



XL INSURANCE COMPANY SE

AN AXA GROUP COMPANY

**ANNUAL REPORT
For the year ended
31 December 2025**

Company Registration No. 641686

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Directors and Other Information

Directors

T. Barry (Irish)	Independent Non-Executive
J. O'Neill (Irish)	Independent Non-Executive
D. Guest (Irish)	Independent Non-Executive
D. Palici-Chehab (French)	Non-Executive
H. Browne (Irish)	Non-Executive
F. Blanc (French)	Non-Executive
X. Veyry (French)	Chief Executive Officer
M. Audrin (French)	Chief Financial Officer and Company Secretary (appointed 9th May 2025)
P. H. Rastoul (French)	Company Secretary (resigned 9th May 2025 as director, resigned April 16th as Company Secretary)

Company Secretary & Registered Office

M. Audrin (appointed 9th May 2025)
Wolfe Tone House
Wolfe Tone Street
Dublin 1, Ireland

Statutory Auditor's

Ernst & Young Chartered Accountants & Statutory Auditors
Harcourt Centre, Harcourt Street, Dublin 2, D02 YA40, Ireland

Branch Offices

XL Insurance Company SE, Austria Branch
Zweigniederlassung für Österreich, Tuchlauben 3, 1010 Vienna, Austria

XL Insurance Company SE, France Branch
61 rue Mstislav Rostropovitch, 75017 Paris, France

XL Insurance Company SE, Germany Branch
Direktion für Deutschland, Colonia-Allee 10-20 51067, Köln, Germany

XL Insurance Company SE, Italy Branch
Corso Como 17, 20154 - Milano (MI) Italia

XL Insurance Company SE, Netherlands Branch
De Cuserstraat 91, 1081 CN Amsterdam, Netherlands

XL Insurance Company SE, Spain Branch
Sucursal en España, Calle Emilio Vargas 6, 28043 Madrid, Spain

XL Insurance Company SE, Sweden Branch
Filial Kungsgatan 5, 2nd Floor, 111 43 Stockholm, Sweden

XL Insurance Company SE, Switzerland Branch
Ernst-Nobs-Platz 7 8004 Zurich, Switzerland

Directors and Other Information (continued)

XL Insurance Company SE, Singapore Branch
138 Market Street, #10-01/04, Capitagreen, 048946, Singapore

XL Insurance Company SE, Labuan Branch
C/O TMF Trust Labuan Limited, Brumby Centre, Lot 42, Jalan Muhibbah, 87000, Federal Territories Of Labuan, Malaysia

XL Insurance Company SE, Australian Branch
Angel Place, Level 28, 123 Pitt Street, Sydney, NSW 2000, Australia

XL Insurance Company SE, Hong Kong Branch
2401 Dorset House, Taikoo Place, 979 King's Road, Hong Kong

XL Insurance Company SE, Mumbai Branch
Unit No. 608, 6th Floor, INS Tower, A Wing, Plot No. C-63, 'G' Block, Bandra Kurla Complex, Bandra Kurla Complex, Mumbai 400051, India

XL Insurance Company SE, UK Branch
20 Gracechurch Street, London, EC3V 0BG, UK

XL Insurance Company SE, Belgium Branch,
Grotesteenweg 214-216, 2600 Berchem, Belgium

XL Insurance Company SE, Denmark Branch,
Bredgade 30, 1260, København K, Denmark

XL Insurance Company SE, Norway Branch,
C.Sundts Gate 37, 5004, Bergen Vestland, Norway

Directors' Report

The directors present their report together with the audited Annual Report and Financial Statements for the year ended 31 December 2025 of XL Insurance Company SE ("XLICSE" or "the Company").

Statement of directors' responsibilities for the Annual Report and Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. The directors have prepared the financial statements in accordance with accounting standards in Ireland including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103 - "Insurance Contracts" ("FRS 103"), both issued by the Financial Reporting Council.

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirement of the Companies Act 2014.

Directors' Report (contd.)

Director's compliance statement

The directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as defined at section 225 of the Companies Act 2014.

The directors confirm that the following have been done in relation to the Company:

- A compliance policy statement has been drawn up setting out the Company's policies respecting compliance by the Company with its relevant obligations;
- Appropriate arrangements or structures have been put in place that are designed to secure material compliance with the Company's relevant obligations; and
- A review has been conducted, during the financial year ended 31 December 2025, of the arrangements and structures, referred to above.

Compliance with the Corporate Governance Requirements for Insurance Undertakings 2015

The directors confirm that the Company is subject to the requirements of the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015 ("the Code") and confirm that it has materially complied with the Code during 2025. It is required to comply with the additional requirements for High Impact designated insurance undertakings.

Accounting records

The use of appropriate systems and procedures and employment of competent persons secures compliance with the Company's obligation to keep adequate accounting records. The legal entity accounting records are kept at Wolfe Tone House, Wolfe Tone Street, Dublin 1.

Principal activity

The principal activity of the Company is the transaction of general (re)insurance business ("the business"). The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms across its network of branches and through fronting partners.

Review of business and Key Developments during the Year

The results of the Company for the year, as set out on pages 21 and 22, show an overall profit on ordinary activities before tax of €268m (2024: profit of €546m). The two key drivers of the result are:

- Underwriting profit of €150m (2024: profit of €280m).
- Investment return of €223m (2024: Income of €211m)

The 2025 underwriting profit is a combined operating ratio for the year of 90.0% compared to 82.5% in 2024. The underwriting profit is the outcome of focused underwriting and targeted growth where the return is adequate for the Company's risk profile. The underwriting profit includes low levels of large and natural catastrophe ("CAT") losses. The 2025 underwriting profit is below the 2024 financial year due to reduced reinsurance recoveries on legacy reinsurance covers. The gross premium written was €6,016m in 2025, an increase of €61m when compared to the previous year.

The total investment return was a profit of €223m compared to €211m in 2024 and was slightly above plan. There is a positive contribution from underlying investment income, unrealized gains and realized gains.

The profit before tax includes a loss on foreign exchange of €99m (2024: gain of €62m) due to movements in USD / EUR exchange rates in 2025. There is a somewhat offsetting gain of €80m (2024: loss of €58m) in comprehensive income. The Company was long in balances that accounting rules require the revaluation to go through capital and reserves, and short in those in those required to revalue through the income statement.

In 2026 the Company will continue to focus on underwriting excellence, prudent expense management and transformation of processes to support profitable growth. The Company expects to continue to target growth in identified strategic initiatives and paying special attention to market segments showing challenging rate changes. The Company is confident of continuing to see the impact of the significant underwriting portfolio actions implemented in recent years.

Directors' Report (contd.)

Key Performance Indicators ('KPIs')

KPIs summarising the results and performance of the Company are detailed below. The KPI's are discussed in the review of business section of this report.

	2025	2024
	€'m	€'m
Gross Written Premium	6,016	5,956
Net Premiums Earned	1,506	1,598
Profit/(loss) before tax	268	546
Net Loss Ratio	59.3%	52.5%
Combined Operating Ratio	90.0%	82.5%
Solvency Ratio	166.1%	159.6%

Governance

Corporate governance is focused upon the proper oversight of the management of the business, senior management responsibility and the effectiveness of systems and controls.

The Board of Directors (the "Board"), which is comprised of two members of the executive management team and 6 non-executive directors, three of whom are independent, meet six times a year. The role of non-executive directors is to challenge management constructively, to help develop proposals on strategy and to bring strong independent judgement, knowledge and experience to the Board's deliberations. The Board challenges significant management decisions and after appropriate consideration approves the quarterly financial information and where appropriate significant management decisions. In addition, the Board has four Board Committees, the Governance Committee (including nominations), Board Risk Committee, Board Reserving Committee and Audit Committee. Supplementing the governance structure is a management committee named the Executive Committee (ExCo). The ExCo further delegates to the following sub-committees, Audit, Risk and Compliance Committee (ARCC), Underwriting Committee (UC), Investment Committee (IC), Reinsurance Committee, Operations Committee, Outsourcing Committee, Country QBR Committee, Claims Committee, Solvency II Committee, and Technical Reserves / Valuation Committee. All report to the ExCo, with the ARCC also reporting to the Board Risk Committee, and Technical Reserves/Valuation Committee to the Board Reserving Committee.

The Company undertakes a strategic planning process which is considered within the overall strategy of the AXA XL Division and overseen by the Board. The ExCo is responsible for implementing the Company's strategy and for the on-going oversight and management of the risks associated with the strategy. The ExCo is responsible for ensuring there is a governance framework in place.

To support the delivery of the Company's strategic plan by the business, the Company undertakes regular Board effectiveness and Governance reviews to ensure the governance framework is effective and appropriate. 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.

Risk and Control Framework

The Board ensures that the Company operates within an established framework of effective systems of internal controls, risk management and compliance with policies, procedures, controls and regulatory requirements. The governance framework of the Company is constantly evolving and work is ongoing to enhance further the specific legal entity risk management and governance framework of the Company, particularly in respect of the controls that currently exist within the AXA XL Division and upon which the Company relies.

The Board is responsible for the Internal Control Framework (ICF) and the Company operates a 'Three Lines of Defence' model where (1) the Business, (2) Risk Management and Compliance and (3) Independent Audit work together to ensure that risk management is effective.

The internal audit function's purpose is to provide the Board and Executive Management with independent and objective assurance on the effectiveness of the overall control environment to help protect the assets and reputation of the organisation and help improve its operations. The Audit Committee has reviewed and confirmed that the internal audit function has sufficient resources to enable it to act in an independent manner, without constraint, and that it has been effective in meeting its purpose.

Directors' Report (contd.)

Principle risks and uncertainties

The Company is mainly exposed to insurance and financial risks. The key financial risks the Company is exposed to are listed below and disclosed in more detail in note 2:

- Market risk including:
 - Interest rate risk
 - Currency risk; and
 - Equity risk
- Credit risk
- Liquidity risk
- Operational risk
- Capital management risk
- Group and strategic risk

Climate change

Climate risk, and the impact on the company's risk profile, is a key area of consideration to the Company. Climate transition was within one of the three key pillars of AXA Group's Unlock the Future strategic plan 2024-2026, announced in February 2024.

The impact on the Company's risk profile can be considered through assessing the following climate change risks:

- a. 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;
- b. 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 we are seeing the impact of COP 21 & 26 and a move towards insuring renewable energy initiatives as well as monitoring areas such as the motor, aviation, construction and other areas where business could be impacted. Our underwriter workshops have enabled the dissemination of the wealth of knowledge and expertise underwriters have in their specific classes of business. This expert knowledge and engagement with our clients enable AXA XL to be resilient to the changing risks we face in this area; and
- c. Liability and litigation risks: These are risks that 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

Climate change risk is managed through the Risk Management Framework ("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 exposure 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.

Directors' Report (contd.)

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. Within market risk, there is a stress test in place to consider a disorderly transition, based on an EIOPA scenario.

Investment Strategy

In addition to 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:** We integrate ESG analysis into investment processes, using KPIs and qualitative research across most of our 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. We are also developing metrics for measuring the climate-related impact of our investments, in particular the contribution of our investments to the objective of the COP21 ("Paris Agreement") to limit global warming. In addition to quantifying the impact of our investments on climate change, we might divest parts of the portfolio (coal, oil sands) or exclude whole sectors 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:** We allocate capital to impact investments that are creating intentional, positive, measurable and sustainable impacts on society while simultaneously delivering financial market returns. Our 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, we engage with the management of companies in which we invest in order to encourage high standards of corporate governance as well as good management of environmental and social risks. We hold constructive and challenging discussions directly with companies individually, and as part of a coalition of investors.

Branch operations

The Company has branch operations in Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, Australia, Hong Kong, Labuan (Malaysia), Singapore and India.

Directors' Report (contd.)

Results and dividends

The results for the year are set out on pages 21 and 22. On March 25 2026, the Board declared a dividend of €260m (2025: €465m) to be paid. This will be paid once Central Bank of Ireland approval is obtained.

Directors

The names of the persons who were directors of the Company at any time during the financial year up to the date of this report are:

T. Barry (Irish)	Independent Non-Executive
J. O'Neill (Irish)	Independent Non-Executive
D. Guest (Irish)	Independent Non-Executive
D. Palici-Chehab (French)	Non-Executive
H. Browne (Irish)	Non-Executive
F. Blanc (French)	Non-Executive
X. Veyry (French)	Chief Executive Officer
M. Audrin (French)	Chief Financial Officer and Company Secretary (appointed 9th May 2025)
P. H. Rastoul (French)	Company Secretary (resigned 9th May 2025 as director, resigned April 16th as Company Secretary)

Directors' and secretary's interests

None of the above directors or the company secretary have an interest in any group company exceeding 1% of its nominal share capital and none of the directors or company secretary have an interest in the share capital of the Company at any time during the year ended 31 December 2025.

Transactions involving directors

There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year ended 31 December 2025 (2024: Nil).

Political donations

The Company did not make any political donations during the year (2024: Nil).

Ultimate holding company

The Company's ultimate parent undertaking is AXA S.A, a company incorporated in France.

Subsequent events

On March 25, 2026, the Board declared a dividend of €260m (2025: €465m) to be paid.

On February 28, 2026, the United States of America and the State of Israel reportedly conducted a joint military operation against the Islamic Republic of Iran. This development has contributed to heightened geopolitical tensions in the Middle East.

The Company continues to closely monitor the exposures to the conflict, including (i) the operational impact on its business, (ii) the consequences from a potential deterioration in macroeconomic conditions, (iii) exposure through its Property, Casualty and Specialty policies and (iv) change in asset prices and financial conditions (including interest rates).

There have been no other significant events since the year end.

Directors' Report (contd.)

Going concern

A going concern assessment has been undertaken as part of the 2025 reporting process. The assessment considered the Company's business activities, liquidity, solvency and position/reliance within the group. In addition, the financial statements includes notes on its capital management (note 2G) and management of its risks including market, credit and liquidity risk (note 2).

The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over a three-year period through management's 2026-2028 business plan and evaluates the results of stress and scenario testing. The Company's stress and scenario testing considers the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focusing on the impacts on solvency and liquidity.

On the basis of the most recent stress testing, the directors are satisfied that there are no material uncertainties which cast doubt on the ability of the Company to continue as a going concern over the period of assessment being at least 12 months from the date of approval of the financial statements. For this reason the going concern basis has been adopted in preparing the financial statements.

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- As far as each director is aware, there is no information relevant to the audit of the Company's financial statements (as defined in section 330 of the Companies Act 2014) for the year ended 31 December 2025 in respect of which the auditors are unaware; and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined in section 330 of the Companies Act 2014) and to establish that the Company's auditors are aware of that information.

Statutory auditors

The auditors, Ernst & Young, were appointed on 21 June 2022 and have indicated their willingness to continue in office in accordance with the provisions of Section 383 of the Companies Act 2014

Approved on behalf of the Board on 08 April 2026



X. Veyry

Chief Executive Officer



M. Audrin

Director



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of XL Insurance Company SE ('the Company') for the year ended 31 December 2025, which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts* issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* and FRS 103 *'Insurance Contracts'*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained the Company's going concern assessment, which references to a baseline plan developed for the Company's December 2025 Own Risk & Solvency Assessment ('ORSA'). The baseline plan includes a forecast of the Company's Solvency II capital requirements, which covers the period from the date of approval of the financial statements to December 2027;
- We assessed the appropriateness of this approach used by management when performing their going concern assessment. We have assessed the assumptions used by the Company in their baseline plan including the potential impact of inflation, COVID-19, escalation of the Middle East crisis, and the war in Ukraine and Gaza on the business.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Claims Outstanding – IBNR including risk of management override of controls (in '000s) 2025: €14,172 2024: €14,434 Refer to the Accounting policies in Note 1(g) and the related disclosures in Note 14 of the financial statements. Claims outstanding comprises outstanding loss reserves ('OSLR') and incurred but not reported ('IBNR'). Claims outstanding is the Company's largest liability and is a significant financial statement risk area from both a business and audit perspective and have therefore been identified as a key audit matter. Within the KAM, we identified a significant and fraud risk related specifically to IBNR in relation to management override of controls involved in the calculation. The inherent complexity, uncertainty and subjectivity involved in the calculation of the IBNR reserves means that it is more susceptible to fraud or error than other financial statement balances. There is a risk that:	To obtain sufficient audit evidence to conclude on the appropriateness of the valuation of claims outstanding, we performed the following audit procedures with the assistance of our actuarial team members: • Obtained an understanding of the Company's process for Claims outstanding to evaluate the design and implementation of relevant key controls, in particular, the management's process in respect of the valuation of IBNR including the setting and updating of actuarial assumptions; • We held discussions with the Head of Actuarial Function to understand and evaluate the appropriateness of significant judgments made by management relating to the actuarial reserve estimates, and inspected the reports issued by the head of Actuarial function and rationale for conclusions made therein to validate our risk assessment and reviewed minutes of relevant discussions held by the Directors; • Reviewed management documentation to evaluate consistency and appropriateness of the adjustments made to actuarial best estimates to	We completed our planned audit procedures, without material exceptions noted.



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• Actuarial methods and assumptions may be inappropriate or too optimistic and/or management adjustments to actuarially calculated IBNR can be used in order to impact profitability such as uncertainties surrounding estimates of unpaid claims, premium rate assumptions and assumptions on global conflicts, inflation and Covid-19; • Data quality and granularity of analyses to evaluate IBNR reserves may be inadequate, or errors may exist in the compilation and use of this data. Typically, a small manipulation of an assumption could have a significant impact on the result for the year. This could lead to insurance liabilities not falling within a reasonable range of estimates, resulting in a misstatement in the financial statements. Accordingly, we have identified the valuation of claims outstanding as a key audit matter.	arrive at the recorded management best estimates; • Reviewed the reasonableness of management's methodologies and assumptions as well as the adequacy of loss reserves. The procedures include a mix of independent re-projection, methods and assumptions reviews, and analytical reviews and a consideration of assumptions relating to areas of increased uncertainty; • Tested the completeness and accuracy of the data used in the actuarial calculations by reconciling to the underlying administration systems; • We reviewed the completeness and appropriateness of the disclosures under FRS 102 and FRS 103.	
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €33.9 million (2024: €35.4 million), which is 2% (2024: 2%) of equity. We believe that equity provides us with consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the Company.

During the course of our audit, we reassessed the initial materiality using the third quarter equity amount. In our professional judgment, this level of materiality remains appropriate for the actual results of the financial year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment and our prior year experience of the risk of misstatement, our judgement was that performance materiality was 75% of our planning materiality, namely €25.5m (2024: 75%; €26.5m). We have set performance materiality at this percentage taking into account the nature of the industry in which the Company operates, and our assessment of the control environment of the Company.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €1.7m (2024: €1.8m), which is set at 5% (2024: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company, its dependencies on other entities within the wider Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

The Company is based in Ireland and operates through a network of branches across Europe and Asia Pacific. The Company benefits from certain support services provided by group and divisional functions. Our assessment of audit risk, our evaluation of materiality and our determination of where functions were located geographically for the provision of information informed our audit approach.

In establishing our overall approach to the audit, we determined the type of work that needed to be undertaken at each of the components, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction, as well as team members with specialised skills such as actuarial, tax and IT.

In assessing the risk of material misstatement to the Company's financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we obtained support from EY member firms in France, the US and the UK along with support from other EY member firms for shared service type functions such as actuarial, investments and general IT controls. Taken together, this enabled us to form an opinion on the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the director's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended is consistent with the financial statements; and
- the directors' report, , other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014 has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedures will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Generally Accepted Accounting Practice in Ireland including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts', the Companies Act 2014, the European Union (Insurance and Reinsurance) Regulations 2015 (the Solvency II Directive);
- We understood how XL Insurance Company SE is complying with those frameworks through discussion with Management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our examination of board minutes, papers provided to the Audit Committees and correspondence with regulatory bodies;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through enquiries of Management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the entity.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

- Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Board on compliance with regulations and a review of regulatory correspondence;
- The Company operates in the insurance industry, which is a highly regulated environment. As such, the Audit Engagement Partner considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts, where appropriate;
- As the insurance industry is highly regulated, we have obtained an understanding of the relevant regulations and the potential impact on the Company and, in assessing the control environment, we have considered the compliance by the Company with these regulations as part of our audit procedures, which included reading correspondence with the regulator, the Central Bank of Ireland.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 21 June 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL INSURANCE COMPANY SE

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Tiarnan O' Rourke', is written over a light blue horizontal line.

Tiarnan O' Rourke

for and on behalf of

Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 08 April 2026

Statement of Profit or Loss

For the year ended 31st December 2025

Technical account - General Business

	Note	2025 €'000	2024 €'000
EARNED PREMIUMS, NET OF REINSURANCE			
Premiums written			
Gross amount	3	6,016,611	5,955,647
Reinsurers' share		(4,544,588)	(4,240,168)
		1,472,023	1,715,479
Change in the provision for unearned premiums			
Gross amount	14	(185,873)	(229,662)
Reinsurers' share	14	220,260	112,672
		34,387	(116,990)
Earned premiums, net of reinsurance		1,506,410	1,598,489
CLAIMS INCURRED, NET OF REINSURANCE			
Claims paid			
Gross amount		(3,176,227)	(3,253,867)
Reinsurers' share		2,171,421	1,943,412
		(1,004,806)	(1,310,455)
Change in the provision for claims			
Gross amount	14	(215,064)	238,225
Reinsurers' share	14	327,147	233,744
		112,083	471,969
Claims incurred, net of reinsurance		(892,723)	(838,486)
NET OPERATING EXPENSES	5	(463,557)	(480,132)
BALANCE ON THE GENERAL BUSINESS TECHNICAL ACCOUNT		150,130	279,871

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

Statement of Profit or Loss

For the year ended 31st December 2025

Non-Technical account

	Note	2025 €'000	2024 €'000
BALANCE ON THE GENERAL BUSINESS TECHNICAL ACCOUNT		150,130	279,871
Investment return			
Investment income		206,848	218,045
Investment expenses and charges		(14,543)	(26,178)
Unrealised gain on investments		31,051	18,786
	8	223,356	210,653
Other (loss) income	9	(105,170)	55,117
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		268,316	545,641
Tax on profit on ordinary activities	11	(109,793)	(95,413)
PROFIT FOR THE FINANCIAL YEAR		158,523	450,228

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

Statement of Comprehensive Income

For the year ended 31st December 2025

	2025	2024
	€'000	€'000
Profit for the financial year	158,523	450,228
Exchange gain/(loss) on retranslations, net of tax	80,310	(57,649)
Actuarial gain/(loss) recognised in the defined benefit pension scheme, net of tax	902	(211)
TOTAL COMPREHENSIVE INCOME	239,735	392,368

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

Statement of Changes in Equity

For the year ended 31st December 2025

2025	Called up share capital	Share Premium Account	Capital contribution account	Merger Reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	314,969	274,187	2,088,931	(347,376)	(408,255)	1,922,456
Exchange gain/(loss) on re-translations net of tax	—	—	—	—	80,310	80,310
Profit for the financial year	—	—	—	—	158,523	158,523
Dividend paid during the year	—	—	(465,000)	—	—	(465,000)
Actuarial gain recognised in the defined benefit scheme net of tax	—	—	—	—	902	902
At 31 December	314,969	274,187	1,623,931	(347,376)	(168,520)	1,697,191

2024	Called up share capital	Share Premium Account	Capital contribution account	Merger Reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	314,969	274,187	2,488,931	(347,376)	(800,623)	1,930,088
Exchange gain/(loss) on re-translations net of tax	—	—	—	—	(57,649)	(57,649)
Profit for the financial year	—	—	—	—	450,228	450,228
Dividend paid during the year	—	—	(400,000)	—	—	(400,000)
Actuarial (loss) recognised in the defined benefit scheme net of tax	—	—	—	—	(211)	(211)
At 31 December	314,969	274,187	2,088,931	(347,376)	(408,255)	1,922,456

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

Statement of Financial Position - Assets

As at 31st December 2025

	Note	2025 €'000	2024 €'000
INVESTMENTS			
Investments in group undertakings and participating interests	12	—	—
Deposits with Ceded Undertakings		70,648	83,837
Other financial investments	13	4,996,880	4,945,449
		<u>5,067,528</u>	<u>5,029,286</u>
REINSURERS' SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premiums	14	2,260,017	2,133,565
Claims outstanding	14	10,597,846	10,914,285
		<u>12,857,863</u>	<u>13,047,850</u>
DEBTORS			
Debtors arising out of direct insurance operations	15	2,023,803	2,300,048
Debtors arising out of reinsurance operations	16	2,022,184	2,071,487
Other debtors including taxation	17	138,722	124,790
		<u>4,184,709</u>	<u>4,496,325</u>
OTHER ASSETS			
Tangible assets		76	120
Cash and cash equivalent	25	287,711	
		<u>287,787</u>	<u>120</u>
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		57,105	48,858
Deferred acquisition costs	18	591,178	584,746
Unamortised reinsurance commission	19	38,644	48,157
Prepayments and accrued income		728	809
		<u>687,655</u>	<u>682,570</u>
TOTAL ASSETS		<u><u>23,085,542</u></u>	<u><u>23,256,151</u></u>

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

Statement of Financial Position - Capital and Liabilities

As at 31st December 2025

	Note	2025 €'000	2024 €'000
CAPITAL AND RESERVES			
Called up share capital	20	314,969	314,969
Share premium		274,187	274,187
Capital contribution account		1,623,931	2,088,931
Merger reserves		(347,376)	(347,376)
Profit and loss account		(168,520)	(408,255)
		<u>1,697,191</u>	<u>1,922,456</u>
TECHNICAL PROVISIONS			
Provision for unearned premiums	14	3,018,151	2,942,344
Claims outstanding	14	14,172,431	14,434,043
		<u>17,190,582</u>	<u>17,376,387</u>
CREDITORS			
Creditors arising out of direct insurance operations	21	357	482
Creditors arising out of reinsurance operations	22	1,607,171	1,780,647
Other creditors including taxation and social security	23	973,361	894,285
		<u>2,580,889</u>	<u>2,675,414</u>
ACCRUALS AND DEFERRED INCOME			
Accruals and deferred income		32,994	35,844
Deferred reinsurance commissions		531,783	535,106
		<u>564,777</u>	<u>570,950</u>
OTHER LIABILITIES			
Bank overdraft	25	566,609	129,044
Deposits retained from reinsurers		477,718	573,337
		<u>21,380,575</u>	<u>21,325,132</u>
TOTAL LIABILITIES EXCLUDING PENSION LIABILITY			
		<u>7,776</u>	<u>8,563</u>
PENSION LIABILITY			
		<u>21,388,351</u>	<u>21,333,695</u>
TOTAL LIABILITIES			
		<u>23,085,542</u>	<u>23,256,151</u>
TOTAL LIABILITIES AND EQUITIES			

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

The financial statements on pages 21 to 59 were approved by the Board of Directors and signed on its behalf by:



X. Veyry
Chief Executive Officer



M. Audrin
Director

Notes to the Financial Statements

1. Statement of Accounting Policies

A. General Information

XL Insurance Company SE ("XLICSE" or the "Company") is incorporated as a company limited by shares. The Company's registered office is Wolfe Tone House, Wolfe Tone Street, Dublin 1. The registered number of the Company is 641686SE.

The principal activity of the Company is the transaction of general (re)insurance business (the business). The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms across its network of branches and through fronting partners.

B. Statement of Compliance

These financial statements have been prepared in accordance with the accounting standards in Ireland including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103 - "Insurance Contracts" ("FRS 103"), both issued by the Financial Reporting Council and other requirements of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015 (As amended).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the previous years presented, unless otherwise stated.

(a). Exemption from preparing group consolidated financial statements

The Company availed itself the exemption under Section 299 of the Companies Act 2014 on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares group consolidated financial statements. Accordingly, these financial statements present information about the Company as an individual undertaking.

(b). Exemption from preparing cash flow statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

(c). Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent AXA SA (incorporated in France), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with entities which are wholly-owned and form part of the AXA SA Group. The Company has also taken advantage of the key management personnel disclosure exemptions in accordance with FRS 102 section 1.12.

(d). Exemption from disclosure of key management personnel compensation

The Company has also taken advantage of the key management personnel disclosure exemptions in accordance with FRS 102 section 33.6-33.7.

(e). Use of estimates and judgement

The preparation of these financial statements required the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this statement of accounting policies and specifically in the following notes:

- Note 3: Gross written premium - (estimate portion)
- Note 13: Other financial investments (valuation); and
- Note 14 and Note 2(A) Insurance liabilities and reinsurance assets (estimates for losses incurred but not reported).

C. Basis of accounting

A going concern assessment has been undertaken as part of the 2025 reporting process. The assessment considered the Company's business activities, liquidity, solvency and position/reliance within the group. In addition, the financial statements includes notes on its capital management (note 2G) and management of its risks including market, credit and liquidity risk (note 2).

The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over a three-year period through management's 2026-2028 business plan and evaluates the results of stress and scenario testing. The Company's stress and scenario testing considers the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focusing on the impacts on solvency and liquidity.

On the basis of the most recent stress testing, the directors are satisfied that there are no material uncertainties which cast doubt on the ability of the Company to continue as a going concern over the period of assessment being at least 12 months from the date of approval of the financial statements. For this reason the going concern basis has been adopted in preparing the financial statements.

The financial statements are prepared under the historical cost convention as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss as noted in the following accounting policy notes.

(a). Premiums written

Premiums written relate to business incepted during the year, together with any difference between recorded premiums for prior years and those previously accrued, and include estimates for premiums from contracts entered into during the course of the year due but not yet receivable or notified to the Company. Premiums written are shown net of cancellations and gross of commission payable to intermediaries and exclude Insurance Premium Tax.

Written premiums include an estimate for pipeline premiums (i.e. premiums written but not reported to the Company by the reporting date) relating only to those underlying contracts of insurance where the period of cover has commenced prior to the reporting date. The Company estimates these premiums on quarterly basis based on updated information from brokers/cedants and historical information relating to the contracts.

(b). Ceded reinsurance

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on contracts issued by the Company that meet the definition of an insurance contract. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Any benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers and include reinsurers' share of provisions for claims. These balances are based on calculated amounts of outstanding claims and projections for incurred but not reported ("IBNR"), net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the period and the current security rating of the reinsurer involved. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment. If there is objective evidence of impairment, then the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the statement of profit or loss.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

(c). Retroactive reinsurance

Retroactive reinsurance reimburses a ceding company for liabilities incurred as a result of past insurable events covered by the underlying policies reinsured. The recoveries are booked in line with the accounting policy on reinsurance recoveries. Day 1 gains/losses generated in connection with retroactive reinsurance contracts are deferred and amortised over the expected claims settlement period through the reinsurance commission line.

(d). Unearned premiums

Unearned premiums represent the proportion of written premiums that relate to unexpired terms of policies in force at the statement of financial position date. Premiums written are recognised as earned premiums over the period of a policy on a time apportionment basis which reflects the incidence of risk.

(e). Acquisition costs

Acquisition costs comprise the direct expenses of acquiring insurance policies written during the year. Acquisition costs which relate to subsequent financial periods are deferred in proportion to the unearned premiums and charged to the financial periods in which the related premiums are earned. The accrual of these costs is adjusted for consideration of unexpired risk reserves.

(f). Claims incurred

Claims incurred comprise:

- Claims paid during the year;
- Movements during the year of provisions for both outstanding and IBNR claims;
- Related internal and external claims handling costs attributable to the above; and
- Where applicable, prudent deductions for salvage and other recoveries.

(g). Claims provisions and related reinsurance recoveries

Provision is made at the year end, on the basis of best available information, for the following estimates:

- The ultimate costs of claims notified but not yet settled at the year end, i.e. "outstanding claims";
- The claims incurred but not reported at the year end, i.e. "IBNR claims";
- Related internal and external claims handling costs attributable to the above; and
- Where applicable, deductions for salvage and other recoveries.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its estimated claim exposures and these are set so that no adverse run-off deviation is envisaged. Given the uncertainty in establishing claims provisions, however, it is likely that the final liability for such claims will prove different from the original estimates established.

Outstanding claims

In estimating outstanding claims, the Company has regard to the claim circumstances as reported, any information available from loss adjusters and any information on the historical cost of settling claims with similar characteristics in the past. The Company also discounts claims outstanding which relate to motor claims paid as annuities.

Large claims

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis, or projected separately in order to allow for the possible distortive effect of the development and incidence of large claims.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

IBNR claims

The estimation of IBNR claims is generally subject to a greater degree of uncertainty than the estimation of outstanding claims, where more information about the claims event is generally available. IBNR claims may often not be apparent to the insured until many years after the event giving rise to such claims has occurred. Classes of business where the proportion of IBNR claims to total claims provision is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty estimating these. On the other hand, classes of business where claims are typically reported relatively swiftly after the claim event tend to display lower levels of volatility.

In calculating IBNR claims, the Company uses a variety of estimation techniques, generally based upon statistical analysis of historical claims experience. This assumes that the current development pattern of claims will be consistent with historical claims experience. However, allowances are made for changes or uncertainties which create distortions in the underlying statistics, or cause the cost of unsettled claims to vary when compared with the historical costs of previously settled claims.

Such changes or uncertainties may include:

- Changes in processes that accelerate or decelerate the development and/or recording of paid or incurred claims compared with previous periods' statistics;
- Changes in the legal environment;
- Effects of inflation;
- Changes in business mix;
- Impact of large losses; and
- Movements in industry benchmarks.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of each risk class, as well as the extent on the development of each accident year.

IBNR estimates are reviewed and assessed within each reserving exercise. Throughout the year an Actual versus Expected analysis is performed at each quarter end for all lines of business. This assesses the expected development of the IBNR reserves using appropriate development patterns for each respective line of business and compares it to the materialising loss experience in the quarter. The indications of this exercise provide information for the reassessment and establishment of appropriate IBNR provisions at the quarter end. Quarters two and four are also preceded and supplemented by a Valuation of all the assumptions and methodologies used in the IBNR assessments, as well as complemented by any Deep Dives performed as deemed necessary.

Property business

Property business is shorter tail in nature, in that there is not a significant delay between the occurrence of the claim and the claim being reported to the Company. The costs of claims notified to the Company on the statement of financial position date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics which show how estimates of claims incurred in previous periods have developed over time to reflect changes in the underlying estimates of the cost of notified claims and late notifications.

Liability business

Liability claims are longer tail in nature and so a larger element of the claims provision relates to incurred but not reported claims. Claims estimates are derived from a combination of loss ratio based estimates and an estimate based upon actual claims experience using a pre-determined formula whereby greater weight is given to actual claims experience as time passes. The initial estimate of loss ratios based on previous years' experience is adjusted for factors such as premium rate changes, claims inflation and the anticipated market experience. The latter two are particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. This class of business is also subject to the emergence of new types of latent claims. As at the statement of financial position date, no explicit allowance is included for this.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

Reinsurance recoveries

Claims provisions are calculated gross of any reinsurance recoveries.

For recoveries on outstanding claims, a separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision, having due regard to collectability. For recoveries on IBNR claims, these are assumed to be consistent with the historical pattern of recoveries, and adjusted to reflect changes in the Company's reinsurance programme over time. An assessment is also made of their recoverability having regard to market data on the financial strength of the underlying reinsurers.

(h). Unexpired risk reserves

Unexpired risk reserves ("URR") arise when unearned premiums are deemed insufficient to meet all expected claims and expenses after taking into account future investment return on the investments supporting the unearned premium provision. The expected claims relate to policies in force at the year end, having regard to events that occur prior to the statement of financial position date.

To the extent that a URR is indicated, any deferred acquisition costs for that risk class are first decreased (or eliminated) in consideration of the insufficiency of the unearned premium reserve in meeting the expected cost of settling such claims. In the circumstance that the deferred acquisition costs for the risk class are eliminated, the remaining indicated unexpired risk reserve is established as a provision.

Unexpired risk surpluses and deficits are offset when business risk classes are managed together and a provision is made only when an aggregate deficit arises.

(i). Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Net gains or losses arising from changes in the fair value of financial assets designated as fair value through profit and loss are recognised through the statement of profit or loss within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the period in which they arise. Investment return is recorded in the non-technical account within the statement of profit or loss.

(a) Realised gains and losses

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price.

(b) Unrealised gains and losses

Unrealised gains and losses on investments represent the difference between their valuation at the statement of financial position date and their purchase price or, where acquired in previous years, their valuation at the last statement of financial position date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

(c) Investment expenses, charges or interest

These are accounted for as incurred on an accruals basis.

D. Foreign currency

(a) Functional and presentation currency

Each of the Company's branches maintains their accounting records using the currency of the primary economic environment in which they operate (the 'functional currency').

The Company's financial statements are presented in thousands and rounded to the nearest thousand of Euros, being the functional and presentation currency of the Company.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

(b) Transactions and balances

Foreign currency transactions incurred in each of the Company's branches are translated 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 translation at the period end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

The financial results and position of each branch that have a different functional currency from the Company are translated into the Company's presentation currency as follows:

- assets and liabilities at exchange rates prevailing at the statement of financial position date;
- income and expenses at the month average rate of exchange; and
- all resulting exchange differences are recognised through the statement of comprehensive income as a part of the profit and loss account reserve.

All assets and liabilities arising from insurance contracts are treated as monetary items. At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

E. Pillar two

The international tax reform released by Organization for Economic Cooperation and Development (OECD), known as Pillar Two or GloBE rules, aims to ensure that an effective taxation of 15% is reached in each jurisdiction where multinational groups operate. This tax reform is effective in France, where AXA Group head office is located, starting for the 2024 fiscal year. As a result, the Group determines the effective tax rate based on Pillar 2 rules in each jurisdiction where it operates, and, if the effective tax rate is lower than the minimum 15% rate in a jurisdiction, an additional tax has to be paid.

Amendments to FRS102 introduce a mandatory temporary exception, prohibiting both the recognition and disclosure of deferred tax assets and deferred tax liabilities that arise from the implementation of the OECD Pillar Two model rules.

AXA Group is carefully monitoring the list of countries where it operates. At this stage, AXA Group has defined a preliminary list of jurisdictions with an effective tax rate lower than 15% in 2024 CBCR or 16% based on 2025 projected Group CBCR.

It is expected that all of the jurisdictions, with the exceptions as noted below, in which the company operates have enacted QDMTT regulations which include Safe Harbour rules during the transition period 2024-2027. In this context, most jurisdictions are safe harbour countries for AXA based on the 2025 forecasted Group CBCR. Therefore, no Pillar Two calculation is required for these countries, and no additional tax has to be paid.

The following countries are non-safe harbour countries for AXA based on 2025 forecasted Group CBCR: Austria, Hong Kong, Malaysia and Singapore. The calculation of the minimum tax is aggregated with other constituent entities controlled by AXA and located in the same country. Any additional tax will be paid to local tax authorities according to the local regulations.

The exception to the above is the company's India branch. No QDMTT has been locally enacted but India is a safe harbour country for AXA based on the 2025 forecasted Group CBCR. Therefore, no Pillar Two calculation is required for this country, and no additional tax has to be paid.

F. Taxation

The taxation expense for the period comprises current and deferred tax recognised in the year. Tax is recognised in the profit or loss account, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the associated tax is also recognised in comprehensive income or directly in equity, respectively.

(a). Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

(b). Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax liabilities are recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

(c). Offsetting

Current tax assets and current tax liabilities are offset only if a legally enforceable right exists to set off those amounts and there is an intention to either settle the assets and liabilities on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are offset only if current tax assets and current tax liabilities are able to be offset and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

G. Investment in group undertakings and participating interests

For strategic long term investments in group undertakings, the Company is using the carrying value to be the deemed cost of its investments in group undertakings and participating interests. Investments are written down where necessary to reflect any impairment to its carrying value.

For Investment in group undertakings which are classified as non-strategic and the intention of the Company is to sell the investments within a short time frame after year end, the Company is designating these investments as fair value through profit and loss.

H. Tangible assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation and accumulated impairment losses. Tangible assets comprise fixtures, fittings and office equipment, leasehold improvements and computer equipment. These are depreciated on a straight-line method over their estimated useful lives as follows:

- Fixtures, fittings and office equipment 5 years
- Computer equipment 3 years
- Leasehold improvements 5 years

These assets' residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal or write-off, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of profit or loss and included within administrative expenses.

I. Debtors and creditors arising out of direct insurance operations

Insurance contracts (including inwards reinsurance contracts) are defined as those containing significant insurance risk. Insurance receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. Insurance receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance receivables are measured at amortised cost less any impairment losses. Insurance payables are stated at amortised cost.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

J. Financial Instruments

Financial instruments are accounted for under FRS 102, Section 11 and 12 and recognised in the statement of financial position at such time as the Company becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are recognised on the trade date, which is the date the Company commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred, together with substantially all the risks and rewards of ownership. Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or cancelled.

(a) Financial assets

On acquisition of a financial asset, the Company is required to classify the asset into one of the following categories: financial assets at fair value through the statement of profit or loss, loans and receivables, assets held to maturity, assets available for sale and held to maturity. The Company does not make use of the available for sale category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost less any impairment losses.

(c) Impairment of financial assets

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level and assess at each reporting date if the financial asset is impaired.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated cash flows of the financial asset that can be reliably estimated. Such objective evidence includes but is not limited to, significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments or it becoming probable the borrower will enter bankruptcy. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

If there is objective evidence that impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the statement of profit or loss.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

For financial assets carried at amortised cost and where the asset is deemed to be impaired based on the objective evidence, the amount of an impairment is the difference between the asset's carrying amount and the fair value. For financial assets carried at cost less impairment and where the asset is deemed to be impaired based on the objective evidence, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

For investments to be designated as at fair value through profit or loss, the following criteria must be met:

- a. The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis;

Or

- b. The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Unrealised (losses)/gains on investments'.

Interest is accrued and presented in 'Investment income'. Dividend income from equity instruments is recorded in profit or loss as income from financial instruments when the right to the payment has been established.

(e) Financial liabilities

The Company classifies its financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

As of 31 December 2025 and 2024, the Company does not have financial liabilities classified at fair value through profit or loss.

(f) Other financial liabilities

Issued financial instruments or their components, which are not designated at fair value through profit or loss are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of profit or loss.

(g) Repurchase agreement and securities lending

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

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

Proceeds from the sales are reported separately in the line item Other creditors including taxation and social security of the statement of financial position, and interest expense is accrued over the duration of the agreements.

K. Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months' maturity from the date of acquisition. Bank overdrafts, when applicable and when no legal right to offset accounts, are shown within borrowings in liabilities.

Notes to the Financial Statements (continued)

1. Statement of Accounting Policies (continued)

L. Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made by the Company for operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

The Company has no leases classified as finance leases throughout the reporting period.

M. Employee benefits

The Company operates an unfunded defined benefit pension scheme for certain employees in Germany and France. The pension cost for this scheme is analysed between current service cost, past service cost and net return on the pension scheme.

Current service cost is the actuarially calculated present value of the benefits earned by active employees in each period.

Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised immediately in the profit and loss account of the current reporting period.

The actuarial gains and losses which arise from a valuation of the present value of the scheme liabilities to reflect the conditions on the statement of financial position date are consistent with the statement of comprehensive income for the period.

The Company also operates a defined contribution scheme, the costs of which are borne by XL Catlin Services SE and recharged to the Company and included within administrative expenses.

N. Share capital

Ordinary shares are classified as equity. Any differences between the issue price of shares and the par value of shares is classified in equity as share premium. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

O. Derivatives - at fair value through profit or loss

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the statement of profit or loss. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

P. Business combinations of entities under common control

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

Q. Contingent Assets

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. When the flow of future economic benefits to the entity is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

Notes to the Financial Statements (continued)

2. Risk Management

Principal risks

In pursuing its business strategy, the Company is exposed to risks which are monitored and managed through the Risk Management Framework ("RMF"). The approach to identifying, assessing and managing the principal risk exposures facing the business are documented within its risk policies.

A. Insurance risk

Underwriting risks are continually monitored through, for example, the established peer review process, round table review and audits, as well as via exception reporting. Formal price monitoring procedures form part of the standard monthly management information. These contribute to the quarterly actuarial review whereby the loss outcome of the underwriting activity is continually re-assessed and considered by the Reserving actuaries. There is a dedicated Catastrophe and Aggregation management function independent of underwriting management, whose responsibility is to model aggregate risk and support pricing decisions, providing a key control to the underwriting process.

Overall across the Company, due to the nature of high excess business, there are also lines of business impacted by additional uncertainties from factors such as; the lack of historical data, uncertainty with regard to claim costs, changing policyholder behaviour, coverage interpretations and the judicial, statutory and regulatory provisions under which the claims may be ultimately resolved. Therefore, it is unlikely that actual future losses will develop exactly as projected and may vary significantly from our projections.

The Company seeks to maintain a diversified and balanced portfolio of risks in order to reduce the variability of outcomes. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. This is achieved by accepting a spread of business over time, segmented between different classes of business. The Company business plans for each class of business reflect this underwriting strategy, and set out the types of business to be written, the geographical regions in which business is to be written and the industry sectors to which the undertaking is prepared to expose itself. These plans are approved and monitored by management. The Company management also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, the Enterprise Risk Management ("ERM") team sets out the realistic disaster scenarios ("RDS") to assess to a range of natural and man-made events.

The current aggregate position is monitored at the time of underwriting a risk, and reports are produced to highlight the key aggregations to which the Company is exposed. The Company uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

Sensitivity analysis

As at 31 December 2025, if loss ratios increased/decreased by 10% points with all other variables held constant, pre-tax profits for the year would have been €151m lower/higher from present €268m (2024: €160m lower/higher).

	2025		2024	
	Pre-tax profit	Shareholders' funds	Pre-tax profit	Shareholders' Funds
10% points increase in loss ratios	117,675	1,546,550	385,793	1,762,608
10% points decrease in loss ratios	418,957	1,847,832	705,490	2,082,306

B. Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, currency risk and equity risk), credit risk and liquidity risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. It manages these positions within an asset liability management ("ALM") framework that has been developed to ensure assets are matched to policyholder liabilities by duration and currency as far as possible. The Company produces regular reports at portfolio, legal entity and asset and liability level that are circulated to the key management personnel.

The Company has not changed the processes used to manage these risks from previous periods.

C. Market risk

Market risk is defined as the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets and financial instruments.

In line with business objectives, market risk is accepted by the Company and managed with the objective of optimising total return on investments subject to agreed risk constraints and other considerations. The Company engages its affiliate, XL Group Investments Ltd ("XLGIL") as its investment manager. The Company governs these investments through different measures such as an investment management agreement and guidelines, and a local Investment and ALM Committee. The Risk Management department oversee adherence to these guidelines.

XLGIL are guided by the "prudent person" principle as specified in Article 132(2) of the Solvency II directive, in that the Company, invests only in assets and instruments, the risks of which can properly be identified, measured, monitored, managed and controlled.

(a) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent, that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk.

The Company's interest rate risk is monitored by calculating the mean duration of the investment portfolio against an agreed benchmark aligned to the liabilities to policyholders under insurance contracts. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows using standard actuarial claims projection techniques. This is calculated in a consistent manner with the prior year.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

Any gap between the mean duration of the assets and the estimated mean duration of the liabilities is minimised by means of buying and selling fixed interest securities of different durations.

XLICSE						
2025	<1yr	1-2 yrs	2-3yrs	3-5 yrs	>5 yrs	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Fixed and floating rate debt securities	311,865	368,889	367,525	782,085	1,960,414	3,790,778
	311,865	368,889	367,525	782,085	1,960,414	3,790,778

2024	<1yr	1-2 yrs	2-3yrs	3-5 yrs	>5 yrs	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Fixed and floating rate debt securities	417,839	374,801	398,443	1,075,793	1,434,755	3,701,631
	417,839	374,801	398,443	1,075,793	1,434,755	3,701,631

Sensitivity analysis

Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt securities and borrowings as well as subsequent interests receipts and payments. This would affect reported profits and net assets as indicated in the table below:

	Impact on market value of assets		Impact on market pre tax profit	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Shift in yield (basis points)				
100 basis points increase	(206,000)	(197,000)	(206,000)	(197,000)
50 basis points increase	(106,000)	(101,000)	(106,000)	(101,000)
50 basis points decrease	111,000	107,000	111,000	107,000
100 basis points decrease	229,000	221,000	229,000	221,000

Notes to the Financial Statements (continued)

2. Risk Management (continued)

(b) Currency risk

The Company manages its foreign exchange risk through the active matching of assets and liabilities within the major currencies held by the Company. The Company is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than Euro. The most significant currencies to which the Company is exposed to are US Dollar and Pound Sterling.

The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

2025	EUR €'000	GBP €'000	USD €'000	Other €'000	Total €'000
Total assets	13,335,446	1,531,062	2,863,725	5,355,311	23,085,544
Total liabilities	(11,881,161)	(1,468,323)	(2,597,527)	(5,441,342)	(21,388,353)
Net assets/(liabilities)	1,454,285	62,739	266,198	(86,031)	1,697,191

2024	EUR €'000	GBP €'000	USD €'000	Other €'000	Total €'000
Total assets	13,608,659	1,400,857	2,716,974	5,529,661	23,256,151
Total liabilities	(11,940,149)	(1,330,587)	(2,394,294)	(5,668,665)	(21,333,695)
Net assets/(liabilities)	1,668,510	70,270	322,680	(139,004)	1,922,456

Sensitivity analysis

Fluctuations in the Company's trading currencies against the Euro would result in a change to profit after tax and net assets value. The table below gives an indication of the impact on profit after tax and net assets of a percentage change in the relative strength of the Euro against the value of Pound Sterling and the US dollar, simultaneously. The analysis is based on current information.

	Impact on profit after tax		Impact on net assets	
	2025	2024	2025	2024
Changes in sterling, US dollar and other currencies relative to Euro	€'000	€'000	€'000	€'000
Euro weakens 20% against other currencies	11,739	40,426	60,727	63,487
Euro weakens 10% against other currencies	5,217	17,967	26,990	28,216
Euro strengthens 10% against other currencies	(4,269)	(14,700)	(22,082)	(23,086)
Euro strengthens 20% against other currencies	(7,826)	(26,951)	(40,484)	(42,324)

(c) Equity Risk

The Company is exposed to risks resulting from price fluctuations on equity securities. The Company manages its risk from equity securities as part of the overall investment risk management process and applies limits to holdings as expressed in its policies and guidelines. An increase/decrease of 20% in the equity markets would cause a movement in the Shareholders' funds, via the income statement of the Company of €160m (2024: €156m).

D. Credit risk

Credit risk is the risk of loss due to unexpected default, or deterioration in the credit standing of the counterparties or debtors in relation to risk mitigating contracts (such as reinsurance arrangements) and receivables from intermediaries, as well as any other credit exposures.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

Key areas where the Company is exposed to credit risk are: reinsurers' share of insurance liabilities; amounts due from reinsurers in respect of claims already paid; amounts due from insurance contract holders; amounts due from insurance intermediaries; other financial investments; and cash at bank. The carrying amount of financial assets at the reporting date represents the maximum credit exposure. At 31 December 2025, the Company held no financial investments that were past due or impaired.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by reviewing their financial strength prior to finalisation of any contract. Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. In addition, the recent payment history of reinsurers is used to update the reinsurance purchasing strategy. If necessary, collateral in the form of trust accounts and/or irrevocable letters of credit may be held.

To assist in the understandings of credit risks, Fitch, Moody's and Standard & Poor's (S&P) ratings are used. These ratings have been categorised below as used for the Company's reporting:

	Fitch	Moody's	S&P
Tier 1	AAA to A-	Aaa to A3	AAA to A-
Tier 2	B to BBB-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C and below	B1 to C	B+ to CCC

2025	Tier 1	Tier 2	Tier 3	Unrated	Total
	€'000	€'000	€'000	€'000	€'000
Debt securities and other fixed income securities	3,008,962	735,876	—	45,941	3,790,779
Deposits with ceding undertakings	—	—	—	70,648	70,648
Insurance and reinsurance receivables	12,235,948	548,485	6,746	4,112,379	16,903,558
Cash and cash equivalents	287,711	—	—	—	287,711
	<u>15,532,621</u>	<u>1,284,361</u>	<u>6,746</u>	<u>4,228,968</u>	<u>21,052,696</u>

2024

	Tier 1	Tier 2	Tier 3	Unrated	Total
	€'000	€'000	€'000	€'000	€'000
Debt securities and other fixed income securities	2,926,087	703,163	—	72,381	3,701,631
Deposits with ceding undertakings	83,837	—	—	—	83,837
Insurance and reinsurance receivables	15,119,337	—	—	2,345,942	17,465,279
	<u>18,129,261</u>	<u>703,163</u>	<u>—</u>	<u>2,418,323</u>	<u>21,250,747</u>

E. Liquidity risk

Liquidity risk is the risk that the Company, although solvent, either does not have sufficient cash and short-term financial resources available to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The Company manages liquidity risk through regular cash flow forecasts (under normal conditions and stressed scenarios), access to a Group cash pooling arrangements for short-term liquidity management, consultation with Group treasury functions and use of repurchase agreements and total return swaps. The cash and cash equivalent balances are managed in aggregate with funds moving between the accounts, however as the legal right to offset applies to certain balances but not all banking counterparts, the balances are shown with positive balances in the asset side and overdrawn accounts in liabilities. Repurchase agreements and total return swap agreements are not designated as hedges and are entered into for periods consistent generally from one to 24 months.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

The next two tables summarise the carrying amount at reporting date of financial instruments analysed by maturity date.

Maturity						
2025	<1yr	1-2 yrs	2-3yrs	3-5 yrs	>5 yrs	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Claims outstanding - gross	4,055,748	2,281,002	1,860,507	1,954,247	4,020,927	14,172,431
Insurance payables	1,607,528	—	—	—	—	1,607,528
Deposits retained from reinsurers	95,183	76,341	62,862	92,018	151,315	477,719
Bank overdraft	287,711	—	—	—	—	287,711
Other payables	723,619	—	—	—	—	723,619
	6,769,789	2,357,343	1,923,369	2,046,265	4,172,242	17,269,008

2024	<1yr	1-2 yrs	2-3yrs	3-5 yrs	>5 yrs	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Claim outstanding - gross	3,701,072	2,548,070	1,771,860	1,980,207	4,432,834	14,434,043
Insurance payables	1,781,129	—	—	—	—	1,781,129
Deposits retained from reinsurers	114,759	91,369	73,283	109,575	184,351	573,337
Bank overdraft	129,044	—	—	—	—	129,044
Other payables	612,147	—	—	—	—	612,147
	6,338,151	2,639,439	1,845,143	2,089,782	4,617,185	17,529,700

F. Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes and systems, or from external events. The Company closely manages its operational risks and their potential impact on the financial position of the Company through its risk register, internal reporting, scenario analysis, loss data collation and governance processes. Primary activities to strengthen our operations include ongoing enhancement of business processes and structures, business continuity plans, information security and anti-fraud monitoring.

G. Capital Management

The Board monitors the capital requirements of the Company and seeks to maintain an efficient capital structure from a combination of shareholder's funds and subordinated liabilities, consistent with the Company's risk profile and the regulatory and market requirements of its business.

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

- Match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain financial strength to support new business growth;
- Satisfy the requirements of its policyholders and regulators.

The Company works within AXA XL's overall capital management process which is aligned to performance objectives and ensures that the group is focused on the creation of value for shareholders.

The Company has several sources of capital available to it and considers not only the traditional sources of capital funding but other sources of capital, including reinsurance. Since 2015, XL Bermuda Ltd ("XLB"), a subsidiary of XL Group Ltd, has provided a Capital Maintenance Agreement ("CMA") to the Company of €400m. There has been no usage of the CMA at 31 December 2025.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

The Company is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

The Company manages capital in accordance with these rules and has embedded in its Capital Management Policy the necessary tests to ensure continuous and full compliance with such regulations. The Company assesses its regulatory capital by reference to both Solvency Capital requirement ("SCR") and Minimum Capital Requirement ("MCR") as laid out in the Solvency II Directive.

On 28th December 2023, the Company received Central Bank of Ireland approval to use the AXA Internal Model to calculate the SCR. The AXA Internal model has been used to calculate the SCR as at 31 December 2025 and 2024.

The MCR is a factor based calculation of the minimum possible capital for the entity. This stands at €461m (364% coverage) at 31 December 2025 (2024: €501m or 349% coverage). The SCR is calculated using the AXA internal model as at December 31, 2025, a fixed calculation which computes a capital level using defined risk factors related to premiums, reserves and assets. The SCR was calculated at 31 December 2025 to be €1,312m which equates to 166% coverage (2024: €1,411m or 160% coverage). The Company monitors against each of these key capital requirements. Based on Solvency II own funds of €2,180m at 31 December 2025 (2024: €2,251m), the Company has complied with all externally imposed capital requirements at 31 December 2025 and throughout the year.

H. Group and strategic risk

Group risk refers to the potential impacts to the Company arising from being part of the AXA SA Group. Areas potentially impacted could include capital support and reinsurance arrangements. Reputational issues affecting the Group could indirectly affect the business. The Company uses AXA Group resources in a number of areas, including IT and asset management. Group Risk is assessed, managed, monitored and reported as part of the Company's Risk Management processes. The Company seeks to manage strategic risks to the business by ensuring that business strategies and resources are compatible with the strategic goals and economic situation of the markets in which it operates.

I. Climate Change

Climate risk, and the impact on the company's risk profile, is a key area of consideration to the Company. Climate transition was within one of the three key pillars of AXA Group's Unlock the Future strategic plan 2024-2026, announced in February 2024.

The impact on the Company's risk profile can be considered through assessing the following Climate change risks:

- a. **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;
- b. **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 we are seeing the impact of COP 21 & 26 and a move towards insuring renewable energy initiatives as well as monitoring areas such as the motor, aviation, construction and other areas where business could be impacted. Our underwriter workshops have enabled the dissemination of the wealth of knowledge and expertise underwriters have in their specific classes of business. This expert knowledge and engagement with our clients enable AXA XL to be resilient to the changing risks we face in this area; and
- c. **Liability and litigation risks:** These are risks that 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.

Notes to the Financial Statements (continued)

2. Risk Management (continued)

Climate change risk is managed through the Risk Management Framework ("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. Within market risk, there is a stress test in place to consider a disorderly transition, based on an EIOPA scenario.

Investment Strategy

In addition to 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:** We integrate ESG analysis into investment processes, using KPIs and qualitative research across most of our 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. We are also developing metrics for measuring the climate-related impact of our investments, in particular the contribution of our investments to the objective of the COP21 ("Paris Agreement") to limit global warming. In addition to quantifying the impact of our investments on climate change, we might divest parts of the portfolio (coal, oil sands) or exclude whole sectors 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:** We allocate capital to impact investments that are creating intentional, positive, measurable and sustainable impacts on society while simultaneously delivering financial market returns. Our 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, we engage with the management of companies in which we invest in order to encourage high standards of corporate governance as well as good management of environmental and social risks. We hold constructive and challenging discussions directly with companies individually, and as part of a coalition of investors.

Notes to the Financial Statements (continued)

3. Segmental Analysis

(a) Analysis of Gross premiums written

Gross premiums written	2025 €'000	2024 €'000
By geographical segment		
Australia	511,803	547,565
Austria	286,837	260,003
Belgium	1,184	—
Denmark	207	—
France	1,285,289	1,337,762
Germany	1,191,385	1,021,956
Hong Kong	104,028	169,229
India	31,852	21,493
Ireland	796,114	745,680
Italy	354,108	366,968
Labuan	23,272	26,653
Netherlands	302,945	303,817
Norway	32,973	—
Singapore	272,104	283,332
Spain	292,164	316,019
Sweden	222,292	253,967
Switzerland	305,006	296,333
UK	3,048	4,870
	6,016,611	5,955,647

Gross premiums written by destination are not materially different to those by origin. Of the premiums written, €4,488m relates to direct insurance (2024: €4,392m).

(b) Analysis of the technical account balance is set out below

2025	Gross premiums written €'000	Gross premiums earned €'000	Gross claims incurred €'000	Gross operating expenses €'000	Reinsurance balances €'000	Total €'000
Direct						
Marine aviation and transport	582,182	599,314	(419,306)	(180,455)	3,176	2,729
Fire and other damage to property	2,098,023	1,932,180	(914,822)	(489,217)	(604,598)	(76,457)
Third party liability	1,322,985	1,313,084	(1,054,083)	(324,236)	(80,555)	(145,790)
Other	485,306	495,271	(313,749)	(142,456)	(54,951)	(15,885)
Reinsurance acceptance	1,528,115	1,490,889	(689,331)	(165,137)	(250,888)	385,533
	6,016,611	5,830,738	(3,391,291)	(1,301,501)	(987,816)	150,130

Notes to the Financial Statements (continued)

3. Segmental Analysis (continued)

2024	Gross premiums written €'000	Gross premiums earned €'000	Gross claims incurred €'000	Gross operating expenses €'000	Reinsurance balances €'000	Total €'000
Direct						
Marine aviation and transport	658,412	628,755	(409,422)	(192,333)	(40,256)	(13,256)
Fire and other damage to property	1,948,418	1,804,804	(891,796)	(430,820)	(601,475)	(119,287)
Third party liability	1,323,991	1,298,185	(1,084,831)	(309,861)	(172,293)	(268,800)
Other	461,236	467,084	(183,249)	(134,414)	(37,862)	111,559
Reinsurance acceptance	1,563,590	1,527,157	(446,345)	(207,882)	(303,275)	569,655
	<u>5,955,647</u>	<u>5,725,985</u>	<u>(3,015,643)</u>	<u>(1,275,310)</u>	<u>(1,155,161)</u>	<u>279,871</u>

4. Movement in prior years provision for claims outstanding

The overall €70m net prior year favourable development for the Company is driven by releases on International Property, Art Specie and Bloodstock, Energy Property, Motor, and Aerospace; partly offset by reserves strengthening on International Casualty, International Financial Lines, and International Construction.

5. Net operating expenses

	2025 €'000	2024 €'000
Acquisition costs	1,142,352	1,114,709
Administrative expenses	159,142	160,602
Reinsurers' commissions	(837,937)	(795,179)
	<u>463,557</u>	<u>480,132</u>

The reinsurers' share of acquisition costs includes reinsurance commissions' receivable from an affiliated company under a net quota share reinsurance contract. Total acquisition costs for direct insurance business accounted for during the year amounted €405m (2024: €368m).

6. Auditors' remuneration

	2025 €'000	2024 €'000
Fees paid to the Company's auditors are as follows:		
Audit Services		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	1,116	1,095
Non-Audit Services		
Solvency II audit	279	274
Audit-related assurance services	470	438
Other assurance services	270	283
	<u>2,135</u>	<u>2,090</u>

Notes to the Financial Statements (continued)

7. Operating leases

(a) Total operating lease charges during the year:

	2025	2024
	€'000	€'000
Land and buildings	467	211
Other Leases	—	22
	<u>467</u>	<u>233</u>

(b) The total of future minimum lease payments under non-cancellable operating leases

	Land and buildings		Other leases	
	2025	2024	2025	2024
	€'000	€'000	€'000	€'000
Operating leases which expire:				
Within one year	390	421	—	—
Between one and five years	392	874	—	—
	<u>782</u>	<u>1,295</u>	<u>—</u>	<u>—</u>

8. Investment return

	2025	2024
	€'000	€'000
Income from financial investments	127,671	118,847
Income from equity instruments	13,957	59,612
Net gain on the realisation of investments	65,220	39,586
Unrealised gain on investments	31,051	18,786
Investment management expenses	(14,543)	(26,178)
	<u>223,356</u>	<u>210,653</u>

9. Other (loss) income

	2025	2024
	€'000	€'000
(Loss) profit on foreign exchange	(98,960)	62,134
Other (loss)	(6,210)	(7,017)
	<u>(105,170)</u>	<u>55,117</u>

Notes to the Financial Statements (continued)

10. Employee and directors

(a) Staff costs and numbers

The average number of employees (including directors) employed during the year by the Company was:

	2025	2024
	Numbers	Numbers
Underwriting	11	26
Claims	2	7
Finance	3	14
Marketing	—	11
Other	6	—
	<u>22</u>	<u>58</u>

10. Employee and directors (continued)

The aggregate payroll costs in respect of these employees were:

	2025	2024
	€'000	€'000
Wages and salaries	7,026	15,164
Social security costs	1,188	1,636
Other pension costs	542	1,108
	<u>8,756</u>	<u>17,908</u>

From 1 January 2017 all staff (with the exception of the certain APAC staff and certain individuals in Dublin) are employed by XL Catlin Services SE ("XLCSSSE"), the Company's affiliate shared service centre company and did not work solely for one specific legal entity but worked for more than one legal entity. XLCSSSE charges a commission to the regulated entities that is calculated on a basis such that XLCSSSE will recover its employee costs, provided the business plan is met. Staff costs and numbers relating to these employees have therefore not been included above but are disclosed in the financial statements for XLCSSSE.

(b) Directors' emoluments

	2025	2024
Directors Remuneration	€'000	€'000
For service as directors and management services	3,736	3,460
Long term incentives	1,357	686
	<u>5,093</u>	<u>4,146</u>

Executive directors do not receive emoluments for their appointment except as shown above. As employees of AXA XL companies, certain executive directors participate in group defined contribution pension and long-term incentive schemes available to employees. Non-executive directors receive fees. Retirement benefits are accruing for nil directors (2024: Nil directors) under a defined benefit scheme.

Notes to the Financial Statements (continued)

11. Tax on loss on ordinary activities

(a) Tax expense included in statement of profit or loss

	2025	2024
	€'000	€'000
Current Tax		
Irish corporation tax charge on profit for the year	765	3,920
Irrecoverable withholding tax	6,991	626
Foreign tax on profits for the year	133,004	89,275
Adjustments in respect of prior periods:		
– Irish corporation tax	1,388	(59)
– Foreign corporation tax	(47,670)	(29,713)
Total current tax charge	94,478	64,049
Deferred Tax		
Origination and reversal of timing differences	7,588	24,761
Adjustments in respect of prior periods	20,766	8,063
Impact of change in tax rate	(13,118)	(1,460)
Reversal of timing differences in equity	79	—
Total deferred tax charge/(credit)	15,315	31,364
Tax charge on profit/(loss) on ordinary activities	109,793	95,413

(b) Reconciliation of tax charge/ (credit)

In the reconciliation below, the expected tax rate reflects the corporate income tax rates that are expected to apply to the taxable profit or loss for each jurisdiction weighted by reference to the amount of profit or loss contributing to the aggregate result. The tax assessed for the year is higher (2024: higher) than the expected tax rate based on the geographical split of the company's activities (34.3%). The differences are explained below:

	2025	2024
	€'000	€'000
Profit/(loss) on ordinary activities before taxation	268,316	545,641
Profit/(loss) at the expected tax rate	92,001	141,394
<i>Effects of:</i>		
Unrecognised deferred tax	15,713	(28,359)
Expenses not deductible for tax purposes	17,663	15,035
Withholding and other taxes suffered	6,991	626
Movement in provision for tax uncertainties **	5,788	(10,113)
Adjustments in respect of prior periods	(25,516)	(21,710)
Impact of change in tax rate*	(2,926)	(1,460)
FX difference between P&L and balance sheet	79	—
Tax charge for the year	109,793	95,413

Impact of Changes in Tax Rates — The French Government has introduced a temporary surcharge for 2025, resulting in an effective corporate income tax rate of 30.98%. Since this surcharge is only applicable for 2025, it has not been included in the valuation of deferred tax balances as of the balance sheet date. Meanwhile, the German Government has announced plans to decrease its corporate income tax rate from 15% to 10% by 2032, starting in 2028. This change has lowered the effective tax rate from 32.97% to 27.97%, and the reduction has been reflected in the valuation of deferred tax balances at the balance sheet date.

** Movement in provision for tax uncertainties - See Note 23 (Other creditors)

Notes to the Financial Statements (continued)

11. Tax on loss on ordinary activities (continued)

(c) Movement in Deferred Tax balances

The Statement of Financial Position includes the following movement in deferred tax:

	2025 €'000	2024 €'000
At 1 January	(9,869)	21,540
Foreign exchange	(178)	(45)
Movement for the year through the Profit and Loss Account:		
- Current year	(7,587)	(24,761)
- Prior year	(20,766)	(8,063)
- Impact of change in tax rate	13,118	1,460
	(15,235)	(31,364)
Movement for the year through the Statement of Comprehensive Income	—	—
Deferred tax asset / (liability) at 31 December	(25,282)	(9,869)

12. Investments in group undertakings and participating interests

(a) Investments in group undertakings

The carrying value of the Company's investment in group undertakings is as follows:

	2025 €'000	2024 €'000
At 1 January	—	8,010
Subsidiary sold during the year	—	(8,010)
At 31 December	—	—

On April 1, 2024, the Company completed the sale of the Company's shares in XL Insurance (China) Company Limited.

No dividend income was recognised from the investments in group undertakings (2024: NIL).

In accordance with Brazilian regulatory requirements, our company maintains a participating interest known as a Principal Representative Office named XL Insurance Company SE Escritorio De Representacao No Brasil LTDA. This office enables the Company to legally transact insurance and reinsurance within Brazil. The office itself does not generate revenue or hold tangible assets, it does pay local expenses and taxes, and as such is held at a value of 0 on the balance sheet.

(b) Details of the Company's participating interests are set out below:

	Principal trading activity	Country of incorporation	Class of shares held	Percentage of nominal value and voting rights held
Participating interests				
XL Insurance Company SE Escritorio De Representacao No Brasil LTDA	Representative Office	Brazil	Ordinary	99.99 %

The registered address of XL Insurance Company SE Escritorio De Representacao No Brasil LTDA is Avenida Presidente Juscelino Kubistchek 1.600, 15º andar, sala 4, Vila Nova Conceição, CEP 04543-000

Notes to the Financial Statements (continued)

13. Other financial investments

(a) Other financial investments

	Market value		Cost	
	2025 €'000	2024 €'000	2025 €'000	2024 €'000
Financial assets that are debt instruments at fair value through profit or loss	2,226,184	2,077,219	2,270,245	2,112,770
Financial assets that are equity instruments at fair value through profit or loss	799,935	822,772	784,606	818,399
Financial assets that are debt instruments held at amortised cost	1,682,138	1,612,842	1,762,628	1,624,412
Financial assets that are equity instruments measured at cost less impairment	236,284	510,372	208,133	421,046
Total financial assets	<u>4,944,541</u>	<u>5,023,205</u>	<u>5,025,612</u>	<u>4,976,627</u>

	Carrying Value	
	2025 €'000	2024 €'000
Financial assets that are debt instruments at fair value through profit or loss	2,226,184	2,077,219
Financial assets that are equity instruments at fair value through profit or loss	799,935	822,772
Financial assets that are debt instruments held at amortised cost	1,762,628	1,624,412
Financial assets that are equity instruments measured at cost less impairment	208,133	421,046
Total financial assets	<u>4,996,880</u>	<u>4,945,449</u>

Included in the carrying value of other financial investments are listed investments in debt instruments of €3,545m (2024: €3,428m)

(b) Assets pledged

Fixed and floating rate debt securities amounting to €372m (2024: €392m) are pledged directly in favour of third parties under repurchase and total return swap agreements. The counterparties have no right to sell or repledge these assets except in the event of default. In addition the Company has pledged collateral of €9m (2024: €10m) to support reinsurance business. The fair value of the pledged assets approximates their carrying value.

(c) Fair value hierarchy

The categorising of these assets is defined as follows:

Included in the level 1 category are financial assets that are measured by reference to the unadjusted quoted price in an active market for identical assets and liabilities that the Company can access at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 and 3 categories are financial assets which are not quoted in an active market or for which there is no active market. Fair values for level 2 and 3 assets included:

- Values provided by external parties which:
 - are readily available including last transaction prices but relate to assets for which the market is not always active;
 - values provided at the request of the Company by pricing services and which are not readily publicly available.
- Assets measure on the basis of valuation techniques including a varying degree of assumptions supported by market transactions and observable data. The common characteristic of level 2 and 3 assets is that their markets are considered as less active.

Their value is generally based on mark to market basis, except when there is no market or when the market is distressed, in which case a mark to model approach is used. Assets not quoted in an active market which are marked to market mainly using observable inputs are classified in level 2.

The Company does not hold any Level 3 assets

Notes to the Financial Statements (continued)

13. Other financial investments

The table below analyses the Company's financial instruments measured at fair value at 31 December 2025 and 31 December 2024.

2025	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	1,165,455	1,060,730	—	2,226,185
Shares and other variable yield securities	799,935	—	—	799,935
Total	<u>1,965,390</u>	<u>1,060,730</u>	<u>—</u>	<u>3,026,120</u>

2024	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	1,188,375	888,844	—	2,077,219
Shares and other variable yield securities	822,772	—	—	822,772
Total	<u>2,011,147</u>	<u>888,844</u>	<u>—</u>	<u>2,899,991</u>

There were no transfers between level 1, 2 and 3 for fair value measurements during the year.

14. Insurance liabilities and reinsurance assets (a)

	Provision for unearned premium €'000	Claims outstanding €'000
2025		
Gross technical provisions		
At 1 January	2,942,344	14,434,043
Movement in the provision	185,873	215,064
Foreign exchange movements	(110,066)	(476,676)
At 31 December	<u>3,018,151</u>	<u>14,172,431</u>
Reinsurers' share of technical provisions		
At 1 January	2,133,565	10,914,285
Adverse development cover	—	(101,180)
Movement in the provision	220,260	327,147
Foreign exchange movements	(93,808)	(542,406)
At 31 December	<u>2,260,017</u>	<u>10,597,846</u>
Net technical provisions		
At 1 January	808,779	3,519,758
At 31 December	<u>758,134</u>	<u>3,574,585</u>

Notes to the Financial Statements (continued)

14. Insurance liabilities and reinsurance assets (continued)

	Provision for unearned premium €'000	Claims outstanding €'000
2024		
Gross technical provisions		
At 1 January	2,679,388	14,351,621
Movement in the provision	229,662	(238,225)
Foreign exchange movements	33,294	320,647
At 31 December	2,942,344	14,434,043
Reinsurers' share of technical provisions		
At 1 January	1,949,555	10,576,771
Adverse development cover	—	(31,360)
Movement in provision	112,672	233,744
Foreign exchange movements	71,338	135,130
At 31 December	2,133,565	10,914,285
Net technical provisions		
At 1 January	729,833	3,774,850
At 31 December	808,779	3,519,758

Effective January 1, 2021 the Company entered into a loss portfolio transfer agreement with a related entity where by the Company reinsured 90% of certain legacy AXA Corporate Solutions Assurance (ACS) claims reserves for accident years 2009 - 2018. This excluded the Australia, Singapore and Hong Kong (APAC) branches of legacy ACS. The coverage mainly protects Property, Casualty, Professional Lines and certain Speciality lines.

As it is a retroactive reinsurance contract, the impacts on the financial statements can be seen on reinsurance recoverables which increased €1.1bn on the effective date. The reinsurance counterparty risk is reduced by a funds withheld account. On day 1, a payment of €128m was made by the Company in 2021, this has been capitalized on the statement of financial position and amortised through the profit and loss in the acquisition expense line in line with the expected settlement period of the underlying reserves on day 1.

(b) Reinsurers' share of technical provision

	2025		2024	
	Provision for unearned premium €'000	Claims outstanding €'000	Provision for unearned premium €'000	Claims outstanding €'000
Group	728,709	4,310,809	741,069	4,682,681
Non-group	1,531,308	6,287,037	1,392,496	6,231,604
	2,260,017	10,597,846	2,133,565	10,914,285

The Group reinsurers' share of the provision for claims outstanding include various contracts ceding risks to affiliated companies, the most material being amounts due under:

Notes to the Financial Statements (continued)

14. Insurance liabilities and reinsurance assets (continued)

- A net quota share contract;
- Excess of loss contracts;
- Adverse development cover contracts and
- Loss Portfolio Transfer reinsurance contracts

The counterparty exposure under these contracts is managed in part by mechanisms including: floating charge; funds withheld accounts and trust balances.

(c) Claims development tables

Gross ultimate claims

Accident Year	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
- at end of reporting year		3,440,846	3,614,233	4,195,433	3,348,922	3,792,695	3,571,956	3,359,835	3,463,027	28,786,947
- One year later		4,109,700	4,262,727	3,969,319	3,771,318	3,750,935	3,680,025	3,305,936	—	26,849,960
- Two years later		4,188,239	4,023,932	4,077,262	3,599,244	3,580,016	3,543,507	—	—	23,012,200
- Three years later		4,109,761	4,208,070	4,202,185	3,554,567	3,503,614	—	—	—	19,578,197
- Four years later		4,094,680	4,152,583	4,068,755	3,512,105	—	—	—	—	15,828,123
- Five years later		4,139,394	4,080,612	4,083,689	—	—	—	—	—	12,303,695
- Six years later		4,232,738	4,012,922	—	—	—	—	—	—	8,245,660
- Seven years later		4,160,431	—	—	—	—	—	—	—	4,160,431
- Eight years later	46,299,808									
Gross ultimate claims	46,299,808	4,160,431	4,012,922	4,083,689	3,512,105	3,503,614	3,543,507	3,305,936	3,463,027	75,885,039
Cumulative payments to date	(43,999,414)	(3,377,995)	(3,334,944)	(2,932,617)	(2,387,238)	(2,156,869)	(1,974,341)	(1,160,087)	(389,103)	(61,712,608)
Gross claims liability	2,300,394	782,436	677,978	1,151,072	1,124,867	1,346,745	1,569,166	2,145,849	3,073,924	14,172,431

Net ultimate claims

Accident Year	2017 and prior	2018	2019	2020	2021	2022	2023	2024	2025	Total
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
- at end of reporting year		1,242,448	1,306,734	1,234,826	901,818	1,201,904	1,064,996	1,073,679	929,981	8,956,386
- One year later		1,504,300	1,737,557	1,538,523	1,078,400	1,015,625	1,102,466	1,063,005	—	9,039,876
- Two years later		1,654,869	1,541,815	1,351,862	998,136	937,816	1,049,085	—	—	7,533,583
- Three years later		1,353,915	1,534,945	1,509,695	1,025,092	936,055	—	—	—	6,359,702
- Four years later		1,238,445	1,556,934	1,416,780	1,053,963	—	—	—	—	5,266,122
- Five years later		1,609,249	1,481,585	1,439,898	—	—	—	—	—	4,530,732
- Six years later		1,715,033	1,639,625	—	—	—	—	—	—	3,354,658
- Seven years later		1,692,942	—	—	—	—	—	—	—	1,692,942
- Eight years later	22,421,132									
Net ultimate claims	22,421,132	1,692,942	1,639,625	1,439,898	1,053,963	936,055	1,049,085	1,063,005	929,981	32,225,686
Cumulative payments to date	(22,471,502)	(1,282,418)	(1,271,882)	(1,086,262)	(743,918)	(650,253)	(624,555)	(410,979)	(109,331)	(28,651,100)
Net claims (asset)/liability	(50,370)	410,524	367,743	353,636	310,045	285,802	424,530	652,026	820,650	3,574,586

The net ultimate claim development table is impacted by retroactive reinsurance contracts, described in Note 14 (a) and 14 (b), which were accounted for in the year of inception.

15. Debtors arising out of direct insurance operations

	2025	2024
	€'000	€'000
Amounts due from policyholders	55,847	95,622
Amounts due from intermediaries	1,967,956	2,204,426
	<u>2,023,803</u>	<u>2,300,048</u>

Notes to the Financial Statements (continued)

16. Debtors arising out of reinsurance operations

	2025	2024
	€'000	€'000
Amounts due from group undertakings	502,147	294,687
Amounts due from others	1,520,037	1,776,800
	<u>2,022,184</u>	<u>2,071,487</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts due from others are due within a year.

17. Other debtors including taxation

	2025	2024
	€'000	€'000
Deferred tax asset	57,422	53,536
Corporation tax	7,515	25,360
Other debtors	73,785	45,894
	<u>138,722</u>	<u>124,790</u>

Deferred Tax Asset

	2025	2024
	€'000	€'000
Other timing differences	14,506	18,436
Provisions and reserves	26,394	11,141
Investment assets	924	3,762
Tax losses	15,595	20,197
Unearned premium adjustments	3	—
	<u>57,422</u>	<u>53,536</u>

As at 31 December 2025 a tax benefit of €112.9m (2024: €79.7m) has not been recognised in relation to losses of €543.8m (2024: €340.6m) which are available to carry forward and utilise against future profits. Although the losses do not expire, no deferred tax asset has been recognised on these losses on the basis that it is not probable that it will be recovered in future periods.

Of the above deferred tax it is expected that €4.8m (2024: €6.7m) relating to losses and a net €20.7m (2024: €18.5m) of other deferred tax asset balances will reverse in 2026.

Notes to the Financial Statements (continued)

18. Deferred acquisition costs

	2025 €'000	2024 €'000
On insurance contracts	591,178	584,746

	2025 €'000	2024 €'000
The reconciliation of opening and closing deferred acquisition costs is as follows:		
At 1 January	584,746	523,345
Change during the year	6,432	61,401
At 31 December	591,178	584,746

19. Unamortised reinsurance commission

	2025 €'000	2024 €'000
The reconciliation of opening and closing unamortised reinsurance commission is as follows:		
At 1 January	48,157	60,521
Change during the year	(9,513)	(12,364)
At 31 December	38,644	48,157

20. Called up share capital

	2025 €'000	2024 €'000
Authorized		
1,000,000,000 ordinary shares of €1 each	1,000,000	1,000,000
Issued and fully paid		
314,969,464 (2024: 314,969,464) ordinary shares of €1 each	314,969	314,969
	314,969	314,969

21. Creditors arising out of direct insurance operations

	2025 €'000	2024 €'000
Amounts due to intermediaries - non group	357	482
	357	482

Notes to the Financial Statements (continued)

22. Creditors arising out of reinsurance operations

	2025 €'000	2024 €'000
Amounts due to policyholders	78,216	42,097
Amounts due to intermediaries - non group	1,528,955	1,738,550
	<u>1,607,171</u>	<u>1,780,647</u>

23. Other creditors including taxation and social security

	2025 €'000	2024 €'000
Amounts due to group undertakings	245,047	133,526
Corporation tax	117,828	158,037
Deferred tax liabilities	82,705	63,406
Other taxes	49,209	60,694
Repurchase agreement and securities lending	371,996	392,100
Other creditors and liabilities	106,576	86,522
	<u>973,361</u>	<u>894,285</u>

Deferred Tax Liabilities

	2025 €'000	2024 €'000
Other timing differences	46,226	81,836
Provisions and reserves	(252,978)	(244,386)
Tax losses	124,047	99,144
	<u>(82,705)</u>	<u>(63,406)</u>

Of the above deferred tax it is expected that €10.6m (2024: €7.4m) relating to losses and a net €17.6m (2024: €12.4m) of other deferred tax liability balances will reverse in 2026.

Tax and social welfare accruals are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

The complexity of tax laws and regulations means that their application to our business is, in some cases, uncertain. Upon ultimate resolution of the uncertainty, in the normal course of business, the tax liability of the company may be greater than the amount reflected in the submitted tax returns. The assessment of the uncertainty is determined based on either the expected outcome, or the most likely outcome in a range of possible outcomes. A provision for uncertain tax items of €94.0m (2024: €95.5m) is included within the corporate income tax liability above.

24. Letter of credit facility

The Company may also benefit in part from a US\$ 1 billion multi-currency facility (2024: US\$ 1 billion), which AXA SA entered into 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.

The Company has issued letters of credit of €87m (2024: €113m) as a participant to these credit facilities.

Notes to the Financial Statements (continued)

25. Cash and cash equivalents

The Company manages its cash and cash equivalents across all its bank accounts, including access to the Group cash pooling arrangements for short-term liquidity management. The cash and cash equivalent balances are managed in totality with funds moving between the accounts, however as the legal right to offset across banking counterparts applies to certain balances and not all banking counterparts, the balances are shown with positive balances in the asset side and overdrawn accounts in liabilities.

	2025	2024
	€'000	€'000
Cash and cash equivalents - assets	287,711	—
Cash and cash equivalents - overdraft	(566,609)	(129,044)
Cash and cash equivalents - net	<u>(278,898)</u>	<u>(129,044)</u>

26. Parent undertakings and controlling party

The Company's immediate parent is XL Insurance Holdings (UK) Limited, a company incorporated in England and Wales. The Company's ultimate parent undertaking is AXA SA, a company incorporated in France. AXA SA is the parent company of the smallest and largest group of undertakings for which the group financial statements are drawn up.

The results of the Company are consolidated within the financial statements of AXA SA. Copies of the audited financial statements of the immediate parent can be obtained from the Company Secretary, 20 Gracechurch Street, London, EC3V 0BG. Copies of the consolidated audited financial statements of AXA SA can be obtained from 16 Avenue Matignon, 75008 Paris, France.

27. Subsequent events

On March 25, 2026, the Board declared a dividend of €260m (2025: €465m) to be paid.

On February 28, 2026, the United States of America and the State of Israel reportedly conducted a join military operation against the Islamic Republic of Iran. This development has contributed to heightened geopolitical tensions in the Middle East.

The Company continues to closely monitor the exposures to the conflict, including (i) the operational impact on its business, (ii) the consequences from a potential deterioration in macroeconomic conditions, (iii) exposure through its Property, Casualty and Specialty policies and (iv) change in asset prices and financial conditions (including interest rates).

There have been no other significant events since the year end.

28. Approval of Annual Report and Financial Statements

The Directors approved the Annual Report and Financial Statements on 08 April 2026.