the likelihood of such incident occurring. Together this establishes the profile of each risk, allowing identification of top risks, thereby facilitating appropriate risk-based monitoring.

The controls are subject to review and testing by the Internal Control and Internal Financial Control teams as noted in Note 5.1.2 and Note 5.1.7 and Internal Audit as described in Note 5.1.9.

It is also recognized that while the Company may buy insurance with the aim of reducing the monetary impact of certain operational risk events (e.g. physical damage), non-monetary impacts may remain (including impact on the Company's reputation). This is considered in the risk assessment process and risk register.

The risks are monitored and managed through the risk framework and the operational loss and risk event reporting process.

5.6.2 Stress and scenario testing

To support the identification and quantification of operational risks within the business, AXA XL has a stress and scenario testing framework. The stress testing includes multiple operational risk scenarios developed from the top risks assessed during the annual risk assessment, which are then evaluated over multiple return periods for each scenario. While the stress testing is performed at the AXA XL Division level, it is also relevant to the Company for certain risks, such as transversal risks that are centrally managed.

5.7 OTHER RISKS

5.7.1 Strategic

A strategic risk is the risk that a negative impact (current or prospective) on earnings or capital, material at the Company level, arises from a lack of responsiveness to industry changes or adverse business decisions regarding:

- Significant changes in footprint, including through mergers and acquisitions.
- Product offering and client segmentation.
- Distribution model (channel mix including alliances/partnerships, multi-access and digital distribution).

Strategic risk management is based on the following guiding principles:

- Provide a comprehensive perspective on Company forecasted evolution.
- Maintain a deep understanding of the competitive landscape and a comprehensive perspective of long-term trends to define a strategy; and
- Ensure the strategic rationale of the portfolio evolution within the Company and Division.

5.7.2 Reputational

Reputation risk is the risk that an event will negatively influence the stakeholders' perceptions of the company. AXA XL maintains a Reputational Risk Framework which encompasses a set of planned actions and established policies to reduce the probability and/or the expected costs if the latent reputational problems become actual.

5.7.3 Emerging

Emerging risks are risks which may develop in the future, or which already exist and are continuously evolving. They are marked by a high degree of uncertainty, and some of them may even never emerge. Emerging risks may be difficult to quantify and can have potentially serious consequences if they are not anticipated in a timely manner. To assess the impact of emerging risks at AXA XL, there is a well-established emerging risks framework in place, which is supported by all relevant Risk Committees at both divisional and legal entity level. The Emerging Risks Team works in collaboration with the Emerging Risks Expert Network to identify, analyze, prioritize, quantify, monitor, and report on emerging risks that could have an impact on existing and future product offerings and business operations. All Risk Committees and the Emerging Risks Expert Network work together to undertake both strategic and risk management processes, assisting in identifying potential opportunities in the market and providing thought leadership around emerging risk issues to optimize underwriting and strategic decisions.

5.7.4 Regulatory

The Company operates in multiple jurisdictions across multiple legal entities, which increases the potential exposure to regulatory risk. Local Compliance presence ensures a full understanding of local regulatory issues, supported by wider training and communication to ensure local requirements are understood by all AXA XL underwriters. A robust Compliance Framework is implemented across all entities and regions.

5.7.5 Geopolitical and macroeconomic risk

The Company is currently facing increased geopolitical and macroeconomic risks stemming from ongoing conflicts such as the Ukraine war and instability in the Middle East to policy changes from the current U.S. administration. These actions have escalated global tensions and protectionism. In response to geopolitical risk, the Company developed hypothetical stress scenarios to assess potential exposures and implemented key risk indicators to track war and civil unrest risks by country. The Company is also monitoring the impact of varying economic conditions across regions, particularly the U.S. and Europe, as well as challenges in the commercial real estate sector in the U.S. Robust risk management frameworks are in place to ensure solvency and liquidity, alongside regular assessments and updates to respond to changing market conditions.

5.7.6 ESG risk (including climate change)

ESG Risk refers to the potential impact on the Company's long-term viability from an environmental, social, or (corporate) governance event. The Company is exposed to climate change risk, as further described below, but also to social issues such as ensuring a decent workplace for all and to potential inadequate (corporate) governance which could have a reputational impact and other effects. The Company's Sustainability team conducts materiality assessments to identify the most significant ESG risks. The Company's Sustainability strategy includes incorporating ESG considerations into our products, services and own operations, as well as defining our vision and position as a "corporate citizen".

The identification and tagging of ESG risks are included within AXA XL's Operational Risk Framework. Divisional Key Risk Indicators ("KRIs"), including those related to ESG risks, were developed during 2022 and 2023 and have been aligned to the AXA XL 2023-2026 Sustainability Strategy. In line with regulatory expectations, further focus is being placed on specific climate metrics and longer-term targets. Reputational risk is also considered across all operational risks as an impact criterion, as part of the annual operational risk assessment process, with regular reporting to AXA Group on any potential upcoming risks and an annual reporting summary including lessons learned.

Climate change, and consequently climate change risk, is a key area of consideration to the Company. AXA XL is committed to taking a leading role in working with our clients and business partners to raise awareness of climate issues, help them manage risk and develop solutions to create a more sustainable society.

The Company is exposed to all forms of climate and climate change risk, namely:

- **Physical Risks**: Refers to the direct impact of climate change on persons and property. For example, risks such as those arising from increasingly frequent and severe extreme weather events, wildfires, rising sea-levels, rising temperature, and changes in exposure to vector borne diseases.
- **Transition Risks**: Refers to risks that stem from changes in behaviors and strategies of industrial actors, market participants and customers in response to climate change, as well as the implementation of climate-related policy or regulatory and technological developments.
- **Liability Risks**: Refers to the risk of those seeking compensation for climate change-related losses or damages. This includes legal proceedings seeking damages for contribution to climate change or for inaccurate or insufficient disclosure around material financial or operational risks.

Mitigation Strategies

Climate change risks have potential impacts on our underwriting, investments, and company operations. Therefore, dedicated groups of colleagues are working to ensure that the transversal nature of this risk is duly considered and appropriately managed and mitigated.

Climate change risk is managed through the Risk Management Framework ("RMF" and the Climate Change Risk Framework (CCRF). Through this process risks are identified, reported and managed. Risks pertaining to climate change including physical, transition and litigation risks have been long standing items in our emerging risks identification process. As these risks develop, they are assessed and monitored for each risk type. For example, the potential physical risk impacts on our natural catastrophe risks are considered within our underwriting risk framework. This ensures that each element of climate risk is managed by those with the most expertise, relevant stakeholders are informed and these risks can be cross-compared to others with similar characteristics.

In addition, AXA XL has established a Climate Change Risk & Stress Testing Working Group to ensure that information is relayed across risk types and a transversal approach is taken. Controls in relation to these risks are documented in the applicable risk policies where relevant.

Climate Key Risk Indicators ("KRIs") have been developed and reported on. These include metrics relating to physical, transition and litigation risk and span insurance, financial, operational, reputational and strategic risk pillars. They are updated quarterly or yearly, depending on the metric, and are reported to the Reinsurance Audit Risk and Compliance Committee (" Re ARCC").

Stress Testing

AXA XL has an established Climate Change Risk & Stress Testing Working Group to facilitate a comprehensive understanding of climate risks across various domains. The overarching goal is to advance our understanding of climate impacts across all risk pillars and to create integrated scenarios that encompass all risks under a unified climate framework.

For underwriting risk, stress testing has been developed to consider the impact of Physical Risk on our natural catastrophe exposures. In addition, an initial analysis on impacts of "sea level risk tipping point" on our portfolio has been developed.

Additionally, within market risk, there is a stress test in place to consider a disorderly transition based on a European Insurance and Occupational Pensions Authority ("EIOPA") scenario.

5.8 MATERIAL RISK CONCENTRATIONS

Material concentrations can occur within and across risk categories. Our RAF is intended to address both. The RAF and expected exposures are reviewed annually and tested through our stress testing framework.

The RAF has two key components, high level risk appetite statements and a set of risk exposure limits linked to specific risk types. The Risk Appetite Framework is reviewed and approved annually by the Reinsurance Audit, Risk and Compliance Committee and the Board, with the latest review in April 2025, reflecting the risk profile of the Company and the 2025 business plan.

There are two components to the high-level risk appetite statements:

- Solvency - This considers the buffer that would be held in excess of regulatory capital. The factors considered in setting the solvency target included the ability of the Company to withstand the largest of a 1 in 20 years financial event or insurance event without the need to call on AXA XL Division for support.
- Liquidity - This considers ability to pay claims resulting from a stress event.

The risk exposure limits cover market, credit, reserve and underwriting risks.

- **Market risk** - indicators exist for exposures per asset class, duration gap and foreign exchange mismatch.
- **Credit risk** - the Company benefits from indicators that exist at the AXA XL Division level for sovereign exposure, fixed income concentration, and global issuer exposure.
- **Reserve risk** - deterioration in gross held reserves (o/s plus IBNR) are to be no more than 5% over a 12-month calendar period.
- **Underwriting risk:**
  - Underwriting limits are spread across Credit & Surety (where the limit is based on Probable Maximum Loss ("PML")), Marine, Aviation, Casualty and Property lines. The limits are based on exposures to a single original insured the company cover through cedants and equal the sum of the corresponding exposed limits net of reinsurance.
  - Natural catastrophe limits are set for Probable Maximum Losses ("PMLs") net of reinsurance at worldwide 1-in-10 Aggregate Exceedance Probability ("AEP"), worldwide 1-in-20 AEP, and the largest peril-region 1-in-200 Occurrence Exceedance Probability ("OEP").
  - The Cyber per event appetite monitors affirmative cyber exposure per guarantee (first party and third party).

Alert levels are set by AXA XL Re generally at 80% of the risk appetite level and are monitored on a regular basis. Reporting against the risk appetites is undertaken through the Risk Dashboard that is produced for the Reinsurance AXA XL Risk and Compliance Committee (Re ARCC) on a quarterly basis. The frequency of update of the exposure positions is as follows:

- Over-arching risk appetite statements (solvency and liquidity) - quarterly
- Risk appetite exposures:
  - Market risk - quarterly
  - Credit risk - quarterly for the AXA XL Division
  - Reserve risk - quarterly
  - Underwriting per risk - semi-annually
  - Natural catastrophe exposures - quarterly
  - Cyber per event - semi-annually

Loss exposure estimates for all event risks are derived from a combination of commercially available and internally developed models together with the judgement of management, as overseen by the Board. Actual incurred losses may vary materially from our estimates. Factors that can cause a deviation between estimated and actual incurred losses may include:

- Inaccurate assumptions of event frequency and severity;
- Inaccurate or incomplete data;
- Changing climate conditions that may add to the unpredictability of frequency and severity of natural catastrophes in certain parts of the world and create additional uncertainty as to future trends and exposures;
- Future possible increases in property values and the effects of inflation that may increase the severity of catastrophic events to levels above the modelled levels;
- Natural catastrophe models that incorporate and are critically dependent on meteorological, seismological and other earth science assumptions and related statistical relationships that may not be representative of prevailing conditions and risks, and may therefore misstate how particular events actually materialize, causing a material deviation between forecasted and actual damages associated with such events; and

- A change in the legislative, regulatory and judicial climate.

For the above and other reasons, the incidence, timing and severity of catastrophes and other event types are inherently unpredictable, and it is difficult to estimate the amount of loss any given occurrence will generate. Consequently, there is material uncertainty around our ability to measure exposures associated with individual events and combinations of events. This uncertainty can cause actual exposures and losses to deviate from those amounts estimated, which in turn can create a material adverse effect on our financial condition and results of operations and may result in substantial liquidation of investments, possibly at a loss, and outflows of cash as losses are paid.

Note 6 Goodwill and Other Intangible Assets

6.1 GOODWILL AND OTHER INTANGIBLE ASSETS

(US Dollars in thousands)	2024	2023
BEGINNING OF YEAR, TOTAL	**45,925**	**43,319**
Additions [(a)]	—	4,467
Disposals [(b)]	(346)	—
Amortization	(1,745)	(1,901)
Foreign currency translation	209	40
END OF YEAR, TOTAL	**44,043**	**45,925**

(a) Additions are related to the acquisition of XLRA. Refer to Note 4.1.4 for more detail.

(b) Disposals are related to the disposal of XL Re China and AXA XL Resseguros S.A. Refer to Note 4.1.2 and *Note 4.1.3 for more detail.*

6.1.1 Goodwill

The recoverability of goodwill is assessed using the value in use approach, as described in Note 2.6.1. The fair value is then compared to the carrying amount to assess the goodwill recoverability. The results of the cash flow projections exceeded the carrying amounts of the CGU.

6.1.2 Other Intangible Assets

The Company tests definite-lived intangible assets whenever events or circumstances indicate that carrying values may not be recoverable. For further details regarding the Company's impairment process, see Note 2.6.2. During 2024 and 2023, no impairments were recorded.

Note 7 Investments

It should be noted that the amounts disclosed in the present Note as impacting the Company's consolidated comprehensive income do not consider the induced effects relating to insurance liabilities, notably those arising from contracts with direct participating features (refer to Note 11 and Note 16) and, therefore, do not represent net ultimate gains or losses recognized in the consolidated statement of comprehensive income.

7.1 BREAKDOWN OF INVESTMENTS

The tables below present the fair value and the carrying value of the Company's investments, broken down by (i) class of investments, (ii) classification category according to IFRS 9 - Financial Instruments (namely, investments measured at amortized cost, at fair value through other comprehensive income ("FV OCI") or at fair value through profit or loss ("FV P&L")):

	December 31, 2024		
(US Dollars in thousands)	**Fair value**	**Carrying value**	**% (of Total Investments)**
Investment in real estate properties at amortized cost (A)	**102,034**	**102,876**	**1.5 %**
Debt instruments at FV OCI	5,911,466	5,911,466	89.0 %
Debt instruments at FV P&L - Mandatory	34,297	34,297	0.5 %
Debt Instruments (B)	**5,945,763**	**5,945,763**	**89.5 %**
Equity instruments at FV OCI without recycling to P&L	44,156	44,156	0.7 %
Equity Instruments (C)	**44,156**	**44,156**	**0.7 %**
Non consolidated investment funds at FV P&L (D)	**551,307**	**551,307**	**8.3 %**
Total Financial investment (E=B+C+D)	**6,541,226**	**6,541,226**	**98.5 %**
INVESTMENTS (F=A+E)	**6,643,259**	**6,644,102**	**100.0 %**

	December 31, 2023		
(US Dollars in thousands)	**Fair value**	**Carrying value**	**% (of Total Investments)**
Investment in real estate properties at amortized cost (A)	**230,181**	**182,212**	**2.7 %**
Debt instruments at FV OCI	6,131,497	6,131,497	89.4 %
Debt instruments at FV P&L - Mandatory	58,670	58,670	0.9 %
Debt Instruments (B)	**6,190,168**	**6,190,168**	**90.2 %**
Equity instruments at FV OCI without recycling to P&L	41,192	41,192	0.6 %
Equity Instruments (C)	**41,192**	**41,192**	**0.6 %**
Non consolidated investment funds at FV P&L (D)	**446,333**	**446,333**	**6.5 %**
Total Financial investment (E=B+C+D)	**6,677,692**	**6,677,692**	**97.3 %**
INVESTMENTS (F=A+E)	**6,907,874**	**6,859,904**	**100.0 %**

7.2 INVESTMENT IN REAL ESTATE PROPERTIES

Investment in real estate properties includes buildings owned directly and through consolidated real estate entities.

Real estate properties held by AXA XL Re are measured at amortized cost. The table below presents the carrying value (disclosing separately cumulated amortization and impairment).

	December 31, 2024					December 31, 2023				
(US Dollars in thousands)	Gross value	Amortization	Impairment	Carrying Value	Fair value	Gross value	Amortization	Impairment	Carrying Value	Fair value
Total investments in real estate properties	**117,431**	**(14,555)**	**—**	**102,876**	**102,034**	**203,942**	**(21,729)**	**—**	**182,212**	**230,181**

The following table provides a reconciliation from the opening balances to the closing balances for the cumulated amounts of impairment and amortization on investment in real estate properties:

	Impairment		Amortization	
(US Dollars in thousands)	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Balance as of January 1	**—**	**—**	**(21,729)**	**(9,862)**
Increase	—	—	(4,569)	(5,043)
Write back following sale or reimbursement	—	—	10,810	—
Write back following recovery in value	—	—	—	—
Others[a]	—	—	934	(6,825)
Balance as of December 31	**—**	**—**	**(14,555)**	**(21,729)**

(a) Includes impacts of changes in scope of consolidation and movements in exchange rates.

7.3 UNREALIZED GAINS AND LOSSES ON FINANCIAL INVESTMENTS

The tables below disclose unrealized capital gains and losses not reflected in the consolidated statement of profit or loss ("P&L"), that are related to financial investments measured at amortized cost or at fair value through OCI ("FV OCI"). These unrealized capital gains and losses are broken down by class of financial instruments and IFRS 9 classification category:

	December 31, 2024					December 31, 2023				
(US Dollars in thousands)	Amortized cost	Fair value	Carrying value	Unrealized gains	Unrealized losses	Amortized cost	Fair value	Carrying value	Unrealized gains	Unrealized losses
Debt instruments at FV OCI	6,365,273	5,911,466	5,911,466	27,653	(481,460)	6,513,606	6,131,497	6,131,497	73,818	(455,927)
Equity instruments at FV OCI without recycling to P&L	49,955	44,156	44,156	2,292	(8,092)	49,955	41,192	41,192	1,685	(10,448)

7.4 DEBT INSTRUMENTS

7.4.1 Debt instruments by type of issuer

The table below presents the composition of the Company's debt instruments portfolio by type of issuer:

	December 31, 2024		December 31, 2023	
(US Dollars in thousands)	Fair value	Carrying value	Fair value	Carrying value
Corporate debt instruments[a]	3,069,843	3,069,843	3,191,599	3,191,599
Government and government-like debt instruments	1,601,854	1,601,854	1,881,658	1,881,658
Other debt instruments issued by government related issuers	1,274,066	1,274,066	1,116,911	1,116,911
TOTAL DEBT INSTRUMENTS	**5,945,763**	**5,945,763**	**6,190,168**	**6,190,168**

(a) Includes debt instruments issued by companies in which a State holds interests.

7.4.2 Debt instruments by contractual maturity and exposure to interest rate risk

The table below sets out the carrying value of debt instruments and loans held by the Company broken down by their contractual maturity. Effective maturities may differ from those presented, mainly because some debt instruments and loans include early redemption clauses, with or without penalty, or duration extension features. Furthermore, the effect of derivative instruments (refer to Note 14.3) may modify the maturity profile of assets presented below.

Debt instruments whose fair value is exposed to interest rate risk, i.e. fixed-rate instruments, are disclosed separately. Most of debt instruments held by the Company fall within this category.

	December 31, 2024				December 31, 2023			
(US Dollars in thousands)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total Carrying value	12 months or less	More than 1 year up to 5 years	More than 5 years	Total Carrying value
Debt instruments	428,620	1,986,953	3,530,190	5,945,763	300,241	2,241,852	3,648,075	6,190,168
Total Financial investments exposed to interest rate risk	**428,620**	**1,986,953**	**3,530,190**	**5,945,763**	**300,241**	**2,241,852**	**3,648,075**	**6,190,168**
of which financial investments whose fair value is exposed to interest rate risk	*428,205*	*1,625,740*	*3,060,364*	*5,114,308*	*294,459*	*1,907,138*	*3,155,679*	*5,357,276*

7.5 EQUITY INSTRUMENTS

7.5.1 Equity instruments by issuer industry and exposure to price risk

The table below sets out the portfolio of equity instruments held by the Company at the closing date and exposed to equity prices fluctuations, broken down by issuer's industry, presenting those designated at fair value through OCI ("FV OCI") without recycling to P&L applying the IFRS 9 classification option. The carrying value of those investments is equal to their fair value.

The table also discloses the amount of dividends recognized in profit or loss over the period on FV OCI equity instruments still in the portfolio at the closing date:

(US Dollars in thousands)	December 31, 2024 Financial	December 31, 2023 Financial
Equity instruments at FV OCI without recycling to P&L	44,156	41,192
Total carrying value of equity instruments	**44,156**	**41,192**
Dividends recognized in the period on equity instruments at FV OCI without recycling to P&L held as of the reporting date	*5,899*	*1,755*

7.5.2 Equity instruments designated at fair value through OCI derecognized during the period

The following tables display, for equity instruments designated at fair value through OCI ("FV OCI") without recycling to profit or loss and derecognized during the period, their fair value at the date of derecognition, dividends received in the period and recognized in profit or loss, as well as the cumulative amounts of capital gains or losses at the date of derecognition (not recycled to profit or loss but transferred to retained earnings on derecognition), all broken down by issuer's industry.

(US Dollars in thousands)	December 31, 2024 Financial	December 31, 2023 Financial
Fair value at the date of derecognition	—	—
Dividend related to instruments derecognized during the period	—	—
Cumulative gains or losses at the date of derecognition	—	—

7.6 TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Company participates in repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at both a certain later date and agreed price. As substantially all the risks and rewards of the financial assets remain with the Company over the entire lifetime of the transaction, they are not derecognized.

Additionally, the Company is party to total return swaps where financial assets are sold to a counterparty with an agreement in which the Group retains substantially all the risks and rewards of the financial instruments. Therefore, these financial assets are not derecognized.

Proceeds from the sales are reported separately in the line item Payables of the consolidated statement of financial position, and interest expense is accrued over the duration of the agreements.

The following table presents the carrying value of transferred financial assets not qualifying for derecognition, broken down by their IFRS 9 classification category, and of corresponding liabilities:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Carrying value of assets	**306,466**	**165,825**
of which debt instruments at FV OCI	306,466	165,825
Carrying value of associated liabilities[(a)]	**307,397**	**156,589**

(a) Amounts do not include securities received as collateral to securities lending transactions if such collateral is not recognized under the terms of the agreement because the risks and rewards have not been transferred to the Company.

7.7 NON-CONSOLIDATED INVESTMENT FUNDS

The table below sets out the portfolio of non-consolidated investment funds held by the Company broken down by type of underlying financial assets. These investments are measured at fair value through profit or loss:

(US Dollars in thousands)	December 31, 2024 Fair value	December 31, 2023 Fair value
Non-consolidated investment funds mainly holding debt instruments	247,952	181,121
Other non-consolidated investment funds	203,937	214,993
Non-consolidated investment funds mainly holding equity instruments	99,418	50,219
TOTAL	**551,307**	**446,333**

7.8 FINANCIAL INSTRUMENTS SUBJECT TO IMPAIRMENT

7.8.1 Breakdown of financial investments subject to impairment

The tables below set out the Company's portfolio of financial investments subject to impairment, namely debt instruments measured at amortized cost or at fair value through OCI ("FV OCI"), broken down by class of financial investments, IFRS 9 classification category and IFRS 9 impairment stage (refer to Note 2.7.2.2), namely:

- Stage 1: financial investments for which credit risk has not increased significantly since initial recognition, and the loss allowance is measured at an amount equal to 12 months expected credit losses;
- Stage 2: not credit-impaired financial investments for which credit risk has increased significantly since initial recognition, and the loss allowance is measured at an amount equal to lifetime expected credit losses;
- Stage 3: financial investments which were not purchased or originated credit impaired but became credit impaired since their initial recognition, and for which the loss allowance is measured at an amount equal to lifetime expected credit losses.

	December 31, 2024				
(US Dollars in thousands)	Cost before impairment and revaluation to fair value	Impairment	Cost after impairment but before revaluation to fair value	Revaluation to fair value	Carrying value
Stage 1					
Debt instruments at FV OCI	6,351,869	(1,176)	6,350,692	(449,500)	5,901,193
Debt instruments	**6,351,869**	**(1,176)**	**6,350,692**	**(449,500)**	**5,901,193**
Total Stage 1	**6,351,869**	**(1,176)**	**6,350,692**	**(449,500)**	**5,901,193**
Stage 2					
Debt instruments at FV OCI	2,236	(38)	2,198	7	2,205
Debt instruments	**2,236**	**(38)**	**2,198**	**7**	**2,205**
Total Stage 2	**2,236**	**(38)**	**2,198**	**7**	**2,205**
Stage 3					
Debt instruments at FV OCI	19,957	(7,574)	12,383	(4,314)	8,068
Debt instruments	**19,957**	**(7,574)**	**12,383**	**(4,314)**	**8,068**
Total Stage 3	**19,957**	**(7,574)**	**12,383**	**(4,314)**	**8,068**
Debt instruments at FV OCI	6,374,062	(8,789)	6,365,273	(453,807)	5,911,466
Total debt instruments	**6,374,062**	**(8,789)**	**6,365,273**	**(453,807)**	**5,911,466**
Total financial investments subject to impairment	**6,374,062**	**(8,789)**	**6,365,273**	**(453,807)**	**5,911,466**

	December 31, 2023				
(US Dollars in thousands)	Cost before impairment and revaluation to fair value	Impairment	Cost after impairment but before revaluation to fair value	Revaluation to fair value	Carrying value
Stage 1					
Debt instruments at FV OCI	6,501,677	(1,263)	6,500,414	(377,714)	6,122,700
Debt instruments	**6,501,677**	**(1,263)**	**6,500,414**	**(377,714)**	**6,122,700**
Total Stage 1	**6,501,677**	**(1,263)**	**6,500,414**	**(377,714)**	**6,122,700**
Stage 2					
Debt instruments at FV OCI	675	(2)	673	(26)	648
Debt instruments	**675**	**(2)**	**673**	**(26)**	**648**
Total Stage 2	**675**	**(2)**	**673**	**(26)**	**648**
Stage 3					
Debt instruments at FV OCI	20,260	(7,741)	12,519	(4,369)	8,150
Debt instruments	**20,260**	**(7,741)**	**12,519**	**(4,369)**	**8,150**
Total Stage 3	**20,260**	**(7,741)**	**12,519**	**(4,369)**	**8,150**
Debt instruments at FV OCI	6,522,612	(9,006)	6,513,606	(382,109)	6,131,497
Total debt instruments	**6,522,612**	**(9,006)**	**6,513,606**	**(382,109)**	**6,131,497**
Total financial investments subject to impairment	**6,522,612**	**(9,006)**	**6,513,606**	**(382,109)**	**6,131,497**

7.8.2 Change in impairment on financial investments

7.8.2.1 Change in impairment of financial investments measured at fair value through OCI

The following tables provide a reconciliation from the opening balances to the closing balances for the carrying amount of debt instruments measured at fair value through OCI ("FV OCI") and for the cumulated amount of Expected Credit Losses ("ECL") allowance on those debt instruments, broken down by IFRS 9 impairment stage:

	December 31, 2024							
	Stage 1		Stage 2		Stage 3		Total	
(US Dollars in thousands)	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance
Balance at January 1	**6,501,677**	**1,263**	**675**	**2**	**20,260**	**7,741**	**6,522,612**	**9,006**
Transfers to Stage 1	—	—	—	—			—	—
Transfers to Stage 2	(2,011)	(38)	2,011	38			—	—
Transfers to Stage 3	—	—	—	—	—	—	—	—
Acquisitions and originations	1,096,561	160					1,096,561	160
Derecognitions	(1,164,349)	(211)	—	—	(303)	(163)	(1,164,651)	(375)
Other changes[b]	(80,009)	4	(451)	(2)	—	(3)	(80,460)	(2)
Balance as of December 31	**6,351,869**	**1,176**	**2,236**	**38**	**19,957**	**7,574**	**6,374,062**	**8,789**

(a) Includes related accumulated amortization, premiums/discount and accrued interests, when applicable.

(b) Mainly includes impacts of changes in scope of consolidation and movements in exchange rates.

	December 31, 2023							
	Stage 1		Stage 2		Stage 3		Total	
(US Dollars in thousands)	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance	Gross Carrying Amount[a]	ECL allowance
Balance at January 1	**4,277,125**	**752**	**1,898**	**31**	**152**	**5**	**4,279,175**	**788**
Transfers to Stage 1	—	—	—	—	—	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—	—	—
Acquisitions and originations	2,157,581	248	—	—	—	—	2,157,581	248
Derecognitions	(1,818,767)	(209)	(1,391)	(22)	(123)	—	(1,820,281)	(232)
Other changes[b]	1,885,738	472	168	(7)	20,231	7,736	1,906,138	8,202
Balance as of December 31	**6,501,677**	**1,263**	**675**	**2**	**20,260**	**7,741**	**6,522,612**	**9,006**

(a) Includes related accumulated amortization, premiums/discount and accrued interests, when applicable.

(b) Mainly includes impacts of changes in scope of consolidation and movements in exchange rates.

7.9 FAIR VALUE OF INVESTMENTS

The table below presents the breakdown of the fair value of financial investments measured at fair value through either profit or loss ("FV P&L") or OCI ("FV OCI") by fair value hierarchy level as set in IFRS 13 - Fair Value Measurement (refer to Note 2.5). The carrying value of those financial investments is equal to their fair value:

	December 31, 2024				December 31, 2023			
	Financial assets quoted in an active market	Financial assets not quoted in an active market or no active market		Total	Financial assets quoted in an active market	Financial assets not quoted in an active market or no active market		Total
(US Dollars in thousands)	Level 1 [(a)]	Level 2 [(b)]	Level 3 [(c)]		Level 1 [(a)]	Level 2 [(b)]	Level 3 [(c)]	
Debt instruments	—	5,911,466	—	5,911,466	—	6,131,497	—	6,131,497
Equity instruments	—	—	44,156	44,156	—	—	41,192	41,192
Financial assets at FV OCI (A)	**—**	**5,911,466**	**44,156**	**5,955,622**	**—**	**6,131,497**	**41,192**	**6,172,689**
Debt instruments	—	34,297	—	34,297	—	58,670	—	58,670
Non-consolidated investment funds	—	267,612	283,696	551,307	—	284,707	161,626	446,333
Financial assets at FV P&L (B)	**—**	**301,908**	**283,696**	**585,604**	**—**	**343,377**	**161,626**	**505,003**
Total financial instruments at fair value (C = A + B)	**—**	**6,213,374**	**327,851**	**6,541,226**	**—**	**6,474,874**	**202,818**	**6,677,692**
Investment in real estate properties	—	—	102,034	102,034	—	—	230,181	230,181
Total investments at amortized cost (D)	**—**	**—**	**102,034**	**102,034**	**—**	**—**	**230,181**	**230,181**
TOTAL (C+D)	**—**	**6,213,374**	**429,885**	**6,643,260**	**—**	**6,474,874**	**432,999**	**6,907,873**

The Company applies the IFRS 13 fair value hierarchy as described in Note 2.5 to categorize financial assets it holds, based on the characteristics of the market in which financial assets are traded and on the nature of inputs used to determine their fair value.

LEVEL 1 FAIR VALUES

Financial assets are categorized in level 1 of the IFRS 13 fair value hierarchy when their fair value is determined directly by reference to an active market (see Note 2.5.1).

As of December 31, 2024, the net transfer between level 1 and level 2 was nil.

LEVEL 2 AND LEVEL 3 FAIR VALUES

The common characteristic of assets categorized in levels 2 and 3 of the IFRS 13 fair value hierarchy is that they are not quoted in an active market (see Note 2.5.2). Their fair value may be either provided by external parties or measured using valuation techniques. The classification of those assets between levels 2 and 3 depends on the proportion of inputs used to determine their fair value: if those inputs are mainly supported by market transactions and other observable market data, the assets are classified in level 2, otherwise, they are classified in level 3.

Financial assets categorized in levels 2 and 3 represent a variety of circumstances. A financial instrument is regarded as not quoted in an active market if there is little observation of transaction prices as an inherent characteristic of the instrument, when there is a significant decline in the volume and level of trading activity, in case of significant illiquidity or if observable prices cannot be considered as representing fair value because of dislocated market conditions. Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or be indicative of a change in the conditions prevailing in certain markets.

The identification of level 3 assets among assets not quoted in an active market involves a significant level of judgment. The following are considered as observable inputs: inputs provided by external pricing services, information obtained from specialized data providers, rating agencies, external surveys. The extent to which such data are external to the Company and not assessed by internal valuation teams is one of the main criteria applied in assessing whether data are observable or not. Should those data be significantly adjusted or would they be outdated because of the lack of newly available factors, such inputs would be deemed unobservable. Another area of judgment is the assessment of the significance of an input against the fair value measurement in its entirety. As a result, a different cut between observable and unobservable data and variances in the weighting of the significance of each input against the fair value measurement in its entirety could produce a different categorization.

Assets such as certain unquoted debt instruments, some instruments issued on private markets such as private equity instruments or private loans, have always been considered as not quoted in active markets as an inherent characteristic of these investments and included as assets not quoted in active markets or for which there is no active market in all periods presented. Valuations are based either on external pricing providers or internal models using techniques commonly used by market participants. Valuation teams make the maximum use of current transaction prices (if any) and observable data, but some of the underlying sectors to which the investments relate may be so particular that significant adjustments are performed or unobservable data are used. Private equity funds of funds are measured on the basis of the latest net asset values of funds provided to the Company.

The fair values of investments in real estate properties generally cannot be determined via reference to quotes of an active market from an exchange market or service provider, and no real estate property is therefore categorized in level 1 of the IFRS 13 fair value hierarchy.

TRANSFERS IN AND OUT OF THE LEVEL 3 CATEGORY AND OTHER MOVEMENTS

From January 1, 2024 to December 31, 2024, the amount of level 3 assets decreased by $(3.1) million to $429.9 million, representing 6.0% of the total assets at fair value ($433.0 million, representing 6.0% in 2023). The main movements related to level 3 assets to be noted were the following:

- $(171.6) million of asset sales, redemptions and settlements mainly of non-consolidated investment funds accounted as fair value through profit or loss and Investment in real estate properties at amortized cost;
- $(14.6) million of net asset transfers in and out of level 3 and foreign exchange fluctuation impact;
- $11.4 million of change in fair value related to investments accounted for at fair value and amortized cost; and
- $171.7 million of new investments mainly in alternative assets and real estate properties.

A majority of assets classified in level 3 correspond to real estate and private investments, in particular private credit and private equity assets.

Note 8 Investments Accounted for using the Equity Method

Non-consolidated investment funds under significant influence are accounted for as assets at fair value with changes in fair value recognized through profit or loss (see Note 2.7.2.1).

Note 9 Receivables

	December 31, 2024				December 31, 2023			
(US Dollars in thousands)	Gross value	Impairment	Carrying Value	Fair value	Gross value	Impairment	Carrying Value	Fair value
Current tax receivables	**22,208**	**—**	**22,208**	**22,208**	**25,506**	**—**	**25,506**	**25,506**
Other deposits	1,574	—	1,574	1,574	2,149	—	2,149	2,149
Others	5,581	—	5,581	5,581	36,342	—	36,342	36,342
Other receivables	**7,155**	**—**	**7,155**	**7,155**	**38,491**	**—**	**38,491**	**38,491**
TOTAL	**29,363**	**—**	**29,363**	**29,363**	**63,997**	**—**	**63,997**	**63,997**

Note 10 Shareholder's Equity and Minority Interests

10.1 IMPACT OF TRANSACTIONS WITH SHAREHOLDER

The Consolidated Statement of Changes in Equity is presented as a primary financial statement.

Note 10.1.1 Change in shareholder’s equity Company share in 2024

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

The authorized share capital of AXA XL Re is 10.0 billion shares, par value $0.01 each, and the total issued and outstanding shares as at December 31, 2024 was 10.0 billion representing $100.0 million of share capital.

DIVIDENDS PAID

In 2024, the Company paid a dividend of $1.1 billion to AXA XL Reinsurance (Holdings) Ltd.

Note 10.1.2 Change in shareholder’s equity Company share in 2023

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

The authorized share capital of AXA XL Re is 10.0 billion shares, par value $0.01 each, and the total issued and outstanding shares as at December 31, 2023 was 10.0 billion representing $100.0 million of share capital.

During 2023, the following transactions had an impact on the Company’s share capital and capital in excess of nominal value:

- a capital distribution of $100.0 million to AXA XL Reinsurance (Holdings) Ltd.

DIVIDENDS PAID

in 2023, the Company paid a dividend of $150.0 million to AXA XL Reinsurance (Holdings) Ltd.

10.2 COMPREHENSIVE INCOME FOR THE PERIOD

The Consolidated Statement of Comprehensive Income, presented as a primary financial statement, includes the net income for the period and the other comprehensive income, the latter reflecting the changes relating to other reserves recognized through other comprehensive income (“OCI”) in accordance with IFRS 9 and IFRS 17, and translation reserves.

Note 10.2.1 Other comprehensive income for 2024

OTHER RESERVES RECOGNIZED THROUGH OCI IN ACCORDANCE WITH IFRS 9 AND IFRS 17

The table below gives detailed information on changes in other reserves recognized through OCI during the year 2024:

(US Dollars in thousands)	Fair value reserves relating to financial instruments [(a)]	Fair value reserves relating to cash flow hedge derivatives	Reserves relating to the cost of hedging	Reserves relating to finance income or expenses from insurance and reinsurance contracts	Total
Balance at 1 January 2024[(b)]	**(315,277)**	**2,010**	**—**	**205,491**	**(107,776)**
Change in OCI without recycling in Profit or Loss	2,964	—	—	—	2,964
Change in OCI with recycling in Profit or Loss	(61,001)	(6,679)	—	(6,489)	(74,169)
Others (including effect of changes in scope of consolidation)	(4,635)	—	—	(2,269)	(6,904)
Other comprehensive income	**(62,672)**	**(6,679)**	**—**	**(8,758)**	**(78,109)**
Balance at 31 December 2024[(b)]	**(377,949)**	**(4,669)**	**—**	**196,733**	**(185,885)**

(a) including the fair value hedge of equity instruments
(b) Reported on Company share basis.

In accordance with IFRS 17, AXA XL Re applies the option to disaggregate insurance and reinsurance financial income or expenses between the statement of profit or loss and the OCI to limit the volatility in profit or loss considering that many of supporting financial assets are measured at fair value through OCI under IFRS 9.

When equity instruments without recycling in Profit or Loss are sold, their related net unrealized gains and losses previously recognized in OCI without recycling in Profit or Loss are transferred to retained earnings. In 2024, there was no realized capital gains or losses on these equity instruments, net of tax.

Note 10.2.2 Other comprehensive income for 2023

OTHER RESERVES RECOGNIZED THROUGH OCI IN ACCORDANCE WITH IFRS 9 AND IFRS 17

The table below gives detailed information on change in other reserves recognized through OCI during the year 2023:

(US Dollars in thousands)	Fair value reserves relating to financial instruments [(a)]	Fair value reserves relating to cash flow hedge derivatives	Reserves relating to the cost of hedging	Reserves relating to finance income or expenses from insurance and reinsurance contracts	Total
Balance at 1 January 2023 [(b)]	**(376,799)**	**—**	**—**	**303,534**	**(73,265)**
Change in OCI without recycling in Profit or Loss	1,207	—	—	—	1,207
Change in OCI with recycling in Profit or Loss	220,681	2,010	—	(144,002)	78,689
Others (including effect of changes in scope of consolidation)	(160,366)	—	—	45,959	(114,407)
Other comprehensive income	**61,522**	**2,010**	**—**	**(98,043)**	**(34,511)**
Balance at 31 December 2023 [(b)]	**(315,277)**	**2,010**	**—**	**205,491**	**(107,776)**

(a) including the fair value hedge of equity instruments
(b) Reported on Company share basis.

When equity instruments without recycling in Profit or Loss are sold, their related net unrealized gains and losses previously recognized in OCI without recycling in Profit or Loss are transferred to retained earnings. In 2023, the realized capital gains or losses on these equity instruments was $90.4 thousand, net of tax.

10.3 CHANGE IN MINORITY INTERESTS

As of December 31, 2024, the Company no longer owns subsidiaries in which other AXA Group companies own a minority interest.

10.3.1 Change in minority interests for 2024

The Company sold its interest in XL Re China during the year (refer to note 4.1.2), as such the Company no longer holds minority interests as of December 31, 2024.

10.3.2 Change in minority interests for 2023

The $7.4 million increase in minority interests was driven by the acquisition of XLRA during the year, described in Note 4.1.2, which includes ownership of 51% of XL Re China. The remaining 49% is owned by an affiliated company.

Note 11 Insurance and Reinsurance Contracts

11.1 INSURANCE AND REINSURANCE CONTRACTS

This note highlights the effects of contracts within the scope of IFRS 17 on the consolidated statement of financial position and the consolidated statement of profit or loss. Information relating to other investment contracts within the scope of IFRS 9 Financial Instruments is disclosed in paragraph 11.2.

As described in Note 2.12, IFRS 17 – Insurance Contracts applies to insurance and reinsurance contracts issued, investment contracts with discretionary participation features, and reinsurance contracts held. Note 2.12 also describes accounting principles applying to these contracts and defines the terms used in the following paragraphs of Note 11 as follows:

- DPF: Discretionary participation features
- LRC: Liability for remaining coverage
- LIC: Liability for incurred claims
- ARC: Asset for remaining coverage
- AIC: Asset for incurred claims
- CSM: Contractual Service Margin
- OCI: Other comprehensive income
- MRA: Modified retrospective approach
- FVA: Fair value approach
- PVFCF: Present value of future cash flows
- RA: Risk adjustment for non-financial risk
- BBA: Building block approach
- VFA: Variable fee approach
- PAA: Premium allocation approach

11.1.1 Reconciliation with the consolidated statement of financial position

The tables below enable to reconcile the consolidated statement of financial position and the consolidated statement of profit or loss with information disclosed in the next paragraphs.

These reconciliations consist in excluding the amounts of both insurance and reinsurance receivables and payables, as well as the assets for insurance acquisition cash flows, included in the consolidated statement of financial position on one hand, and the related amounts affecting the consolidated statement of profit or loss on the other hand.

11.1.1.1 Reconciliation with the consolidated statement of financial position

The reconciliation of amounts presented in the consolidated statement of financial position with the "carrying amount of insurance contracts and investment contracts with DPF", as disclosed below in section 11.2, is formalised as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Amounts reported in the consolidated statement of financial position		
Liabilities arising from insurance contracts and investment contracts with discretionary participation features	6,139,517	6,106,972
Assets arising from insurance contracts and investment contracts with discretionary participation features	—	—
Net position	**6,139,517**	**6,106,972**
Receivables arising from direct insurance and inward reinsurance operations	3,288,820	3,419,236
Payables arising from direct insurance and inward reinsurance operations	(367,431)	(401,132)
Assets relating to insurance acquisition cash flows	—	—
Carrying amount of insurance contracts and investment contracts with discretionary participation features, as disclosed hereinafter	**9,060,906**	**9,125,076**
Of which Life & Savings contracts	*40,583*	*70,873*
Of which Property & Casualty contracts	*9,020,323*	*9,054,203*

The reconciliation of amounts presented in the consolidated statement of financial position with the carrying amount of reinsurance contracts held as disclosed below in section 11.3, is formalised as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Amounts reported in the consolidated statement of financial position		
Assets arising from reinsurance contracts held	2,028,682	2,080,951
Liabilities arising from reinsurance contracts held	—	—
Net position	**2,028,682**	**2,080,951**
Receivables arising from outward reinsurance operations	(269,874)	(413,830)
Payables arising from outward reinsurance operations	833,828	1,080,966
Carrying amount of reinsurance contracts held, as disclosed hereinafter	**2,592,636**	**2,748,087**
Of which Life & Savings contracts	*34,675*	*62,078*
Of which Property & Casualty contracts	*2,557,961*	*2,686,009*

11.1.1.2 Reconciliation with the consolidated statement of profit or loss

The reconciliation of amounts presented in the consolidated statement of profit or loss to both the “Insurance service expenses” and the “Net finance income or expenses from insurance contracts recognised in profit or loss”, as disclosed below in section 11.2, is formalised as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Insurance service expenses reported in the consolidated statement of profit or loss	**(1,883,000)**	**(1,656,993)**
Increase in impairment relating to receivables arising from direct insurance and inward reinsurance operations	—	—
Write back of impairment relating to receivables arising from direct insurance and inward reinsurance operations	—	—
Increase in impairment of assets relating to insurance acquisition cash flows	—	—
Write back of impairment of assets relating to insurance acquisition cash flows	—	—
Insurance service expenses, as disclosed hereinafter	**(1,883,000)**	**(1,656,993)**
of which Life & Savings contracts	*(28,726)*	*(14,468)*
of which Property & Casualty contracts	*(1,854,274)*	*(1,642,525)*

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Net finance income or expenses from insurance contracts reported in the consolidated statement of profit or loss	**(146,333)**	**(192,951)**
Interest income on receivables arising from direct insurance and inward reinsurance operations	—	—
Interest expenses on payables arising from direct insurance and inward reinsurance operations	—	—
Foreign exchange unrealized losses or gains relating to receivables and payables arising from direct insurance and inward reinsurance operations	(14,118)	48,979
Net finance income or expenses from insurance contracts recognized in profit or loss, as disclosed in notes to the consolidated financial statements	**(160,451)**	**(143,972)**
of which Life & Savings contracts	*9,914*	*(491)*
of which Property & Casualty contracts	*(170,365)*	*(143,481)*

The reconciliation of amounts presented in the consolidated statement of profit or loss to both the “Net (expenses)/recoveries from reinsurance contracts held” and the “Net finance income or expenses from reinsurance contracts recognised in profit or loss”, as disclosed below in section 11.3, is formalised as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Net (expenses)/recoveries from reinsurance contracts held reported in the consolidated statement of profit or loss	**(205,204)**	**(395,274)**
Increase in impairment relating to receivables arising from outward reinsurance operations	—	—
Write back of impairment relating to receivables arising from outward reinsurance operations	—	—
Net (expenses)/recoveries from reinsurance contracts held, as disclosed hereinafter	**(205,204)**	**(395,274)**
of which Life & Savings contracts	*12,298*	*(1,494)*
of which Property & Casualty contracts	*(217,502)*	*(393,780)*

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Net finance income or expenses from reinsurance contracts held reported in the consolidated statement of profit or loss	**43,899**	**25,253**
Interest income on receivables arising from outward reinsurance operations	—	—
Interest expense on payables arising from outward reinsurance operations	—	—
Foreign exchange unrealized (losses)/gains relating to receivables and payables arising from direct insurance and inward reinsurance operations	(7,537)	3,270
Net finance income or expenses from reinsurance contracts, as disclosed hereinafter	**36,362**	**28,523**
of which Life & Savings contracts	*(8,680)*	*413*
of which Property & Casualty contracts	*45,042*	*28,110*

11.1.2 Carrying amount of insurance contracts and investment contracts with DPF, gross and net of reinsurance contracts held

The carrying amount of insurance contracts and investment contracts with DPF, gross and net of reinsurance contracts held, is allocated by line of business as follows

	December 31, 2024			December 31, 2023		
(US Dollars in thousands)	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total
Assets and liabilities for remaining coverage	30,796	1,479,542	1,510,338	56,871	1,340,497	1,397,368
Assets and liabilities for incurred claims	9,787	7,540,781	7,550,568	14,002	7,713,706	7,727,708
Carrying amount of insurance contracts and investment contracts with DPF	**40,583**	**9,020,323**	**9,060,906**	**70,873**	**9,054,203**	**9,125,076**
Assets and liabilities for remaining coverage	30,766	402,566	433,332	53,529	456,698	510,227
Assets and liabilities for incurred claims	3,909	2,155,395	2,159,304	8,549	2,229,311	2,237,860
Carrying amounts of reinsurance contracts held	**34,675**	**2,557,961**	**2,592,636**	**62,078**	**2,686,009**	**2,748,087**
Carrying amount of insurance contracts and investment contracts with DPF, net of reinsurance contracts held	**5,908**	**6,462,362**	**6,468,270**	**8,795**	**6,368,194**	**6,376,989**

11.2 MOVEMENTS IN BALANCES OF INSURANCE CONTRACTS AND INVESTMENT CONTRACTS WITH DPF

11.2.1 Changes in the carrying amount of insurance contracts and investment contracts with DPF, split between remaining coverage and incurred claims components

The following tables provide an analysis of movements in the carrying amount of insurance contracts and investment contracts with DPF, split between the Liability for Remaining Coverage (“LRC”) and the Liability for Incurred Claims (“LIC”).

The analysis of movements highlights how this carrying amount is affected by (i) the amounts recognised in the statement of profit or loss and other comprehensive income (OCI), (ii) the cash flows, (iii) the effect of movements in exchange rates, (iv) and the effect of changes in scope of consolidation and other changes.

The amounts recognised in the statement of profit or loss reconcile to insurance revenue as well as to insurance service expenses and net finance income or expenses as disclosed above (see section Note 11.1.1.2). In respect of insurance revenue, the tables below show their breakdown between those coming from contracts measured under the Modified Retrospective Approach (MRA) and the Fair Value Approach (FVA) at transition on one hand, and other contracts on the other hand, the latter combining both new contracts and contracts measured under the full retrospective approach at transition as well contracts not applying the annual cohort requirement at transition (refer to Note 2.12.7).

The following changes occurred during the year ended December 31, 2024:

	Analysis of changes occurred in the course of 2024, split between LRC and LIC										
				Liability for Incurred Claims (LIC)						*of which*	
	Liability for Remaining Coverage (LRC)				LIC related to PAA contracts						
(US Dollars in thousands)	Excluding loss component	Loss component	Total LRC	LIC related to non PAA contracts	Estimates of the PVFCF	RA	Total	Total LIC	Total	*Life*	*P&C*
Opening assets	—	—	—	—	—	—	—	—	—	*—*	*—*
Opening liabilities	1,397,106	262	1,397,368	14,002	7,530,474	183,232	7,713,706	7,727,708	9,125,076	*70,873*	*9,054,203*
Net opening balance (A)	**1,397,106**	**262**	**1,397,368**	**14,002**	**7,530,474**	**183,232**	**7,713,706**	**7,727,708**	**9,125,076**	***70,873***	***9,054,203***
Insurance revenue coming from contracts under the MRA	—	—	—	—	—	—	—	—	—	*—*	*—*
Insurance revenue coming from contracts under the FVA	(18,478)	—	(18,478)	—	—	—	—	—	(18,478)	*(18,478)*	*—*
Insurance revenue coming from other contracts	(2,557,974)	—	(2,557,974)	—	—	—	—	—	(2,557,974)	*—*	*(2,557,974)*
Insurance revenue (B)	**(2,576,452)**	**—**	**(2,576,452)**	**—**	**—**	**—**	**—**	**—**	**(2,576,452)**	***(18,478)***	***(2,557,974)***
Incurred claims and other insurance service expenses	—	—	—	28,726	1,735,124	24,736	1,759,860	1,788,586	1,788,586	*28,726*	*1,759,860*
Amortisation of insurance acquisition cash flows	73,625	—	73,625	—	—	—	—	—	73,625	*—*	*73,625*
Losses and reversal of losses on onerous contracts	—	(147)	(147)	—	—	—	—	—	(147)	*—*	*(147)*
Adjustments to liabilities for incurred claims	—	—	—	—	34,895	(13,959)	20,936	20,936	20,936	*—*	*20,936*
Insurance service expenses (C)	**73,625**	**(147)**	**73,478**	**28,726**	**1,770,019**	**10,777**	**1,780,796**	**1,809,522**	**1,883,000**	***28,726***	***1,854,274***
Investment components (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	*—*	*—*
Insurance service result (E=B+C+D)	**(2,502,827)**	**(147)**	**(2,502,974)**	**28,726**	**1,770,019**	**10,777**	**1,780,796**	**1,809,522**	**(693,452)**	***10,248***	***(703,700)***
Net finance income or expenses recognized in profit or loss	(9,914)	—	(9,914)	—	170,365	—	170,365	170,365	160,451	*(9,914)*	*170,365*
Net finance income or expenses recognized in OCI	13,622	—	13,622	—	21,748	—	21,748	21,748	35,370	*13,622*	*21,748*
Net finance income or expenses from insurance contracts (F)	**3,708**	**—**	**3,708**	**—**	**192,113**	**—**	**192,113**	**192,113**	**195,821**	***3,708***	***192,113***
Total changes in the statement of profit or loss and in OCI (G = E+F)	**(2,499,119)**	**(147)**	**(2,499,266)**	**28,726**	**1,962,132**	**10,777**	**1,972,909**	**2,001,635**	**(497,631)**	***13,956***	***(511,587)***
Premiums received	2,766,843	—	2,766,843	—	—	—	—	—	2,766,843	*29,334*	*2,737,509*
Claims and other insurance service expenses paid	—	—	—	(32,441)	(1,862,241)	—	(1,862,241)	(1,894,682)	(1,894,682)	*(32,441)*	*(1,862,241)*
Insurance acquisition cash flows paid	(132,268)	—	(132,268)	—	—	—	—	—	(132,268)	*(1,818)*	*(130,450)*
Total cash flows (H)	**2,634,575**	**—**	**2,634,575**	**(32,441)**	**(1,862,241)**	**—**	**(1,862,241)**	**(1,894,682)**	**739,893**	***(4,925)***	***744,818***
Effect of movements in exchange rates (I)	**(9,337)**	**(19)**	**(9,356)**	**(500)**	**(188,199)**	**(2,647)**	**(190,846)**	**(191,346)**	**(200,702)**	***(39,321)***	***(161,381)***
Change in scope of consolidation, and other changes (J)	**(12,673)**	**(310)**	**(12,983)**	**—**	**(91,110)**	**(1,637)**	**(92,747)**	**(92,747)**	**(105,730)**	***—***	***(105,730)***
Closing assets	—	—	—	—			—	—	—	*—*	*—*
Closing liabilities	1,510,552	(214)	1,510,338	9,787	7,351,056	189,725	7,540,781	7,550,568	9,060,906	*40,583*	*9,020,323*
Net closing balance (K=A+G+H+I+J)	**1,510,552**	**(214)**	**1,510,338**	**9,787**	**7,351,056**	**189,725**	**7,540,781**	**7,550,568**	**9,060,906**	***40,583***	***9,020,323***
of which Life	*30,796*	—	*30,796*	*9,787*	—	—	—	*9,787*	*40,583*		
of which Property & Casualty	*1,479,756*	*(214)*	*1,479,542*	—	*7,351,056*	*189,725*	*7,540,781*	*7,540,781*	*9,020,323*		

The following changes occurred during the year ended December 31, 2023:

	Analysis of changes occurred in the course of 2023, split between LRC and LIC										
	Liability for Remaining Coverage (LRC)			Liability for Incurred Claims (LIC)						*of which*	
					LIC related to PAA contracts						
(US Dollars in thousands)	Excluding loss component	Loss component	Total LRC	LIC related to non PAA contracts	Estimates of the PVFCF	RA	Total	Total LIC	Total	*Life*	*P&C*
Opening assets	—	—	—	—	—	—	—	—	—	—	—
Opening liabilities	1,031,128	3,164	1,034,292	12,331	6,580,409	199,468	6,779,877	6,792,208	7,826,500	*74,048*	*7,752,452*
Net opening balance (A)	**1,031,128**	**3,164**	**1,034,292**	**12,331**	**6,580,409**	**199,468**	**6,779,877**	**6,792,208**	**7,826,500**	***74,048***	***7,752,452***
Insurance revenue coming from contracts under the MRA	—	—	—	—	—	—	—	—	—	—	—
Insurance revenue coming from contracts under the FVA	(16,507)	—	(16,507)	—	—	—	—	—	(16,507)	*(16,507)*	—
Insurance revenue coming from other contracts	(2,393,936)	—	(2,393,936)	—	—	—	—	—	(2,393,936)	—	*(2,393,936)*
Insurance revenue (B)	**(2,410,443)**	**—**	**(2,410,443)**	**—**	**—**	**—**	**—**	**—**	**(2,410,443)**	***(16,507)***	***(2,393,936)***
Incurred claims and other insurance service expenses	—	—	—	14,856	1,723,720	(5,308)	1,718,412	1,733,268	1,733,268	*14,856*	*1,718,412*
Amortisation of insurance acquisition cash flows	80,793	—	80,793	—	—	—	—	—	80,793	—	*80,793*
Losses and reversal of losses on onerous contracts	—	(3,797)	(3,797)	(388)	—	—	—	(388)	(4,185)	*(388)*	*(3,797)*
Adjustments to liabilities for incurred claims	—	—	—	—	(92,124)	(60,759)	(152,883)	(152,883)	(152,883)	—	*(152,883)*
Insurance service expenses (C)	**80,793**	**(3,797)**	**76,996**	**14,468**	**1,631,596**	**(66,067)**	**1,565,529**	**1,579,997**	**1,656,993**	***14,468***	***1,642,525***
Investment components (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	***—***	***—***
Insurance service result (E=B+C+D)	**(2,329,650)**	**(3,797)**	**(2,333,447)**	**14,468**	**1,631,596**	**(66,067)**	**1,565,529**	**1,579,997**	**(753,450)**	***(2,039)***	***(751,411)***
Net finance income or expenses recognized in profit or loss	491	—	491	—	143,481	—	143,481	143,481	143,972	*491*	*143,481*
Net finance income or expenses recognized in OCI	210	—	210	—	138,549	—	138,549	138,549	138,759	*210*	*138,549*
Net finance income or expenses from insurance contracts (F)	**701**	**—**	**701**	**—**	**282,030**	**—**	**282,030**	**282,030**	**282,731**	***701***	***282,030***
Total changes in the statement of profit or loss and in OCI (G = E+F)	**(2,328,949)**	**(3,797)**	**(2,332,746)**	**14,468**	**1,913,626**	**(66,067)**	**1,847,559**	**1,862,027**	**(470,719)**	***(1,338)***	***(469,381)***
Premiums received	2,441,895	—	2,441,895	—	—	—	—	—	2,441,895	*11,925*	*2,429,970*
Claims and other insurance service expenses paid	—	—	—	(13,703)	(2,324,583)	—	(2,324,583)	(2,338,286)	(2,338,286)	*(13,703)*	*(2,324,583)*
Insurance acquisition cash flows paid	(96,642)	—	(96,642)	—	—	—	—	—	(96,642)	*(2,034)*	*(94,608)*
Total cash flows (H)	**2,345,253**	**—**	**2,345,253**	**(13,703)**	**(2,324,583)**	**—**	**(2,324,583)**	**(2,338,286)**	**6,967**	***(3,812)***	***10,779***
Effect of movements in exchange rates (I)	**25,403**	**30**	**25,433**	**906**	**167,596**	**1,021**	**168,617**	**169,523**	**194,956**	***1,975***	***192,981***
Change in scope of consolidation, and other changes (J)	**324,271**	**865**	**325,136**	**—**	**1,193,426**	**48,810**	**1,242,236**	**1,242,236**	**1,567,372**	***—***	***1,567,372***
Closing assets	—	—	—	—	—	—	—	—	—	—	—
Closing liabilities	1,397,106	262	1,397,368	14,002	7,530,474	183,232	7,713,706	7,727,708	9,125,076	*70,873*	*9,054,203*
Net closing balance (K=A+G+H+I+J)	**1,397,106**	**262**	**1,397,368**	**14,002**	**7,530,474**	**183,232**	**7,713,706**	**7,727,708**	**9,125,076**	***70,873***	***9,054,203***
of which Life	*56,871*	—	*56,871*	*14,002*	—	—	—	*14,002*	*70,873*		
of which Property & Casualty	*1,340,235*	*262*	*1,340,497*	—	*7,530,474*	*183,232*	*7,713,706*	*7,713,706*	*9,054,203*		

11.2.2 Changes in the carrying amount of insurance contracts and investment contracts with DPF, broken down by measurement component

The following tables provide an analysis of movements in the carrying amount of insurance contracts and investment contracts with DPF broken down by measurement component, namely (i) the estimate of the Present Value of Future Cash Flows (“PVFCF”), (ii) the risk adjustment for non-financial risk (“RA”), and (iii) the Contractual Service Margin (“CSM”). It should be noted that the carrying amount of insurance contracts measured under the Premium Allocation Approach (“PAA”) is also reported to match with the opening and closing balances of financial statements.

In this respect, the total amount of risk adjustment for non-financial risk gross of reinsurance (including contracts measured under the PAA) was $191.0 million at end December 2024 and $185.2 million at end December 2023. The percentile was stable at 65th comprised within the 62.5th -67.5th percentile range considered by the Company as the adequate level of prudence on underlying insurance liabilities.

The following changes occurred during the year ended December 31, 2024:

	Analysis of changes occurred in the course of 2024, broken down by measurement component (only for non PAA contracts)										
			Contractual Service Margin (CSM)					*of which*			
(US Dollars in thousands)	Estimates of the PVFCF	RA	Contracts measured at transition under the MRA	Contracts measured at transition under the FVA	Other contracts	Total CSM	Carrying amount of non PAA contracts	*Life*	*Property & Casualty*	Carrying amount of PAA contracts	Total
Opening assets	—	—	—	—	—	—	—	—	—	—	—
Opening liabilities	61,283	1,993	—	7,597	—	7,597	70,873	*70,873*	—	9,054,203	9,125,076
Net opening balance (A)	**61,283**	**1,993**	**—**	**7,597**	**—**	**7,597**	**70,873**	***70,873***	**—**	**9,054,203**	**9,125,076**
CSM recognized in profit or loss for services provided	—	—	—	(6,048)	—	(6,048)	(6,048)	*(6,048)*	—	—	(6,048)
Release of RA	—	(106)	—	—	—	—	(106)	*(106)*	—	—	(106)
Experience adjustments	16,402	—	—	—	—	—	16,402	*16,402*	—	—	16,402
Changes that relate to current services (B)	**16,402**	**(106)**	**—**	**(6,048)**	**—**	**(6,048)**	**10,248**	***10,248***	**—**	**—**	**10,248**
Contracts initially recognized in the period	—	—	—	—	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	(1,282)	(511)	—	1,793	—	1,793	—	—	—	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to future services (C)	**(1,282)**	**(511)**	**—**	**1,793**	**—**	**1,793**	**—**	**—**	**—**	**—**	**—**
Adjustments to liabilities for incurred claims	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to past services (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result (E=B+C+D)	**15,120**	**(617)**	**—**	**(4,255)**	**—**	**(4,255)**	**10,248**	***10,248***	**—**	**(703,700)**	**(693,452)**
Net finance income or expenses from insurance contracts recognized in profit or loss	(9,993)	—	—	79	—	79	(9,914)	*(9,914)*	—	170,365	160,451
Net finance income or expenses recognized in OCI	13,622	—	—	—	—	—	13,622	*13,622*	—	21,748	35,370
Net finance income or expenses from insurance contracts (F)	**3,629**	**—**	**—**	**79**	**—**	**79**	**3,708**	***3,708***	**—**	**192,113**	**195,821**
Total changes in the statement of profit or loss and in OCI (G=E+F)	**18,749**	**(617)**	**—**	**(4,176)**	**—**	**(4,176)**	**13,956**	***13,956***	**—**	**(511,587)**	**(497,631)**
Premiums received	29,334	—	—	—	—	—	29,334	*29,334*	—	2,737,509	2,766,843
Claims and other insurance service expenses paid	(32,441)	—	—	—	—	—	(32,441)	*(32,441)*	—	(1,862,241)	(1,894,682)
Insurance acquisition cash flows	(1,818)	—	—	—	—	—	(1,818)	*(1,818)*	—	(130,450)	(132,268)
Total cash flows (H)	**(4,925)**	**—**	**—**	**—**	**—**	**—**	**(4,925)**	***(4,925)***	**—**	**744,818**	**739,893**
Effect of movements in exchange rates (I)	**(39,175)**	**(59)**	**—**	**(87)**	**—**	**(87)**	**(39,321)**	***(39,321)***	**—**	***(161,381)***	**(200,702)**
Change in scope of consolidation, and other changes (J)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	***(105,730)***	**(105,730)**
Closing assets	—	—	—	—	—	—	—	—	—	—	—
Closing liabilities	35,932	1,317	—	3,334	—	3,334	40,583	*40,583*	—	9,020,323	9,060,906
Net closing balance (K=A+G+H+I+J)	**35,932**	**1,317**	**—**	**3,334**	**—**	**3,334**	**40,583**	***40,583***	**—**	**9,020,323**	**9,060,906**
of which Life	*35,932*	*1,317*	—	*3,334*	—	*3,334*	*40,583*	40,583	—	—	*40,583*
of which Property & Casualty	—	—	—	—	—	—	—	—	—	*9,020,323*	*9,020,323*

The following changes occurred during the year ended December 31, 2023:

	Analysis of changes occurred in the course of 2023, broken down by measurement component (only for non PAA contracts)										
			Contractual Service Margin (CSM)					*of which*			
(US Dollars in thousands)	Estimates of the PVFCF	RA	Contracts measured at transition under the MRA	Contracts measured at transition under the FVA	Other contracts	Contractual Service Margin (CSM)	Carrying amount of non PAA contracts	*Life*	*Property & Casualty*	Carrying amount of contracts measured under PAA	Total
Opening assets	—	—	—	—	—	—	—	—	—	—	—
Opening liabilities	63,344	2,219	—	8,485	—	8,485	74,048	*74,048*	—	7,752,452	7,826,500
Net opening balance (A)	**63,344**	**2,219**	**—**	**8,485**	**—**	**8,485**	**74,048**	***74,048***	**—**	**7,752,452**	**7,826,500**
CSM recognized in profit or loss for services provided	—	—	—	(1,204)	—	(1,204)	(1,204)	*(1,204)*	—	—	(1,204)
Release of RA	—	(141)	—	—	—	—	(141)	*(141)*	—	—	(141)
Experience adjustments	(306)	—	—	—	—	—	(306)	*(306)*	—	—	(306)
Changes that relate to current services (B)	**(306)**	**(141)**	**—**	**(1,204)**	**—**	**(1,204)**	**(1,651)**	***(1,651)***	**—**	**—**	**(1,651)**
Contracts initially recognized in the period	—	—	—	—	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	277	(149)	—	(128)	—	(128)	—	—	—	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(385)	(3)	—	—	—	—	(388)	*(388)*	—	—	(388)
Changes that relate to future services (C)	**(108)**	**(152)**	**—**	**(128)**	**—**	**(128)**	**(388)**	***(388)***	**—**	**—**	**(388)**
Adjustments to liabilities for incurred claims	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to past services (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Insurance service result (E=B+C+D)	**(414)**	**(293)**	**—**	**(1,332)**	**—**	**(1,332)**	**(2,039)**	***(2,039)***	**—**	**(751,411)**	**(753,450)**
Net finance income or expenses from insurance contracts recognized in profit or loss	357	—	—	134	—	134	491	*491*	—	143,481	143,972
Net finance income or expenses recognized in OCI	210	—	—	—	—	—	210	*210*	—	138,549	138,759
Net finance income or expenses from insurance contracts (F)	**567**	**—**	**—**	**134**	**—**	**134**	**701**	***701***	**—**	**282,030**	**282,731**
Total changes in the statement of profit or loss and in OCI (G=E+F)	**153**	**(293)**	**—**	**(1,198)**	**—**	**(1,198)**	**(1,338)**	***(1,338)***	**—**	**(469,381)**	**(470,719)**
Premiums received	11,925	—	—	—	—	—	11,925	*11,925*	—	2,429,970	2,441,895
Claims and other insurance service expenses paid	(13,703)	—	—	—	—	—	(13,703)	*(13,703)*	—	(2,324,583)	(2,338,286)
Insurance acquisition cash flows	(2,034)	—	—	—	—	—	(2,034)	*(2,034)*	—	(94,608)	(96,642)
Total cash flows (H)	**(3,812)**	**—**	**—**	**—**	**—**	**—**	**(3,812)**	***(3,812)***	**—**	**10,779**	**6,967**
Effect of movements in exchange rates (I)	**1,598**	**67**	**—**	**310**	**—**	**310**	**1,975**	***1,975***	**—**	**192,981**	**194,956**
Change in scope of consolidation, and other changes (J)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,567,372**	**1,567,372**
Closing assets	—	—	—	—	—	—	—	—	—	—	—
Closing liabilities	61,283	1,993	—	7,597	—	7,597	70,873	*70,873*	—	9,054,203	9,125,076
Net closing balance (K=A+G+H+I+J)	**61,283**	**1,993**	**—**	**7,597**	**—**	**7,597**	**70,873**	***70,873***	**—**	**9,054,203**	**9,125,076**
Of which Life	*61,283*	*1,993*	—	*7,597*	—	*7,597*	*70,873*	70,873	—	—	*70,873*
Of which Property & Casualty	—	—	—	—	—	—	—	—	—	*9,054,203*	*9,054,203*

11.3 MOVEMENTS IN BALANCES OF REINSURANCE CONTRACTS HELD

11.3.1 Changes in the carrying amount of reinsurance contracts held, split between remaining coverage and incurred claims components

The two following tables provide an analysis of movements in the carrying amount of reinsurance contracts held split between the component for remaining coverage and the component for incurred claims.

The analysis of movements highlights how this carrying amount is affected by (i) the amounts recognised in the statement of profit or loss and other comprehensive income (OCI), (ii) the cash flows, (iii) the effect of movements in exchange rates, (iv) and the effect of changes in scope of consolidation and other changes.

The amounts recognised in the statement of profit or loss reconcile to net (expenses)/recoveries from reinsurance contracts held and net finance income or expenses as disclosed above (see paragraph 11.1.1.2).

The following changes occurred during the year ended December 31, 2024:

	Analysis of changes occurred in the course of 2024, split between ARC and AIC										
	Assets for Remaining Coverage (ARC)			Asset for Incurred claims (AIC)							
					AIC related to PAA contracts					*of which*	
(US Dollars in thousands)	Excluding loss recovery component	Loss recovery component	Total ARC	AIC related to non PAA contracts	Estimates of the PVFC	RA	Total	Total AIC	Total	*Life*	*Property & Casualty*
Opening assets	510,290	(63)	510,227	8,549	2,181,762	47,549	2,229,311	2,237,860	2,748,087	*62,078*	*2,686,009*
Opening liabilities	—	—	—	—	—	—	—	—	—	—	—
Net opening balance (A)	**510,290**	**(63)**	**510,227**	**8,549**	**2,181,762**	**47,549**	**2,229,311**	**2,237,860**	**2,748,087**	***62,078***	***2,686,009***
Expenses from reinsurance contracts	(691,276)		(691,276)	—	—	—	—	—	(691,276)	*(14,841)*	*(676,435)*
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	—	12	12	—	—	—	—	—	12	—	*12*
Amount recovered from the reinsurers	—	—	—	27,139	450,127	8,339	458,466	485,605	485,605	*27,139*	*458,466*
Net (expenses)/recoveries from reinsurance contracts held (B)	**(691,276)**	**12**	**(691,264)**	**27,139**	**450,127**	**8,339**	**458,466**	**485,605**	**(205,659)**	***12,298***	***(217,957)***
Investment component (C)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net finance income or expenses from reinsurance contracts recognized in profit or loss	(8,680)	—	(8,680)	—	45,042	—	45,042	45,042	36,362	*(8,680)*	*45,042*
Net finance income or expenses recognized in OCI	12,310	—	12,310	—	9,364	2	9,366	9,366	21,676	*12,310*	*9,366*
Net finance income or expenses from reinsurance contracts held (D)	**3,630**	**—**	**3,630**	**—**	**54,406**	**2**	**54,408**	**54,408**	**58,038**	***3,630***	***54,408***
Effect of changes in non-performance risk of reinsurers (E)	**—**	**—**	**—**	**—**	**455**	**—**	**455**	**455**	**455**	**—**	***455***
Total changes in the statement of profit or loss and in OCI (F=B+C+D+E)	**(687,646)**	**12**	**(687,634)**	**27,139**	**504,988**	**8,341**	**513,329**	**540,468**	**(147,166)**	***15,928***	***(163,094)***
Premiums paid (net of commissions related to premiums)	649,676	—	649,676	—	—	—	—	—	649,676	*18,250*	*631,426*
Amount received (net of commissions related to claims)	—	—	—	(31,660)	(465,599)	—	(465,599)	(497,259)	(497,259)	*(31,660)*	*(465,599)*
Total cash flows (G)	**649,676**	**—**	**649,676**	**(31,660)**	**(465,599)**	**—**	**(465,599)**	**(497,259)**	**152,417**	***(13,410)***	***165,827***
Effect of movements in exchange rates (H)	**(32,901)**	**30**	**(32,871)**	**(119)**	**(44,398)**	**(730)**	**(45,128)**	**(45,247)**	**(78,118)**	***(29,921)***	***(48,197)***
Change in scope of consolidation, and other changes (I)	**(6,066)**	**—**	**(6,066)**	**—**	**(76,338)**	**(180)**	**(76,518)**	**(76,518)**	**(82,584)**	**—**	***(82,584)***
Closing assets	433,353	(21)	433,332	3,909	2,100,415	54,980	2,155,395	2,159,304	2,592,636	*34,675*	*2,557,961*
Closing liabilities	—	—	—	—	—	—	—	—	—	—	—
Net closing balance (J=A+F+G+H+I)	**433,353**	**(21)**	**433,332**	**3,909**	**2,100,415**	**54,980**	**2,155,395**	**2,159,304**	**2,592,636**	***34,675***	***2,557,961***
of which Life	*30,766*	—	*30,766*	*3,909*	—	—	—	*3,909*	*34,675*		
of which Property & Casualty	*402,587*	*(21)*	*402,566*	—	*2,100,415*	*54,980*	*2,155,395*	*2,155,395*	*2,557,961*		

The following changes occurred during the year ended December 31, 2023:

	Analysis of changes occurred in the course of 2023, split between ARC and AIC										
	Assets for Remaining Coverage (ARC)			Incurred claims component						*of which*	
					Contracts measured under Premium Allocation Approach						
(US Dollars in thousands)	Excluding loss recovery component	Loss recovery component	Total ARC	AIC related to non PAA contracts	Estimates of the PVFCF	RA	Total	Total AIC	Total	*Life*	*Property & Casualty*
Opening assets	466,320	796	**467,116**	6,395	2,114,302	58,488	2,172,790	**2,179,185**	**2,646,301**	*63,901*	*2,582,400*
Opening liabilities	—	—	**—**	—	—	—	—	**—**	**—**		
Net opening balance (A)	**466,320**	**796**	**467,116**	**6,395**	**2,114,302**	**58,488**	**2,172,790**	**2,179,185**	**2,646,301**	***63,901***	***2,582,400***
Expenses from reinsurance contracts	(844,950)	—	(844,950)	—	—	—	—	—	(844,950)	*(15,841)*	*(829,109)*
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	—	(1,019)	(1,019)	—	—	—	—	—	(1,019)	*(425)*	*(594)*
Amount recovered from the reinsurers	—	—	—	14,771	450,915	(14,610)	436,305	451,076	451,076	*14,772*	*436,304*
Net (expenses)/recoveries from reinsurance contracts held (B)	**(844,950)**	**(1,019)**	**(845,969)**	**14,771**	**450,915**	**(14,610)**	**436,305**	**451,076**	**(394,893)**	***(1,494)***	***(393,399)***
Investment component (C)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	***—***	***—***
Net finance income or expenses from reinsurance contracts recognized in profit or loss	413	—	413	—	28,110	—	28,110	28,110	28,523	*413*	*28,110*
Net finance income or expenses recognized in OCI	770	—	770	—	53,326	(17)	53,309	53,309	54,079	*770*	*53,309*
Net finance income or expenses from reinsurance contracts held (D)	**1,183**	**—**	**1,183**	**—**	**81,436**	**(17)**	**81,419**	**81,419**	**82,602**	***1,183***	***81,419***
Effect of changes in non-performance risk of reinsurers (E)	**—**	**—**	**—**	**—**	**(381)**	**—**	**(381)**	**(381)**	**(381)**	***—***	***(381)***
Total changes in the statement of profit or loss and in OCI (F=B+C+D+E)	**(843,767)**	**(1,019)**	**(844,786)**	**14,771**	**531,970**	**(14,627)**	**517,343**	**532,114**	**(312,672)**	***(311)***	***(312,361)***
Premiums paid (net of commissions related to premiums)	832,621	—	832,621	—	—	—	—	—	832,621	*—*	*832,621*
Amount received (net of commissions related to claims)	—	—	—	(12,805)	(612,943)	—	(612,943)	(625,748)	(625,748)	*(12,805)*	*(612,943)*
Total cash flows (G)	**832,621**	**—**	**832,621**	**(12,805)**	**(612,943)**	**—**	**(612,943)**	**(625,748)**	**206,873**	***(12,805)***	***219,678***
Effect of movements in exchange rates (H)	**19,867**	**108**	**19,975**	**188**	**19,875**	**1,282**	**21,157**	**21,345**	**41,320**	***11,293***	***30,027***
Change in scope of consolidation, and other changes (I)	**35,249**	**52**	**35,301**	**—**	**128,558**	**2,406**	**130,964**	**130,964**	**166,265**	***—***	***166,265***
Closing assets	510,290	(63)	510,227	8,549	2,181,762	47,549	2,229,311	2,237,860	2,748,087	*62,078*	*2,686,009*
Closing liabilities	—	—	—	—	—	—	—	—	—	*—*	*—*
Net closing balance (J=A+F+G+H+I)	**510,290**	**(63)**	**510,227**	**8,549**	**2,181,762**	**47,549**	**2,229,311**	**2,237,860**	**2,748,087**	***62,078***	***2,686,009***
of which Life	*53,529*	—	*53,529*	*8,549*	—	—	—	*8,549*	*62,078*		
of which Property & Casualty	*456,761*	*(63)*	*456,698*	—	*2,181,762*	*47,549*	*2,229,311*	*2,229,311*	*2,686,009*		

11.3.2 Changes in the carrying amount of reinsurance contracts held, broken down by measurement component

The two following tables provide an analysis of movements in the carrying amount of reinsurance contracts broken down by measurement component, namely (i) the estimate of the Present Value of Future Cash Flows ("PVFCF"), (ii) the risk adjustment for non-financial risk ("RA"), and (iii) the Contractual Service Margin ("CSM").

As such, this second reconciliation is presented only for reinsurance contracts not measured under the PAA. However, the carrying amount of reinsurance contracts measured under the PAA is also reported to match with the opening and closing balances of financial statements.

The following changes occurred during the year ended December 31, 2024:

	Analysis of changes occurred in the course of 2024, broken down by measurement component (only for non PAA contracts)										
			Contractual Service Margin (CSM)					*of which*			
(US Dollars in thousands)	Estimates of the PVFCF	RA	Contracts measured at transition under the MRA	Contracts measured at transition under the FVA	Other contracts	CSM	Carrying amount of non PAA contracts	*Life*	*Property & Casualty*	Carrying amount of PAA contracts	Total
Opening assets	52,993	1,865	—	7,220	—	7,220	62,078	*62,078*	—	2,686,009	2,748,087
Opening liabilities	—	—	—	—	—	—	—	—	—	—	—
Net opening balance (A)	**52,993**	**1,865**	**—**	**7,220**	**—**	**7,220**	**62,078**	***62,078***	**—**	**2,686,009**	**2,748,087**
CSM recognized for services received	—	—	—	(2,802)	—	(2,802)	(2,802)	*(2,802)*	—	—	(2,802)
Release of RA	—	(102)	—	—	—	—	(102)	*(102)*	—	—	(102)
Experience adjustments	15,202	—	—	—	—	—	15,202	*15,202*	—	—	15,202
Changes that relate to current services (B)	**15,202**	**(102)**	**—**	**(2,802)**	**—**	**(2,802)**	**12,298**	***12,298***	**—**	**—**	**12,298**
Contracts initially recognized in the period	—	—	—	—	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	1,491	(387)	—	(1,104)	—	(1,104)	—	—	—	—	—
Changes in estimates that relate to losses and reversal from losses on underlying onerous contracts	—	—	—	—	—	—	—	—	—	—	—
Other changes in estimates that relate to future services	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to future services (C)	**1,491**	**(387)**	**—**	**(1,104)**	**—**	**(1,104)**	**—**	**—**	**—**	**—**	**—**
Adjustments to incurred claims	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to past services (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net expenses from reinsurance contracts (E=B+C+D)	**16,693**	**(489)**	**—**	**(3,906)**	**—**	**(3,906)**	**12,298**	***12,298***	**—**	**(217,957)**	**(205,659)**
Net finance income or expenses recognized in profit or loss	(8,756)	—	—	76	—	76	(8,680)	*(8,680)*	—	45,042	36,362
Net finance income or expenses recognized in OCI	12,310	—	—	—	—	—	12,310	*12,310*	—	9,366	21,676
Net finance income or expenses from reinsurance contracts held (F)	**3,554**	**—**	**—**	**76**	**—**	**76**	**3,630**	***3,630***	**—**	**54,408**	**58,038**
Effect of changes in non-performance risk of reinsurers (G)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**455**	**455**
Total changes in the statement of profit or loss and in OCI (H=E+F+G)	**20,247**	**(489)**	**—**	**(3,830)**	**—**	**(3,830)**	**15,928**	***15,928***	**—**	**(163,094)**	**(147,166)**
Premiums paid (net of commissions related to premiums)	18,250	—	—	0	—	—	18,250	*18,250*	—	631,426	649,676
Amount received (net of commissions related to claims)	(31,660)	—	—	—	—	—	(31,660)	*(31,660)*	—	(465,599)	(497,259)
Total cash flows (I)	**(13,410)**	**—**	**—**	**—**	**—**	**—**	**(13,410)**	***(13,410)***	**—**	**165,827**	**152,417**
Effect of movements in exchange rates (J)	**(29,776)**	**(59)**	**—**	**(86)**	**—**	**(86)**	**(29,921)**	***(29,921)***	**—**	**(48,197)**	**(78,118)**
Change in scope of consolidation, and other changes (K)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(82,584)**	**(82,584)**
Closing assets	30,054	1,317	—	3,304	—	3,304	34,675	*34,675*	—	2,557,961	2,592,636
Closing liabilities	—	—	—	—	—	—	—	—	—	—	—
Net closing balance (L=A+H+I+J+K)	**30,054**	**1,317**	**—**	**3,304**	**—**	**3,304**	**34,675**	***34,675***	**—**	**2,557,961**	**2,592,636**
of which Life	*30,054*	*1,317*	—	*3,304*	—	*3,304*	*34,675*	*34,675*	—	—	*34,675*
of which Property & Casualty	—	—	—	—	—	—	—	—	—	*2,557,961*	*2,557,961*

The following changes occurred during the year ended December 31, 2023:

	Analysis of changes occurred in the course of 2023, broken down by measurement component (only for non PAA contracts)										
			Contractual Service Margin (CSM)					*of which*			
(US Dollars in thousands)	Estimates of the PVFCF	RA	Contracts measured at transition under the MRA	Contracts measured at transition under the FVA	Other contracts	CSM	Carrying amount of non PAA contracts	*Life*	*Property & Casualty*	Carrying amount of PAA contracts	Total
Opening assets	53,862	2,049	—	7,990	—	7,990	63,901	*63,901*	—	2,582,400	2,646,301
Opening liabilities	—	—	—	—	—	—	—	—	—	—	—
Net opening balance (A)	**53,862**	**2,049**	**—**	**7,990**	**—**	**7,990**	**63,901**	***63,901***	**—**	**2,582,400**	**2,646,301**
CSM recognized for services received	—	—	—	(1,154)	—	(1,154)	(1,154)	*(1,154)*	—	—	(1,154)
Release of RA	—	(130)	—	—	—	—	(130)	*(130)*	—	—	(130)
Experience adjustments	215	—	—	—	—	—	215	*215*	—	—	215
Changes that relate to current services (B)	**215**	**(130)**	**—**	**(1,154)**	**—**	**(1,154)**	**(1,069)**	***(1,069)***	**—**	**—**	**(1,069)**
Contracts initially recognized in the period	—	—	—	—	—	—	—	—	—	—	—
Changes in estimates that adjust the CSM	172	(123)	—	(49)	—	(49)	—	—	—	—	—
Changes in estimates that relate to losses and reversal from losses on underlying onerous contracts	(425)	—	—	—	—	—	(425)	*(425)*	—	—	(425)
Other changes in estimates that relate to future services	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to future services (C)	**(253)**	**(123)**	**—**	**(49)**	**—**	**(49)**	**(425)**	***(425)***	**—**	**—**	**(425)**
Adjustments to incurred claims	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to past services (D)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net (expenses)/recoveries from reinsurance contracts (E=B+C+D)	**(38)**	**(253)**	**—**	**(1,203)**	**—**	**(1,203)**	**(1,494)**	***(1,494)***	**—**	**(393,399)**	**(394,893)**
Net finance income or expenses recognized in profit or loss	288	—	—	125	—	125	413	*413*	—	28,110	28,523
Net finance income or expenses recognized in OCI	770	—	—	—	—	—	770	*770*	—	53,309	54,079
Net finance income or expenses from reinsurance contracts held (F)	**1,058**	**—**	**—**	**125**	**—**	**125**	**1,183**	***1,183***	**—**	**81,419**	**82,602**
Effect of changes in non-performance risk of reinsurers (G)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(381)**	**(381)**
Total changes in the statement of profit or loss and in OCI (H=E+F+G)	**1,020**	**(253)**	**—**	**(1,078)**	**—**	**(1,078)**	**(311)**	***(311)***	**—**	**(312,361)**	**(312,672)**
Premiums paid (net of commissions related to premiums)	—	—	—	—	—	—	—	—	—	832,621	832,621
Amount received (net of commissions related to claims)	(12,805)	—	—	—	—	—	(12,805)	*(12,805)*	—	(612,943)	(625,748)
Total cash flows (I)	**(12,805)**	**—**	**—**	**—**	**—**	**—**	**(12,805)**	***(12,805)***	**—**	**219,678**	**206,873**
Effect of movements in exchange rates (J)	**10,916**	**69**	**—**	**308**	**—**	**308**	**11,293**	***11,293***	**—**	**30,027**	**41,320**
Change in scope of consolidation, and other changes (K)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**166,265**	**166,265**
Closing assets	52,993	1,865	—	7,220	—	7,220	62,078	*62,078*	—	2,686,009	2,748,087
Closing liabilities	—	—	—	—	—	—	—	—	—	—	—
Net closing balance (L=A+H+I+J+K)	**52,993**	**1,865**	**—**	**7,220**	**—**	**7,220**	**62,078**	***62,078***	**—**	**2,686,009**	**2,748,087**
of which Life	*52,993*	*1,865*	—	*7,220*	—	*7,220*	*62,078*	*62,078*	—	—	*62,078*
of which Property & Casualty	—	—	—	—	—	—	—	—	—	*2,686,009*	*2,686,009*

11.4 INSURANCE REVENUE AND CSM

11.4.1 Insurance revenue

The analysis of insurance revenue arising from PAA and non PAA contracts, is as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Amounts relating to changes in liabilities for remaining coverage		
CSM recognized in profit or loss for services provided	6,048	1,204
Release of risk adjustment for non-financial risk for risk expired	106	141
Release of expected incurred claims and other insurance service expenses	11,806	14,268
Experience adjustments	518	894
Other	—	—
Insurance revenue arising from non PAA contracts	**18,478**	**16,507**
Insurance revenue arising from PAA contracts	**2,557,974**	**2,393,936**
Total insurance revenue	**2,576,452**	**2,410,443**

11.4.2 Contractual Service Margin ("CSM")

As of December 31, 2024, the total amount of CSM net of reinsurance contracts reported in the consolidated statement of financial position was $30 thousand ($0.4 million as of December 31, 2023)

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Liabilities arising from insurance contracts and investment contracts with DPF	3,334	7,597
Liabilities arising from reinsurance contracts held	—	—
Amount of CSM included in liabilities	**3,334**	**7,597**
Assets arising from insurance contracts and investment contracts with DPF	—	—
Assets arising from reinsurance contracts held	3,304	7,220
Amount of CSM included in assets	**3,304**	**7,220**
Total CSM	**30**	**377**
of which CSM arising from insurance contracts and investment contracts with DPF	*3,334*	*7,597*
of which CSM arising from reinsurance contracts held	*(3,304)*	*(7,220)*

11.5 DISCOUNT RATES

As explained in Note 2.12.3.3, the estimates of future cash flows are discounted based on yield curves determined in a "risk-neutral" environment. The yield curves used as of December 31, 2024, and December 31, 2023, for the main currencies are disclosed below.

	Spot discount rates used at end of December											
	EUR		USD		GBP		JPY		CHF		HKD	
Maturity	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
1	2.7%	3.7%	4.8%	5.4%	4.9%	5.2%	0.4%	(0.1)%	—%	1.1%	4.1%	4.5%
2	2.5%	3.0%	4.7%	4.7%	4.7%	4.5%	0.5%	—%	—%	1.1%	4.0%	3.9%
3	2.5%	2.8%	4.7%	4.4%	4.6%	4.2%	0.6%	—%	0.1%	1.1%	3.9%	3.7%
5	2.6%	2.7%	4.6%	4.2%	4.4%	3.9%	0.7%	0.2%	0.2%	1.1%	3.9%	3.5%
7	2.6%	2.7%	4.7%	4.1%	4.4%	3.8%	0.8%	0.3%	0.3%	1.1%	3.9%	3.5%
10	2.7%	2.8%	4.7%	4.1%	4.5%	3.8%	1.1%	0.6%	0.4%	1.2%	3.9%	3.5%
15	2.8%	2.8%	4.7%	4.2%	4.6%	3.9%	1.6%	1.1%	0.5%	1.2%	4.0%	3.6%
20	2.7%	2.8%	4.7%	4.1%	4.7%	3.9%	1.9%	1.4%	0.7%	1.3%	3.9%	3.6%
25	2.6%	2.7%	4.6%	4.0%	4.7%	3.9%	2.1%	1.6%	0.9%	1.5%	3.9%	3.6%
30	2.6%	2.7%	4.4%	3.9%	4.6%	3.9%	2.3%	1.7%	1.1%	1.6%	3.8%	3.6%

As explained in Note 2.12.3.3, discount rates are based on swaps for most currencies and government bonds for others, adjusted by adding a liquidity premium net of credit risk adjustment. For the main currencies, these adjustments are disclosed in the table below:

Liquidity Premium, net of credit risk adjustment, used at end of December (in bps)											
EUR		USD		GBP		JPY		CHF		HKD	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
33	25	57	65	39	49	-5	-6	0	0	15	10

11.6 P&C CLAIMS DEVELOPMENT TABLE

The following table shows the development for the gross ultimate cost of claims and the cumulative gross claim payments by underwriting year from 2021 to 2024. All contracts concerned are insurance contracts as defined by IFRS.

The first line labelled "Estimate of net undiscounted ultimate claim costs, including claims expenses" includes outstanding reserves on reported losses, estimated reserves for IBNR claims, allocated loss adjustment expenses and net payments. For example, the amount of $1,055.1 million appearing in accident year 2021 column represents the undiscounted net ultimate costs for that accident year which is developed in the subsequent years, being $1,849.7 million in 2024.

The line labelled "Cumulative net payments to date" shows, for a given Accident Year Y (column), the cumulative amount of payments related to years of occurrence after to and including Y, made since December 31 of year Y-1.

The line labelled "Estimate of net liabilities from year 2021 to 2024" represents the difference between the net undiscounted ultimate cost of claims and the cumulative net payments to date, disclosing the claims reserved by underwriting year from 2021 to 2024.

The reconciliation with the total Liability for incurred claims (see note 11.1.2) includes components that are not developed such as:

- "Estimate of gross liabilities not developed" corresponding to the estimate of gross liabilities of incurred claims prior to 2020 and of claims incurred before the acquisition date of acquired entities ($3,881.0 million).
- Discounting impact ($(1,054.7) million).
- Risk adjustment for non-financial risk ($136.9 million).

The claims development takes into consideration the changes in scope that occurred throughout the development period.

- For acquisitions, the claims are only developed after the acquisition date, disclosing the non-developed piece, if any, in the line item "Estimate of net liabilities not developed".

The claim development table is net of intercompany transactions.

11.6.1 Net claims development table by underwriting year

(US Dollars in thousands)	2021	2022	2023	2024	Total
Estimate of net undiscounted ultimate claim costs, including claims expenses					
At end of underwriting year	1,055,149	676,450	491,705	764,453	
One year later	1,844,317	1,136,756	977,728		
Two years later	1,866,590	1,158,317			
Three years later	1,849,658				
Four years later					
Five years later					
Six years later					
Cumulative net payments to date	**(1,581,906)**	**(516,061)**	**(198,521)**	**(31,439)**	
Estimate of net liabilities from 2021 to 2024	**267,752**	**642,256**	**779,207**	**733,014**	**2,422,229**
Estimate of net liabilities not developed					3,880,984
Effect of discounting					(1,054,712)
RA					136,885
TOTAL LIC NET OF REINSURANCE					**5,385,386**

Note 12 Payables

12.1 BREAKDOWN OF PAYABLES

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Current tax payable	**39,987**	**31,045**
Debts relating to investments under total return swap agreement	—	—
Other debt instrument issued and bank overdraft	**—**	**—**
Collateral debts relating to investments under lending agreements or equivalent	**307,397**	**156,589**
Other payables	**85,350**	**106,591**

12.2 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of other debt instruments and collateral debts relating to investments under lending agreements or equivalent, which are exposed to interest rate risk. Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2024				December 31, 2023			
	Carrying value of other debt instrument by contractual maturity				Carrying value of other debt instrument by contractual maturity			
(US Dollars in thousands)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Collateral debts relating to investments under a lending agreement or equivalent	307,397	—	—	307,397	156,589	—	—	156,589

Note 13 Tax

13.1 TAX EXPENSE

13.1.1 Breakdown of tax expense between current and deferred tax

The income tax charge/(benefit) was split as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Current income tax	56,925	36,497
Deferred income tax	14,704	43,107
TOTAL INCOME TAX CHARGE/(BENEFIT)	**71,629**	**79,604**

13.1.2 Tax proof

The notional tax charge/(benefit) is calculated using the pre-tax accounting income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. A reconciliation of the difference between the notional tax charge (benefit) and the effective tax charge (benefit) for the years ended December 31, 2024 and 2023 is provided below.

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Income/(loss) from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	653,501	452,931
Notional tax rate	5.7 %	4.1%
Notional tax charge/(benefit)	**37,024**	**18,794**
Impact of change in tax rates	2,611	1,442
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	3,603	24,684
Impact of differences in tax rates and tax bases	**6,214**	**26,126**
Impact of permanent differences	**18,658**	**34,694**
Adjustments on tax relating to prior years - Current Tax	2,389	(5,724)
UTP gross amount (Unrecognized Tax Position)	8,700	12,858
Derecognition/(recognition) of DTA on temporary differences	(1,356)	(7,143)
Impact of adjustments, decrease in value and other items	**9,733**	**(9)**
EFFECTIVE TAX CHARGE/(BENEFIT)	**71,629**	**79,604**
EFFECTIVE TAX RATE (%)	**11.0 %**	**17.6%**

Effective tax rate decreased from 17.6% in 2023 to 11.0% in 2024. The decreased in the effective tax rate is primarily driven by the following items:

- The absence of the prior year rate impact on the non-deductible interest in Luxembourg.
- The favorable tax impact in Ireland of branch losses in 2024 as compared to branch profits in 2023.
- Partially offset by the Notional tax rate increase due to the distribution of profits/losses as well as the unfavorable impact due to the increase in tax on notional investment income allocations.
- The Uncertain Tax Position ($8.7 million) primarily relates to the recognition of Permanent Establishment tax risk due to underwriting activity in Colombia.

13.2 DEFERRED TAX

In the table below, the net deferred tax position corresponds to the difference between Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) carried on the Company's consolidated statement of financial position. Note that the breakdown of DTA/DTL disclosed in these tables corresponds to the deferred tax before the netting that occurs for financial position presentation purposes as required by IAS 12. Net deferred tax balances are broken down as follows:

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Deferred acquisition costs	—	—
Other intangible assets (including Goodwill)	5,974	(2,411)
Real estate	59	18
Financial assets	45,310	51,637
Technical reserves	(80,352)	(76,090)
Pensions and other employee benefits	1,399	2,341
Tax losses carried forward	91,369	104,645
Other	11,970	(7,645)
TOTAL DEFERRED TAX BY NATURE	**75,729**	**72,495**
of which deferred tax through Profit and Loss	32,238	40,000
of which Deferred tax through OCI with P&L recycling	43,491	32,495

As of December 31, 2024, the $75.7 million net DTA related primarily to entities located in the United States ($22.3 million), France ($18.1 million), and Ireland ($48.5 million), offset by net DTLs in Switzerland ($(15.4) million).

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Deferred tax assets	96,691	97,895
Deferred tax liabilities	20,962	25,400
Net deferred tax position	**75,729**	**72,495**

The net deferred tax asset position remained relatively flat when comparing $72.5 million in 2023 to $75.7 million in 2024.

13.2.1 Recognized and unrecognized deferred tax assets (DTA) by expiration date

The tables below provide the total recognized and unrecognized deferred tax assets, as well as the corresponding tax loss carryforward with the expiration date (i.e. the latest possible date available for use).

	2024									
(US Dollars in thousands)	DTA maturity date 1 year	DTA maturity date 2 years	DTA maturity date 3 years	DTA maturity date 4 years	DTA maturity date 5 years	DTA maturity date 6 years	DTA maturity date between 7 and 11 years	DTA maturity date > 11 years	No maturity date	Total
Recognized DTA										
Recognized DTA - Tax loss carryforwards	—	—	2,308	3,134	2,069	326	—	—	83,532	91,369
Recognized DTA - Other items not related to tax losses	—	—	—	—	—	—	—	—	64,712	64,712
Total recognized DTA	**—**	**—**	**2,308**	**3,134**	**2,069**	**326**	**—**	**—**	**148,244**	**156,081**
Corresponding carry forward losses	—	—	10,992	14,925	10,503	1,656	—	—	485,951	524,027
Unrecognized DTA										
Unrecognized DTA - Tax loss carryforwards	—	—	—	17,541.43	19,792	—	—	14,581	30,353	82,267
Unrecognized DTA - Other items not related to tax losses	—	—	—	—	—	—	—	—	64,671	64,671
Total unrecognized DTA	**—**	**—**	**—**	**17,541.43**	**19,792**	**—**	**—**	**14,581**	**95,024**	**146,938**
Corresponding carry forward losses	**—**	**—**	**—**	**89,042.79**	100,466	—	—	58,463	133,002	380,973

	2023									
(US Dollars in thousands)	DTA maturity date 1 year	DTA maturity date 2 years	DTA maturity date 3 years	DTA maturity date 4 years	DTA maturity date 5 years	DTA maturity date 6 years	DTA maturity date between 7 and 11 years	DTA maturity date > 11 years	No maturity date	Total
Recognized DTA										
Recognized DTA - Tax loss carryforwards	—	—	—	—	—	—	27,203	—	77,442	104,645
Recognized DTA - Other items not related to tax losses	—	—	—	—	—	—	—	—	75,267	75,267
Total recognized DTA	**—**	**—**	**—**	**—**	**—**	**—**	**27,203**	**—**	**152,709**	**179,912**
Corresponding carry forward losses	—	—	—	—	—	—	138,086	—	398,008	536,094
Unrecognized DTA										
Unrecognized DTA - Tax loss carryforwards	—	—	—	—	268	16,270	18,441	—	20,129	55,108
Unrecognized DTA - Other items not related to tax losses	—	—	—	—	—	—	—	—	57,064	57,064
Total unrecognized DTA	**—**	**—**	**—**	**—**	**268**	**16,270**	**18,441**	**—**	**77,193**	**112,172**
Corresponding carry forward losses	—	—	—	—	1,072	82,588	77,027	—	81,640	242,327

13.3 UNCERTAIN TAX POSITIONS

Uncertain tax treatments are determined separately at the entity level. For those positions considered as not probable to be accepted by the tax authorities without adjustment, the assessment of the uncertainty is determined based on the most likely outcome.

For the years ended December 31, 2024 and 2023, the Company had unrecognized tax benefits of $30.0 million and $21.0 million, respectively. The 2024 net increase primarily relates to the recognition of Permanent Establishment risk related to Colombia and additional reserves on transfer pricing risk.

The Company does not currently anticipate any significant change in the unrecognized tax benefits in 2025.

Note 14 Derivative Instruments

All derivative instruments are carried at fair value; in the Company's consolidated statement of financial position, they are presented in the line item Derivative assets when their fair value at the reporting date is positive, and in the line item Derivative liabilities when their fair value is negative.

In the following paragraphs of the present Note, notional amounts of derivative instruments are displayed, by convention, in absolute value, and exclude any potential netting out.

14.1 DERIVATIVE INSTRUMENTS: MATURITIES, NOTIONAL VALUES AND CARRYING VALUES

The following table shows notional amounts (including the split of those amounts by maturity) and carrying values of derivative instruments held by the Company, broken down by risk category. It includes all derivative instruments, regardless of whether they relate to a qualifying hedging relationship under IFRS 9 - Financial Instruments.

	Notional amounts by maturity on December 31, 2024			Notional amount		Carrying value – Asset		Carrying value - Liability		Net carrying value	
(US Dollars in thousands)	< 1 year	1 to 5 years	> 5 years	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Interest rates derivatives	98,000	100,000	—	198,000	98,000	—	2,010	(4,669)	—	(4,669)	2,010
TOTAL	**98,000**	**100,000**	**—**	**198,000**	**98,000**	**—**	**2,010**	**(4,669)**	**—**	**(4,669)**	**2,010**

14.2 DERIVATIVE INSTRUMENTS BY RISK CATEGORY AND HEDGING RELATIONSHIP

As stated in Note 2.8, the Company designates certain derivatives as hedging instruments in qualifying hedging relationships under IFRS 9 which are either (i) hedges of the exposure to variability in cash flows attributable to a recognized asset or liability or a highly probable expected future transaction (cash flow hedges), or (ii) hedges of the exposure to changes in fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedges), or (iii) hedges of net investments in a foreign operation (net investment hedges). The accounting for those hedging relationships is explained in Note 2.8.

The following tables display notional amounts and carrying values of derivative instruments held by the Company, broken down by risk category and by IFRS 9 hedging relationship, showing separately (i) derivative instruments qualifying for IFRS 9 hedge accounting, by type of hedging relationship, and (ii) derivative instruments used in macro hedges under IAS 39 and other derivative instruments not qualifying for hedging accounting under IFRS 9 but generally used as economic hedges.

	December 31, 2024				
	Derivative instruments used in IFRS 9 qualifying hedging relationship				
	Cash flow hedges			Total	
		Carrying value			
(US Dollars in thousands)	Notional amount	Assets	Liabilities	Notional amount	Fair value
Interest rates derivatives	198,000	—	(4,669)	198,000	(4,669)

	December 31, 2023				
	Derivative instruments used in IFRS 9 qualifying hedging relationship				
	Cash flow hedges			Total	
		Carrying value			
(US Dollars in thousands)	Notional amount	Assets	Liabilities	Notional amount	Fair value
Interest rates derivatives	98,000	2,010	—	98,000	2,010

As of December 31, 2024, the notional amount of all derivative instruments totaled $198.0 million (2023: $98.0 million). Their net fair value amounted to $(4.7) million as of December 31, 2024 (2023: $2.0 million).

The Company enters into derivative instruments for both risk management and investment purposes. The Company is exposed to potential loss from various market risks and manages its market risks based on the Authorities Framework (see Note 5.2). The Authorities Framework is intended to align the risk profile of the Company's investment portfolio to be consistent with the Company's risk tolerance, and other guidelines established by the Board of Directors.

The Company, either directly or through third party investment managers, may use derivative instruments within its investment portfolio, including interest rate swaps and options on interest rate swaps, total return swaps, credit derivatives (including single name and index credit default swaps and options on credit default swaps), equity options, forward contracts and futures (including foreign exchange, bond and stock index, interest rate and commodity futures), primarily as a means of reducing investment risk by economically hedging exposures to interest rate, credit spread, equity price changes and foreign currency risk or, in limited instances, for efficient portfolio management. When using exchange traded or cleared over-the-counter derivatives, the Company is exposed to the credit risk of the applicable clearing house and of the Company's futures commission merchant. When using uncleared over-the-counter derivatives, the Company is exposed to credit risk in the event of non-performance by the counterparties to such derivative contracts. To manage this risk, the Company requires appropriate legal documentation with counterparties that has been reviewed and negotiated by legal counsel on behalf of the Company and complies with the Company's documentation standards, investment guidelines and policies.

The notional amount of derivatives which is used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments most certainly overstates the level of activity and does not directly measure risk as it greatly exceeds the possible credit and market loss that could arise from such transactions.

14.2.1 Interest rate derivative instruments

The Company's exposure to interest rate risk is primarily linked to insurance liabilities, fixed income investments and debts.

To manage this risk, interest rate derivative strategies are employed to mitigate the impact of adverse market conditions on these exposures. These derivatives include interest rate swaps, options, and forwards, and are used to manage the duration gap between assets and liabilities, hedge interest rate risks, and minimize financial charges on debt.

14.3 EFFECT OF HEDGING ON FINANCIAL INVESTMENTS

The table below sets out the impact of derivative instruments on the related assets, broken down by class of investments. These tables include the impact of all derivative instruments, regardless of whether those derivative instruments qualify for an IFRS 9 hedging relationship:

	December 31, 2024		December 31, 2023	
(US Dollars in thousands)	**Carrying value of investments**	**Effect of derivative instruments**	**Carrying value of investments**	**Effect of derivative instruments**
Investment in real estate properties	102,876	—	182,212	—
Debt instruments	5,945,763	(4,669)	6,190,168	2,010
Equity securities	44,156	—	41,192	—
Non-consolidated investment funds	551,307	—	446,333	—
TOTAL INVESTMENTS	**6,644,102**	**(4,669)**	**6,859,905**	**2,010**

14.4 FAIR VALUE OF DERIVATIVE INSTRUMENTS

Principles applied by the Company in order to proceed with the classification of financial instruments into the fair value hierarchy categories under IFRS 13 – Fair Value Measurement are described in Note 2.5. Same principles apply as far as derivatives instruments are concerned.

The following table presents the breakdown of the fair value of derivative instruments by IFRS 13 fair value hierarchy level and by type of assets and liabilities to which those derivative instruments relate. The carrying value of derivative instruments is equal to their fair value:

	December 31, 2024				December 31, 2023			
	Instruments quoted in an active market	Instruments not quoted in an active market or no active market			Instruments quoted in an active market	Instruments not quoted in an active market or no active market		
(US Dollars in thousands)	Level 1 [(a)]	Level 2 [(b)]	Level 3 [(c)]	Total	Level 1 [(a)]	Level 2 [(b)]	Level 3 [(c)]	Total
Derivative instruments relating to debt instruments	(4,669)	—	—	(4,669)	2,010	—	—	2,010
Fair value of derivative instruments relating to assets (A)	(4,669)	—	—	(4,669)	2,010	—	—	2,010
Fair value of derivative instruments relating to liabilities (B)	—	—	—	—	—	—	—	—
Total fair value of derivative instruments (C= A+B)	(4,669)	—	—	(4,669)	2,010	—	—	2,010

(a) Level 1: fair value determined directly by reference to an active market.
(b) Level 2: fair value mainly based on observable market data.
(c) Level 3: fair value mainly not based on observable market data.

The above table included the breakdown of derivative instruments relating to assets, detailed by instruments related to investments (as presented in Note 14.3), excluding instruments used in net investment hedges that impact shareholders' equity.

Note 15 Gross Insurance & Non-Insurance Revenues

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Property	17,399	22,361
Specialty & Professional	2,460	11,594
Casualty	2,596	4,602
P&C Insurance	**22,455**	**38,557**
Casualty	802,946	805,725
Property Other	644,781	595,178
Property Catastrophe	424,844	405,372
Global Specialty	321,787	259,951
Other[(a)]	341,161	289,153
P&C Reinsurance	**2,535,519**	**2,355,379**
Total P&C Operations	**2,557,974**	**2,393,936**
Life Operations	18,478	16,507
Non-Insurance Revenue[(b)]	6,050	5,326
Total Revenue	**2,582,502**	**2,415,769**

(a) Other within the P&C reinsurance segment includes credit & surety, crop, cyber and other lines.

(b) Non-insurance revenue relates to fee income.

The Company, through its operating subsidiaries, is a leading provider of Property & Casualty reinsurance coverages to insurance companies on a worldwide basis. It provides casualty, property risk, property catastrophe, specialty, and other reinsurance lines being written on both a proportional and non-proportional treaty basis, as well as a facultative basis. The Company and its various subsidiaries operate mainly in Bermuda and Europe and North America. The majority of the Company's business originates via a large number of international, national and regional brokers.

Note 16 Net Financial Result Excluding Financing Expenses

The financial result excluding financing debt expenses reflects the return on invested assets generated by all activities less the net finance income or expenses stemming from insurance and reinsurance contracts. The table below highlights how this financial result impacts both the profit or loss and the other comprehensive income (OCI) before tax.

The investment return through profit or loss reported below reconciles with the amount disclosed in the consolidated statement of profit or loss. On the other hand, the reconciliation of net finance income or expenses from insurance and reinsurance contracts disclosed below with the amounts disclosed in the consolidated statement of profit or loss is explained in Note 11.1.2.

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Net investment income	258,556	219,494
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	27,335	(38,530)
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	27,498	83,036
Change in impairment on investments	(188)	2,145
Investment return through profit or loss	**313,201**	**266,145**
Time value of money including interest accretion on contractual service margin	(160,451)	(143,972)
Foreign exchange gains or losses	14,118	(48,979)
Net finance income or expenses from insurance contracts through profit or loss	**(146,333)**	**(192,951)**
Time value of money including interest accretion on contractual service margin	36,362	28,523
Foreign exchange gains or losses	7,537	(3,270)
Net finance income or expenses from reinsurance contracts held through profit or loss	**43,899**	**25,253**
Total net finance income or expenses from insurance and reinsurance contracts held through profit or loss	**(102,434)**	**(167,698)**
Financial result recognized in profit or loss	**210,767**	**98,447**
Realised capital gains or losses on equity instruments measured at fair value through other comprehensive income, without recycling in profit or loss	—	115
Changes in fair value of financial investments through OCI[(a)]	(97,771)	29,613
Investment return through OCI	**(97,771)**	**29,728**
Net finance income or expenses from insurance contracts issued through OCI	35,370	138,759
Net finance income or expenses from reinsurance contracts held through OCI	21,676	54,079
Total net finance income or expenses from insurance and reinsurance contracts held through shareholders' equity	**57,046**	**192,838**
Financial result recognized in OCI	**(40,725)**	**222,566**
Impact of financial result on the statement of comprehensive income (before tax)	**170,042**	**321,013**

(a) Including both the change in fair value with recycling in profit or loss and the change in fair value without recycling in profit or loss.

Net investment income is presented net of impairment charges on directly-owned investment properties, and net of amortization of debt instruments premiums/discounts. All investment management fees are also included in the aggregate figure.

Net realized gains and losses relating to investments at cost and at fair value through shareholder's equity include write back of impairment following investment sales.

Net realized gains and losses and change in fair value of investments designated as at fair value through profit or loss consist mainly of:

- changes in the fair value of investments designated as at fair value through profit or loss held by funds of the "Satellite Investment Portfolios" as defined in Note 2.7.2.1;

- changes in fair value of underlying hedged items in fair value hedges (as designated by IAS 39) or "natural hedges" (i.e. underlying assets designated as at fair value through profit or loss part of an economic hedge not eligible for hedge accounting as defined by IAS 39).

The changes in investment impairments for available for sale assets include impairment charges on investments, and release of impairments only following revaluation of the recoverable amount. Write back of impairments following investment sales are included in the net realized capital gains or losses on investments in aggregate.

Note 17 Expenses by Nature

(US Dollars in thousands)	**December 31, 2024**	**December 31, 2023**
Claims and benefits	(1,637,357)	(1,418,302)
Losses on onerous insurance contracts	147	4,185
Commission paid	(80,805)	(47,625)
Staff expenses	(70,892)	(70,966)
Outsourcing and professional services	(3,599)	(3,773)
IT expenses	286	(1,061)
Charges related to owner occupied properties	(1,364)	(2,792)
Other expenses	(197,721)	(139,608)
Breakdown of expenses by type (1)	**(1,991,305)**	**(1,679,942)**
Amount of insurance acquisition cash flows	1,818	2,033
Change in assets for insurance acquisition cash flows and impairment	—	—
Amortisation of insurance acquisition cash flows	56,825	13,815
Total impact of insurance acquisition cash flows (2)	**58,643**	**15,848**
Total (A) = (1) + (2)	**(1,932,662)**	**(1,664,094)**
Represented by		
Insurance service expenses	(1,883,000)	(1,656,993)
Expenses from other activities	—	(299)
Other income and expenses	(49,662)	(6,802)
Total (B)	**(1,932,662)**	**(1,664,094)**
Net (expenses)/recoveries from reinsurance contracts held (C)	**(205,204)**	**(395,274)**
Total expenses (B) + (C)	**(2,137,866)**	**(2,059,368)**

Note 18 Related-Party Transactions

In 2024 and 2023, the Company was party to the following transactions with related parties which may be deemed to have been material to the Company or the related party in question or unusual in their nature or conditions.

18.1 ASSUMED REINSURANCE CONTRACTS

In the normal course of business, the Company enters into assumed and outwards reinsurance contracts with certain of its AXA XL Affiliates. During the years ended December 31, 2024 and 2023, these contracts resulted in reported insurance revenue, insurance service expenses, net (expenses)/recoveries from reinsurance contracts held and net finance income/(expenses) from contracts with these affiliates, or their subsidiaries, which are included within the Consolidated Statements of Income, as summarized below.

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Insurance revenue	41,481	47,762
Insurance service expenses	(1,096)	(48,314)
Net (expenses)/recoveries from reinsurance contracts held	(39,834)	(94,270)
Net finance income/(expenses) from insurance and reinsurance contracts held	8,571	(7,811)

Included within the above values are amounts from two significant related party contracts with AXA XL Affiliates.

During 2021, AXA XL Re assumed a 100% quota share contract from Syndicate 2003, an affiliate operating from the UK. This particular contract includes both prospective and retrospective elements. In accordance with our accounting policy since the retrospective premiums received by AXA XL Re were in excess of the estimated undiscounted ultimate losses payable, a deferred gain liability was recorded for the excess, such that we have not recorded any gain or loss at the inception of the contract. This deferred gain liability recorded as at December 31, 2024 and 2023, respectively, is $9.9 million and $12.5 million and will be amortized over the estimated claim payment period of the related contract with the periodic amortization reflected in earnings as a component of net losses incurred. During the years ended December 31, 2024 and 2023, respectively, amortization of $2.6 million and $1.5 million was recognized.

The prospective element included above represents, for the years ended December 31, 2024 and 2023, respectively, insurance revenue of $14.9 million and $25.5 million, insurance service expenses of $(20.0) million and $28.0 million, net (expenses)/recoveries from reinsurance contracts held of $0.3 million and $0.3 million, and net finance income/(expenses) from insurance and reinsurance contracts held of $(22.8) million and $(26.0) million.

Until December 31, 2023, XL Re Europe participated in a Quota Share arrangement between itself and XL Bermuda Ltd, an AXA XL Affiliate by which XL Re Europe ceded 55% of its assumed reinsurance book to XL Bermuda Ltd. Respective amounts from this retrocession included above for the year ended December 31, 2024 and 2023 are net expenses/(recoveries) from reinsurance contracts held of $(28.6) million and $(101.6) million, and net finance income/(expenses) from insurance and reinsurance contracts held of $31.4 million and $18.2 million. This contract was not renewed for 2024.

As at December 31, 2024, and 2023, the following amounts with AXA XL Affiliates were recorded on the consolidated statement of financial position.

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Assets arising from reinsurance contracts held	1,447,622	1,644,154
Liabilities arising from insurance contracts, investment contracts, and reinsurance contracts held	148,375	162,926
Intercompany receivables/payables	(2,263)	18,954

Included within the above values are amounts from two significant related party contracts with AXA XL Affiliates.

XL Re Europe amounts included above from this retrocession as at December 31, 2024, and 2023, respectively are assets arising from reinsurance contracts held of $1.3 billion and $1.4 billion.

Syndicate 2003 amounts included above from this retrocession as at December 31, 2024, and 2023, respectively are liabilities arising from insurance contracts, and reinsurance contracts held of $66.5 million and $97.5 million.

In addition to the above, operational intercompany amounts payable between the Company and other AXA XL Affiliates existed as at December 31, 2024 and 2023, these amounts were $(2.3) million and $19.0 million respectively.

18.2 AXA

In the normal course of business, the Company enters into property & casualty assumed and ceded contracts which include various subsidiaries and affiliates of AXA as other parties. Included within liabilities arising from assumed reinsurance contracts in the consolidated statement of financial position are amounts from AXA Group entities of $(74.6) million and $(46.0) million as of December 31, 2024, and 2023, respectively.

Note 19 Contingent Assets and Liabilities and Unrecognized Contractual Commitments

19.1 BREAKDOWN OF COMMITMENTS RECEIVED

(US Dollars in thousands)	December 31, 2024	December 31, 2023
Credit facilities received[(a)]	276,200	426,266
Other commitments	—	—
TOTAL	**276,200**	**426,266**

Note: This table excludes collateral received from reinsurers in the form of funds, trust accounts and/or irrevocable letters of credit representing collateral on reported receivables and other assets (see "Reinsurance Trusts and other matters" below).

(a) Total commitments used were $276.2 million as of December 31, 2024 ($426.3 million as of December 31, 2023).

The Company has several credit facilities provided on both a committed syndicated and uncommitted bilateral bases from commercial banks as well as facilities entered into with its ultimate parent. The Company may utilize the full capacity of these credit facilities to issue letters of credit in support of non-admitted reinsurance operations in the US. Alternatively, under certain of the credit facilities, the Company instead may elect to utilize a stated portion of such facilities' capacity for revolving loans to support other operating or financing needs, which would reduce the amount available for the letters of credit.

Reinsurance Trusts and other matters

The Company's reinsurance assets result from reinsurance arrangements in the course of its operations. A credit exposure exists with respect to reinsurance assets as they may be uncollectible. The Company manages its credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound, and if necessary, the Company may hold collateral in the form of funds, trust accounts and/or irrevocable letters of credit. This collateral can be drawn on for amounts that remain unpaid beyond specified time periods on an individual reinsurer basis. At December 31, 2024, the value of assets held in trust accounts was $865.3 million ($587.0 million in 2023) and the value of letters of credit was $7.3 million ($9.3 million in 2023).

Furthermore, the Company entered into an agreement with XLB to establish a revolving credit facility on November 18, 2024 which will mature in 2 years. The total credit available is $400.0 million and remains undrawn as of December 31, 2024. The Company incurred commitment fees of $42.1 thousand for the year-ended December 31, 2024. Undrawn commitment fees are charged at a daily rate of 0.09%.

19.2 BREAKDOWN OF COMMITMENTS GIVEN

	December 31, 2024					December 31, 2023
	Expiring date					
(US Dollars in thousands)	12 months or less	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Total
Letters of credit	777,867	1,068	—	—	778,935	991,547
Pledged securities and collateralized commitments	12,464	85,157	50,217	168,552	316,390	165,825
Other commitments[(a)]	52,703	83,064	48,363	5,364	189,494	170,096
TOTAL	**843,034**	**169,289**	**98,580**	**173,916**	**1,284,819**	**1,327,468**

(a) The Company has committed to invest in certain real estate, private equity and private credit limited partnerships, limited liability companies or similar structures. At December 31, 2024, the Company had unfunded commitments with these entities totaling $189.5 million over a weighted average period of 4.5 years. At December 31, 2023, the Company had unfunded commitments with these entities totaling $170.1 million over a weighted average period of 6.9 years.

In addition to letters of credit, the Company has established reinsurance trusts in the US that provide cedants with statutory relief required under state insurance regulation in the US. It is anticipated that the commercial facilities may be renewed on expiry, but such renewals are subject to the availability of credit from banks utilized by the Company and may be renewed with materially different terms and conditions. In the event that such credit support is insufficient, the Company could be required to provide alternative security to cedants. This could take the form of additional reinsurance trusts supported by the Company's investment portfolio or funds withheld using the Company's cash resources. The value of letters of credit required is driven by, among other things, loss development of existing reserves, the payment pattern of such reserves, the expansion of business written by the Company and the loss experience of such business.

19.3 OTHER AGREEMENTS

19.3.1 Tax matters

With the exceptions of XL Reinsurance America Inc. (“XLRA”) and Catlin Re Switzerland Ltd (“CRCH”), neither the Company nor its non-US subsidiaries have paid US corporate income taxes on the basis that they are not engaged in a trade or business or otherwise subject to taxation in the United States. XLRA is a US insurance company which is taxed under Section 831 of the US Internal Revenue Code. CRCH is a non-US entity which was determined to have engaged in a trade or business in the United States through a permanent establishment through 2022. As such, CRCH was subject to US income taxes for that period and filed the applicable tax returns.

As it relates to all other entities, however, because definitive identification of activities that constitute being engaged in a trade or business in the United States is not provided by the Internal Revenue Code ("IRS Code"), regulations or court decisions, there can be no assurance that the Internal Revenue Service will not contend that the Company or its non-US subsidiaries are engaged in a trade or business or otherwise subject to taxation in the United States. If the Company or its non-US subsidiaries were considered to be engaged in a trade or business in the United States (and, if the Company or such subsidiaries were to qualify for the benefits under the income tax treaty between the United States and Bermuda and other countries in which the Company operates, such businesses would be considered to be attributable to a "permanent establishment" in the United States), the Company or such subsidiaries could be subject to US tax at regular tax rates on their respective taxable income that is effectively connected with their US trade or business plus an additional "branch profits" tax (at a rate as high as 30%) on such income remaining after the regular tax, in which case there could be a significant adverse effect on the Company's results of operations and financial position.

Note 20 Litigation

The Company and its subsidiaries are subject to litigation and arbitration in the normal course of business. These lawsuits and arbitrations principally involve claims on contracts of reinsurance and are typical for the Company and for the property and casualty reinsurance industry in general. Such claims proceedings are considered in connection with the Company's loss and loss expense reserves. Reserves in varying amounts may or may not be established in respect of particular claims proceedings based on many factors, including the legal merits thereof.

In addition to litigation and arbitration relating to reinsurance claims, the Company and its subsidiaries may, from time to time, be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance contracts. This category of business litigation may involve, among other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity, or disputes arising from business ventures. The status of these legal actions is actively monitored by management. In addition, the Company and certain of its subsidiaries may, from time to time, also be involved in tax assessment negotiations and/or active litigation with tax authorities over contested assessments or other matters in a number of jurisdictions. These actions or assessments may arise in a variety of circumstances including matters in connection with restructuring and financing transactions, as well as in the ordinary course of business.

Legal actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions.

With respect to all significant litigation and arbitration matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we establish a reserve and record an estimated loss for the expected outcome of the litigation or arbitration. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation and arbitration are subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the matter is in its early stages, or when the litigation or arbitration is highly complex or broad in scope.

Based on available information, it is the opinion of management that the ultimate resolution of pending or threatened legal actions other than claims proceedings, both individually and in the aggregate, will not result in losses having a material adverse effect on the Company's financial position or liquidity at December 31, 2024.

No material provisions have been established for non-claims-related litigation, nor have any such contingent liabilities been identified that require disclosure.

Note 21 Subsequent Events

The Company has estimated that the impact of the January 2025 wildfires will result in a pre-tax loss estimate, net of reinsurance and reinstatement premiums, within the range of $70.0 million to $80.0 million, which will be recorded during the first quarter of 2025. There were no other material events after the reporting period to be reported.