



XL Insurance Company SE, Dublin, Zurich Branch

AN AXA SA GROUP COMPANY

Financial Condition Report

Year Ended

December 31, 2023

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Branch Manager's Statement

The Branch Manager acknowledges his responsibility for ensuring that this Financial Condition Report has been properly prepared in all material respects in accordance with Swiss Financial Market Supervisory Authority ("FINMA") regulations. The Branch Manager confirms that:

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

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



Moreno Bühler

Branch Manager

XL Insurance Company SE, Dublin, Zurich Branch

29th April 2024



Bernhard Leu

Head of Finance

XL Insurance Company SE, Dublin, Zurich Branch

29th April 2024

Management summary

General remarks

This report addresses the Swiss specific disclosure requirements for Swiss branches of foreign insurance companies as defined in FINMA circular "2016/2 - Disclosure - insurers" and should be read in conjunction with:

- XL Insurance Company SE, Dublin, Zurich Branch's ("XLICSE ZH" or "the Branch") audited financial statements for the year ended December 31, 2023 disclosed in [appendix 2](#), and
- the Solvency and Financial Condition Report ("SFCR") published by the head office, XL Insurance Company SE ("XLICSE", "XL Insurance Company SE", or "the Company"). The report is available for [download](#) here.

Unless otherwise stated, all amounts in this report are presented in Swiss Francs ("CHF") being the reporting currency of the financial statements of XLICSE ZH.

Amounts shown in this report generally are disclosed in '000 CHF except for [appendix 1](#) which is displayed in CHF millions, with the consequence that the rounded amounts may not add up to the rounded total in all cases.

Business activities

The principal activity of XLICSE is the transaction of general insurance business. The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms as well as private clients across its network of branches and through fronting partners.

The Company is a member of the AXA XL division within the AXA Group. AXA XL, through its operating carriers, is a global insurance and reinsurance group of companies and other enterprises situated around the world. The operating entities are structured into regions. The Company provides the main insurance company platform to operate under the AXA XL brand from branches within Europe and Asia Pacific.

AXA XL's operating entities underwrite both insurance and reinsurance business. The operating entities are structured in to regions and the Company falls within Europe and Asia Pacific region. The business products are structured in to Global Property and Casualty (P&C), Global Speciality and Reinsurance business segments. The P&C segment is structured into two further segments International and North America. AXA XL underwrites across all the platforms available to best service both brokers and clients.

XL Insurance Company SE, Dublin, Zurich Branch, domiciled in Zurich, Switzerland, operates as the main insurance platform of AXA XL in Switzerland.

Further details of the Branch's business are provided in Section A. Additional information on AXA Group's performance can be found in AXA's Annual Report for the year ended December 31, 2023.

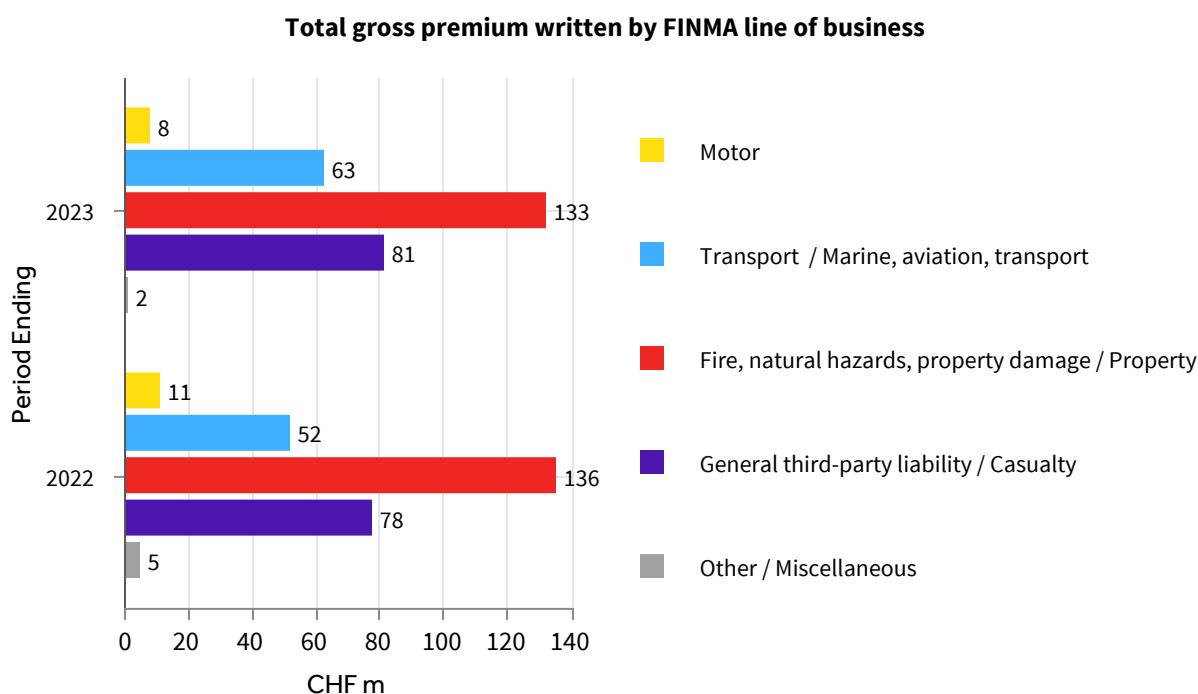
Business performance

| in CHF '000 | Gross premium written | Net premium earned | Net Losses incurred | Acquisition costs and administrative expenses | Combined Ratio |
|----------------------|-----------------------|--------------------|---------------------|---|----------------|
| Total FY 2023 | 286,661 | 83,782 | (65,193) | (35,254) | 120 % |
| Total FY 2022 | 281,591 | 81,600 | (61,191) | (34,869) | 118 % |

The Branch generated CHF 287m of gross premium written in 2023 compared to CHF 282m in the prior year. The increase is driven by growth in Transport/Marine and General third-party liability/Casualty lines of business. Net premium earned increased by CHF 2m to CHF 84m as a result of business growth in areas with lower reinsurance cessions.

The Net Losses in FY 2023 increased by CHF 4m to CHF 65m. This is the result of a series of larger claims in the Property, Casualty and Transport line of business.

Acquisition costs and administrative expense ratio decreased from 43% to 42%, as a result of the increased net premiums and expense savings.



Further details of the Branch's performance are provided in section [B](#) and the Annual Financial Statements in [appendix 2](#).

A. Business activities

A.1 Strategy, objectives and business segments

AXA XL, through its operating carriers, is a global insurance and reinsurance group of companies and other enterprises with locations around the world. AXA XL's operating entities underwrite both insurance and reinsurance business within its Global Property and Casualty ("P&C"), Global Specialty and Reinsurance business segments. The P&C segment is structured into two further segments; International and North America. AXA XL underwrites across all the platforms available to provide the best service to both brokers and clients.

The principal activity of XLICSE is the transaction of general insurance business. The Company provides the main insurance company platform to operate under the AXA XL brand within Europe and Asia Pacific.

XL Insurance Company SE, Dublin, Zurich Branch, domiciled in Zurich, Switzerland, operates as the main insurance platform of AXA XL in Switzerland. The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms as well as private clients across its network of branches and through fronting partners. The Branch offers its clients excess of loss, pro-rata and facultative insurance business both direct and through insurance brokers and fronting partners. In addition, the Branch assumes a series of Group-internal reinsurance contracts from XL Insurance Switzerland Ltd ("XLIS").

The Branch prudently manages insurance obligations through controlled risk taking, clear accountability and strong underwriting discipline.

XL Insurance Company SE is domiciled in Dublin, Ireland. The Company issues policies globally through its network of branches or fronting partners in the major locations of its (re)insurance clients and their respective (re)insurance risks. Apart from Switzerland, the Company operates branches in the rest of Europe, Australia, Hong Kong, Malaysia, Singapore and India. This allows the Company to service brokers and clients efficiently providing both local service and global expertise, ensuring that it is able to deliver solutions to the often complex risks of multinational companies. As the Company's clients expand into new and emerging markets, the Company seeks to ensure that it can support that international expansion with the capability to provide local (re)insurance solutions and local service.

A.2 Group information and group related transactions

AXA is one of the best-known brands in the insurance market. It owes this to a long and continuous track record of developing and introducing innovative insurance solutions.

XLICSE ZH is part of the AXA Group and thus one of the world's leading insurance groups. The company has been able to continuously strengthen its position in recent years, among other things through optimized cost efficiency and sustainable growth. Its large portfolio of private and corporate customers, combined with a large and dense distribution network is a key competitive advantage and leads to an influential market position. The diverse range of products and services is supported by many years of expertise, particularly in the areas of asset management, pricing, risk- and claims management.



Related party transactions

The Branch actively monitors all related party transactions. The material transactions with the shareholder, persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body include the Intra-Group reinsurance arrangements.

A.3 Shareholder

XLICSE ZH is a Branch of XLICSE Dublin, Ireland, which owns all capital rights.

A.4 Major branches

XLICSE ZH belongs to the international Branch network of XLICSE Dublin, Ireland.

¹ Simplified Organisation Chart

A.5 External auditor

According to Article 28 of the Insurance Supervisory Act the Branch has appointed Ernst & Young Switzerland ("EY") as statutory auditor.

Ernst & Young Switzerland
Maagplatz 1
8005 Zurich
Switzerland

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

A.6 Significant unusual events

Significant events during the year:

none

Significant events post year end:

none

B. Business performance

B.1 Underwriting result

The table below provides the key performance indicators by FINMA line of business for both, direct and indirect business:

| CHF '000 | FY 2023 | FY 2022 | Change |
|---|--------------|--------------|------------|
| Gross premium written | 286,661 | 281,591 | 5,070 |
| Net earned premium | 83,782 | 81,600 | 2,182 |
| Acquisition costs and administrative expenses for own account | (35,254) | (34,869) | (385) |
| Expenses for claims incurred for own account | (65,193) | (61,191) | (4,002) |
| Net underwriting result | (16,665) | (14,460) | (2,205) |
| Ratios | | | |
| Acquisition and administrative expense ratio | 42 % | 43 % | (1)% |
| Loss ratio | 78 % | 75 % | 3 % |
| Combined ratio | 120 % | 118 % | 2 % |

The Branch generated CHF 286.7m of gross premium written compared to CHF 281.6m in the prior year. The increase is driven by growth in Transport/Marine and General third-party liability/Casualty lines of business. .

Net premium earned increased by CHF 2.2m to CHF 83.8m as a result of business growth in areas with lower reinsurance cessions.

Acquisition costs and administrative expense ratio decreased from 43% to 42%, as a result of the increased net premiums and expense savings.

Net losses in FY 2023 amount to CHF 65.2m, compared to CHF 61.2m in the prior year, as a result of a series of larger claims in the Property, Casualty and Transport line of business. The combined ratio for FY 2023 increased to 120% compared to 118% in the prior year, driven by higher net losses.

Further details on the quantitative performance are included in [appendix 1](#).

B.1.1 Underwriting result Direct business

The tables below provide the key performance indicators by FINMA line of business:

| CHF '000 | | | | | FY 2023 |
|--|-----------------------|--------------------|---|-----------------|-------------------------|
| Line of business | Gross premium written | Net premium earned | Acquisition costs and administrative expenses | Net losses | Net underwriting result |
| Transport | 30,712 | 18,659 | (7,851) | (20,247) | (9,439) |
| Fire, natural hazards, property damage | 90,119 | 8,738 | (3,677) | (13,885) | (8,824) |
| General third-party liability | 77,846 | 10,870 | (4,574) | (20,194) | (13,898) |
| Other | 1,460 | 2,734 | (1,151) | (2,312) | (729) |
| Total | 200,137 | 41,001 | (17,253) | (56,638) | (32,890) |

| CHF '000 | | | | | FY 2022 |
|--|-----------------------|--------------------|---|-----------------|-------------------------|
| Line of business | Gross premium written | Net premium earned | Acquisition costs and administrative expenses | Net losses | Net underwriting result |
| Transport | 25,782 | 12,082 | (9,358) | (21,033) | (18,309) |
| Fire, natural hazards, property damage | 89,761 | 6,768 | (7,234) | 4,130 | 3,664 |
| General third-party liability | 74,207 | 14,631 | (6,318) | (5,082) | 3,231 |
| Other | 4,850 | 531 | (252) | 576 | 855 |
| Total | 194,600 | 34,012 | (23,162) | (21,409) | (10,559) |

Total direct premiums increased to CHF 200.1m from CHF 194.6m in the previous year driven by growth in all lines of business except "Other".

Net acquisition costs and administrative expenses decreased to CHF -17.3m compared to CHF -23.2m in the previous year due to a new expense allocation model.

Net losses in FY 2023 amount to CHF -56.6m, compared to CHF -21.4m in the previous year, driven by a number of large losses in the Property, Casualty and Transport line of business with loss ratio increasing from 63% in the previous year to 138% in FY 2023.

The combined ratio for FY 2023 increased to 180% compared to 131% in the previous year in line with the negative impacts of the losses incurred as mentioned above.

In the Transport line of business, gross premiums written increased to CHF 30.7m. Net losses decreased to CHF -20.2m and in connection with lower acquisition costs and administrative expenses the net underwriting result improved to CHF -9.4m.

Gross premiums written in the Fire, natural hazards, property damage line of business increased to CHF 90.1m from CHF 89.8m in the previous year. The cession ratio decreased, leading to a higher net premium base compared to the prior year. The net losses were impacted by a number of larger claims, leading to a net underwriting loss of CHF -8.8m.

In General third-party liability the gross premiums written increased to CHF 77.8m from CHF 74.2m in the previous year. Net losses increased in line with reserve strengthening, leading to a net underwriting loss of CHF -13.9m.

In the other lines of business, gross premiums written decreased to CHF 1.5m. Net losses are showing a negative result of -2.3m CHF leading to a net underwriting loss of CHF -0.7m.

B.1.2 Underwriting result Indirect business

The tables below provide the key performance indicators by FINMA line of business:

| CHF '000 | | | | | FY 2023 |
|-----------------------------|-----------------------|--------------------|---|----------------|-------------------------|
| Line of business | Gross premium written | Net premium earned | Acquisition costs and administrative expenses | Net losses | Net underwriting result |
| Motor | 7,889 | 4,350 | (1,830) | 4,917 | 7,437 |
| Marine, aviation, transport | 32,351 | 19,549 | (8,226) | (7,213) | 4,110 |
| Property | 42,647 | 17,242 | (7,255) | (8,934) | 1,053 |
| Casualty | 3,587 | 1,619 | (681) | 2,146 | 3,084 |
| Miscellaneous | 51 | 20 | (8) | 529 | 541 |
| Total | 86,524 | 42,780 | (18,000) | (8,555) | 16,225 |

| CHF '000 | | | | | FY 2022 |
|-----------------------------|-----------------------|--------------------|---|-----------------|-------------------------|
| Line of business | Gross premium written | Net premium earned | Acquisition costs and administrative expenses | Net losses | Net underwriting result |
| Motor | 10,985 | 6,827 | (909) | (13,094) | (7,176) |
| Marine, aviation, transport | 26,409 | 22,761 | (6,081) | (11,411) | 5,269 |
| Property | 45,851 | 16,816 | (4,431) | (11,866) | 519 |
| Casualty | 3,747 | 1,179 | (283) | (992) | (96) |
| Miscellaneous | (1) | 6 | (1) | (2,419) | (2,414) |
| Total | 86,991 | 47,589 | (11,705) | (39,782) | (3,898) |

The indirect business mainly encompasses assumed treaties from AXA Insurance Switzerland in the Marine, Aviation, Motor and Property (Art) lines of business. It also includes various assumed IGR's from XL Insurance Switzerland Ltd. With the subject business of XLIS being in run-off.

In total indirect business provides CHF 86.5m of gross written premium and CHF 42.8m net earned premiums. Total net losses amounted to CHF -8.5m and acquisition costs and administrative expenses to CHF -18.0m, leading to a net underwriting profit of CHF 16.2m.

The combined ratio for FY 2023 improved to 62.1% compared to 108.2% in the prior year driven by lower Net losses in all lines. The Acquisition and administrative expenses increased in line with the new expense allocation.

The Motor line of business encompasses assumed reinsurance business from AXA Insurance Switzerland. Gross premium written was CHF 7.9m, Acquisition expenses CHF -1.8 with a positive reserve development impact of CHF 4.9m leading to a net underwriting profit of CHF 7.4m.

The Marine, Aviation and Transport lines of business has seen a strong increase in turnover to CHF 32.4m gross written premiums and net losses of CHF -7.2m leading to a positive net underwriting result of CHF 4.1m.

The Property line of business is assuming CHF 42.6m of gross written premiums. Acquisition costs amounted to CHF -7.3m and net losses to CHF -8.9m leading to a net underwriting profit of CHF 1.1m.

In the Casualty line of business, assumed gross premiums written amounted to CHF 3.6m. Net losses were impacted by a positive reserve development and are at CHF 2.1m and Acquisition and administrative expenses at -0.7m, leading to a net underwriting loss of CHF 3.1m.

In 2023 there is no significant business in the miscellaneous line, net premiums earned were at CHF 0.0m. The net underwriting result of 0.5m is driven by positive prior year developments.

B.2 Investment income and expenses

| Investment Income | | | | FY 2023 |
|-------------------------|-------------------|----------------|------------------|--------------|
| CHF '000 | Investment income | Realized gains | Unrealized gains | Total |
| Fixed income securities | 4,870 | 113 | — | 4,983 |
| Total | 4,870 | 113 | — | 4,983 |

| | | | | FY 2022 |
|-------------------------|--------------|----------------|------------------|--------------|
| CHF '000 | Income | Realized gains | Unrealized gains | Total |
| Fixed income securities | 3,775 | — | — | 3,775 |
| Total | 3,775 | — | — | 3,775 |

The investment income amounts to CHF 5.0m compared to CHF 3.8m in FY 2022. The increase is mainly driven by higher interest income on the assets.

The investment portfolio of the Branch has an average rating of AA, being highly secure and liquid. XLICSE ZH holds fixed income portfolios, which broadly correspond to the respective liabilities of the Branch, held in CHF, USD and EUR portfolios. All assets are pledged for tied-asset purposes to fulfill Swiss regulatory requirements.

| Investment Expenses | | | | FY 2023 |
|-------------------------|---------------------|-----------------|-------------------|----------------|
| CHF '000 | Investment expenses | Realized losses | Unrealized losses | Total |
| Fixed income securities | (606) | (975) | — | (1,581) |
| Total | (606) | (975) | — | (1,581) |

| | | | | FY 2022 |
|-------------------------|----------------|-----------------|-------------------|----------------|
| CHF '000 | Expenses | Realized losses | Unrealized losses | Total |
| Fixed income securities | (1,911) | (415) | — | (2,326) |
| Total | (1,911) | (415) | — | (2,326) |

The investment expenses have reduced to CHF -1.6m compared to CHF -2.3m in FY 2022.

The Branch has recognized no profits or losses in the Branch capital.

B.3 Other income and expenses

| CHF '000 | FY 2023 | FY 2022 | Change |
|----------------------|----------------|--------------|----------------|
| Other income | 665 | 2,450 | (1,785) |
| Other expenses | (3,633) | (115) | (3,517) |
| Extraordinary income | — | — | — |
| Total | (2,968) | 2,335 | (5,302) |

Other income amounts to CHF 0.7m in 2023 and decreased from last year due to lower foreign exchange rate gains.

Other expenses have increased to CHF -3.6m in 2023 driven by losses on foreign exchange rates movements.

There was no extraordinary income in 2023.

Glossary

| | |
|---------------|---|
| AXA | AXA SA |
| AXA ART | AXA ART AG, Cologne, Swiss Branch |
| AXA CS | AXA Corporate Solutions Assurance SA, Paris, Swiss Branch |
| AXA XL | Property, casualty, specialty and reinsurance division of AXA |
| Branch (the) | XL Insurance Company SE, Dublin, Zurich Branch / XLICSE ZH |
| CBI | Central Bank of Ireland |
| Company (the) | XL Insurance Company SE, Dublin / XLICSE |
| FCR | Financial Condition Report |
| FINMA | Swiss Financial Market Supervisory Authority |
| FX | Foreign Exchange |
| GPW | Gross premium written |
| IGR | Intra-group reinsurance |
| P&C | Property & Casualty |
| SFCR | Solvency and Financial Condition Report |
| XL | XL Group Ltd |
| XLB | XL Bermuda Ltd |
| XLICSE | XL Insurance Company SE, Dublin |
| XLICSE ZH | XL Insurance Company SE, Dublin, Zurich Branch |
| XLIS | XL Insurance Switzerland Ltd |

Appendices

Appendix 1 Quantitative template "Performance solo insurance"

| CHF millions | Total | | Direct Swiss business | | | | | | | | Indirect business | | | | | | | | | |
|--|----------------|-----------------|-----------------------|----------------|--|----------------|-------------------------------|----------------|---------------|---------------|-------------------|---------------|-----------------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| | | | Transport | | Fire, natural hazards, property damage | | General third-party liability | | Other | | Motor | | Marine, aviation, transport | | Property | | Casualty | | Miscellaneous | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Gross premiums | 281.59 | 286.66 | 25.78 | 30.71 | 89.76 | 90.12 | 74.21 | 77.85 | 4.85 | 1.46 | 10.99 | 7.89 | 26.41 | 32.35 | 45.85 | 42.65 | 3.75 | 3.59 | — | 0.05 |
| Reinsurers' share of gross premiums | (199.11) | (206.85) | (13.09) | (10.70) | (84.34) | (83.23) | (60.18) | (67.18) | (3.75) | (1.01) | (4.19) | (4.01) | (3.81) | (12.94) | (27.51) | (25.59) | (2.25) | (2.15) | — | (0.03) |
| Premiums for own account | 82.48 | 79.81 | 12.69 | 20.01 | 5.42 | 6.89 | 14.03 | 10.66 | 1.10 | 0.45 | 6.80 | 3.88 | 22.60 | 19.41 | 18.34 | 17.06 | 1.50 | 1.43 | — | 0.02 |
| Change in unearned premium reserves | (2.67) | (5.79) | (0.43) | (1.77) | 2.48 | (3.74) | 2.39 | (3.37) | (2.94) | 1.35 | 0.03 | 0.47 | 0.40 | 0.36 | (3.81) | 0.46 | (0.80) | 0.46 | 0.02 | — |
| Reinsurers' share of change in UPR | 1.79 | 9.77 | (0.18) | 0.42 | (1.14) | 5.59 | (1.78) | 3.58 | 2.37 | 0.94 | — | — | (0.24) | (0.21) | 2.29 | (0.27) | 0.48 | (0.28) | (0.01) | — |
| Premiums earned for own account | 81.60 | 83.78 | 12.08 | 18.66 | 6.77 | 8.74 | 14.63 | 10.87 | 0.53 | 2.73 | 6.83 | 4.35 | 22.76 | 19.55 | 16.82 | 17.24 | 1.18 | 1.62 | 0.01 | 0.02 |
| Other income from insurance business | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total income from underwriting business | 81.60 | 83.78 | 12.08 | 18.66 | 6.77 | 8.74 | 14.63 | 10.87 | 0.53 | 2.73 | 6.83 | 4.35 | 22.76 | 19.55 | 16.82 | 17.24 | 1.18 | 1.62 | 0.01 | 0.02 |
| Payments for insurance claims (gross) | (188.29) | (106.34) | (22.52) | (11.61) | (41.64) | (20.22) | (57.81) | (26.34) | (2.24) | (1.58) | (6.85) | (5.86) | (4.97) | (13.36) | (48.55) | (24.58) | (3.63) | (2.88) | (0.10) | 0.10 |
| Reinsurers' share of payments for insurance claims | 112.83 | 62.33 | 5.31 | 4.08 | 34.46 | 14.37 | 32.30 | 18.26 | 3.69 | 0.83 | 2.72 | 3.04 | 2.98 | 5.32 | 29.13 | 14.75 | 2.18 | 1.73 | 0.06 | (0.06) |
| Change in technical provisions | 21.93 | (85.70) | (2.43) | (25.33) | 36.81 | (34.77) | (10.63) | (36.80) | (0.67) | (7.53) | (9.39) | 4.95 | (9.57) | 2.06 | 18.88 | 2.25 | 1.15 | 8.24 | (2.23) | 1.23 |
| Reinsurers' share of change in technical provisions | (7.66) | 64.51 | (1.39) | 12.61 | (25.51) | 26.73 | 31.06 | 24.68 | (0.21) | 5.97 | 0.42 | 2.79 | 0.14 | (1.24) | (11.33) | (1.35) | (0.69) | (4.95) | (0.15) | (0.74) |
| Expenses for insurance claims for own account | (61.19) | (65.19) | (21.03) | (20.25) | 4.13 | (13.89) | (5.08) | (20.19) | 0.58 | (2.31) | (13.09) | 4.92 | (11.41) | (7.21) | (11.87) | (8.93) | (0.99) | 2.15 | (2.42) | 0.53 |
| Acquisition and administration expenses | (72.94) | (72.81) | (10.42) | (7.84) | (22.31) | (16.13) | (21.23) | (19.71) | (1.65) | (0.72) | (1.15) | (1.86) | (9.20) | (12.90) | (6.58) | (12.65) | (0.41) | (1.00) | — | (0.01) |
| Reinsurers' share of acquisition and admin. expenses | 38.07 | 37.56 | 1.06 | (0.01) | 15.07 | 12.46 | 14.91 | 15.14 | 1.40 | (0.43) | 0.24 | 0.03 | 3.12 | 4.67 | 2.15 | 5.39 | 0.12 | 0.32 | — | — |
| Acquisition and admin. expenses for own account | (34.87) | (35.25) | (9.36) | (7.85) | (7.23) | (3.68) | (6.32) | (4.57) | (0.25) | (1.15) | (0.91) | (1.83) | (6.08) | (8.23) | (4.43) | (7.25) | (0.28) | (0.68) | — | (0.01) |
| Total expenses from underwriting business | (96.06) | (100.45) | (30.39) | (28.10) | (3.10) | (17.56) | (11.40) | (24.77) | 0.32 | (3.46) | (14.00) | 3.09 | (17.49) | (15.44) | (16.30) | (16.19) | (1.28) | 1.46 | (2.42) | 0.52 |
| Investment income | 3.78 | 4.98 | | | | | | | | | | | | | | | | | | |
| Investment expenses | (2.33) | (1.58) | | | | | | | | | | | | | | | | | | |
| Net investment income | 1.45 | 3.40 | | | | | | | | | | | | | | | | | | |
| Other financial income | — | — | | | | | | | | | | | | | | | | | | |
| Other financial expenses | — | — | | | | | | | | | | | | | | | | | | |
| Operating result | (13.01) | (13.26) | | | | | | | | | | | | | | | | | | |
| Interest expenses for interest-bearing liabilities | — | — | | | | | | | | | | | | | | | | | | |
| Other income | 2.45 | 0.66 | | | | | | | | | | | | | | | | | | |
| Other expenses | (0.12) | (3.63) | | | | | | | | | | | | | | | | | | |
| Extraordinary income/expenses | — | — | | | | | | | | | | | | | | | | | | |
| Profit / loss before taxes | (10.68) | (16.23) | | | | | | | | | | | | | | | | | | |
| Direct taxes | (0.10) | 0.16 | | | | | | | | | | | | | | | | | | |
| Profit / (loss) | (10.78) | (16.07) | | | | | | | | | | | | | | | | | | |

Appendix 2 Audited annual financial statements and report of the statutory auditor



XL Insurance Company SE, Dublin, Zurich Branch

AN AXA SA GROUP COMPANY

Financial Statements

Year Ended

December 31, 2023

To the General Manager of
XL Insurance Company SE, Dublin,
Zurich Branch, Zurich

Zurich, 22 April 2024

Report of the independent auditor



Opinion

As an audit firm under state supervision, we have audited the financial statements of XL Insurance Company SE, Dublin, Zurich Branch, which comprise the balance sheet as at 31 December 2023, the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, pursuant to Art. 28 (2) of the Insurance Supervision Act (ISA) and with reference to the supplementary information for audit reporting of insurance companies in Annex 19 to FINMA Circular 13/3 concerning the "Preparation and audit of the financial statements of branches of foreign insurance companies" of 4 November 2020 (Annex 19 to FINMA Circular 13/3).

In our opinion, the accompanying financial statements of XL Insurance Company SE, Dublin, Zurich Branch comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.



Basis for opinion

We conducted our audit in accordance with the Swiss Standards on Auditing (SA-CH) as well as the framework for the audit of the financial statements as set out in section 3.2 of Annex 19 to FINMA Circular 13/3. Our responsibilities under those provisions and standards are further described in the "Independent Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other information

The General Manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, 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, 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.



General Manager's responsibilities for the financial statements

The General Manager is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Annex 19 to FINMA Circular 13/3 and for such internal control as the General Manager determines 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 General Manager is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern, and using the going concern basis of accounting unless the General Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent Auditor's responsibilities for 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 SA-CH and Annex 19 to FINMA Circular 13/3 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.

As part of an audit in accordance with SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- ▶ Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Chartered certified accountant (UK)

Enclosure

- ▶ Financial statements (balance sheet, profit and loss account and notes)



Balance Sheet

| | Notes | 31. Dec. 2023 CHF | 31. Dec. 2022 CHF |
|--|-------|----------------------|----------------------|
| Assets | | | |
| Fixed income securities | | 417'716'714 | 418'639'081 |
| Total investments | | 417'716'714 | 418'639'081 |
| | | | |
| Cash and cash equivalents | 1) | 2'459'229 | 8'751'637 |
| Reinsurer's share in insurance technical provisions | 3) | 507'507'430 | 452'863'103 |
| Receivables from insurance business | 2) | 95'248'322 | 106'591'390 |
| Other receivables | 5) | 32'739'189 | 42'609'037 |
| Accrued income and prepaid expenses | | 2'763'696 | 2'248'857 |
| Total other assets | | 640'717'866 | 613'064'024 |
| Total assets | | 1'058'434'580 | 1'031'703'105 |
| | | | |
| Liabilities | | | |
| Technical Provisions | 3) | 727'645'178 | 664'967'146 |
| Payables from insurance business | 4) | 60'731'127 | 39'821'516 |
| Other liabilities | 6) | 231'972'425 | 272'380'523 |
| Accrued expenses and deferred income | | 3'450'346 | 3'830'157 |
| Total liabilities | | 1'023'799'075 | 980'999'342 |
| | | | |
| Branch capital | 7) | 34'635'505 | 50'703'763 |
| Branch capital and retained earnings carried forward | | 50'703'764 | 61'482'414 |
| Prior period adjustment | | 0 | 0 |
| Transfers to head office in current year | | 0 | 0 |
| Transfers from head office in current year | | 0 | 0 |
| Profit / (loss) of the year | | -16'068'259 | -10'778'651 |
| Total branch capital | | 34'635'505 | 50'703'763 |
| | | | |
| Total liabilities and branch capital | | 1'058'434'580 | 1'031'703'105 |



Profit and loss account

| | Notes | 2023 CHF | 2022 CHF |
|---|-------|---------------------|--------------------|
| Gross written premium | | 286'660'620 | 281'591'239 |
| Premium ceded to reinsurer | | -206'853'339 | -199'112'346 |
| Premium written for own account | | 79'807'282 | 82'478'892 |
| Change in provision for unearned premiums | | -5'793'339 | -2'668'508 |
| Share of reinsurer in change in provision for unearned premiums | | 9'768'102 | 1'789'472 |
| Earned premium for own account | 8) | 83'782'045 | 81'599'857 |
| Total income out of insurance business | | 83'782'045 | 81'599'857 |
| Claims paid | | -106'335'953 | -188'292'401 |
| Share of reinsurer in claims paid | | 62'330'936 | 112'832'143 |
| Change in reserves for losses and loss expenses | | -85'700'422 | 21'926'210 |
| Share of reinsurer in change in reserves for losses and loss expenses | | 64'512'522 | -7'656'629 |
| Expenses for claims incurred for own account | 9) | -65'192'918 | -61'190'676 |
| Acquisition costs and administrative expenses | | -72'814'948 | -72'941'164 |
| Share of reinsurer in acquisition costs and administrative expenses | | 37'561'350 | 38'072'642 |
| Acquisition costs and administrative expenses for own account | 10) | -35'253'598 | -34'868'522 |
| Total expenses from insurance business | | -100'446'516 | -96'059'198 |
| Investment income | 11) | 4'983'403 | 3'775'295 |
| Investment expenses | 12) | -1'580'568 | -2'325'888 |
| Investment result | | 3'402'835 | 1'449'407 |
| Operating result | | -13'261'636 | -13'009'934 |
| Other income | | 664'796 | 2'450'074 |
| Other expenses | | -3'632'832 | -115'434 |
| Result before tax | | -16'229'671 | -10'675'294 |
| Direct taxes | | 161'412 | -103'356 |
| Result | | -16'068'259 | -10'778'650 |



Notes to the financial statements

The 2023 income statement and balance sheet within this report are consolidated and include former AXA Corporate Solutions Assurance, Paris, Swiss Branch, and AXA ART Versicherung AG, Cologne, Swiss Branch.

Basis of preparation and summary of significant accounting policies

The financial statements as of 31 December, 2023 of XL Insurance Company SE, Dublin, Zurich Branch ("XLICSE ZH" or the "Branch") have been prepared in accordance to the requirements by the 32nd title of the Swiss Code of Obligations and with additional requirements defined by FINMA (art. 5-6a AVO-FINMA, valid as of 15 December, 2015 - Preparation and audit of the financial statements of branch offices of foreign insurance companies ("WNL")). The valuation principles applied for each line item are further specified in the respective sections below.

Investments

Fixed Income Securities are recorded no higher than according to the "Amortised Cost Scientific Method". Any further risk to the intrinsic value is taken into account by means of depreciation on individual bonds.

Receivables and payables

Receivables and payables are recorded with their nominal value.

Technical provisions

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.

FX Rates

The financial statements of XLICSE ZH are disclosed in Swiss Francs ("CHF"). Transactions in foreign currencies are calculated using respective foreign exchange rates applicable to the period in which the transactions take place. Assets and liabilities are revalued at exchange rates prevailing at the balance sheet date, resulting unrealised exchange gains are deferred and recorded as a separate line item on the balance sheet. Unrealised exchange losses are either offset against the provision for currency fluctuation or recorded in the income statement.

1) Cash pool facility

The Branch is part of AXA XL's notional cash pool facility and is thereby provided with additional liquidity. The facility is provided by Bank Mendes Gans, a subsidiary of ING and a market leader in notional cash pooling.

| 2) Receivables from re/insurance business | 31. Dec. 2023 | 31. Dec. 2022 |
|--|-------------------|--------------------|
| | CHF | CHF |
| Receivables from policyholders | 23'017'417 | 35'700'960 |
| Receivables from agents and brokers | 10'910'205 | 25'350'893 |
| Receivables from external re/insurance companies | 44'778'861 | 25'960'656 |
| Receivables from internal re/insurance companies | 16'541'839 | 19'578'881 |
| Total | 95'248'322 | 106'591'390 |

| 3) Technical Provisions | | 31. Dec. 2023 | 31. Dec. 2022 |
|--------------------------------------|---------|--------------------|--------------------|
| | | CHF | CHF |
| Reserve for gross unearned premiums | Direct | 48'774'875 | 44'280'182 |
| | Assumed | 27'064'521 | 31'197'291 |
| Reserve for ceded unearned premiums | | -54'941'758 | -47'527'815 |
| Net reserve for unearned premiums | | 20'897'638 | 27'949'658 |
| Reserve for gross claims outstanding | Direct | 495'073'507 | 401'180'121 |
| | Assumed | 156'732'278 | 188'309'552 |
| Reserve for ceded claims outstanding | | -452'565'671 | -405'335'288 |
| Net reserve for claims outstanding | | 199'240'113 | 184'154'385 |
| Total | | 220'137'751 | 212'104'043 |

| 4) Payables from re/insurance business | | 31. Dec. 2023 | 31. Dec. 2022 |
|---|--|-------------------|-------------------|
| | | CHF | CHF |
| Payables to policyholders | | 1'187'397 | 0 |
| Payables to agents and brokers | | 562'824 | 0 |
| Payables to external re/insurance companies | | 52'067'752 | 29'147'253 |
| Payables to internal re/insurance companies | | 6'913'154 | 10'674'263 |
| Total | | 60'731'127 | 39'821'516 |

| 5) Other receivables | | 31. Dec. 2023 | 31. Dec. 2022 |
|---|--|-------------------|-------------------|
| | | CHF | CHF |
| Other receivables from internal parties | | 32'739'177 | 42'521'174 |
| Other receivables from external parties | | 12 | 87'863 |
| Total | | 32'739'189 | 42'609'037 |

| 6) Other liabilities | | 31. Dec. 2023 | 31. Dec. 2022 |
|---------------------------------------|--|--------------------|--------------------|
| | | CHF | CHF |
| Other liabilities to internal parties | | 186'621'940 | 246'611'894 |
| Other liabilities to external parties | | 13'164'740 | 12'606'661 |
| Provision for currency fluctuation | | 32'185'745 | 13'161'968 |
| Cash pooling balance | | - | 0 |
| Total | | 231'972'425 | 272'380'523 |

| 7) Branch capital | | 31. Dec. 2023 | 31. Dec. 2022 |
|--|--|-------------------|-------------------|
| | | CHF | CHF |
| Opening Capital | | 50'703'764 | 61'482'414 |
| Prior period adjustment | | 0 | (0) |
| Transfers to head office in current year | | 0 | 0 |
| Transfers from head office in current year | | 0 | 0 |
| Profit / (loss) of the year | | -16'068'259 | -10'778'650 |
| 31. Dec. | | 34'635'505 | 50'703'764 |

The amount reflected in the branch capital is the capital provided by the home office XL Insurance Company SE, Dublin.

| 8) Earned premium for own account | | 2023 | 2022 |
|--|---------|-------------------|-------------------|
| | | CHF | CHF |
| Gross written premium | Direct | 200'136'299 | 194'599'346 |
| | Assumed | 86'524'321 | 86'991'893 |
| Premium ceded to reinsurer | | -206'853'339 | -199'112'346 |
| Net written premiums | | 79'807'282 | 82'478'892 |
| Change in unearned premium reserve | Direct | -7'539'508 | 1'501'073 |
| | Assumed | 1'746'169 | -4'169'581 |
| Ceded change in unearned premium reserve | | 9'768'102 | 1'789'472 |
| Net change in unearned premium reserve | | 3'974'763 | -879'035 |
| Total | | 83'782'045 | 81'599'857 |

| 9) Expenses for claims incurred for own account | | 2023 | 2022 |
|---|---------|--------------------|--------------------|
| | | CHF | CHF |
| Gross claims paid | Direct | -59'750'272 | -124'203'191 |
| | Assumed | -46'585'681 | -64'089'210 |
| Ceded claims paid | | 62'330'936 | 112'832'143 |
| Net paid losses and loss expenses | | -44'005'017 | -75'460'257 |
| Change in gross reserves for losses and loss expenses | Direct | -104'428'882 | 23'079'892 |
| | Assumed | 18'728'460 | -1'153'682 |
| Change in ceded reserves for losses and loss expenses | | 64'512'522 | -7'656'629 |
| Net change in reserves for losses and loss expenses | | -21'187'901 | 14'269'581 |
| Total | | -65'192'918 | -61'190'676 |

| 10) Acquisition costs and administrative expenses for own account | | 2023 | 2022 |
|---|---------|--------------------|--------------------|
| | | CHF | CHF |
| Gross acquisition costs | Direct | -19'471'179 | -20'314'525 |
| | Assumed | -17'346'408 | -9'635'092 |
| Reinsurer's share of acquisition costs | | 37'561'350 | 38'072'642 |
| Net acquisition costs | | 743'763 | 8'123'025 |
| Administrative expenses | | -35'873'581 | -42'876'453 |
| Audit fees | | -123'780 | -115'095 |
| Total | | -35'253'598 | -34'868'522 |

There are no full time equivalents employed by the Branch for 2023.

| 11) Investment income | | | | 2023 |
|-------------------------|-------------------|----------------|------------------|------------------|
| | Investment income | Realized gains | Unrealized gains | Total |
| | CHF | CHF | CHF | CHF |
| Fixed income securities | 4'870'057 | 113'346 | 0 | 4'983'403 |
| Total | 4'870'057 | 113'346 | 0 | 4'983'403 |

| | | | | 2022 |
|-------------------------|------------------|----------------|------------------|------------------|
| | Income | Realized gains | Unrealized gains | Total |
| | CHF | CHF | CHF | CHF |
| Fixed income securities | 3'775'295 | 0 | 0 | 3'775'295 |
| Total | 3'775'295 | 0 | 0 | 3'775'295 |

| 12) Investment expenses | | | | 2023 |
|-------------------------|---------------------|-----------------|-------------------|-------------------|
| | Investment expenses | Realized losses | Unrealized losses | Total |
| | CHF | CHF | CHF | CHF |
| Fixed income securities | -605'632 | -974'936 | 0 | -1'580'568 |
| Total | -605'632 | -974'936 | 0 | -1'580'568 |

| | | | | 2022 |
|-------------------------|-------------------|-----------------|-------------------|-------------------|
| | Expenses | Realized losses | Unrealized losses | Total |
| | CHF | CHF | CHF | CHF |
| Fixed income securities | -1'910'803 | -415'085 | 0 | -2'325'888 |
| Total | -1'910'803 | -415'085 | 0 | -2'325'888 |

| 13) Pledged assets | | 31. Dec. 2023 | 31. Dec. 2022 |
|--|--|--------------------|--------------------|
| | | CHF | CHF |
| Swiss Tied Assets (Fixed Income Securities including Cash) | | 418'078'221 | 420'614'697 |
| Total | | 418'078'221 | 420'614'697 |

14) Contingent Liabilities

The company belongs to the VAT group of AXA Versicherungen AG and is jointly and severally liable for its VAT liabilities to the tax authorities

15) Significant Events during the year

Climate risk, and the impact on the company's risks profile, is a key area of consideration to the company. Climate leadership was one of the five key pillars of AXA Group's Driving Progress 2023 Strategic Plan.

16) Subsequent Events

No events and transactions occurred subsequent to 31 December, 2023.