



Catlin Re Switzerland Ltd

An AXA S.A. Company

Financial Condition Report

Year Ended

December 31, 2024

Contents

Directors' statement	<u>3</u>
Management summary	<u>4</u>
A. Business activities	<u>9</u>
A.1 Strategy, objectives and business segments	<u>9</u>
A.2 Group information and group related transactions	<u>10</u>
A.3 Related undertakings	<u>11</u>
A.4 Major branches	<u>11</u>
A.5 External auditor	<u>11</u>
A.6 Significant unusual events	<u>11</u>
B. Business performance	<u>12</u>
B.1 Underwriting result	<u>12</u>
B.2 Investment income and expenses	<u>13</u>
B.3 Other income and expenses	<u>15</u>
C. Corporate governance and risk management	<u>16</u>
C.1 Corporate governance	<u>16</u>
C.2 Risk Management	<u>19</u>
C.3 Internal control system	<u>23</u>
D. Risk profile	<u>25</u>
D.1 Insurance risk	<u>25</u>
D.2 Market risk	<u>27</u>
D.3 Credit risk	<u>29</u>
D.4 Operational risk	<u>31</u>
D.5 Other material risks	<u>33</u>
D.6 Off-balance-sheet risks	<u>37</u>
D.7 Risk concentrations	<u>38</u>
E. Valuation	<u>39</u>
E.1 Assets	<u>40</u>
E.2 Provisions for insurance obligations	<u>41</u>
E.3 Provisions for other liabilities	<u>42</u>
E.4 Risk margin	<u>42</u>
F. Capital management	<u>43</u>
F.1 Goals, strategy and time horizon for capital planning	<u>43</u>
F.2 Structure and quality of equity capital reported in the annual report	<u>43</u>
F.3 Difference between statutory and solvency net assets	<u>44</u>
G. Solvency	<u>45</u>
G.1 Solvency model	<u>45</u>
G.2 Target capital	<u>45</u>
G.3 Breakdown of risk-bearing capital	<u>48</u>
G.4 Solvency ratio	<u>48</u>
Glossary	<u>49</u>
Appendices	<u>50</u>
01 Quantitative template "Performance solo reinsurance"	<u>51</u>
02 Quantitative template "Market-consistent balance sheet solo"	<u>52</u>
03 Quantitative template "Solvency solo"	<u>53</u>
04 Audited annual financial statements and report of the statutory auditor	<u>54</u>

Directors' statement

The Board of Directors acknowledge their responsibility for ensuring that this Financial Condition Report has been properly prepared in all material respects in accordance with FINMA regulations. The Board is satisfied that:

(a) throughout the financial year disclosed in this report, Catlin Re Switzerland Ltd has complied in all material respects with the requirements of the FINMA regulations as applicable to the Company; and

(b) it is reasonable to believe that, at the date of the publication of this report, the Company has continued to comply, and will continue to comply in future.

This report was approved by the Board of Directors on April 29, 2025

By order of the Board

A handwritten signature in blue ink, appearing to be 'Beat Lüthi', consisting of a stylized 'B' and 'L'.

Beat Lüthi

Chairman of the Board

April 29, 2025

A handwritten signature in blue ink, reading 'Wanda L. Eriksen', in a cursive script.

Wanda Eriksen-Grundbacher

Director

April 29, 2025

Management summary

General remarks

This report should be read in conjunction with Catlin Re Switzerland Ltd's ("CRCH", or "the Company") audited financial statements for the year ended December 31, 2024 disclosed in appendix 4.

Unless otherwise stated, all amounts in this report are presented in Swiss Francs which is the reporting currency of the financial statements of Catlin Re Switzerland Ltd.

Due to the capitalisation and the business environment in which the Company primarily operates, US Dollar is the currency for capital modelling and the Swiss Solvency Test. As such numbers reported in sections E, F and G are predominantly presented in US Dollars.

Amounts shown in this report generally are rounded to the nearest million, with the consequence that the rounded amounts may not add up to the rounded total in all cases.

Any references to AXA Group refer to AXA SA together with its direct and indirect subsidiaries.

Business activities

The Company is part of the AXA XL Division, the property, casualty, and specialty division of AXA Group comprising global insurance and reinsurance companies that provide property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

AXA XL's operating entities underwrite both insurance and reinsurance business within its Property and Casualty ("P&C") business segment. The P&C segment is structured into two segments; Insurance and Reinsurance with Reinsurance being further divided into the three regions International, North America and Bermuda. AXA XL underwrites across all the platforms available to best service both brokers and clients.

Catlin Re Switzerland Ltd, domiciled in Zurich, Switzerland, operates as a multi-line property, casualty and specialty reinsurance company.

2024 continued to be characterized by aligning the legal entities to AXA XL's plans to simplify its operating model and streamline the reinsurance global footprint for its three regions. The vast majority of the Company's 2024 business was renewed by other AXA XL Reinsurance segment entities. In 2025 and future years efforts will continue to further simplify the Company's structure and aligning businesses and reserves to AXA XL Re's three business regions.

As of January 1, 2024, all assets and liabilities held in the Singapore Branch were transferred to XL Re Europe SE, Ireland, Singapore Branch and subsequently the Company's Singapore Branch was deregistered.

In June 2024, the Company's 100% owned subsidiary AXA XL Resseguros S.A., Brasil, was sold to another AXA XL company. XL Re Latin America Argentina SA, a 80% owned service company, entered voluntary liquidation in January 2024 and subsequently was sold to an external party.

Outwards Reinsurance forms an integral part of capital management at AXA XL. External cession is predominantly managed and placed at Division and Reinsurance segment level in line with the Company's risk appetite to appropriately protect key exposures. During 2024 the Company revisited its internal outwards reinsurance structure. With effect as of June 30, 2024, the 95% Loss portfolio ("LPT") and Quota Share ("QS") Retrocession Agreement covering credit & surety business with AXA XL Reinsurance Ltd ("AXA XL Re") was commuted, along with the historic Whole Account Stop Loss agreements covering the entity against tail reserve events. On the same day, the Company purchased a 95% Whole Account reinsurance segment LPT and QS from AXA XL Re. The 100% LPT covering Insurance segment business remained in place.

On September 19, 2024, the Company sold its renewal rights to AXA XL Re and XL Re Europe SE, Ireland, and hasn't written or renewed any business as from August, 2024.

As part of CRCH's restructuring projects, initiatives were started or will start to novate liabilities to other AXA XL legal entities mainly in Latin American countries and the Bermuda Branch, subject to respective client consent and regulatory approvals where required. Catlin Re Switzerland Ltd, although licensed in various countries, is not planning to write or renew any business in 2025.

The Company remains committed to its clients throughout any organizational changes taking place, and all business will continue to be serviced by the same experienced operational teams.

Further details of the Company's business activities are provided in section A.

Business performance

In line with the simplification of AXA XL's operating model, the vast majority of the Company's 2024 business was renewed by other AXA XL Reinsurance segment entities, as such the volume of business declined significantly compared to the prior year.

During 2024 the Company operated mainly as trade credit, surety and political risk carrier as well as a property and casualty lines carrier in Latin America. The offerings included short-tail multi-peril property, engineering, casualty, accident & health, trade credit, surety, political risk, marine lines of reinsurance, mostly in the form of treaty reinsurance.

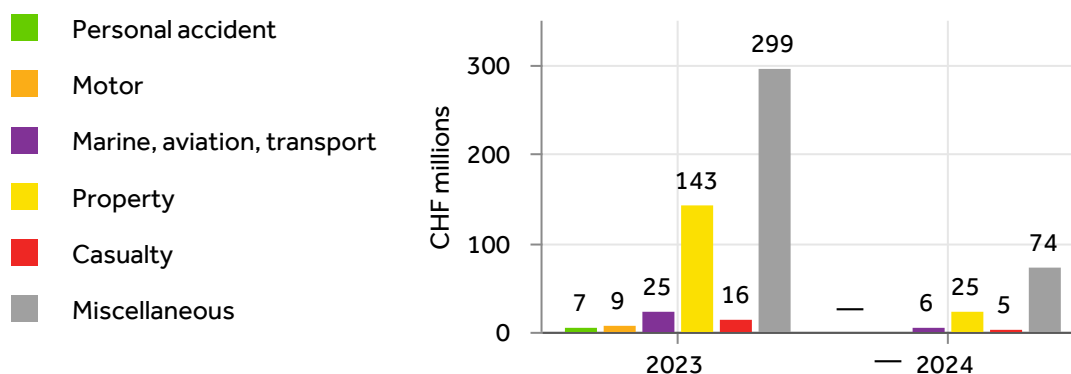
The 2024 loss ratio of 6% is mainly driven by the favorable current accident year loss ratio and prior year experience for most lines of business.

The Company generated CHF 109m of gross premium written in 2024 and a combined ratio of 36%.

CHF millions

2024	Gross premium written	Net premium earned	Acquisition cost ratio	Loss ratio	Combined ratio
Personal accident	—	1	13 %	25 %	38 %
Motor	—	6	19 %	38 %	57 %
Marine, aviation, transport	6	4	34 %	68 %	102 %
Property	25	26	35 %	(10)%	25 %
Casualty	5	2	68 %	(32)%	36 %
Miscellaneous	74	54	27 %	8 %	35 %
Total 2024	109	93	29 %	6 %	36 %

Gross premium written by FINMA line of business



Further details of the Company's performance are provided in section B and the Annual Report in appendix 4.

Corporate governance and risk management

The Board of Directors ("Board", "BoD") and management are committed to ensure effective corporate governance with the objective to provide proper oversight over the Company. The Board regularly reviews its comprehensive corporate governance framework, policies and practices to ensure that it meets the expectations of its shareholder and evolves in compliance with the Swiss legal and regulatory requirements and AXA XL's best practice in corporate governance. The Board has the ultimate responsibility for setting the strategy regarding the business and is accountable for the performance of the Company towards the shareholder.

The Board is responsible for the Company's internal control system. The Company operates a 'Three lines of defence' model where (1) the business through its risk owners, (2) Risk Management and Compliance and (3) Internal Audit work together to ensure that the internal control system is effective.

The Board and Executive Management Committee composition is outlined in section C.

The risk management framework ("RMF") determines risk appetites and risk limits, establishes risk policies, identifies and manages the risks to the Company's objectives and monitors its resources and capital requirements. All these processes and monitoring activities are carried out throughout the year with oversight by the Board. The Company is supported by a number of Division-wide processes in the achievement of its risk management objectives.

Further details of the Company's corporate governance and RMF are provided in section C.

Risk profile

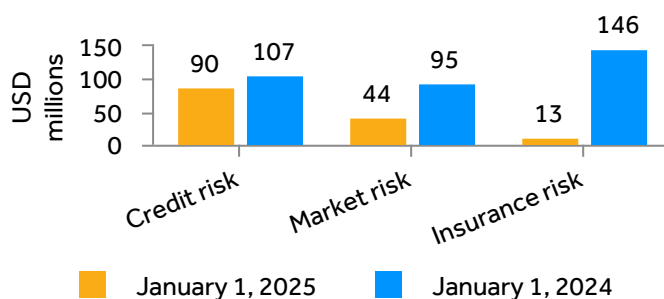
CRCH is materially exposed to credit and market risk. The Company uses the Swiss Solvency Test ("SST") basis at the 1% Tail Value at Risk ("TVaR") to calculate the capital requirements.

The risk profile for 2025 is expected to be different to that of the previous year due to the following:

- Since August 2024 the Company hasn't written or renewed business and isn't planning to write business in 2025.
- Novation of liabilities to other AXA XL legal entities mainly in Latin American countries and the Bermuda Branch.
- With effect as of June 30, 2024, the 95% Loss portfolio ("LPT") and Quota Share ("QS") Retrocession Agreement covering credit & surety business with AXA XL Reinsurance Ltd ("AXA XL Re") was commuted, along with the historic Whole Account Stop Loss agreements covering the entity against tail reserve events. On the same day, the Company purchased a 95% Whole Account reinsurance segment LPT and QS from AXA XL Re. The 100% LPT covering Insurance segment business remained in place.

Underwriting risk and reserve risk have decreased due to the decrease in the underlying exposure. Those risks are mitigated by the respective LPT's.

The key risks before diversification as per the SST for CRCH as at January 1, 2025, and the previous year are shown below:



Each category of risk is described in detail in section D.

Valuation

An analysis of the valuation of asset classes and the market consistent valuation of provisions for insurance obligations used in the SST balance sheet, together with the recognition and valuation bases applied, is provided in section E.

Capital management

The Company calculates and manages its capital requirements based on SST principles and in line with the Own Risk and Solvency Assessment policy which are further detailed in sections C.2 and G.

USD millions	January 1, 2024	January 1, 2025
Risk bearing capital before dividend	613	488
Target capital	287	143
SST ratio before distribution	214%	341%
Dividend	220	120
Risk bearing capital after dividend	393	368
SST ratio after distribution	137%	257%

Under the revised AVO Article 39, the SST ratio is calculated as the ratio of Risk Bearing Capital in the numerator and the 1 year risk capital in the denominator, whereby the SST balance sheet includes the Market Value Margin ("MVM") as a liability and the Target Capital does not include MVM.

The Company's objectives in managing its capital are to:

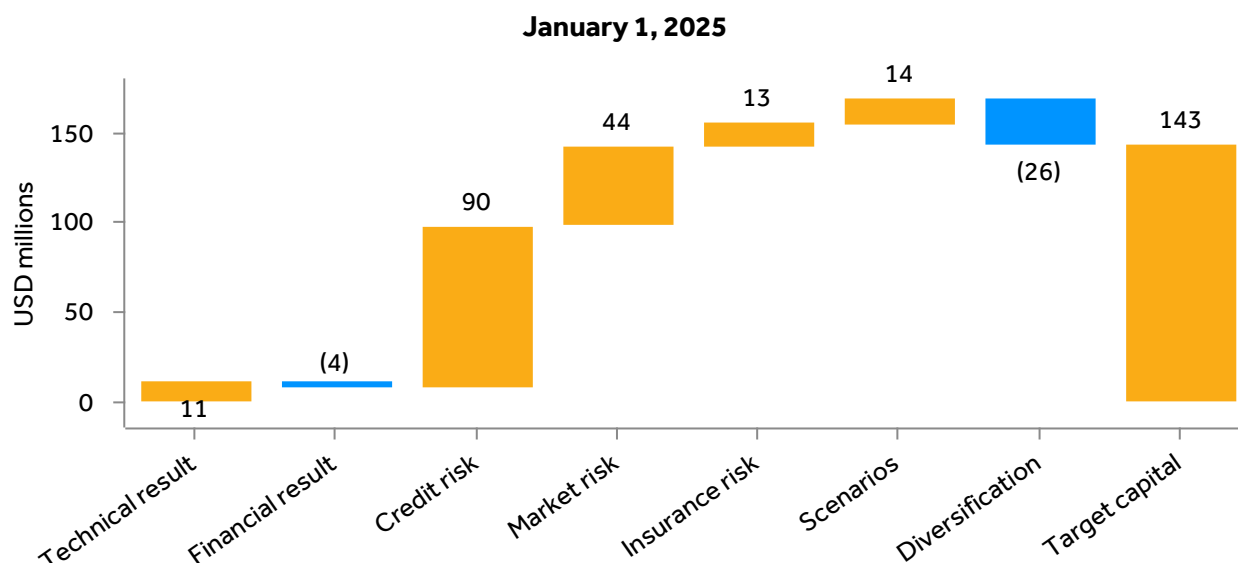
- maintain financial strength;
- satisfy the requirements of its policyholders and regulators;
- match the profile of its assets and liabilities, taking into account risks inherent in the business;
- achieve appropriate risk adjusted returns; and
- maintain capital levels that are consistent with the risk appetite, corporate strategy, and the statutory requirements.

As a result of the solid capital surplus due to lower target capital and the 2024 profit, the Board of Directors proposes at the Annual Shareholder Meeting to declare a dividend of USD 120m (maximum CHF 92m). The 2025 SST ratio before dividend would decline from 341% to 257% after dividend.

Solvency

Section G provides information on the models used for the SST calculations with further breakdowns of the target capital as of January 1, 2025.

The following chart shows a break-down of the SST target capital into the relevant categories as defined by FINMA:



Credit risk includes investment, external and internal reinsurance credit risk. The investment credit risk, premium counterparty risk and external credit risk are calculated based on the FINMA standard model whereas internal reinsurance credit risk is calculated using the internal model.

Market risk is calculated using the FINMA standard model whereas insurance risk and the MVM are calculated in the internal model.

Overall, the target capital for the 2025 SST has decreased by USD 144m compared to last year. There have been a number of partially offsetting movements, the key drivers of which are highlighted below:

- Decreased premium risk due to the reduction of business written and application of the 95% whole account quota share;
- Decrease in reserve risk due to reserves running off and application of the 95% loss portfolio transfer;
- Decrease in asset base due to the reduction in reserves and the sale of AXA XL Resseguros S.A. This decreased investment credit risk and market risk;
- Increase in capital due to losses from operating cost and increase in internal credit risk due to the new internal reinsurance arrangements;
- Increase in capital due to decreased diversification benefit seen as the risk profile is changing.

Significant events post year end

There have been no significant events post year end.

A. Business activities

A.1 Strategy, objectives and business segments

The Company is part of the AXA XL Division, the property, casualty, and specialty division of AXA Group comprising global insurance and reinsurance companies that provide property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

AXA XL's operating entities underwrite both insurance and reinsurance business within its Property and Casualty ("P&C") business segment. The P&C segment is structured into two segments; Insurance and Reinsurance with Reinsurance being further divided into the three regions International, North America and Bermuda. AXA XL underwrites across all the platforms available to best service both brokers and clients.

Catlin Re Switzerland Ltd, domiciled in Zurich, Switzerland, operates as a multi-line property, casualty and specialty reinsurance company.

During 2024 the Company operated mainly as trade credit, surety and political risk carrier as well as a property and casualty lines risk carrier in Latin America. The offerings included short-tail multi-peril property, engineering, casualty, accident & health, trade credit, surety, political risk, marine lines of reinsurance, mostly in the form of treaty reinsurance.

The Company prudently manages reinsurance obligations through controlled risk taking, clear accountability and strong underwriting discipline. The AXA XL Re brand is viewed as being well established amongst the 2nd tier reinsurers, which jointly with AXA's strong balance sheet positively impacts negotiation leverage and overall opportunities.

2024 continued to be characterized by aligning the legal entities to AXA XL's plans to simplify its operating model and streamline the reinsurance global footprint for its three regions. The vast majority of the Company's 2024 business was renewed by other AXA XL Reinsurance segment entities.

As of January 1, 2024, all assets and liabilities held in the Singapore Branch were transferred to XL Re Europe SE, Ireland, Singapore Branch and subsequently the Company's Singapore Branch was deregistered.

In June 2024, the Company's 100% owned subsidiary AXA XL Resseguros S.A., Brasil, was sold to another AXA XL company. XL Re Latin America Argentina SA, a 80% owned service company, entered voluntary liquidation in January 2024 and subsequently was sold to an external party.

Outwards Reinsurance forms an integral part of capital management at AXA XL. External cession is predominantly managed and placed at Division and Reinsurance segment level in line with the Company's risk appetite to appropriately protect key exposures. During 2024 the Company revisited its internal outwards reinsurance structure. With effect as of June 30, 2024, the 95% Loss portfolio ("LPT") and Quota Share ("QS") Retrocession Agreement covering credit & surety business with AXA XL Reinsurance Ltd ("AXA XL Re") was commuted, along with the historic Whole Account Stop Loss agreements covering the entity against tail reserve events. On the same day, the Company purchased a 95% Whole Account reinsurance segment LPT and QS from AXA XL Re. The 100% LPT covering Insurance segment business remained in place.

On September 19, 2024, the Company sold its renewal rights to AXA XL Re and XL Re Europe SE, Ireland, and hasn't written or renewed any business as from August, 2024.

The Company's rating along with other AXA XL core legal entities is 'AA-' with positive outlook from S&P and 'A+' stable from A.M. Best as a result of the strategic fit and core operation to the AXA Group.

A.2 Group information and group related transactions

The Company's immediate parent is AXA XL Luxembourg S.à r.l., a company incorporated in Luxembourg which holds 100% of CRCH's ownership interest and voting rights.

AXA XL Luxembourg S.à r.l. (in voluntary liquidation)

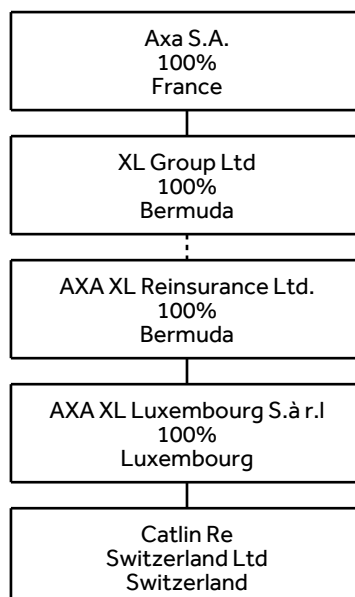
6B, rue Gabriel Lippmann

L-5365 Munsbach, Luxembourg

R.C.S. Luxembourg: B154964; subscribed capital: USD 914'900.

The Company's ultimate parent and controlling undertaking is AXA S.A., a company incorporated in France. The Company consolidates its reporting into the group financial statements of AXA S.A.

CRCH's position within the legal structure of the Group can be seen from the simplified structure chart below:



Group Supervisor

Autorité de Contrôle Prudentiel et de Résolution (ACPR)

4, place de Budapest

CS 92459

75436 PARIS CEDEX 09

France

Material related party transactions

With effect as of June 30, 2024, the 95% Loss portfolio Transfer ("LPT") and Quota Share ("QS") Retrocession Agreement covering credit & surety business with AXA XL Reinsurance Ltd ("AXA XL Re") was commuted, along with the historic Whole Account Stop Loss agreements covering the entity against tail reserve events. On the same day, the Company purchased a 95% Whole Account reinsurance segment LPT and QS from AXA XL Re. The 100% LPT covering Insurance segment business remained in place. The Company also makes regular payments to AXA Group companies in respect of services provided to the Company. The Company regularly purchases or sells financial investments from and to other Group companies. Other than the previously mentioned, there were no material transactions during 2024 with the Company's direct or indirect shareholders, with persons who exercise a significant influence on the Company or with members of the Board which are deemed material. The Company actively monitors all related party transactions.

A.3 Related undertakings

Catlin Re Switzerland Ltd has no subsidiaries as at December 31, 2024.

In June 2024, the Company's 100% owned subsidiary AXA XL Resseguros S.A., Brasil, was sold to another AXA XL company.

XL Re Latin America Argentina SA, a 80% owned service company, entered voluntary liquidation in January 2024 and subsequently was sold to an external party.

A.4 Major branches

Catlin Re Switzerland Ltd, Bermuda Branch
O'Hara House
P.O. Box HM 2245
One Bermudiana Road
Hamilton, HM 08
Bermuda

As of January 1, 2024, all assets and liabilities held in the Singapore Branch were transferred to XL Re Europe SE, Ireland, Singapore Branch and subsequently the Company's Singapore Branch was deregistered.

A.5 External auditor

According to Article 28 of the Insurance Supervisory Act the Company has appointed Ernst & Young AG ("E&Y") as statutory auditor.

Ernst & Young AG
Maagplatz 1
8010 Zurich
Switzerland

The auditor in charge is Philip Kirkpatrick. E&Y is accredited with the Federal Audit Oversight Authority in Berne, Switzerland.

A.6 Significant unusual events

During 2024, some of the Company's renewal rights were transferred to other AXA XL legal entities, leading to income recorded in other technical income. The Company hasn't written or renewed any business as from August, 2024.

B. Business performance

The Company prepared its financial statements on a Swiss Statutory accounting rule basis in accordance with the provisions of accounting and financial reporting of the Swiss Code of Obligations and with the additional requirements defined by the Swiss Financial Market Supervisory Authority ("FINMA"), Art. 110-111b AVO, valid as of September 1, 2024.

The table below provides the main 2024 and 2023 key performance indicators; the quantitative template with more granular information can be found in appendix 1.

B.1 Underwriting result

CHF millions	2023	2024	Change	Change in %
Gross premium written	499	109	(390)	(78)%
Net earned premium	420	93	(327)	(78)%
Net acquisition costs	(190)	(27)	163	(86)%
Net claims incurred	(216)	(6)	210	(97)%
Net reinsurance result	14	137	123	(879)%
Ratios				
Acquisition cost ratio	45 %	29 %		(16)%
Loss ratio	51 %	6 %		(45)%
Combined ratio	97 %	36 %		(61)%

In 2024, compared to the previous year, net earned premium decreased significantly by CHF 327m to CHF 93m, in line with the simplification of AXA XL's operating model, with the vast majority of the Company's 2024 business renewed by other AXA XL Reinsurance segment entities. In addition, a large portion of the Gross earned premium was ceded as part of the new 95% whole account reinsurance segment LPT, further reducing the net earned premium.

Acquisition costs also include administration and other expenses. The acquisition cost ratio decreased by 16% from 45% in 2023 to 29% in 2024, driven by the different business mix compared to earlier years.

Net claims incurred are CHF 6m, compared to CHF 216m in the previous year. The 2024 loss ratio of 6% is mainly driven by the favorable current accident year loss ratio and prior year experience for most lines of business.

The profit from selling some of the Company's renewal rights, is recorded in other technical income.

The table below provides the 2024 key performance indicators by FINMA line of business:

CHF millions	2024				
Line of business	Gross premium written	Net premium earned	Acquisition cost ratio	Loss ratio	Combined ratio
Personal accident	—	1	13 %	25 %	38 %
Motor	—	6	19 %	38 %	57 %
Marine, aviation, transport	6	4	34 %	68 %	102 %
Property	25	26	35 %	(10)%	25 %
Casualty	5	2	68 %	(32)%	36 %
Miscellaneous	74	54	27 %	8 %	35 %
Total 2024	109	93	29 %	6 %	36 %

The table below provides the 2023 key performance indicators by FINMA line of business:

CHF millions					2023
Line of business	Gross premium written	Net premium earned	Acquisition cost ratio	Loss ratio	Combined ratio
Personal accident	7	10	41 %	47 %	89 %
Motor	9	7	47 %	124 %	171 %
Marine, aviation, transport	25	12	29 %	58 %	86 %
Property	143	146	37 %	65 %	102 %
Casualty	16	15	34 %	67 %	101 %
Miscellaneous	299	231	52 %	40 %	92 %
Total 2023	499	420	45 %	51 %	97 %

B.2 Investment income and expenses

CHF millions	2023	2024	Change	Change in %
Investments				
Investment income	70	23	(47)	(67)%
Investment expenses	(6)	(21)	(15)	250 %
Net investment result	64	2	(62)	(97)%

The net investment result as disclosed in the annual report in appendix 4 amounts to a gain of CHF 2m compared to a gain of CHF 64m in 2023.

The Company did not record any gains or losses in shareholder's equity.

B.2.1 Investment income and expenses by asset class

Investment income				2024
CHF millions	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	—	—	—	—
Fixed income securities	11	2	10	23
Total Investment income	11	2	10	23

Investment expenses				2024
CHF millions	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	—	—	(5)	(5)
Fixed income securities	—	(7)	(8)	(15)
Investment management fees	(1)	—	—	(1)
Total investment expenses	(1)	(7)	(13)	(21)
Total net investment contribution	10	(5)	(3)	2

Investment income				2023
CHF millions	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	5	—	17	22
Fixed income securities	25	20	3	48
Total Investment income	31	20	20	70

Investment expenses				2023
CHF millions	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	—	—	—	—
Fixed income securities	—	(4)	—	(4)
Investment management fees	(2)	—	—	(2)
Total investment expenses	(2)	(4)	—	(6)
Total net investment contribution	29	16	20	64

The net investment result amounts to a CHF 2m gain for 2024, compared to a gain of CHF 64m in the previous year. Investment income has decreased by CHF 48m from CHF 70m to CHF 23m year on year mainly driven by a reduction in the size of the fixed income portfolio as a result of the transfer of assets in the Company's Singapore Branch and less premium written. The company holds no investment in affiliated companies anymore in 2024.

Investment expenses have significantly increased from CHF 6m to CHF 21m year on year which includes the realised loss on sale of AXA XL Resseguros S.A. as well as realized gains and losses due to selling assets for cash, crystallizing their respective unrealized portions.

The Company predominantly holds highly liquid investment grade fixed income assets denominated in USD. Fixed income securities held by the Company are mostly pledged for the benefit of ceding companies as generally promulgated in the statutory regulations of the individual jurisdictions.

B.3 Other income and expenses

CHF millions	2023	2024	Change	Change in %
Interest income	28	18	(10)	(36)%
Interest expense	(12)	(2)	10	(83)%
Other income	—	5	5	N/A
Foreign exchange	(19)	16	35	N/A
Total other income and expenses	(3)	37	40	N/A

Interest income of CHF 18m is mainly comprised of interest earned on funds withheld and Cash held in the cash pool of AXA XL.

The foreign exchange gain of CHF 16m (2023 : CHF 19m loss) arises from foreign currency transactions incurred and the revaluation of monetary assets and liabilities into the functional currencies ("FC") at the period end rates. Revaluation gains and losses are deemed realised and recorded in the income statement. Business units with a different FC from the Company's Statutory reporting currency are translated to Swiss Francs; resulting unrealised gains are deferred and recorded under the balance sheet line item provision for currency fluctuation. Unrealised losses from translation are either offset against the provision for currency fluctuation or recorded in the income statement. In 2024, unrealised translation losses of CHF 12m have been recorded against the provision for currency fluctuation (2023: CHF 38m loss).

Other income in the amount of CHF 5m mainly relates to the gain on the transfer of assets and liabilities in the Company's Singapore Branch.

C. Corporate governance and risk management

C.1 Corporate governance

C.1.1 Board of Directors composition

The names of the persons who are directors of the Company as at the date of this report are:

Daniela Bräm (Swiss)	Non-Executive	Risk and Audit Committee Member
Jürgen Cherreck (Swiss/German)	Non-Executive	Risk and Audit Committee Member
Wanda Eriksen-Grundbacher (Swiss/U.S.)	Independent Non-Executive	Risk and Audit Committee Chair
Claudia Ingenhoven (Swiss/German)	Non-Executive	
Beat Lüthi (Swiss)	Independent Non-Executive Chair	

There were no changes in the composition of the Board of Directors during 2024.

Board and Risk and Audit Committee meetings are held at least quarterly.

The Board has the power to adopt resolutions in all matters which do not fall within the shareholder's meeting or any other body by virtue of law, the Articles of Association or the organisational regulations.

Qualifications of the Board and key function holders

The Board regularly considers the qualifications necessary for its members. In this regard, the Board believes that its members are persons with superior business judgement and integrity, who have knowledge or experience in the areas of insurance, reinsurance, financial services or other aspects of the Company's business, operations or activities, and who have distinguished themselves in their chosen fields of endeavour. In addition, the Board believes its members have the talent and vision to provide oversight and direction in the areas of strategy, operating performance, corporate governance and risk management in order to protect the interests of the shareholder and the policyholders whilst maintaining the highest standards of ethical business conduct. The Board believes that each of its Directors contributes a strong background and set of skills to enable the Board to meet its responsibilities and that key function holders possess the skills, knowledge and expertise to carry out their regulatory obligations.

The Board considers diversity among other factors in assessing the skills and characteristics of Director candidates and the Board as a whole. This consideration includes a broad evaluation of diversity of viewpoints, skills, experience and other demographics represented on the Board as a whole.

C.1.2 Executive Committee composition

The Executive Committee ("ExCo") is composed of the following members:

Benno Schaffhauser (Swiss)	Chief Executive Officer and Chief Financial Officer
Felix Winzap (Swiss)	Chief Underwriting Officer
Wendy Tobey (Swiss/U.S.)	Responsible Actuary

There were no changes in the composition of the Executive Committee during 2024.

C.1.3 General information corporate governance

Corporate governance provides the framework through which:

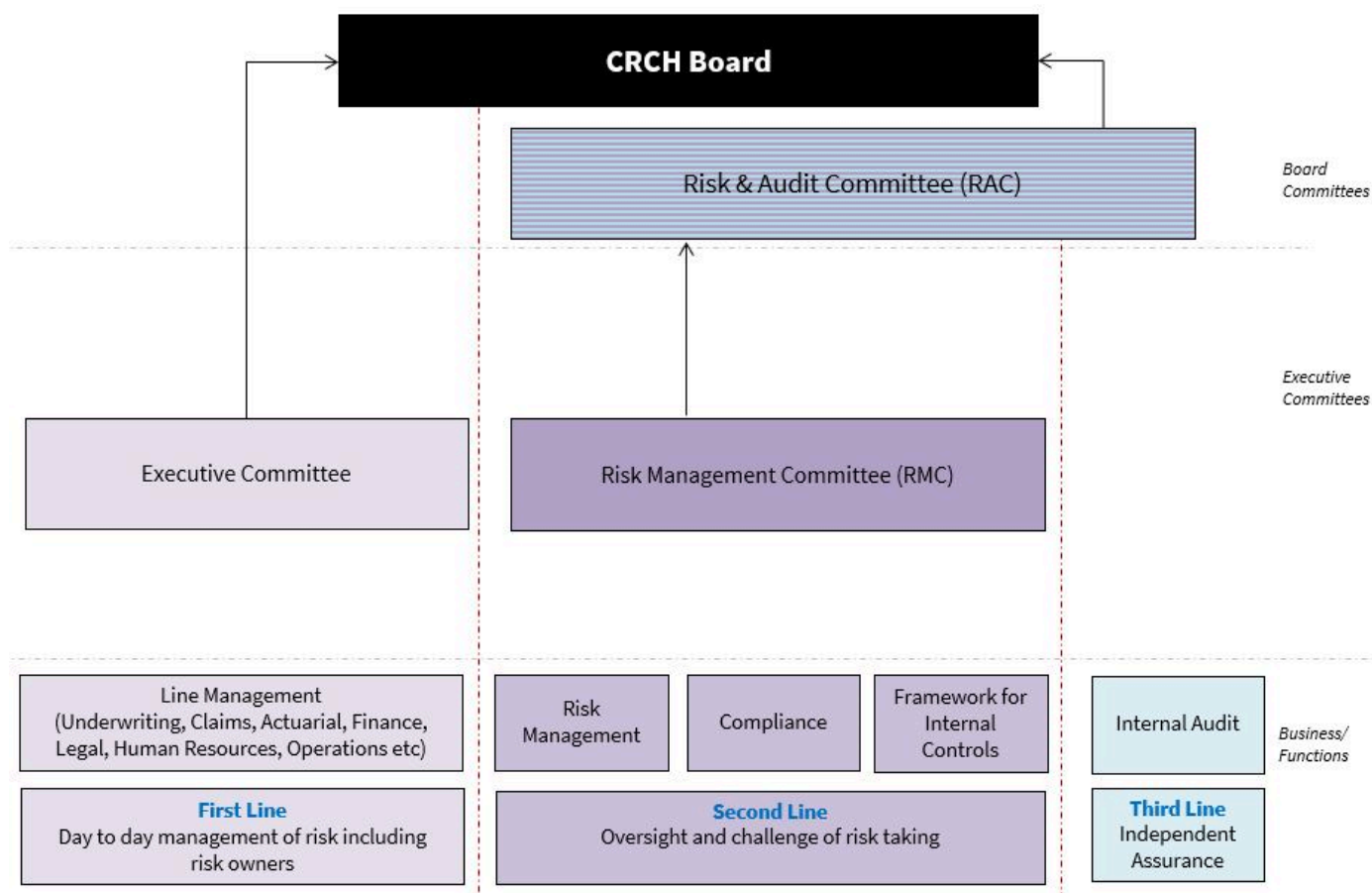
- Objectives and strategy of the Company are set, and the means of attaining those objectives and monitoring performance are determined;
- Roles and responsibilities of the Board and senior management are described;
- At an operational level, policies are set, risk management is developed and carried out, and the business is operated on a day to day basis;
- The activities and behaviour are aligned with the expectation that Board, management and staff will operate in a prudent and sound manner, and in compliance with applicable laws and regulations; and
- The interests of policyholders, beneficiaries and reinsurance claimants are protected.

The Board has ultimate responsibility for directing the strategy of the business; setting the Company's risk appetites; and the implementation and maintenance of an effective corporate governance framework for the Company. The Company's framework is designed to demonstrate the Board's and management's commitment to effective governance; and to meet the requirements of the FINMA circular 2017/2 'Corporate Governance - Insurers'.

The Board is satisfied that the Company's system of governance is appropriate and effective, taking into account the nature, scale and complexity of the risks inherent in the Company's business.

The system of governance applies to the Company and its Branches and offices.

This section provides details of the Company's management structure along with roles and responsibilities and committees.



The Board seeks to ensure that the operations of the Company are conducted within a framework of prudent and effective controls that enables effective risk management and conformity with the applicable legal and regulatory requirements. The Board sets the risk appetites for the Company. Management are responsible for monitoring risks against risk appetite and for escalating any risk that breaches risk appetite to the Board.

The Company operates a 'Three Lines of Defence' approach to ensure effective and robust day to day governance is in place.

1. First line - 'Day to day' management of risk.

Risk-taking activity and direct management of risk within the appetite and policies approved by the Board. This line of defence is involved in risk management decisions and therefore is not deemed to be providing independent oversight.

2. Second line - Oversight / challenge.

Providing risk oversight (including various forms of monitoring activity) and providing guidance on suitable approaches to risk management process and policy. This line of defence is intended to be independent of risk taking activity.

3. Third line - Independent Assurance.

Providing independent assurance as to the effectiveness of the operation of the First and Second lines of defence and the key controls within the Company.

The Company is also part of AXA XL division's Internal Control Program which addresses internal controls across 30 macro-processes covering all departments and processes, as well as having an Internal Financial Control Framework looking at key controls around financial reporting.

Executive Committee

The Executive Committee is responsible for ensuring there is a governance framework in place to support the delivery of the Company's strategic plan by the business and considers recommendations by the RMC and other committees.

Risk Management Committee

The Risk Management Committee ("RMC") is an oversight committee delegated by the Executive Committee. The RMC is comprised of members of the 2nd line of defence of the Company with attendance from the business (first line of defence) and is charged with developing and monitoring risk policies, risk appetites, risk limits (and compliance with such limits), risk aggregations, and identifying key emerging risks.

Risk and Audit Committee

In accordance with the regulations set forth in the Swiss Insurance Supervision Ordinance and the FINMA guidelines set forth in circular 2017/2, the Company has established a Risk and Audit Committee ("RAC"). The purpose of the RAC is outlined in the Risk and Audit Committee Terms of Reference.

The RAC is an oversight committee delegated by the Board. The RAC consists of three members, chaired by an Independent Non-Executive Director (INED) and assists the Board in ensuring the adequacy, effectiveness and integrity of the risk management framework including risk strategy, risk appetite, stress testing, oversight arrangements, material transactions and risk culture. Further important oversight areas dealt with by the RAC include oversight of financial reporting, the internal control system, internal and external audit.

C.1.4 Key functions

The Company's Risk Management, Compliance, Internal Audit and Actuarial functions are the key functions in its system of governance. Holders of key functions are authorised to operate free from influences which may compromise their ability to undertake their duties in an objective, fair and independent manner.

Each of these key function holders:

- Operates under the ultimate responsibility of, and reports to the Board as appropriate;

- Cooperates with the other functions, where appropriate, in carrying out their roles, but operates independently;
- Is able to communicate, at their own initiative, with any staff member and has the necessary authority, resources and expertise and unrestricted access to all relevant information necessary to carry out their responsibilities; and
- Promptly reports to the Board any significant issues arising in their area of responsibility.

Key function holders co-operate with each other but operate independently. Individuals carrying out the Internal Audit function do not assume any responsibility for any other function.

The Company has in place written policies in relation to its key functions. Further information on these functions is contained within sections C.2 (Risk Management), C.2.3 (Compliance) and C.3.2 (Internal Audit). The implementation of key functions within the Company is explained below.

Risk Management

The Company's Risk Management function is responsible for maintaining and monitoring the effectiveness of the Company's risk management system. The Company's Risk Manager plays a key role in the operation of the RMC and is the chair of the RMC, which reports to the RAC. Further information about the Risk Management function is set out in section C.2.

Compliance

The Compliance function is responsible for promoting a robust compliance culture in the Company, advising on all regulatory compliance matters affecting the Company and the identification and assessment of compliance risk. The Compliance Officer reports to the Board as well as to the RMC and RAC on a regular basis. Further information about the Compliance function is set out in section C.2.3.

Internal Audit

The Head of Internal Audit leads the Company's Internal Audit function, supported by AXA XL's Internal Audit Department. Internal Audit is responsible for evaluating the adequacy and effectiveness of the Company's internal control system and other elements of the system of governance. Key responsibilities are set out in the Internal Audit policy. The Head of Internal Audit reports directly to the RAC. Further information about the Internal Audit function is set out in section C.3.2.

Other critical and important functions

In addition to the above, the Board has identified Underwriting, Claims Management, Actuarial, Finance and Investment Management as functions which are of specific importance to the sound and prudent management of the Company. The Chief Underwriting Officer, Claims Manager, Chief Financial Officer as well as the Responsible Actuary are responsible for ensuring that their respective activities are aligned to the risk appetites of the Company. These functions report to the Board either directly or through the CEO. The Investment Management function is in-sourced from XL Group Investments Ltd ("XLGIL"), an AXA XL company.

C.2 Risk Management

C.2.1 Risk management framework

The Company faces strategic, financial and operational risks related to, among others: underwriting activities, financial reporting, changing macroeconomic conditions, investment, 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 function, who defines and deploys the Risk Management Framework.

The RMF is reviewed by the RMC and recommended for approval 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 organisational 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;
- Support the Company's Risk Management standing; and
- Support regulatory risk management requirements.

The RMC meets at least quarterly and oversees the implementation and embedding of the RMF and monitoring of Company performance against risk appetite. The RMC has responsibility for capital monitoring and makes recommendations and escalates any issues in a first instance to the ExCo/RAC and if applicable to the Board, related to risk and capital management. The RMC 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 RMC and support understanding of the risk profile.

Risk Management Strategy

The risk management strategy is overseen by the Board and supports the delivery of the overall business strategy. The Company has an appointed Senior Risk Manager, supported by the AXA XL Risk Management Team/Centres of Excellence.

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 in order 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 the Company's strategic objectives, with appropriate levels of capital held by the Company;
- 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 entity;
- Risk mitigation across all risks, particularly on key underwriting and financial market risks to protect capital from the impact of extreme events; and
- Risk reporting to the RMC, ExCo, RAC, Board and other stakeholders (e.g. regulators).

Risk Appetite Framework

The Company's Risk Appetite Framework ("RAF") is a key dimension to the risk management strategy and 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 focuses on regulatory capital at risk, tolerances to risks from material individual events (e.g. natural catastrophes, realistic disaster scenarios ("RDS") that cross multiple lines of business etc.), liquidity standards, tolerance to specific investment related risks and operational losses. The Board approved risk appetites and risk tolerances are annually reviewed to allow the Company to execute the business plan.

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

- **Risk Governance** - a clear organisational structure for risk management, including clear roles and responsibilities. The Company operates a 'Three lines of defence' governance structure, at a functional level as well as at executive committee level.
- **Risk Policies & Standards** - AXA and the Company recognise the importance and value of a consistent approach to governance, supported by an effective RMF. This is particularly relevant to ensure that there is a clear understanding of risks, both locally and Group-wide. The policies document the Company's approach to the management of each category of risk to which the Company is exposed. These policies are supported by AXA Group Standards which apply across the Division and the Company.
- **Risk definition and categorisation** provides a common taxonomy and language for risk to allow for categorisation of all risks in a way which facilitates links between the business, risk management processes and the Internal Capital Model.
- **Risk cycle and processes** - the approach taken is top-down, bottom-up, and process led - risk identification, quantification, management and control. The internal model is used in the risk assessment process.
- **Risk-based decision making** - The results of the ORSA and the insights gained in the ORSA process are taken into account for a range of business decisions.
- **Risk Management Information and Reporting, including ORSA process** - ensuring timely and accurate information is reviewed in line with the governance structure.
- **Skills, Resources and Risk Culture; Organisational Learning; Change Management Governance** - All enable a mature risk culture throughout the Company.

Risk Reporting

A risk dashboard is presented quarterly to the RMC. The dashboard measures the status against risk appetite statements and the associated monitoring triggers and limits using the latest output from the business, and SST. The dashboard includes information related to the monitoring against all of the Company's material risk categories. Highlights from the dashboard including performance against appetite and limits are reported to the ExCo/RAC.

C.2.2 Own risk and solvency assessment

The Company's ORSA process includes all of 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 the capital necessary to ensure that the Company's overall solvency needs are met at all times (see section F.1 for the time horizon of capital planning).

The regulatory capital requirement is on the SST basis. The SST results are presented to the RMC and the ExCo/RAC to provide deeper insights on risk exposures, and to inform and drive risk and capital based decision making. This process is linked closely with capital management activities and the level of capital in excess of Regulatory (SST) and Economic (ORSA) capital in line with the Company's capital buffer policy.

The processes for the ORSA and production of the ORSA report are tailored to fit into the Company's organisational structures in a proportionate manner with techniques to assess the overall solvency need and taking into consideration the nature, scale and complexity of the risk inherent to the business.

The risk management cycle is set for key aspects of the risk management process that are part of the ORSA process and that will support the production of the Company's ORSA report. The ORSA process includes procedures that enable the Company to monitor its compliance with its risk appetites, risk limits, economic capital and also regulatory capital requirements whilst taking into account potential future changes in the risk profile and considering stressed situations.

ORSA governance

All risk management and capital assessment processes form part of the ORSA. The ORSA is not a single task undertaken at one point in time, but rather it encompasses the entirety of the risk and capital management activities undertaken during the year, as described in the annually approved ORSA policy. Key tasks within that activity are reviewed and approved by the Board as part of the process and included in the Board approved ORSA report. The production of the full ORSA report is performed annually but regular management information produced by the ORSA processes is provided continuously during the year.

The frequency of each ORSA process mentioned above has been set to allow for appropriate identification, assessment, measurement, control and monitoring of risks to the business.

C.2.3 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 local laws and regulations, and on the impact of changes in the legal and regulatory environment applicable to AXA XL's operations. It provides expertise, advice and support to various departments of the Company to assess situations and compliance matters, analyse compliance risks and contribute to design solutions to mitigate those risks to which the Company is exposed.

The Head of Compliance is a key function holder as regards the independent Compliance Function of the Company and is part of the second line of defence. The Head of Compliance is supported by AXA XL's compliance team as well as members of the Legal and Compliance team based in the Company's branches.

The Compliance Policy Addendum together with the Divisional Compliance Governance Policy is approved by the ExCo. The risk areas assigned to the Compliance Function (Compliance Risk Areas) include:

- Financial crime;
- Business conduct;
- Data protection (is managed by Data Privacy);
- Market integrity (however, anti-trust is managed by Legal);
- Ethics/employee conduct; and
- New regulatory risks & relationships with regulators.

AXA XL's compliance, financial crime and monitoring functions manage a wide range of compliance related matters including:

- Regular reporting on significant compliance and regulatory matters to senior management and to regulators;
- Financial crime matters (which include anti-corruption, anti-bribery, anti-money laundering programs as well as internal sanctions/embargo compliance);
- Data privacy;
- Employee Compliance & Ethics Guide; and
- The monitoring of compliance and regulatory risks.

The Company's Compliance function undertakes an annual Compliance Risk Assessment to identify the most significant compliance risks to which the business is exposed. This helps to ensure that the overall compliance framework appropriately reflects the risk exposure. Based on this assessment, an Annual Compliance Plan is developed and presented to the Board for discussion either at the end of each year for the following year, or the first quarter of the reporting year.

The compliance activities within AXA XL are articulated around a number of AXA Group Standards and policies which set the minimum requirements expected to be covered by AXA XL. The AXA Group Standards and policies contain standards and policies on significant risks affecting the compliance activities as well as the high-level control and monitoring principles to which AXA XL must adhere. Compliance with both the standards and policies contained in the AXA Group Standards (e.g. Compliance Governance, Anti-Money Laundering, Sanctions, Anti-Bribery) are mandatory. In addition, where appropriate, the compliance function has adapted the Group requirements and developed local policies to align with the relevant laws and regulations in the jurisdiction in which AXA XL operates and conducts business.

On a quarterly basis the Company's compliance function reports directly to the RAC on significant compliance matters. These include major regulatory changes that have compliance implications, results of the Compliance Risk Assessment, the Annual Compliance Plan, remediation plans and any other significant issues that require escalation.

The function is a critical contributor to the safe and sound operation of the Company and underpins the achievement of its strategy and business goals. As part of the second line of defence of the Company, the Compliance Function interacts with other functions and contributes to reinforcing the risk and control frameworks of the Company.

C.2.4 Material changes in risk management

There were no material changes to the risk management function in 2024.

C.3 Internal control system

The Company's 'Three lines of defence' approach, as described in section C.1.3, ensures that effective and robust day to day governance is in place. The 2nd line of defence (i.e. Risk Management) provides independent assessment of the effectiveness of the Company's internal control system.

The AXA XL Internal Control team, part of Risk Management, is in charge of implementing the AXA Internal Control Program at AXA XL Division and of monitoring the overall system of controls, ensuring all controls are performed.

The AXA Internal Control Program was introduced at AXA XL in order to implement a robust and effective Internal Control Framework 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 Internal Control team is also responsible for the Internal Financial Control framework, with controls in place across the Division on the financial reporting controls. This framework is 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.

Both the Internal Control Framework and the Internal Financial Control framework are primarily designed to operate across AXA XL Division, with output reported to legal entities.

C.3.1 Internal Financial Controls

The Internal Control team is committed to promote a robust Internal Control Framework, including Internal Financial Control, for the Risk and Audit Committee, executive management and external stakeholders that rely on financial and regulatory reporting processes.

The Internal Control team'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 material 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 processes - in particular on financial reporting; and
- Adding value by helping management promote a robust control environment.

The Internal Control team performs an annual 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, identification and management of issues.

The Internal Control Framework looks at 22 macro-processes that constitute the AXA value chain for the division. 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.

C.3.2 Internal Audit function

Internal Audit supports the Board and Executive Management protecting the assets, reputation and sustainability of the Company by providing an independent and objective assurance activity designed to add value and improve the operations. It helps the Company meeting its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of governance, and risk and control management.

The internal audit function has an audit charter to document its mission, independence, scope, accountabilities, responsibilities, authorities and standards. The charter is approved by the Company's Risk and Audit Committee each year.

The Head of Internal Audit for the Company has a direct and unfettered reporting line directly to his/her respective Risk and Audit Committee Chair.

The Head of Internal Audit functionally reports through to the Global Head of Audit who reports to the Group Audit Committee Chair.

Internal Audit annually sets up an internal audit plan of work, based on an assessment of both the inherent risk and the adequacy of controls. Its performance is formally monitored and reported to the Risk and Audit Committee.

Over the audit cycle, all applicable Common Audit Universe components for each entity are expected to be audited. Any exceptions identified are notified to the Risk and Audit Committee for ratification.

A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the Risk and Audit Committee and Executive Management on a regular basis.

D. Risk profile

Risk governance requires that the Company can comprehensively articulate the profile/universe of its risks over which its governance processes operate. To this end, the Company has an agreed approach to the definition and categorisation of risks.

Risk Universe

The risk universe is based on the AXA Risk Grid as follows:

- Financial risks, including market, credit, and liquidity;
- Insurance risk;
- Operational risk;
- Other risks, including emerging risks, reputational risks, strategic and regulatory risks;
- Intangible risk (intangible assets).

D.1 Insurance risk

Risk definition

Insurance risk is defined using the following categories:

Component	Definition
Underwriting risk	Underwriting risk derives from reinsurance policies written for the current period and also 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. This is on a one year basis.
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 balance sheet 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. This is on a one year basis.

Risk identification

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:

- **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, by 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 processes** - On an ongoing basis, claims trends are monitored and analysed for any indications of change in the nature of the underlying insurance risk;
- **Risk assessment process** - Through the internal model, the Company quantifies existing risks and also identifies new risks;
- **RDS and other scenarios**; Used to monitor exposure to the defined scenarios and monitor compliance with underwriting risk tolerances and limits; and
- **Independent underwriting peer reviews** - conducted on a risk based approach by the Underwriting Governance team.

Risk mitigation

Reinsurance purchases

The Company participates in the AXA XL managed outwards 3rd party reinsurance risk transfer program to support the Company's underwriting strategy within risk appetite and to ensure efficient use of capital. AXA XL works with the AXA Group Reinsurance entity (AXA S.A.) on the outwards reinsurance strategy placements. 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.

The adequacy of the reinsurance strategy as a protection mechanism for the Company is considered and approved by the Company's Board.

Actuarial function

To mitigate the risk of large changes of 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.

Rating adequacy

Underwriters are supported by dedicated teams of claims personnel and pricing actuaries. Premiums are set and adjusted based, in large part, on the industry group in which the insured is placed, the corresponding industry sector rating, and the perceived risk of the insured relative to the others in that group. The rating methodology used for individual insureds seeks to set premiums in accordance with claims potential. Underwriting guidelines and policy forms differ by product offering as well as by legal jurisdiction. Pricing tools are specialised and generally operate by line of business.

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 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 of 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 the clients while controlling exposure both on a portfolio basis and on individual reinsurance contracts through terms and conditions, policy limits and sub-limits, attachment points and facultative and treaty ceded reinsurance arrangements on certain types of risks.

Risk monitoring

On a quarterly basis catastrophe exposures are measured and monitored and reported to the RMC and RAC. In addition the Board receives a quarterly risk update through the RAC. RDS are produced twice a year and monitored and reported to the RMC and Board as outlined in section C.1.3.

In relation to event risk management, net underwriting risk tolerances are established for the individual largest events in the risk profile. These are captured through risk reporting to the RMC and Board and monitored as part of the RAF.

Stress testing framework

There is an embedded stress testing framework that is used to understand possible impacts of major risks, including underwriting and reserving risks. These impacts include the earnings, underwriting, investments, liquidity and capital implications of low frequency, high severity events. For underwriting risks the main stress test approaches used cover, natural catastrophe peril exposure results production and RDS production as outlined below.

Test type	Reason performed
Natural Catastrophe reporting	To monitor Nat Cat exposures against risk appetite
RDS reporting	To monitor non-Nat Cat exposures against risk appetite and to assist in the setting of overall risk limits

Natural catastrophe exposure results, and RDS exposure results are used to monitor exposure to the defined scenarios and monitor compliance with underwriting risk tolerances and limits. RDS are produced at least twice per year to understand the Company's exposure to defined non-Nat Cat scenarios, which have been designed by experts and cover both short and long tail lines of business and cross class event exposures. The RMC (and RAC) are informed of results of stress tests performed via risk dashboards and the ORSA report throughout the year and challenge whether the results fall within relevant approved risk tolerances and limits.

Based on the above factors considered in stress testing the underwriting limits, all underwriting risks are deemed to be well managed and within risk appetite as reported via the risk dashboard and ORSA report to the RMC and RAC.

Quantitative impacts from insurance risk are included in section G.2.2.

D.2 Market risk

Risk definition

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 risk and spread risk	Financial loss or volatility of profits due to the combined sensitivity of the economic value of the investment portfolio and (re)insurance liability cash flows to changes in the level or volatility of benchmark interest rates and 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 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.

Risk identification

The Company identifies market risk through the following processes:

Process	Description
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 RAF	The Company RAF sets maximum risk exposure to assets classes and is reviewed annually.
Risk reporting and processes	The risk assessment process assists in identifying if there are any changes to market risks already identified in the previous assessment.

Market risk is also explored through the underwriting and Emerging Risk process which has Company representation. The Emerging Risk Task Force, comprised of senior leadership from across the organisation, actively monitors a wide array of emerging risks to provide the Company's underwriters, as well as clients, with pertinent information regarding new and existing trends. This involves the ongoing review of strategic and risk management processes, identifying potential opportunities in the market and providing thought leadership around emerging risk issues to optimise underwriting and strategic decisions.

Risk mitigation

Strategic Asset Allocation

The Strategic Asset Allocation (SAA) process at AXA XL Division level establishes a benchmark that is constructed to maximise enterprise value, subject to various considerations and constraints. It is subject to the risk tolerances recommended by management and is approved at least every 3 years by the Company's Board.

- **Authorities Framework / Risk Appetitive Framework**

In conjunction with the SAA, the Company has a Risk Appetite Framework modelled off the AXA Group framework which limits exposure to various asset classes (with tighter limits for higher risk asset types), as well as duration and FX mismatches. There is also 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 and emerging markets), BBB exposure, and leverage. These controls are implemented through detailed compliance monitoring and reporting.

The Investment Risk Management Policy and market risk limits under the RAF 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 agreements**

Service level agreements are in place between XL Group Investments Limited (XLGIL) and the Company. These include guidance on type of investments and the average weighted credit ratings of the portfolio that can be made on behalf of the Company. Adherence to policies and limits are monitored and signed off on a regular basis and subject to monitoring and reporting to the Company's Board as described below.

Currency risk mitigation

The Company's currency exposure is mainly dominated by US Dollar, Brazilian Real, Chilean Peso, Yuan Renminbi, Colombian Peso, Japanese yen and Israeli new shekel. The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. An asset liability management analysis is run regularly to adjust surplus and shortfall currencies where possible, ensuring that the entity exposures are broadly matched.

Risk monitoring

Market Risk definition includes articulation of Risk Appetites per the RAF, alerts and limits are specified by risk category and sub-category. For example, for the Risk Appetite 'Exposure per asset class' the sub categories include Fixed Income, Real Estate, Hedge Funds, etc.

Day-to-day management of the investment portfolio is conducted in accordance with detailed investment guidelines and risk tolerances that are closely monitored by AXA XL Investments. This hybrid implementation approach provides access to external asset managers with specialized skills across a broad range of investment products, as well as the flexibility to actively manage the overall structure of the portfolio in line with the Company's specific business needs. Interaction between the internal and external managers provides additional insight to take advantage of opportunities as they present themselves.

The delegation of investment authority to XLGIL is supplemented by robust compliance monitoring with defined escalation and notification procedures. This framework is designed to identify investment risks on an absolute basis and relative to liabilities and to consistently and objectively measure, assess, manage and report such risks on an ongoing basis. The Risk Appetite Framework is cascaded down to the Company and approved by the Board. Any breaches in limits of the Risk Appetite Framework are highlighted in the risk dashboard presented to the RMC and escalated to the Board.

Stress testing framework

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

- Interest rate and spread sensitivities: by re-valuing current portfolio holdings assuming various changes in the level and term structure of interest rates and the level of credit spreads;
- FX stress tests on assets and liabilities; and
- Ad hoc scenario stress testing as deemed appropriate by Risk Management.

The RMC and Board, where appropriate, are informed of results of stress tests performed throughout the year including whether the results fall within relevant approved risk tolerances and limits set out in the investment guidelines. Based on the above factors considered in scenario and stress testing, all market risks are deemed to be well managed and within risk appetite, as reported via the risk dashboard and ORSA report to the RMC and RAC.

Quantitative impacts from market risk are included in section G.2.1.

D.3 Credit risk

Risk definition

Credit risk is defined as the risk of loss due to an unexpected default, or deterioration in the credit standing of counterparties and debtors, or uncertainty of an obligator's continued ability to make timely payments in accordance with the contractual terms of the instrument.

Credit risk through the risk framework is categorised by the following:

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.

Risk identification

The Company identifies credit risk through the following processes:

Process	Description
Business planning	Analysis is undertaken of the credit risk exposures, loss experience and changes to the external environment (including market cycle and economic environment) to identify any changes to the credit risk profile for the forthcoming period of the business plan.
Underwriting	Each individual contract written is assessed, by underwriting process (which is subject to granular underwriting guidelines and escalation authorities) for the nature and level of credit 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.
Risk Management and Risk assessment and processes	Through the risk assessment processes, the Company quantifies existing risks and also identifies new risks.
Emerging risks	The Division operates an emerging risks identification process. This assessment identifies key external factor changes that may give rise to credit risk issues. The process also evaluates potential opportunities that might arise from these emerging risks.

Risk mitigation

Credit risk is managed through:

- **Credit risk framework** - 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 the Company including Authorities & Guidelines and Fixed Income Concentration. These address the credit quality of obligors and counterparties, diversification, exposure vs limits by rating, term and seniority, and quantitatively evaluate credit risk following a robust Credit VaR methodology. Internal Credit Ratings have been developed by taking into account the Group Credit Team Internal Rating to decrease the dependency towards the 3 main Rating Agencies. Exposure to credit spreads primarily relates to market value and cash flow variability associated with changes to credit spreads. Credit spreads in the investment portfolio are regularly reviewed in terms of the inherent potential for downgrade of individual obligors as well as the wider impact on the overall credit risk of the portfolio.
- **Intra-Group credit arrangements** - The Company derives reductions in risk resulting from purchased Intra-Group Reinsurance arrangements to XL Bermuda Ltd and AXA XL Reinsurance Ltd.
- **Underwriting authorities and limits** - See D.1 Insurance risk.
- **Investment portfolio** - Credit risk is also managed through the credit research performed by external investment management service providers, Group Risk Management, and the in-house portfolio management team.
- **Reinsurance Security Department** - 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, trust accounts and/or irrevocable letters of credit may be held.
- **Premium payment and brokers** - The Company underwrites a significant amount of its reinsurance business through brokers. Generally, the credit risk remains with the cedants including in the event of a broker insolvency, except where the Company has agreed that the broker is acting for it in the collection of premium. In those instances, credit and premium risk exists should any of these brokers be unable to pay the premium due. A list of approved broking houses is maintained. A similar process exists for business written directly with cedants.

Risk monitoring

Risk Management consolidates credit exposure reports from corporate functions and underwriting business on a regular basis for aggregating, monitoring and reporting to the RMC and the RAC.

Investment portfolio

On a regular basis a review is undertaken of the investment portfolio to improve the Company's understanding of asset concentrations as well as, credit quality and adherence to its credit limit guidelines. Any issuer over its credit limit or experiencing financial difficulties, material credit quality deterioration or potentially subject to forthcoming credit quality deterioration is placed on a watch list for closer monitoring. Where appropriate, exposures are reduced or prevented from increasing.

Stress testing framework

There is an embedded stress testing framework that is used to understand possible impacts of major risks, including credit risks. Stress tests and scenario analysis are undertaken to monitor exposure to the defined scenarios that allows monitoring of exposure to credit risks. These scenarios help to understand potential losses to ensure that the Company is prepared to withstand projected losses from these events, including ensuring that there is adequate capital, and liquidity to manage through the event and maintain the Company as a going concern. Based on the factors considered in scenario and stress testing, all credit risks are deemed to be well managed.

AXA S.A. Credit Facility

The Company may benefit in part from a \$1bn multi-currency facility, which AXA S.A. entered into in July 2019, with the main insurance and reinsurance carriers of AXA XL. The credit agreement allows for letters of credit to be issued in a variety of currencies.

D.4 Operational risk

Risk definition

The Company defines operational risk as the risk of loss, resulting from inadequate or failed internal controls and / or processes, or from people and systems, or from external events. Operational risks are defined consistent with the Basel II risk categorisation. 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 reinsurance business and maintaining operations to support the underwriting of that business.

Risk identification

Operational risk is identified through the following processes:

Process	Description
Annual risk assessment	A risk register is maintained of the material risks faced by the Company. On an annual basis (or more often if needed) an assessment is performed for the risks on the risk register.
Consultation regarding new regulations	When the regulatory authorities announce potential changes to the regulatory environment (such as new rules and regulations) the Legal and Compliance team is responsible for reviewing the proposed changes and for highlighting any increase in regulatory risk that might arise. When new financial reporting regulations are announced, the CFO is responsible for reviewing the proposed changes and for highlighting any increase in regulatory risk that might arise.
Business planning	Any changes to the operational risk environment that arise as a result of the business planning (such as entry into new territories) must be identified and accounted for during the planning process.
Ongoing operations	Function heads and risk owners are responsible for identifying any new (or changed) risks during the normal course of business and notifying the policy owners so any required changes to the risk register can be implemented.
Emerging risks	The Company operates a Division wide emerging risks identification process which captures emerging risks. This assessment identifies key external factor changes that may give rise to operational risk issues.
Internal loss data	The Company collects data relating to operational risk losses and near misses on a quarterly basis. The data collected is used, among other things, to track incidents, identify key risk indicators and to validate and challenge operational risk quantification.
External loss data	The Company purchases historical loss data from an external provider. Large events from this database are used to identify new emerging risks.

Risk mitigation and monitoring

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

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

Purchase of insurance

It is recognised 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 event reporting process.

Based on the above factors considered in scenario and stress testing, all operational risks are deemed to be well managed and within risk appetite, as reported via the risk dashboard and ORSA report to the RMC and RAC.

Risk Appetite

Operational risk is subject to monitoring as part of the RAF.

Stress testing framework

To support the identification and quantification of operational risks within the business and to help parameterise, the Company has a stress and scenario testing framework.

The stress testing includes multiple operational risk scenarios which are evaluated over multiple return periods for each scenario.

In addition, CRCH has an Operational Resilience plan and policy in place. The Operational Resilience program is focused on mitigating business disruption risk and provides the guidance and framework to ensure continuation of essential operations in the event of a business disruption or threat of one. A Swiss Incident Management Team is in place which meets at least twice a year to discuss existing and emerging risks.

D.5 Other material risks

Liquidity risk

Risk definition

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.

Risk identification

The Company identifies liquidity risk through the following processes:

Process	Description
Stress testing	Stressing multiple scenarios for known and forecasted liquidity positions, downgrade triggers, collateral demands and cash flows by legal entity to cover a 1 in 200 yr investment market shock and a 1 in 200 yr insurance event (loss) over multiple time horizons (ranging from 1 week to 12 months).
Treasury	Treasury has responsibility to identify and monitor concentration risk of cash at banks, along with funding requirements.
Risk assessment and processes	Through the risk assessment processes, the Company quantifies existing risks and also identifies new risks.

Risk mitigation

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, capital providers, 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 a 12 month horizon.

Liquidity risk is managed through:

- **Investment portfolio liquidity** - It is required that the legal entity hold sufficient unencumbered liquidity resources to be able to withstand a major natural catastrophe and capital markets shock along with stressed operating cashflows without the need for additional assets. This test is performed quarterly and focuses on four distinct time horizons: one week, one month, three months and one year.
- **Asset Liability Management ("ALM")** - See section below for further details of the ALM framework.
- **Special funding clauses** - The risk within underwriting contracts is the provision of rating triggers, which are common practice in certain markets. 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. There are controls in place to ensure that there is appropriate authorisation for the inclusion of a downgrade clause in a contract.

Risk monitoring

The Treasury department serves 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.

Risk Appetite

Liquidity risk is subject to monitoring as part of the RAF.

Stress testing framework

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, which includes a view of the stressed sources and uses of liquidity over multiple time horizons (ranging from 1 week to 12 months).

Based on the above factors considered in scenario and stress testing, all liquidity risks are deemed to be well managed and within risk appetite, as reported via the risk dashboard and ORSA report to the RMC and RAC.

Asset liability mismatch risk

Risk definition

Asset liability mismatch risk arises directly from a mismatch between assets and liabilities due to changes in market and credit risks, liquidity and foreign exchange ("FX") and also arises from events affecting both asset and liability values.

In particular, two market risks influence both assets and liabilities and are hence key drivers of risk:

Component	Description
Interest rates and spread risk and asset composition risk	Mismatches between asset composition and maturities and the profile of liability cash flows creates economic risks from changes in benchmark interest rates, spreads and asset values. This is due to changes in the nominal mark-to-market (MTM) value of assets not exactly offsetting changes in the nominal economic value (net-present value) of liability cash flows.
Inflation risk	Differences in the inflation sensitivity of investments, liability and debt cash flows creates a risk to unexpected changes in different types of inflation (Consumer Price Index, wage, etc.). This is due to changes in the real Mark-to-Market value of assets not offsetting changes in the real economic value (net-present value) of liability cash flows.

Risk identification

The following outlines the processes used to identify asset liability mismatch risk:

Process	Description
Business planning	As part of the annual strategic planning process, a review is undertaken of the nature (quality, duration, currency and liquidity) of assets required to support the business plan and the expected liabilities.
Investment decisions and asset allocation	The Investment Portfolio Authorities & Guidelines framework at AXA XL Division level and Investment Guidelines at Legal Entity level sets maximum thresholds and alert levels and is reviewed annually in conjunction with the SAA process as outlined in D2 Market Risk.
Risk assessment and processes	The risk assessment processes assist in identifying if there are any changes to asset liability mismatch risks from those that had been identified in the previous risk assessment.

Risk monitoring

The Company controls asset liability mismatch risk through:

- **Asset Liability Management analysis**

The Company conducts detailed ALM analyses to match the average duration and currency of its liabilities with appropriate assets. The SAA process which it follows determines the target allocation that maximises the value of the Company subject to risk tolerance and other constraints. The SAA takes into account management's risk tolerance, liability cash flows, business plan, liquidity considerations, capital market forecasts and regulatory considerations. The ALM/SAA process is centralized at the AXA XL Division level and then target allocations are propagated to the legal entity level by further taking into account local considerations. This is typically performed annually and is mandatory to be completed at least once in every three years.

- **Investment authorities and guidelines**

Board approved market risk authority and guidelines are in place that address all the key market risk factors and are commensurate with the volume and complexity of activity undertaken by the Company.

- **Reserving process controls**

Among the key drivers of the Company's reserve risks are inflation, correlation across lines of business, legislative and regulatory changes, loss trend movements, timing and reporting changes at underlying ceding companies, and the excess nature of exposures in certain lines including non-proportional reinsurance.

Stress testing framework

The Company uses scenario testing as one method to assess ALM risk exposures. CRCH undertakes a number of stress tests covering historical events and hypothetical scenarios to understand the impact of such scenarios to the investment portfolio.

Strategic risk

A strategic risk is the risk that has a negative impact (current or prospective) on earnings or capital, material at the Divisional 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; and
- Distribution model (channel mix including alliances/partnerships, multi-access and digital distribution).

Given the nature of strategic risks, there is no capital charge assessment but rather a strong strategic RMF in place in order to assess, anticipate and mitigate these risks.

Reputational Risk

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 policies established, while reputation problems are still latent, to reduce the probability and/or the expected costs of latent reputation problems becoming actual.

Emerging Risk

Emerging risks are risks which may develop or which already exist that are difficult to quantify and may have a high loss potential. To assess the impact of emerging risks at AXA XL, the Emerging Risks Committee as well as Emerging Risks Task Force are tasked with identifying, analysing, prioritising, quantifying, monitoring and reporting on emerging risks that could have an impact on existing and future product offerings and business operations. The Emerging Risks Committee and Task Force 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

optimise underwriting and strategic decisions. The views and findings of the emerging risks team feed into the capital model.

Climate Change

Climate risk, and consequently climate change risk, is a key area of consideration to the Company. All AXA lines of business, including those in AXA XL, now share the priority to "Sustain our Climate leadership position". AXA's strategy is not only to adapt, but also to take advantage of its expertise to provide solutions.

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

- **Physical risks:** These are the first-order risks which arise from weather-related events, such as floods and storms. They comprise impacts directly resulting from such events, such as damage to property, and those that may arise indirectly through subsequent events, such as disruption of global supply chains or resource scarcity. The Company has exposure to natural catastrophes which therefore might be impacted and is supported by an AXA XL Division Science & Natural Perils team who consider the impact of climate change on the natural catastrophe models. Our ceded reinsurance protections act to mitigate the risks from natural perils, including those related to climate. However, the hazard changes from the impact of climate change on natural perils are likely to present themselves gradually over a long time period and therefore we view this risk as chronic rather than acute;
- **Transition risks:** These are financial risks which could arise from the transition to a lower-carbon economy, incorporating changes in policy, technology and consumer preference. This can include both loss-causing impacts and the future stability of some of our product portfolios. This risk impacts the Company in, for example, the energy sector where the impact of COP and a move towards (re)insuring renewable energy initiatives is being seen. AXA XL is monitoring areas such as motor, aviation, construction and other areas where business could be impacted; and
- **Liability and litigation risks:** These are risks that could arise from parties who have suffered loss or damage from climate change, and then seek to recover losses from others who they believe may have been responsible or whose actions they want to influence. Where such claims are successful, those parties against whom the claims are made may seek to pass on some or all the cost to insurance firms under third-party liability contracts such as professional indemnity (PI) or directors' and officers' (D&O) insurance. Where liability is not ruled or settled, the Company could still be exposed to the costs of duty to defend, should clients seek to recover costs here. The Company has exposure across a range of industries which could be targeted in climate change litigation.

Climate change risks have potential impacts on our underwriting, investments, and company operations and therefore this risk has dedicated groups to ensure that the transversal nature is duly considered, appropriately managed and mitigated. Given the long time horizon over which these risks may emerge and the considerable uncertainty in future projections, AXA XL has been developing a series of stress tests to better understand the long term implications for this risk. This is an on-going journey, with the current processes described below.

Climate change risk is managed through the RMF. Through this process risks are identified. In the case of risks pertaining to climate change, physical, transition and litigation risks have been long standing items in our emerging risks identification process. As these risks have developed, they are assessed and monitored for each risk type. For example, the potential physical risk impacts on our natural catastrophe risk are considered within our underwriting risk framework. This ensures that each element of climate risk is managed by those with most expertise, that relevant stakeholders are kept informed and that 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 also taken to the risk. Controls in relation to these risks are documented in the applicable risk policies where relevant.

For underwriting risk, stress testing has been developed to consider the impact of physical risk to our natural catastrophe exposures. In addition, work is in progress to consider a number of litigation risk scenarios and the impact on underwriting risk.

Investment Strategy

In addition to the climate and climate change risks impact on underwriting as discussed above, climate risk is factored in through the AXA Responsible Investment Strategy which drives the AXA XL Division and therefore the Company's investment strategy. This strategy is based on the following 6 pillars.

1. ESG Integration: ESG analysis is integrated into investment processes, using KPIs and qualitative research across most of the Company's assets. This includes the implementation of ESG "minimum standards" rules based on ESG and controversy scores to review and potentially exclude underperforming issuers from AXA's portfolios. Moreover, ESG considerations as well as the transparency of the issuers are integrated in the internal credit risk analysis.

2. Climate-related portfolio alignment: Carbon metrics are integrated into investment decisions. Metrics are also being developed for measuring the climate-related impact of the Company's investments, in particular the contribution of the investments to the objective of the COP21 ("Paris Agreement") to limit global warming. In addition to quantifying the impact of the Company's investments on climate change, parts of the portfolio (coal, oil sands) might be divested or whole sectors might be excluded to effectively pursue climate-related objectives.

3. Exclusions and sensitive ESG investments: Sector-based restrictions apply to sectors or companies that face acute social, human rights, ethical or environmental challenges. These currently include controversial weapons, coal mining and coal-based power generation, tar oil sands and associated pipelines, palm oil, food commodity derivatives, and tobacco.

4. A green investment target and transition financing: To increase the allocation of green assets across various asset classes and to support companies shifting towards less carbon-intensive business models. The selection of green investments is based on proprietary analysis and encompasses various asset classes, currently green bonds, infrastructure investments, real estate and impact investments targeting positive environmental impacts.

5. Impact Investments: Capital is allocated to impact investments that are creating intentional, positive, measurable and sustainable impacts on society while simultaneously delivering financial market returns. The Company's investments address key environmental and social challenges and are aligned with the UN Sustainable Development Goals ("SDG").

6. Active Stewardship: As a shareholder and a bondholder, the investment team engage with the management of companies in which they invest in order to encourage high standards of corporate governance as well as good management of environmental and social risks. They hold constructive and challenging discussions directly with companies individually, and as part of a coalition of investors.

D.6 Off-balance-sheet risks

The Company is not exposed to any non-cancellable future obligations.

CRCH belongs to the Swiss Value Added Tax group of AXA Versicherungen AG, Winterthur, and is jointly liable for any VAT claims from the tax authorities.

The Company has access to unsecured and secured letter of credit facilities to support its reinsurance business. As at December 31, 2024, unsecured irrevocable letters of credit in the amount of CHF 47m (2023: CHF 106m) have been issued under these facilities.

Letters of credit are predominantly used to collateralise reserves ceded to the Company under certain reinsurance contracts.

D.7 Risk concentrations

Assets

CRCH has an extensive set of processes and controls in respect of its investment portfolio which include continuous portfolio monitoring to ensure that concentration to issuers and industries do not exceed its stated risk appetite.

Securitized investments (MBS) for CRCH assets account for 73% of the total investment portfolio, the largest exposure to a single issuer is a financial issuer backed by the US government, which is approximately USD 278m.

CRCH has limited external retroceded business and most material third-party agreements are collateralised.

Liabilities

Underwriting risk concentrations are included in the 'threat' scenarios process which explicitly takes into account underwriting risk concentrations that cross multiple lines of business. Natural catastrophe losses are modelled using external vendor models such as RMS. The output from the vendor models is examined using other proprietary tools which simulate losses for these perils. Section G.2.2 provides more details.

Management of risk concentrations

The Company seeks to manage its asset and liability exposures within a robust, but flexible RAF. Details around the tools used to reduce risk and of the processes used to monitor the ongoing effectiveness are described in section C.2.1.

Legal entity risk limits and tolerances are aligned to the AXA XL limits, where applicable, through the budget process and local underwriting governance. The net aggregate amount is translated through to underwriters as a series of individual limits on both individual risks or normal maximum lines ("NML's") and foreseeable maximum accumulations on a per occurrence basis, gross of reinsurance. Individual risks and threats are managed within agreed limits.

E. Valuation

This section contains information regarding the valuation of balance sheet items for solvency purposes. The Market-consistent balance sheet ("MCBS") as part of the quantitative template is shown in appendix 2.

Methods and assumptions used for the valuation of assets, provisions for insurance obligations and provisions for other liabilities follow the approach described under the SST valuation rules and Swiss Statutory accounting principles as appropriate.

The SST valuation rules are used to produce the MCBS. The predominant accounting principle is that any assets and liabilities are measured according to the present value of expected future cashflows.

Swiss Statutory financial statements are prepared in accordance with the provisions of accounting and financial reporting of the Swiss Code of Obligations and with the additional requirements defined by the Swiss Financial Market Supervisory Authority ("FINMA"), Art. 110-111b AVO, valid as of September 1, 2024.

	2024			2023		
in millions as per December 31	Statutory (CHF)	Statutory (USD)	Adjustment (USD)	MCBS (USD)	MCBS (USD)	Item
Investments, cash and cash equivalents	364	402	—	402	847	1
Premiums and other receivables	329	363	(15)	348	545	2
Deferred acquisition costs	2	3	(3)	—	—	3
Reinsurance recoverables	905	999	(193)	806	715	4
Other assets	19	20	1	21	40	
Total Assets	1,619	1,787	(209)	1,578	2,146	
Reserves for losses and loss expenses	758	837	(93)	744	967	5
Unearned premiums	182	200	(107)	93	231	6
Other insurance obligations	56	62	(60)	2	14	7
Total provisions for insurance obligations	996	1,099	(260)	839	1,211	
Other liabilities	225	249	(26)	223	271	8
Proposed distribution	—	—	120	120	220	9
Market Value Margin	—	—	26	26	51	10
Total provisions for other liabilities	225	249	120	369	542	
Total liabilities	1,221	1,348	(139)	1,209	1,753	
Shareholder's equity (Net assets)	398	439	(70)	369	393	

E.1 Assets

Value of investments by investment class

The following table summarises the investment assets held by the Company as at December 31, 2024, and 2023, respectively, by category, including the market-consistent value relevant for solvency purposes and statutory cost values.

in USD millions as per December 31	2024	2023	2024	2023
	Market value	Market value	Statutory cost	Statutory cost
Fixed income Securities & Short Term				
Government Bonds	1	42	1	42
Corporate Bonds	—	36	—	36
Structured Products	—	12	—	12
Securitised (ABS, MBS, CMO)	279	333	279	333
Investment in affiliated companies	—	102	—	91
Cash and cash equivalents	121	321	121	321
Accrued income	1	2	1	2
Total investments and cash and cash equivalents	402	849	402	837

Basis, key assumptions and methods used for valuation of assets

Item	Valuation difference (USD millions)	Asset class	Difference between MCBS and Swiss Statutory accounting principles
1	—	Investments, cash and cash equivalents	Investments, cash and cash equivalents as well as investments in affiliated companies are generally measured at fair value in the MCBS. Under Swiss Statutory valuation rules, all investments are carried at cost less necessary and legally permissible depreciation. Consistent with prior year, the statutory valuation is in line with market values in cases whereby market is lower than cost. Securities use quoted market prices in active markets for the same asset as the default valuation method. Where the use of quoted market prices for the same asset is not possible, quoted market prices in active markets for similar assets with adjustments to reflect differences are used. If there are no quoted market prices in active markets available, securities use mark-to-model techniques, which is an alternative valuation technique that has to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input.
2	(15)	Premiums and other receivables	Premium and other reinsurance receivables under Swiss Statutory accounting rules are measured at cost less a provision for impairment and are not discounted. The valuation differs to the MCBS in that the receivables are discounted.
3	(3)	Deferred acquisition costs	Deferred acquisition costs ("DAC") are costs relating to the acquisition of new business for reinsurance contracts. Under Swiss Statutory accounting rules these costs are deferred to the extent that they are expected to be recovered out of future margins in revenues on these contracts. Recognition of DAC is not permitted under the MCBS and therefore eliminated.
4	(193)	Reinsurance recoverables	Overall the reinsurance recoverables are adjusted for future profits, discounting and netting of ceded DAC to get to a market consistent view: <ul style="list-style-type: none"> USD 64m: The recognition of DAC is not permitted under the MCBS, as such the ceded portion is netted off from the ceded UPR as the statutory UPR allows for DAC (see also asset item 3). USD 23m: In order to set the ceded UPR on a market consistent basis, the ceded UPR on the balance sheet is multiplied by the expected combined ratio to get the best estimate losses and costs for the unearned business (future profit). USD 106m: as a result of discounting.

E.2 Provisions for insurance obligations

The following table provides an overview of the Company's gross and net best estimate of reserves for losses and loss expenses on both an undiscounted and discounted basis as at December 31, 2024 and 2023.

in USD millions as per December 31	2024		2023	
	Undiscounted	Discounted	Undiscounted	Discounted
Gross reserves for losses and loss expenses	837	744	1,084	967
Ceded reserves for losses and loss expenses	(806)	(717)	(602)	(536)
Net reserves for losses and loss expenses	31	27	482	431

Basis, key assumptions and methods used for the valuation of insurance obligations

Item	Valuation difference (USD millions)	Provisions for insurance obligations	Difference between MCBS and Swiss Statutory accounting principles
5	(93)	Reserves for losses and loss expenses	The Gross losses and loss expense reserves are adjusted for the effects of discounting to get to a market consistent view. The USD 93m discounting impact is derived from the expected future payment patterns and currency mix of the loss reserves and applying the standard risk-free rates obtained from FINMA for 2024. Adjustments for discounting have been allocated in proportion to the underlying liabilities.
6	(107)	Unearned premiums	Overall the unearned premiums are adjusted for future profits, discounting and netting of DAC to get to a market consistent view: <ul style="list-style-type: none"> USD 66m: The recognition of DAC is not permitted under the MCBS, as such the gross balance is netted off from the UPR as the statutory UPR allows for DAC (see also asset item 3). USD 24m: In order to set the UPR on a market consistent basis, the UPR on the balance sheet is multiplied by the expected combined ratio to get the best estimate losses and costs for the unearned business (future profit). USD 17m: as a result of discounting.
7	(60)	Other insurance obligations	Following Swiss Statutory accounting principles the gain on execution of the LPT is deferred and amortised over time. For MCBS the deferred gain on LPT is recognised in line with the loss of the discounting benefit of the Technical provisions.

Methodology

Unearned premium reserves are set at the policy or treaty level. The statutory reserves are based on the estimated ultimate premium for the respective underwriting year and the estimated proportion of the cover not yet expired. The process is as follows:

- For **direct insurance business** written into CRCH through the Intra-Group Reinsurance treaties, the proportion unearned is calculated directly as the proportion of the policy not yet expired. In cases where the exposure is not earned evenly over the period, an adjusted pattern may be used;
- For **reinsurance business, written on a losses occurring during** basis, the proportion unearned is calculated directly as the proportion of the treaty not yet expired;
- For **reinsurance business, written on a risks attaching during** basis, the underlying policies are assumed to be annual and incepting evenly over the year. The proportion earned in each month is then calculated to allow for the fact that the incepted exposure increases evenly over the first year and then tails off to zero in the second year. Where the underlying exposures are longer than one year, or where there are exposure peaks, e.g. for credit, surety or engineering, manual patterns are used to reflect the length of the exposure more accurately;

- The **unearned premium reserve** on the MCBS is net of external commission and acquisition costs already paid; these amounts are declared as DAC in the Swiss Statutory balance sheet. In order to set the unearned reserve to a MCBS basis, the unearned premiums, gross of external commission and acquisition costs, are reduced for the expected profit, the commission and acquisition costs already paid and the amount of discount to reflect the time value of money;
- The **loss and loss expense reserves** shown in the MCBS relate to the earned portion of the outstanding claim reserves, and are discounted for the time value of money. Outstanding claim reserves include reported case reserves, pure incurred but not reported losses ("IBNR" including deterioration on existing claims) and potential reopened claims. They are set on a best estimate basis, by year and line of business.

The reserves are evaluated by line of business based on historical information, changes in exposure, benchmarks, etc. The reserves are calculated by reserving actuaries and are subject to numerous reviews across the Division to ensure consistency in approach.

E.3 Provisions for other liabilities

Item	Valuation difference (USD millions)	Provisions for other liabilities	Difference between MCBS and Swiss Statutory accounting principles
8	(26)	Other liabilities	The difference is primarily due to the elimination of the USD 19m provision for currency fluctuation which is not eligible under the MCBS. Also USD 7m discounting impact on Reinsurance payables.
9	120	Proposed dividend	The difference of USD 120m represents the proposed dividend of the Company to its sole shareholder AXA XL Luxembourg S.à r.l., subject to all regulatory approvals.
10	26	Market Value Margin	Under the revised AVO, the MVM is reported as a liability deducted from the RBC. MVM is not applicable under Swiss Statutory accounting principles.

E.4 Risk margin

The risk margin (market value margin, "MVM") for the Company for the 2025 SST amounts to USD 26m (2024 SST: USD 51m) and incorporates the FINMA prescribed cost of capital of 6%.

The risk margin has decreased vs. 2024 due to the decrease in premium and reserve risk.

The risk margin is defined as the capital cost for future regulatory capital needed for the run-off of the portfolio, as such it can be considered as the profit load that an assuming entity might require in excess of their discounted mean value to accept all future insurance payments on a portfolio of policies.

The risk margin considers all relevant risks that would still exist in case of a run-off scenario, especially the risks related to the reserves at the point of the hypothetical run-off and the respective credit risk.

Market risk, investment credit risk and associated scenarios are excluded from the MVM calculations as it is assumed that in a hypothetical run-off the asset portfolio will change such that it optimally hedges the insurance liabilities and hence there will be no market risk. Additionally, it is assumed that hedging costs will be minimal. These assumptions are consistent with FINMA requirements.

F. Capital management

This section provides a view of capital management activities in the Company, its capital management methods and the structure, amount and quality reported in the annual report. Under the SST, capital is referred to as the excess of assets over liabilities in the MCBS as reported in appendix 2.

F.1 Goals, strategy and time horizon for capital planning

The basic objective of capital management is to maintain, at all times, sufficient risk bearing capital to cover the target capital. The Company allocates capital efficiently to achieve appropriate risk adjusted returns and facilitate the business, and strives to maintain capital levels that are consistent with the risk appetite, corporate strategy, rating agency and the statutory requirements.

The Company monitors capital triggers on an ongoing basis and the Board is informed timely on material events that could potentially and materially change the Company's capital position.

The business plan, which forms the base for the ORSA, contains a three year projection of funding requirements and this helps identify future funding actions.

There have been no changes to CRCH's capital management objectives during the year.

The Company currently maintains a level of capital in excess of regulatory (SST) and economic (ORSA) capital in line with the Company's capital buffer policy. Due to the Company's definitions of economic capital there are no material differences in use between ORSA and regulatory capital. There is an AXA XL capital management policy in place which sets out capital management principles for major regulated subsidiaries, including the Company.

F.2 Structure and quality of equity capital reported in the annual report

The following table provides an overview of the shareholder's equity as reported in the audited statutory financial statements:

CHF millions as of December 31	2023	2024	Change	Change in %
Common stock	100	100	—	— %
Legal reserves from capital contribution	284	97	(187)	(66)%
Legal profit reserves	45	45	—	— %
Profit / (loss) carried forward	(94)	(29)	65	(69)%
Profit / (loss) for the financial year	66	184	118	179 %
Total shareholder's equity	400	398	(3)	(1)%

CHF millions	Common Stock	Legal reserves from capital contribution	Legal profit reserves	Profit / (loss) for the financial year	Profit / (loss) carried forward	Total
as of January 1, 2024	100	284	45	66	(94)	400
Allocation of 2023 profit to Profit / (loss) carried forward				(66)	66	—
Distribution		(187)				(187)
Profit / (loss) for the financial year				184		184
as of December 31, 2024	100	97	45	184	(29)	398

- **Share capital** (common stock) of the Company amounts to CHF 100m, issued in the form of authorised share capital. It is divided into ten million registered shares with a nominal value of ten Swiss Francs per share. The shares are fully paid.
- **Legal reserves from capital contribution** in the amount of CHF 97m represent additional paid-in capital from AXA XL Luxembourg S.à r.l., the Company's shareholder. Legal reserves from capital contribution have been confirmed by the Swiss Federal Tax Authority and entitle the Company to repatriate capital without adverse tax impacts.
- **Legal profit reserves** in the amount of CHF 45m represent:
 - Capital contributions from Group legal entities other than AXA XL Luxembourg S.à r.l.; and
 - Allocations from previous years retained earnings less dividends paid.

The Company's shareholder's equity is unrestricted and not subordinated.

The net profit for the financial year 2024 amounts to CHF 184m. The Board of Directors proposed at the Annual Shareholder Meeting held in Zurich on April 25, 2025 to allocate the loss brought forward of CHF 29m and the profit for the financial year of CHF 184m to Legal profit reserves for CHF 156m. The Board of Directors also proposed a dividend of USD 120m paid out of Legal profit reserves. The dividend will be translated into CHF at the spot rate on the date of settlement and must not exceed CHF 92m. Dividends paid in foreign currencies have to meet the capital protection requirements in CHF and as such maximum amounts in CHF have to be approved by the Annual Shareholder Meeting.

For details on the proposed appropriation of 2024 earnings please also refer to page 19 of the annual report in Appendix 4.

F.3 Difference between statutory and solvency net assets

The main differences of USD 70m between the equity of the Company in the statutory financial statements and the solvency valuation of the excess of assets over liabilities are explained in section E (Valuation).

G. Solvency

The information provided in section E (Valuation) and section G (Solvency) is identical to the information submitted to FINMA as part of the 2025 SST reporting, subject to regulatory review by FINMA.

G.1 Solvency model

CRCH has estimated its capital requirements for market risk, investment credit risk and external reinsurance credit risk using the FINMA standard models while the internal model is used in order to determine the insurance risk and internal reinsurance credit risk for the 2025 SST.

Any deviations in the methodology have been considered and allowed for in order to ensure that the internal model calculations are consistent with the methodology used in the SST standard calculations.

The parameterisation is carried out based on detailed analysis of the underlying business.

Since inception, FINMA has granted annual approval to CRCH regarding the use of the model for the following year's submission.

The internal model is an in-house developed model that captures the material aspects of insurance risk and internal reinsurance credit risk for CRCH. As the Company invests in standard assets with minimal special features, we believe the standard models for market risk, investment credit risks and external reinsurance credit risk are appropriate in modelling these risk categories.

G.2 Target capital

The following table shows a decomposition of the target capital into the relevant categories as defined by FINMA:

USD millions	January 1, 2024	in %	January 1, 2025	in %
Technical result	9	2 %	11	7 %
Financial result	(5)	(1)%	(4)	(2)%
Credit Risk	107	29 %	90	53 %
Market Risk	95	25 %	44	26 %
Insurance Risk	146	39 %	13	8 %
Scenarios	20	5 %	14	4 %
Total before diversification	373	100 %	169	100 %
Diversification	(86)		(26)	
Target Capital	287		143	

The Financial result is an element of the profit expected in the current year that reduces the required capital.

Credit risk includes investment credit risk, premium counterparty credit risk and reinsurance credit risk. Reinsurance credit risk is related to both external credit risk from third party reinsurance contracts and internal credit risk from the 95% Whole Account Quota Share and LPT.

Insurance risk, internal reinsurance credit risk and the MVM are obtained from the internal model. Market risk, investment credit risk, premium counterparty risk and external reinsurance credit risk are obtained from the FINMA standard model.

CRCH also identifies scenarios to capture risks not included in other areas of the model. These scenarios are run through the FINMA aggregation tool in order to calculate their diversified impact on capital. For 2025 SST, two company specific scenarios were included in the Target Capital which is Currency Risk and Concentration Scenario.

The risk categories based on the internal model are aggregated within the internal model by applying different correlation assumptions. Internal model results are aggregated with standard models using the FINMA aggregation approach.

The results are shown at a 1% TVaR level of confidence. This statistic indicates the average amount of net loss expected to be incurred if a loss above the 1% probability level has occurred.

G.2.1 Market risk

The following table sets out the Company's standalone 1% TVaR for each risk category as calculated within the FINMA market risk standard model.

USD millions	January 1, 2024	January 1, 2025	Change	Change in %
Interest rate risk	42	44	2	5 %
Spread risk	4		(4)	(100)%
Foreign exchange risk	22	2	(20)	(91)%
Investments	51		(51)	(100)%
Total before diversification	119	46	(73)	(61)%
Diversification within market risk	(24)	(2)	22	(92)%
Market risk (all risk factors)	95	44	(51)	(54)%

The Company is exposed to Market risk derived predominantly from the assets held by the Company to meet its insurance liabilities.

Market risk, on a diversified basis, accounts for 15% of the total target capital. CRCH holds a significant portion of its assets in securitized investments. The decrease in market risk is primarily due to the sale of AXA XL Resseguros S.A. in 2024.

G.2.2 Insurance risk

The following table sets out the breakdown of the one-year insurance risk for CRCH into its components.

USD millions	January 1, 2024	January 1, 2025	Change	Change in %
1-year underwriting risk	102	11	(91)	(89)%
1-year reserve risk	102	6	(96)	(94)%
Total before diversification	204	17	(187)	(92)%
Diversification impact within insurance risk	(58)	(4)	54	(93)%
1-year insurance-technical risk	146	13	(133)	(91)%

Insurance risk is accounting for approximately 10% of the total capital requirement on a diversified basis with underwriting risk contributing 8% to the total target capital and reserve risk 2%.

Underwriting risk

Underwriting risk reflects the volatility measured on a one-year time horizon of losses earned after December 31, 2024, allowing for one year of new business. This is made up of the portion of the 2024 (and prior) underwriting years not earned by December 31, 2024.

Underwriting risk has decreased by USD 91m compared to 2024 mainly due to the decrease of planned premiums written and the 95% Whole Account QS in place.

Approximately 62% of the total underwriting risk arises from low frequency, high severity threat events, estimated using the internal model that can lead to simultaneous losses from a number of lines of business and policies at the same time. Third-party reinsurance contracts mitigate the impact of these events substantially, but net of reinsurance their effect is still significant to the Company. These events include natural catastrophe losses and man-made events. Some of the largest threats to the Company are mentioned in section D.1.

Reserve risk

Reserve risk reflects the volatility measured on a one-year time horizon of losses earned before December 31, 2024. Most of the volatility arising from reserve risk is not related to a given specific event but reflects the potential for many different areas to deteriorate at the same time. In particular it is influenced by the volume of reserves held at any given time, and hence casualty business is a key constituent.

Reserve risk has decreased by USD 96m compared to the previous year. The decrease is mainly due to decreases in the remaining reserves of the Company as they are running off for an additional year, and the 95% Whole Account LPT in place.

G.2.3 Other components

Expected insurance-technical result: The expected insurance-technical result for 2025 is USD 11m loss (2024: USD 9m loss) on a discounted basis.

Expected financial result: The financial result of USD 4m for 2025 (2024: USD 5m) is directly calculated by the FINMA standard model by applying factors to investment types. These factors represent the expected return above risk free yields. The decrease is mainly due to the decrease in assets that have reduced as part of the reduction in reserves.

1-year credit risk: Credit risk, on a diversified basis, accounts for 58% of the total target capital. The 1-year credit risk of USD 90m (2024: USD 107m) is made up of USD 28m (2024: USD 59m) investment credit risk and external reinsurance credit risk; and USD 72m (2024: USD 64m) internal reinsurance credit risk. The external credit risk has reduced due to reduced asset and external counterparty exposures, while internal credit risk has increased due to the placement of the 95% Whole Account Quota Share LPT with AXA XL Re.

Scenarios: The diversified impact of scenarios in the amount of USD 14m (2024:USD 20m) is attributable to the scenarios which are not already captured as part of other areas of the model. An additional concentration scenario was included due to additional recoveries expected from AXA XL Re. The diversified impact is calculated by using the FINMA aggregation template.

Diversification impact: The amount of USD 26m (2024: USD 86m) is the diversification benefit between risk categories. The decrease in the diversification benefit is in line with the decrease in the other risk categories.

G.2.4 Risks not included in the target capital

The Company believes that all material risks under the definition of SST capital are included in the calculation of target capital.

Operational and liquidity risks are not captured in the SST. For details around the RMF and the processes to mitigate operational risks please refer to section C.2 and D.4 and D.5, respectively, for liquidity risks.

G.3 Breakdown of risk-bearing capital

The risk-bearing capital of the Company is broken down into its key components in sections E.1, E.2 and E.3.

G.4 Solvency ratio

The SST ratio as per January 1, 2025 for Catlin Re Switzerland Ltd is 341%.

USD millions	January 1, 2024	January 1, 2025	Change	Change in %
Risk bearing capital before dividend	613	488	(125)	(20)%
Target capital	287	143	(144)	(50)%
SST ratio before distribution	214%	341%	127 pts	59%
Dividend	220	120		
Risk bearing capital after dividend	393	368		
SST ratio after distribution	137%	257%		

As per article 39 of the AVO, the SST ratio is calculated as: RBC/TC.

The Company maintains a level of capital in excess of regulatory capital requirements and above the internal guideline of capital adequacy. The surplus is in line with the Company's risk appetite while being able to absorb the common threats to the Company.

As a result of the solid capital surplus and in light of less capital needed to support future business, the Company proposes to declare a dividend of USD 120m (maximum CHF 92m) to its shareholder AXA XL Luxembourg S.à r.l., subject to regulatory approvals. The 2025 SST ratio before distribution would decline from 341% to 257% after distribution.

AXA's Annual Report for the year ended December 31, 2024 is available on the AXA website (<https://www.axa.com/>).

Glossary

ALM	Asset-Liability Management
AXA XL Re	AXA XL Reinsurance Ltd
AY	Accident Year
BMA	Bermuda Monetary Authority
BoD	Board of Directors / Board
CRCH, Company	Catlin Re Switzerland Ltd
DAC	Deferred Acquisition Costs
E&Y	Ernst & Young AG
ERM	Enterprise Risk Management
ExCo	Executive Committee
FX	Foreign Exchange
FINMA	Swiss Financial Market Supervisory Authority
IFC	Internal Financial Control
IBNR	Incurred But Not Reported Losses
IGR	Intra-Group Reinsurance
LPT	Loss Portfolio Transfer
MCBS	Market-Consistent Balance Sheet
MVM	Risk Margin (Market Value Margin)
NML	Normal Maximum Line
OEP	Net Occurrence Exceedance Probability
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
PYD	Prior year loss development
QS	Quota share
RAC	Risk and Audit Committee
RAF	Risk Appetite Framework
RBC	Risk Bearing Capital
RDS	Realistic Disaster Scenario
RM	Risk Manager
RMC	Risk Management Committee
RMF	Risk Management Framework
SST	Swiss Solvency Test
TC	Target Capital
TVaR	Tail Value at Risk
UPR	Unearned premium reserves
VaR	Value at Risk
WASL	Whole Account Stop Loss
XLB	XL Bermuda Ltd
XLGIL	XL Group Investments Ltd

Appendices to the Financial Condition Report 2024

Appendix 1 Quantitative template "Performance solo reinsurance"

CHF millions	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Gross premium written	499	109	7	—	—	—	9	—	25	6	143	25	16	5	299	74
Reinsurance premium ceded	(357)	(100)	—	—	—	—	(13)	—	(11)	(9)	(21)	(52)	(6)	(7)	(307)	(33)
Net premium written	142	10	7	1	—	—	(4)	—	15	(3)	123	(27)	10	(2)	(8)	41
Change in gross UPR	30	230	3	—	—	—	7	10	(2)	3	44	42	5	2	(28)	172
Change in ceded UPR	249	(147)	—	—	—	—	3	(4)	—	4	(21)	11	—	2	267	(159)
Net premium earned	420	93	10	1	—	—	7	6	12	4	146	26	15	2	231	54
Other income from reinsurance business	—	78	—	—	—	—	—	—	—	—	—	—	—	—	—	78
Total income from reinsurance activities	420	171	10	1	—	—	7	6	12	4	146	26	15	2	231	54
Gross claims paid	(893)	(260)	(8)	(3)	—	—	(12)	(18)	(16)	(14)	(779)	(128)	(10)	(16)	(67)	(81)
Ceded claims paid	122	474	1	1	—	—	6	14	11	10	88	87	7	11	10	353
Net claims paid	(771)	214	(7)	(2)	—	—	(6)	(5)	(5)	(5)	(692)	(41)	(3)	(6)	(57)	272
Change in gross loss reserves	653	163	3	2	—	—	(2)	8	(4)	(1)	695	116	(5)	22	(35)	17
Change in ceded loss reserves	(98)	(384)	—	(1)	—	—	(1)	(5)	2	3	(98)	(72)	(2)	(15)	—	(293)
Net claims incurred	(216)	(6)	(5)	—	—	—	(8)	(2)	(7)	(3)	(95)	3	(10)	1	(92)	(4)
Gross acquisition costs and administration expenses	(213)	(140)	(4)	—	—	—	(5)	(2)	(5)	(3)	(61)	(20)	(6)	(3)	(133)	(112)
Ceded acquisition costs	23	112	—	—	—	—	1	1	1	1	7	11	1	2	13	98
Net acquisition costs	(190)	(27)	(4)	—	—	—	(3)	(1)	(3)	(1)	(54)	(9)	(5)	(1)	(120)	(14)
Total expenses from reinsurance activities	(407)	(34)	(9)	—	—	—	(11)	(3)	(10)	(5)	(149)	(6)	(15)	(1)	(212)	(19)
Net reinsurance result	14	137	1	1	—	—	(5)	3	2	—	(3)	20	—	1	19	35
Investments																
Investment income	70	23														
investment expenses	(6)	(21)														
Net investment result	64	2														
Interest Income	28	18														
Interest expense	(12)	(2)														
Operating result	94	154														
Other income	—	5														
Foreign Exchange	(19)	16														
Income / loss before tax	75	176														
Direct taxes	(9)	9														
Net income / loss	66	184														
Acquisition cost ratio	45 %	29 %	40 %	— %	— %	— %	43 %	17 %	25 %	25 %	37 %	35 %	33 %	50 %	52 %	26 %
Loss ratio	51 %	6 %	50 %	— %	— %	— %	114 %	33 %	58 %	75 %	65 %	(12)%	67 %	(50)%	40 %	7 %
Combined ratio	97 %	36 %	90 %	— %	— %	— %	157 %	50 %	83 %	100 %	102 %	23 %	100 %	— %	92 %	33 %

Appendix 2 Quantitative template "Market-consistent balance sheet solo"

USD millions		January 1, 2024	January 1, 2025	Delta
Market-consistent value of investments	Real estate	—	—	—
	Shareholdings	102	—	(102)
	Fixed-income securities	423	280	(143)
	Loans	—	—	—
	Equities	—	—	—
	Other investments	2	1	(1)
	Collective investment schemes	—	—	—
	Alternative investments	—	—	—
	Other investments	2	1	(1)
	Total investments	527	281	(246)
	Financial investments from unit-linked life insurance	—	—	—
	Receivables from derivative financial instruments	—	—	—
Market-consistent value of other assets	Cash and cash equivalents	321	121	(200)
	Receivables from insurance business	545	348	(197)
	Other receivables	—	—	—
	Other assets	40	21	(19)
	Total other assets	906	490	(416)
Total market-consistent value of assets		1,433	771	(662)
Best estimate liabilities (BEL)	Best estimate of provisions for insurance liabilities	1,197	837	(360)
	Inward reinsurance: non-life insurance business	1,197	837	(360)
	Reinsurers' share of best estimate of provisions for insurance liabilities	(715)	(806)	(91)
	Outward reinsurance: non-life insurance business	(715)	(806)	(91)
	Market value margin	51	26	(25)
Market-consistent value of other liabilities	Non-technical provisions	—	—	—
	Interest-bearing liabilities	—	—	—
	Liabilities from derivative financial instruments	—	—	—
	Deposits retained on ceded reinsurance	—	—	—
	Liabilities from insurance business	—	—	—
	Other liabilities	507	345	(162)
Total BEL plus market-consistent value of other liabilities		1,040	402	(638)
Market-consistent value of assets minus total from BEL plus market-consistent value of other liabilities		393	369	(24)

Appendix 3 Quantitative template "Solvency solo"

USD millions		January 1, 2024	January 1, 2025	Change
Derivation of RBC	Market-consistent value of assets minus total from best estimate liabilities plus market-consistent value of other liabilities	393	369	(24)
	Deductions	—	—	—
	Core capital	393	369	(24)
	Supplementary capital	—	—	—
	RBC	393	369	(24)
Derivation of target capital	Underwriting risk	146	13	(133)
	Market risk	95	44	(51)
	Diversification effects	(86)	(26)	60
	Credit risk	107	90	(17)
	Other effects on target capital	24	22	(2)
	Target capital	287	143	(144)
SST ratio	Risk-bearing capital / target capital	137 %	257 %	120 pts

Appendix 4 Audited annual financial statements and report of the statutory auditor

To the General Meeting of
Catlin Re Switzerland Ltd, Zurich

Zurich, 25 April 2025

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Catlin Re Switzerland Ltd (hereinafter referred to as “the Company”), which comprise the balance sheet as at 31 December 2024, the income statement and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 7 to 18) comply with Swiss law and the Company’s articles of association.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Philip Kirkpatrick
(Qualified Signature)

Licensed audit expert
(Auditor in charge)



Sophie Krumsiek
(Qualified Signature)

Chartered certified accountant (UK)

Enclosures

- ▶ Financial statements (income statement, balance sheet, cash flow statement, notes)
- ▶ Proposal of the Board of Directors

FINANCIAL STATEMENTS

INCOME STATEMENT

CHF millions	Notes	2023	2024
Reinsurance			
Gross premiums written		498.97	109.28
Reinsurance premiums ceded		(357.29)	(99.63)
Net premium written		141.68	9.65
Change in gross unearned premiums	1	29.95	229.94
Change in ceded unearned premiums	1	248.71	(146.65)
Net premium earned		420.34	92.94
Other technical income	13	—	77.92
Total income from reinsurance activities		420.34	170.86
Gross claims paid and claim adjustment expenses		(893.26)	(259.64)
Ceded claims paid and claim adjustment expenses		122.38	473.61
Net claims paid		(770.88)	213.97
Change in gross loss reserves and loss expenses	1	652.68	163.31
Change in ceded loss reserves and loss expenses	1	(98.13)	(383.64)
Net claims incurred		(216.33)	(6.36)
Gross acquisition costs and administration expenses	3	(213.16)	(139.77)
Ceded acquisition costs and administration expenses		22.98	112.34
Net acquisition costs		(190.18)	(27.43)
Total expenses from reinsurance activities		(406.51)	(33.79)
Net reinsurance result		13.83	137.07
Investments	2		
Investment income		70.36	22.74
Investment expenses		(5.92)	(20.76)
Net investment result		64.44	1.98
Interest income		27.72	17.72
Interest expense		(12.19)	(2.33)
Operating result		93.80	154.44
Other income		0.15	4.91
Foreign exchange		(18.98)	16.29
Income/(loss) before tax		74.97	175.64
Direct taxes	14	(9.24)	8.71
Net income/(loss)		65.73	184.35

The accompanying notes form an integral part of the financial statements

FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31

Assets				
CHF millions	Notes	2023	2024	
Investments				
Investment in affiliated companies	12	76.83	—	
Fixed income securities		568.71	253.97	
Total investments		645.54	253.97	
Funds withheld	9	43.88	27.67	
Cash and cash equivalents		128.04	109.49	
Reinsurer's share in technical provisions	5	841.15	905.34	
Deferred acquisition costs		26.18	2.35	
Premiums and other receivables from reinsurance, net of bad debts	4	496.27	301.16	
Other receivables		32.90	18.38	
Other assets		0.56	0.14	
Accrued income		3.69	0.81	
Total assets		2,218.21	1,619.31	

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31

Liabilities and shareholder's equity

CHF millions	Notes	2023	2024
Technical provisions	5		
Reserves for losses and loss expenses		1,023.04	758.35
Unearned premiums		423.27	181.70
Other technical provisions		83.64	55.84
Total technical provisions		1,529.95	995.89
Non-technical provisions			
Provision for taxation		9.98	—
Provision for currency fluctuation		28.46	16.89
Total non-technical provisions		38.44	16.89
Funds held under reinsurance treaties		—	0.03
Payables to reinsurance companies	6	219.56	165.86
Other liabilities		28.36	40.70
Accrued expenses		1.63	1.97
Total liabilities		1,817.94	1,221.34
Shareholder's equity			
Common stock		100.00	100.00
Legal capital reserves		283.74	97.09
<i>Legal reserves from capital contribution</i>		283.74	97.09
Legal profit reserves		45.15	45.15
Profit/(loss) carried forward		(94.35)	(28.62)
Profit/(loss) for the financial year		65.73	184.35
Total shareholder's equity	7	400.27	397.97
Total liabilities and shareholder's equity		2,218.21	1,619.31

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

As of December 31

CHF millions	2023	2024
Cash and cash equivalents at the beginning of the period	290.73	128.04
Net cash provided/(used) for operating activities	84.15	(54.49)
Net cash provided/(used) for investing activities	141.14	234.16
Net cash provided/(used) for financing activities	(349.50)	(186.65)
Change of cash and equivalents	(124.21)	(6.98)
FX movements	(38.48)	(11.57)
Cash and cash equivalents at the end of the period	128.04	109.49

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

The financial statements of Catlin Re Switzerland Ltd ("CRCH" or the "Company"), domiciled in Zurich, Switzerland, are prepared in accordance with Swiss Company Law. The financial statements adhere to the requirements of Swiss Code of Obligations and to additional requirements defined by the Swiss Financial Market Supervisory Authority ("FINMA"), Art. 110-111b AVO, valid as of September 1, 2024. The 2024 financial year comprises the accounting period from January 1 to December 31, 2024. The prior period was from January 1 to December 31, 2023.

Use of estimates in the preparation of annual accounts

The preparation of the annual accounts requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the related disclosures. Actual results could differ significantly from the estimates.

Foreign currency translation

Foreign currency transactions incurred in each of the Company's business units are revalued into the functional currency using average exchange rates applicable to the period in which the transactions take place. Foreign exchange gains and losses resulting from the settlement of such transactions and from revaluation at the period end of monetary assets and liabilities denominated in foreign currencies are deemed realised exchange gains and losses and recorded in the income statement.

Each business unit with a functional currency different from the Company's statutory reporting currency Swiss Francs is translated as follows:

- Income and expenses at the monthly average rates of exchange;
- Assets and liabilities (including unearned premiums and deferred acquisition costs) at exchange rates prevailing at the balance sheet date; and
- Resulting unrealised exchange losses are either offset against the provision for currency fluctuation or recorded in the income statement. Unrealised exchange gains are deferred and recorded as a separate line item on the balance sheet.

All assets and liabilities arising from reinsurance contracts are treated as monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Investments

Fixed income and short-term securities are valued at the Amortised-Cost-Scientific Method less legally permissible depreciation.

Short-term investments are composed of instruments with original maturities of more than 90 days and less than one year from the date of purchase.

The following assets are carried at cost less necessary and legally permissible depreciation:

- Investments in affiliated companies
- Equity securities

The valuation rules prescribed by FINMA are followed whereby all investments are valued individually.

Funds withheld

Funds withheld are balances held by cedants in respect of open reinsurance contracts.

Reinsurer's share in technical provisions

Reinsurer's share in technical provisions include balances due from reinsurance companies for paid and unpaid losses and loss expenses that will be recovered from reinsurers, based on contracts in force.

The technical provisions pertaining to retroceded business are determined or estimated according to the contractual agreement and the underlying gross business data per treaty.

Deferred acquisition costs

Deferred acquisition costs principally consist of commissions and other external variable costs directly connected with the acquisition or renewal of existing reinsurance contracts. Deferred acquisition costs represent the proportion of commission incurred which corresponds to the element of the premium that is unearned on the related contracts. Deferred acquisition costs are capitalised in accordance with the business plan submitted to FINMA.

Other assets and other receivables

Other assets are carried at nominal value after deduction of known credit risks, and if applicable, less necessary and legally permissible depreciation.

Premiums and other receivables from reinsurance are carried at nominal value after deduction of known credit risks if applicable.

Technical provisions

The technical provisions are valued in accordance with the following principles:

A liability is established for unpaid losses and loss expenses when insured events occur. The liability is based on the expected ultimate cost of settling the claims. The reserves for losses and loss expenses include: (1) case reserves for known but unpaid claims as at the balance sheet date, including any potential deterioration on existing estimates; (2) incurred but not reported reserves ("IBNR") for claims where the insured event has occurred but has not been reported to Catlin Re as at the balance sheet date; and (3) loss adjustment expense reserves for the expected handling costs of settling the claims.

The estimation of the necessary claim reserves requires the use of informed estimates and judgements and as such are subject to considerable uncertainty. Reserves for losses and loss expenses are based on the analysis of the historical amounts reported by the ceding companies together with other relevant information. The methods and assumptions chosen follow generally accepted actuarial principles.

Contracts where coverage period relates to future periods are stated as unearned premiums and are calculated by statistical methods. The accrual of commission is determined correspondingly and is reported in the line item Deferred acquisition costs.

Provisions for profit commissions are to cover instances where the commission is dependent on the claim experience of the contract, e.g. sliding scale or profit commission, so that an additional liability is due in excess of the commission already incurred or, in the case where the loss experience is worse than expected, a rebate of commission is due.

Non-technical provisions

Provision for taxation contains direct taxes for the financial year.

Provision for currency fluctuation comprises of unrealised foreign exchange gains from the translation of assets and liabilities from the business units functional currencies to the reporting currency Swiss Francs.

Payables to reinsurance companies

Payables to reinsurance companies are held at redemption value.

Interest income

Other interest income is mainly comprised of interest earned on funds withheld for 2023, and interest on cash holdings in AXA XL's cash pooling facility.

Operating costs

Administration and other expenses are disclosed within the Gross acquisition costs and administration expenses line item. Unallocated loss adjustment expenses are included within the Gross claims paid and claim adjustment expenses line item.

Direct taxes

Direct taxes relate to the financial year and include income and capital taxes.

FINANCIAL STATEMENT NOTES

Note 1: Change in technical provisions

CHF millions			2024
	Gross	Ceded	Net
Change in unearned premiums	229.94	(146.65)	83.29
Change in reserves for losses and loss expenses	163.31	(383.64)	(220.33)
Total change in technical provisions	393.25	(530.29)	(137.04)

CHF millions			2023
	Gross	Ceded	Net
Change in unearned premiums	29.95	248.71	278.66
Change in reserves for losses and loss expenses	652.68	(98.13)	554.55
Total change in technical provisions	682.63	150.58	833.21

Note 2: Net investment result

CHF millions				2024
	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	—	—	—	—
Fixed income securities	10.79	1.58	10.36	22.73
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	—	—	0.01	0.01
Total investment income	10.79	1.58	10.37	22.74

CHF millions	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	—	—	(5.41)	(5.41)
Fixed income securities	—	(6.69)	(7.80)	(14.49)
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	—	—	(0.01)	(0.01)
Investment management fees	(0.85)	—	—	(0.85)
Total investment expenses	(0.85)	(6.69)	(13.22)	(20.76)

CHF millions				2023
	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	5.40	—	17.04	22.44
Fixed income securities	25.21	19.88	2.65	47.74
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	0.09	—	0.09	0.18
Total investment income	30.70	19.88	19.78	70.36

CHF millions				
	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	—	—	—	—
Fixed income securities	—	(3.74)	—	(3.74)
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	—	—	(0.10)	(0.10)
Investment management fees	(2.08)	—	—	(2.08)
Total investment expenses	(2.08)	(3.74)	(0.10)	(5.92)

Income from Fixed Income securities decrease year on year from CHF 25m to CHF 11m in 2024, mainly due to the reduction in the size of the Fixed Income portfolio from CHF 569m in the prior year to CHF 254m in 2024. The change in net unrealized gains/losses from prior year was driven by the increase in interest rates across major jurisdictions. Net Realized gains and losses in 2024 is mainly due to transferring assets for cash, crystallizing their respective unrealized portions.

The realised loss on Investments in affiliated companies of CHF 5.4m relates to the sale of AXA XL Resseguros S.A., as disclosed in Note 12.

Note 3: Administration and other expenses

Administration and other expenses, included in Gross acquisition costs and administration expenses amounted to CHF 18m in 2024 (2023: CHF 39m), thereof CHF 0.15m (2023: CHF 0.25m) are related to audit fees.

Note 4: Premiums and other receivables from reinsurance

CHF millions	Dec 31, 2023	Dec 31, 2024
Receivables from agents and brokers	337.85	216.40
Receivables from reinsurance companies	158.42	84.76
Total premiums and other receivables from reinsurance	496.27	301.16

The Company does not write direct business with policyholders. Most business was generated through agents and brokers.

Note 5: Net technical provisions

CHF millions	Dec 31, 2023			Dec 31, 2024		
	Gross	Ceded	Net	Gross	Ceded	Net
Reserves for losses and loss expenses	1,023.04	(519.02)	504.02	758.35	(730.39)	27.96
Unearned premiums	423.27	(322.13)	101.14	181.70	(174.95)	6.75
Other technical provisions	1.68	81.96	83.64	—	55.84	55.84
Total net technical provisions	1,447.99	(759.19)	688.80	940.05	(849.50)	90.55

Gross technical provisions have decreased year on year mainly due to the transfer of liabilities from CRCH Singapore Branch to XL Re Europe SE, Singapore Branch. Other technical provisions include deferred gains related to Loss Portfolio Transfer ("LPT") covers in the amount of CHF 56m (2023: CHF 82m), reported as Ceded in the table above. The increase year on year of ceded reserves is driven by the new LPT contract executed on June 30, 2024, covering 95% of the Reinsurance segment reserves, and 100% of Insurance segment reserves.

Note 6: Payables from reinsurance business

CHF millions	Dec 31, 2023	Dec 31, 2024
Payables to agents and brokers	108.05	61.84
Payables to reinsurance companies	111.51	104.02
Total payables to reinsurance companies	219.56	165.86

Note 7: Shareholder's equity rollforward

CHF millions	Common Stock	Legal reserves from capital contribution	Legal profit reserves	Profit/(loss) for the financial year	Profit/(loss) carried forward	Total
as of January 1, 2024	100.00	283.74	45.15	65.73	(94.35)	400.27
Allocation of 2023 profit to Profit/(loss) carried forward				(65.73)	65.73	—
Distribution		(186.65)				(186.65)
Profit/(loss) for the financial year				184.35	—	184.35
as of December 31, 2024	100.00	97.09	45.15	184.35	(28.62)	397.97

Share capital of the Company amounts to CHF 100m that is fully paid-in. It is divided into ten million registered shares with a nominal value of ten Swiss Francs per share.

On April 25, 2024, during the Annual General Meeting ("AGM") of the Shareholders', it was unanimously resolved to declare a distribution of USD 220m (CHF 186.65m equivalent at spot rate on date of settlement). This distribution was paid on September 12, 2024 to AXA XL Luxembourg S.à r.l. from legal capital reserves from capital contribution.

Note 8: Contingent liabilities

The Company is not exposed to any non-cancellable future obligations.

CRCH belongs to the VAT group of AXA Versicherungen AG, Winterthur, and is jointly liable for any VAT claims from the tax authorities.

The Company has access to unsecured and secured letter of credit facilities to support its reinsurance business. As at December 31, 2024, unsecured irrevocable letters of credit in the amount of CHF 47m (2023: CHF 106m) have been issued under these facilities. Letters of credit are predominantly used to secure the reserves ceded to the Company under certain reinsurance contracts.

Note 9: Funds withheld

Funds withheld of CHF 28m (2023: CHF 44m) represent deposits held by cedants. The decrease is mainly driven by lower business volumes and non-renewals.

Note 10: Restricted assets

In certain markets, the Company is required to maintain assets in accounts pledged for the benefit of ceding companies. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions.

The Company also has investments in segregated portfolios to provide collateral for certain bank letters of credit issued for the benefit of ceding companies.

The total value of these restricted assets by category as at December 31, 2024 and 2023 are as follows:

CHF millions	Dec 31, 2023	Dec 31, 2024
Fixed income securities	321.85	253.05
Short term investments	—	—
Cash and cash equivalents	21.75	20.79
Accrued income and other receivables	1.14	0.81
Total restricted assets	344.74	274.65

Note 11: Claims on and obligations towards AXA XL Group companies

CHF millions	Dec 31, 2023	Dec 31, 2024
Assets		
Premiums and other receivables from reinsurance	48.76	74.06
Funds withheld	11.00	—
Other receivables	33.11	18.37
Liabilities		
Payables to reinsurance companies	13.07	72.11
Other liabilities	29.81	43.25

Note 12: Investments in affiliated companies

CHF millions		Dec 31, 2024	
	City, Country	Net Book value	Equity/Voting Shares
AXA XL Resseguros S.A.	Sao Paulo, Brasil	—	— %
XL Re Latin America Argentina SA	Buenos Aires, Argentina	—	— %
Total investments in affiliated companies		—	

CHF millions		Dec 31, 2023	
	City, Country	Net book value	Equity/Voting shares
AXA XL Resseguros S.A.	Sao Paulo, Brasil	76.83	100 %
XL Re Latin America Argentina SA	Buenos Aires, Argentina	—	80 %
Total investments in affiliated companies		76.83	

During June 2024, the Company sold all its shares in AXA XL Resseguros S.A. to another AXA XL affiliate for a realised loss as disclosed in Note 2 net investment result. XL Re Latin America Argentina SA entered voluntary liquidation on January 1, 2024 and was sold during June to an external liquidator for nil gain or loss on sale.

Note 13: Other technical income

Other technical income in the amount of CHF 78m recorded during 2024 is mainly due to the transfer of some of the Company's renewal rights to other AXA XL legal entities.

Note 14: Direct taxes

The favorable tax result in 2024 of CHF 9m (2023: CHF -9m) reflects a reassessment of tax exposures recorded in prior years.

Note 15: Staff

The average number of full time equivalents employed by the Company for 2024 and 2023 was more than 10 but less than 50. Other employees were provided via a personnel lending agreement between the Company and XL Catlin Services SE, Dublin, Zurich Branch ("XLCSSSE ZH").

Note 16: Subsequent events

There have been no other further material events between December 31, 2024 and the date of this report which are required to be disclosed.

APPROPRIATION OF EARNINGS

The Board of Directors proposes at the Annual Shareholder Meeting to be held in Zurich on April 25, 2025 to allocate the loss brought forward of CHF 28.62m and the profit for the financial year of CHF 184.35m to Legal profit reserves for CHF 155.73m. The Board of Directors also propose a dividend of USD 120.00m paid out of Legal profit reserves. The dividend will be translated into CHF at the spot rate on the date of settlement and must not exceed CHF 92.00m. Dividends paid in foreign currencies have to meet the capital protection requirements in CHF and as such maximum amounts in CHF have to be approved by the Annual Shareholder Meeting.

CHF millions	Dec 31, 2023	Dec 31, 2024
Profit/(loss) brought forward	(94.35)	(28.62)
Profit/(loss) for the financial year	65.73	184.35
Allocation to Legal profit reserves	—	(155.73)
Profit/(loss) after allocation	(28.62)	—
Legal reserves from capital contribution brought forward	283.74	97.09
Dividend	(186.65)	—
Legal reserves from capital contribution after dividend	97.09	97.09
Legal profit reserves brought forward	45.15	45.15
Allocation from Profit/(loss)	—	155.73
Dividend	—	(92.00)
Legal profit reserves after dividend	45.15	108.88