

Registered number: 05562639



**XL Insurance
Reinsurance**

**CATLIN (NORTH AMERICAN) HOLDINGS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED
31 DECEMBER 2022**



CATLIN (NORTH AMERICAN) HOLDINGS LTD

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CATLIN (NORTH AMERICAN) HOLDINGS LTD

COMPANY INFORMATION

Directors and officers at the date that the report is signed:

DIRECTORS Mark R. Cummings
Christopher J. Read

COMPANY SECRETARY Marie L. Rees

REGISTERED NUMBER 05562639

REGISTERED OFFICE 20 Gracechurch Street
London
EC3V 0BG

INDEPENDENT AUDITORS Ernst & Young LLP
25 Churchill Place
London
E14 5EY

CATLIN (NORTH AMERICAN) HOLDINGS LTD

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and also holds a buildings lease commitment on behalf of some of the AXA XL division companies, the costs of which are allocated out to other AXA XL division companies.

BUSINESS REVIEW

The Company made a profit before taxation of \$303.10 million during the year (2021: loss \$446.56 million). The Company has shareholders' funds of \$772.84 million (2021: \$700.94 million) as at 31 December 2022.

Management conducted an impairment analysis on its investments in subsidiaries and consequently recorded a total impairment of \$268.40 million (2021: \$594.16 million) in the statement of profit or loss since it found that the carrying value of the Company's investments in various subsidiaries as listed in note 8(d) were not supported by adequate fair value/net asset value.

The Company distributed an interim dividend of \$250 million to its parent during the year (2021: \$502.22 million).

On 16 December 2022, the Company issued 1 ordinary share of par value of \$0.01 at a premium of \$24,999,999.99 per share and for an aggregate subscription price of \$25,000,000 paid in cash. In addition, the Board decided to reduce the share premium by \$760.94 million and the reserve arising from the reduction in the share premium is recorded in the company's profit and loss account.

FINANCIAL KEY PERFORMANCE INDICATORS

Due to the nature of the Company and the low number of transactions during the year, the directors monitor the performance and results of the Company with basic KPIs including profit/loss for the year, total assets and total shareholder's funds.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties have been considered within financial risk management in the Directors' report.

STATEMENT BY THE DIRECTORS ON THEIR PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

The Board of Directors of the Company consider that both individually and collectively, they have discharged their statutory duties under Section 172 of the Companies Act 2006 by acting in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the Company's relevant stakeholders and matters set out in Section 172 of the Companies Act) in the decisions taken during the year ended 31 December 2022.

When discharging their duties and making decisions, Section 172 of the Companies Act requires the directors to have regard, amongst other things, to the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct;
- need to act fairly between different members of the company.

The Company's key stakeholders are its shareholder, subsidiaries and the community within which it operates.

The Company operates within the framework of AXA XL's service company model and is the recipient of services provided by one of its sister companies. The Company has no direct employees. Board meetings are held periodically when the directors consider the Company's activities and make decisions.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

STRATEGIC REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 2022

STATEMENT BY THE DIRECTORS ON THEIR PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Company follows the policies and procedures of the AXA XL division of the AXA SA group of companies, including those relating to the community and the environment, standards of business conduct and its interactions with key stakeholders. However, while being a member of the AXA XL division, the Company makes autonomous Board decisions on each transaction's own merits after due consideration of the long-term success of the Company, Section 172 factors and the stakeholders impacted. The views and the impact of the Company's stakeholders are an important consideration for the directors when making relevant decisions.

People

The Company, in line with the AXA XL Division is committed to providing equal opportunities to all employees (irrespective of gender, marital status, creed, colour, race, age, ethnic origin or disability). The Company supports inclusion and diversity and is committed to building a global workplace that works for everyone, and one in which all employees are treated with dignity and respect and where individual differences are encouraged and valued.

Community and the Environment

Striving to achieve a balance between environmental, social and governance ("ESG") activity is in the long-term interests of the Company, the wider AXA XL division, and the communities in which the Company operates. In alignment with other entities in the AXA XL Division, the Company considers the impact that its operations have on the community and the environment.

Shareholder

The Company's ultimate shareholder is AXA SA, a company incorporated in France. Within the AXA XL division, various initiatives were pursued throughout the year, including working with colleagues at AXA General Insurance (GI) in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth.

Suppliers, customers and others in a business relationship with the Company

As part of the AXA XL division, the Company believes that fostering business relationships with these stakeholders is important to the Company's success. The Company strives to build trusted relationships with clients and to always treat them fairly, providing commitment to its clients that the business delivers on its purpose, to "act for human progress by protecting what matters". Delivering on this purpose helps to enhance AXA's reputation, both in the eyes of the client, and other external stakeholders such as regulators and media.

The Company is committed to acting conscientiously and advancing processes to ensure that responsible procurement is central to all its purchases. As part of the AXA XL Division, the Company benefits from the use of the AXA Core Values and ethics (Guidelines), that are adopted by AXA XL and embedded into the AXA XL Procurement Policy.

Maintaining a reputation for high standards of business conduct

The reputation of the Company is fundamental to its long-term success. The Company is committed to maintaining the highest standards of ethical conduct, and this is reflected in the AXA Values: Customer First, Integrity, Courage and One AXA. Having a clear set of values and ethics guide behaviours, which drive good outcomes for all stakeholders.

The Company's commitment to ethical conduct is set out in more detail in the AXA Group Compliance and Ethics Code and AXA XL Division's Code Supplement ("Code of Conduct"). Policies contained in the Code of Conduct include treating customers fairly and professionally, anti-bribery and corruption, speaking up (whistleblowing) and dignity at work. Code of Conduct violations, or other misconduct, is taken very seriously and may result in disciplinary action, including dismissal.

This report was approved by the Board and signed on its behalf by:



Mark R. Cummings
Director
25 September 2023

CATLIN (NORTH AMERICAN) HOLDINGS LTD

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and also holds a buildings lease commitment on behalf of some of the AXA XL division companies, the costs of which are allocated out to other AXA XL division companies.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's position as at 31 December 2022 are shown in the financial statements. The Company declared and distributed an interim dividend of \$250 million (2021: \$502.2 million). The directors do not propose a final dividend (2021: \$nil).

DIRECTORS

Company directors who hold office at the date of this report are listed on page 1. Set out below are the directors who were appointed during the financial year and up to the date of this report together with those who resigned since 1 January 2022:

Timothy E. Goodyer	Resigned	25 August 2023
Timothy E. Goodyer	Appointed	30 April 2023
Clynton J. Luttig	Resigned	30 April 2023

COMPANY SECRETARY

The Company Secretary in office at the date of this report is shown on page 1.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are currency risk, credit risk, liquidity risk, operational and group risk. These areas have been considered by the Company and the necessary controls have been put in place to mitigate these risks.

(a) Currency risk

The Company is exposed to currency risk in respect of its intercompany assets and liabilities denominated in foreign currency. The Company strives to minimise this risk at group level by ensuring that settlements are made in a timely manner.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to a credit risk from group companies as well as external companies unable to honour their liabilities with the Company. The Company strives to minimise this risk by ensuring that receivables are reviewed regularly and balances are settled in a timely manner.

(c) Liquidity risk

Liquidity risk is the risk that cash might not be available to pay obligations when due at a reasonable cost. The Company manages liquidity risk by regular cash flow forecasting with the assistance of group treasury.

(d) Operational Risk

Operational Risk is the risk of loss, resulting from inadequate or failed internal processes, or from people and systems, or from external events.

(e) Group Risk

Group Risk is the possibility that operation of one part of the Group adversely effects another. Group risk includes negative publicity; inadequate communication within the organization; undue influence from fellow subsidiaries, holding companies or stakeholders; financial pressure to make funds available to the Group; and financial restraint leading to shortcomings in core activities. Group risk is managed by ensuring that there are clear lines of authority and communication between related parties, and the intra-Group agreements are formed objectively and clearly understood by all parties.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITORS

On 22 December 2022, the Board of Directors agreed to appoint Ernst & Young LLP as auditor to the Company, following a competitive tender process. PriceWaterhouseCoopers LLP resigned as auditor on 21 December 2022. Ernst & Young LLP have expressed their willingness to be reappointed as auditors to the Company and have been invited to do so.

WAR IN UKRAINE

On 24 February 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank. As a consequence, the Russian economy is facing a major crisis with repercussions on the global economy.

Under a new law signed by Russia in early March 2022, Russian insurers have been banned from entering into transactions with foreign insurers, reinsurers and brokers from a group of "unfriendly countries" that includes every EU state, Japan, Switzerland, the UK and the US. The ban also applies to the transfer of funds by Russian insurers under contracts that were agreed prior to the new rules coming into effect. The newly introduced law is still in effect. Management does not believe that the conflict has a material impact on the financial statements and will continue to monitor the Company's exposure.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that financial year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the 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 show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

GOING CONCERN

The directors have completed an assessment of the going concern position of the Company over the period to 30 September 2024. The assessment considered the Company's business activities, liquidity and solvency along with current underwriting market trends and pricing expectations. Further consideration was given to the evidence of the Division's support and current solvency.

Company's management believe that the entity has the ability to continue to operate as a going concern and there is no intention to liquidate the entity or cease trading. The directors have concluded further that there are no material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's financial ability to continue as a going concern.

The directors have a reasonable expectation that the Company will have adequate resources to continue in operation and be able to meet its liabilities as they fall due. For these reasons, it is considered appropriate to continue to adopt the going concern basis for preparing the financial statements. The war in Ukraine whilst uncertain is not expected to affect the Company. The Company continues to monitor the evolving situation closely and will take appropriate steps to manage the effect that this has on the entity.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- as far as each director is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2022 of which the auditors are unaware; and
- that each director has taken all the steps that ought to have been taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf by:



Mark R. Cummings
Director
25 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Catlin (North American) Holdings Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Profit or Loss, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice or "UK GAAP").

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

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 the period to 30 September 2024.

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (NORTH AMERICAN) HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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 as 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. 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. 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 entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATLIN (NORTH AMERICAN) HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (Continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are direct laws and regulations related to the financial reporting framework (UK GAAP and the Companies Act 2006), and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the Company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Company and regulatory bodies, reviewed minutes of the Board of the Company, and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We tested manual journals, including segregation of duties, and tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. These procedures were designed to provide reasonable assurance that the financial statements were materially 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 making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; inquiring about the Company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with regulatory bodies.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Ernst & Young LLP

Vinood Ramabhai (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 September 2023

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$	2021 \$
Turnover		21,817,515	13,784,981
Impairment on investment in subsidiaries	8	(268,399,469)	(594,169,899)
Administrative expenses		(21,467,496)	(13,833,569)
Other operating (expense)/income	2	32,269,437	(2,057,819)
OPERATING (LOSS)/PROFIT		<u>(235,780,013)</u>	<u>(596,276,306)</u>
Income from shares in group undertakings	8	538,884,388	149,754,194
Interest receivable and similar income	5	236,379	2,335
Interest payable and similar expenses	6	(239,661)	(41,044)
PROFIT/(LOSS) BEFORE TAXATION		<u>303,101,093</u>	<u>(446,560,821)</u>
Tax on profit/(loss)	7	(6,197,073)	671,641
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>296,904,020</u></u>	<u><u>(445,889,180)</u></u>

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$	Share premium account \$	Contributed Surplus \$	Profit and loss account \$	Total \$
Balance as at 1 January 2021	67	760,935,737	1,018,024,243	(129,916,716)	1,649,043,331
Loss for the financial year	—	—	—	(445,889,180)	(445,889,180)
Dividend distributed during the year	—	—	(502,215,904)	—	(502,215,904)
Balance as at 31 December 2021	67	760,935,737	515,808,339	(575,805,896)	700,938,247
Capital reduction	—	(760,935,737)	—	760,935,737	—
Profit for the financial year	—	—	—	296,904,020	296,904,020
Share issue	—	25,000,000	—	—	25,000,000
Dividend distributed during the year	—	—	—	(250,000,000)	(250,000,000)
Balance as at 31 December 2022	67	25,000,000	515,808,339	232,033,861	772,842,267

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 \$	2021 \$
FIXED ASSETS			
Investments	8	779,724,441	1,047,780,465
CURRENT ASSETS			
Debtors	9	6,781,409	18,871,937
Cash at Bank and in Hand		36,709,077	1,737,777
		<u>43,490,486</u>	<u>20,609,714</u>
CREDITORS: amount falling due within one year	10	<u>(33,101,003)</u>	<u>(348,966,089)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>10,389,483</u>	<u>(328,356,375)</u>
TOTAL ASSETS LESS CURRENT ASSETS/ (LIABILITIES)			
		<u>790,113,924</u>	<u>719,424,090</u>
CREDITORS: amounts falling due after more than one year	11	<u>(17,271,657)</u>	<u>(18,485,843)</u>
NET ASSETS		<u>772,842,267</u>	<u>700,938,247</u>
CAPITAL AND RESERVES			
Called up share capital	12	67	67
Share premium account		25,000,000	760,935,737
Contributed Surplus		515,808,339	515,808,339
Profit and loss account		232,033,861	(575,805,896)
TOTAL SHAREHOLDERS' FUNDS		<u>772,842,267</u>	<u>700,938,247</u>

The financial statements on pages 10 to 23 were approved by the Board of Directors and signed on its behalf by:



Mark R. Cummings
Director
25 September 2023

CATLIN (NORTH AMERICAN) HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

Catlin (North American) Holdings Ltd (the "Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 20 Gracechurch Street, London, EC3V 0BG.

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

These financial statements have been prepared on the going concern basis, in accordance with applicable UK accounting standards including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") issued by the Financial Reporting Council and in compliance with the other requirements of the Companies Act 2006.

The directors have completed an assessment of the going concern position of the Company over the period to 30 September 2024. The assessment considered the Company's business activities, liquidity and solvency along with current underwriting market trends and pricing expectations. Further consideration was given to the evidence of the Division's support and current solvency. Company's management believe that the entity has the ability to continue to operate as a going concern and there is no intention to liquidate the entity or cease trading. The directors have concluded further that there are no material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's financial ability to continue as a going concern. The directors have a reasonable expectation that the Company will have adequate resources to continue in operation and be able to meet its liabilities as they fall due. For these reasons, it is considered appropriate to continue to adopt the going concern basis for preparing the financial statements.

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.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Exemption from preparing the 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.

1.3 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent AXA SA is 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 form part of AXA SA Group.

1.4 Interest

Interest income and charges are accrued up to the Statement of Financial Position date.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES (CONTINUED)

1.5 Taxation

Taxation expense for the year 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, tax is also recognised in comprehensive income or directly in equity, respectively.

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.

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.

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.

1.6 Investments

Investments are stated at cost less impairment. The cost includes transaction costs that are directly attributable to the acquisition of the investment. Impairment reviews are carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset investment may not be recoverable.

1.7 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Profit or Loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Profit or Loss.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 ACCOUNTING POLICIES (CONTINUED)

1.8 Operating leases

(a) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit or loss account on straight-line basis over the period of the lease.

(b) Lease Incentives

Incentives received to enter into an operating lease are credited to the profit or loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

1.9 Foreign currencies

The Company's financial statements are presented in US Dollars which is the same as its functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the Balance Sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the time of the original transactions and are not re-translated at each year end. Transactions in foreign currencies are translated into US Dollars at the previous month's closing rates as a proxy for the transactional rates. Exchange gains and losses are recognized in the Statement of Profit or Loss for the year.

1.10 Inter-company loans

The inter-company loan payable is initially measured at fair value representing the transaction price and is subsequently measured at amortised cost using the effective interest method.

1.11 Turnover

Expenses that are contractually the obligation of the Company but borne by other AXA XL division entities are reported as administrative expenses, with an approximately equal and opposite amount reported as turnover.

1.12 Dividend Income

Dividend income is recognised when the company's right to receive the payment is established, which is generally when the subsidiary's shareholders approve the dividend or when it is received. Dividend income is reported within Income from shares in group undertaking.

1.13 Use of estimates and judgments

The preparation of these financial statements required management to make judgements, estimates and assumptions on discount rates including future profit growth rate of subsidiaries as part of evaluating the investment in subsidiaries for impairment. This affects 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.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments. Cash and cash equivalents include cash at banks. Debtors are receivables due within one year and are recorded at transaction price. Any losses arising from impairment are recognised in the profit or loss account in 'administrative expenses'. Cash and cash equivalents are initially measured at transaction price. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price.

2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after (charging)/crediting the following:

	2022	2021
	\$	\$
Turnover	21,817,515	13,784,981
Other operating income/(expense)	32,269,437	(2,057,819)
Bank charges	(368)	(438)

The auditors' remuneration (fee for audit only) for the year \$29,000 (2021: \$31,318) has been borne by another AXA XL division company, XL Catlin Services SE.

Other operating income/(expense) relates to the foreign exchange movement resulting from the revaluation of assets and liabilities held in currencies other than the functional currency at the appropriate year end closing rates.

3 STAFF COSTS

The Company has no employees (2021: *nil*).

The Company incurred no staff costs during the year (2021: \$*nil*).

4 DIRECTORS' EMOLUMENTS

Executive directors do not receive emoluments for their appointment as all employment costs are borne by other AXA XL division companies. As employees of AXA SA Group companies, executive directors are eligible to participate in group defined contribution pension and long-term incentive schemes available to employees. The Company has no non-executive directors.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	\$	\$
Bank interest receivable	236,379	2,335
	<u>236,379</u>	<u>2,335</u>

CATLIN (NORTH AMERICAN) HOLDINGS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	\$	\$
Bank interest payable	239,661	41,044
	<u>239,661</u>	<u>41,044</u>

7 TAX ON PROFIT/(LOSS)

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

	2022	2021
	\$	\$
Current tax:		
UK corporation tax charge/(credit) on profit/(loss) for the year	6,197,073	(404,422)
Adjustment in respect of prior financial years	—	(267,219)
Total current tax charge/(credit)	<u>6,197,073</u>	<u>(671,641)</u>

(b) Reconciliation of tax charge

The table below reconciles the accounting profit before tax at the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%) to the actual tax charge/(credit) for the year.

	2022	2021
	\$	\$
Profit/(Loss) on ordinary activities before tax	303,101,093	(446,560,821)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	57,589,208	(84,846,556)
Effects of:		
Expenses not deductible for tax purposes	—	3,150
Impairment on investment in subsidiary not deductible for tax purposes	50,995,899	112,892,281
Corporate dividend received - UK Dividend exemption for tax purposes	(102,388,034)	(28,453,297)
Adjustments to tax charge in respect of prior years	—	(267,219)
Tax charge/(credit) for the year (see note above)	<u>6,197,073</u>	<u>(671,641)</u>

(c) Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Legislation was substantively enacted on 24 May 2021 and the rate rise has been taken into account in calculating the net assets of the company at 31 December 2022.

(d) Deferred Tax

There are no unused tax losses (2021: \$nil).

The Company had no deferred tax provision at 31 December 2022 (2021: \$nil)

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

8 INVESTMENTS

(a) Cost or valuation

	Investments in subsidiary undertakings \$
Carrying amount	
At 1 January 2022	2,152,651,346
Additions	343,445
At 31 December 2022	<u>2,152,994,791</u>
Impairment	
At 1 January 2022	1,104,870,881
impairment recorded during the year	268,399,469
At 31 December 2022	<u>1,373,270,350</u>
Net book value	
At 31 December 2021	1,047,780,465
At 31 December 2022	779,724,441

(b) Details of additions in 2022

Date of transaction	Investment made to subsidiaries	Purpose	Form of Contribution	Amount \$
22 June 2022	AXA XL Underwriting Agencies Limited	Organisational restructure-Purchase of the legal entity	Dividend in specie	343,439.97
23 June 2022	Catlin Syndicate 6112 Limited	Organisational restructure-Purchase of the legal entity	Dividend in specie	2.40
23 June 2022	Catlin Syndicate 6121 Limited	Organisational restructure-Purchase of the legal entity	Dividend in specie	2.40
Total Investment made in 2022				<u>343,444.77</u>

(c) Subsidiary undertakings

The following were the subsidiary undertakings at the end of year:

Name	Country of registration of Incorporation	Class of shares	Holding
AXA XL Underwriting Agencies Limited	England and Wales	Ordinary	100 %
Catlin Holdings Limited	England and Wales	Ordinary	100 %
Catlin (One) Limited	England and Wales	Ordinary	100 %
AXA XL Syndicate Limited	England and Wales	Ordinary	100 %
Catlin Syndicate 6112 Limited	England and Wales	Ordinary	100 %
Catlin Syndicate 6121 Limited	England and Wales	Ordinary	100 %
Catlin Underwriting (UK) Limited	England and Wales	Ordinary	100 %
Dornoch Limited	England and Wales	Ordinary	100 %
XL London Market Limited	England and Wales	Ordinary	100 %

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

8 INVESTMENTS (CONTINUED)

(d) Impairments

The Company made detailed impairment analysis on its main investment in its subsidiary, AXA XL Syndicate Limited, using assumptions that are consistent with those used in preparing the XL Bermuda Ltd (parent of the Company) financial statements and found that there was no need for impairment (2021: \$553.90 million).

The Company also conducted impairment analysis on all the other subsidiaries including the liquidating entities and recorded impairments wherever it is found that the carrying value of the investments in these subsidiaries were not supported by adequate fair value/net asset value.

The details of impairments recorded in respect of various subsidiaries are listed in the below table:

Name of the subsidiaries	2022 \$	2021 \$
Catlin Holdings Limited	27,057,626	—
Catlin Holdings (UK) Limited	109,043,658	—
Catlin Investment Holdings (Jersey) Limited	82,098,971	28,957,672
Catlin (PUL) Limited	25,771,770	5,052,647
AXA XL Syndicate Limited	—	553,899,881
Catlin Underwriting (UK) Limited	24,427,444	6,259,699
Total	<u>268,399,469</u>	<u>594,169,899</u>

The directors also confirm that the carrying value of the investments in other subsidiaries are supported by their underlying net assets.

(e) Assumption and sensitivities

The value in use approach uses cash flow projections based on business plans and discounted using a risk adjusted rate. Cash flows are extrapolated, using a sustainable perpetual growth rate assumed to be achievable over the long term to derive a terminal value.

The earnings included in the business plan are best estimate of operating assumptions, including expenses and loss ratios, investment income, economic capital, premium rates and taxes, all compliant with the various standards and the requirements of supervisory authorities, when applicable.

The discount rate of 7.6% used for the valuation of AXA XL Syndicate Limited has been derived using assumptions for risk-free interest rates, equity risk premiums, insurance activity beta and leverage ratios that are consistent with the specific markets in which the subsidiary operate.

The results of the cash flow projections exceeded the carrying amount. To the extent that the valuation of securities and interest rate levels remain low for prolonged periods of time, or volatility and other market conditions stagnate or worsen, profitability is likely to be negatively affected. In addition, the future cash flow expectations from both existing and new business and other assumptions underlying management's current business plans could be negatively impacted by other risks associated with the business. Thus, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment in the foreseeable future.

In relation to AXA XL Syndicate Limited impairment assessment, 1% increase in discount rate will reduce the value in use by 17%, which is still higher than the carrying value, and 1% decrease in the discount rate will increase the value in use by 25%.

CATLIN (NORTH AMERICAN) HOLDINGS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 INVESTMENTS (CONTINUED)

(f) Dividends received

The Company received dividends during the year as listed below from its subsidiaries:

Date	Name of the subsidiaries	Nature of dividend	Amount accounted in \$
06 May 2022	Catlin Holdings Limited	Interim dividend	343,445
20 May 2022	Catlin Underwriting (UK) Limited	Interim dividend	21,346,180
21 June 2022	Catlin (PUL) Limited	Final-liquidation dividend	24,729,935
22 June 2022	AXA XL Syndicate Limited	Interim dividend	143,475,642
22 June 2022	AXA XL Underwriting Agencies Limited	Interim dividend	106,524,358
22 July 2022	Catlin Investment Holdings (Jersey) Limited	Final-liquidation dividend	74,032,695
17 October 2022	XL India Business Serv.PVT.Limited	Interim dividend	4
19 December 2022	Dornoch Limited	Interim dividend	168,432,129
Total dividends received			<u>538,884,388</u>

9 DEBTORS

	2022	2021
	\$	\$
Due within one year		
Amounts owed by group undertakings	2,791,216	18,485,843
Corporation Tax receivable	—	284,510
Other debtors	3,990,193	101,584
	<u>6,781,409</u>	<u>18,871,937</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These relate to XL Catlin Services SE Ltd \$1.06 million (2021: \$18.49 million), XL London Market Ltd \$3.07 k (2021: \$nil), Syndicate 2003 \$147 (2021: \$nil) and Dornoch Limited \$1.72 million (2021: \$nil).

CATLIN (NORTH AMERICAN) HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

10 CREDITORS: Amounts falling due within one year

	2022	2021
	\$	\$
Amounts owed to group undertakings	6,702,754	137,647,938
Corporation tax payable	5,792,654	—
Loan from group undertaking	20,047,901	211,284,304
Other Creditors	557,694	33,847
	<u>33,101,003</u>	<u>348,966,089</u>

The details of related party transactions included above are provided in Note 15.

11 CREDITORS: Amounts falling due after more than one year

	2022	2021
	\$	\$
Accruals and deferred income	<u>17,271,657</u>	<u>18,485,843</u>
	<u>17,271,657</u>	<u>18,485,843</u>

12 CALLED UP SHARE CAPITAL

	2022	2021
	\$	\$
Allotted, called up and fully paid		
6,733 (2021:6,732) Ordinary shares of \$0.01 each	67.33	67.32

On 16 December 2022, the Company issued 1 ordinary share of par value of \$0.01 at a premium of \$24,999,999.99 per share and for an aggregate subscription price of \$25,000,000 paid in cash.

13 OPERATING LEASE COMMITMENTS

At 31 December the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings	
	2022	2021
	\$	\$
Within one year	13,942,811	13,942,811
Between 2 and 5 years	57,862,665	57,165,525
After more than 5 years	60,023,801	74,663,753
	<u>131,829,277</u>	<u>145,772,089</u>

The Company holds land and buildings lease commitments on behalf of the group.

CATLIN (NORTH AMERICAN) HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of XL Bermuda Ltd ("XLB"), a company registered in Bermuda. The Company's ultimate parent undertaking is AXA SA, a company registered in France.

The smallest undertaking for which the Company is a member and for which group financial statements are prepared is XLB, a company registered in Bermuda, and the largest group is AXA SA. The results of the Company are consolidated within the financial statements of AXA SA and XLB. Copies of the audited consolidated financial statements of XLB can be obtained from O'Hara House, One Bermudiana Road, Hamilton HM 11, Bermuda. Copies of the audited consolidated financial statements of AXA SA can be obtained from 25 Avenue Matignon, 75008 Paris, France.

15 RELATED PARTY TRANSACTIONS

a) Included in Creditors are the amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts owed to group undertakings	2022	2021
	\$	\$
Catlin Investment (UK) Limited	—	80,269,867
Catlin Inv (UK) Limited	—	23,345
Catlin (PUL) Limited	—	25,771,771
Catlin Syndicate 6112 Limited	190	—
Catlin Syndicate 6121 Limited	2	—
Catlin UW (UK) Limited	3,089,986	27,517,428
Catlin UW Services Limited	3,612,576	4,065,527
	<u>6,702,754</u>	<u>137,647,938</u>

b) Loan from group undertaking is a short-term interest free intercompany loan of £158.10 million repayable on demand granted on 15 December 2022 by Dornoch Limited, one of the subsidiaries of the Company. Dividend in specie received from Dornoch Limited during the year has reduced the balance to \$20 million (2021: \$211.28 million)

16 SUBSEQUENT EVENTS

a) Sale of subsidiaries

On 23 June 2023, the Board approved the sale of the entire issued share capital of the following entities to its sister company, XL Insurance (UK) Holdings Limited, a company registered in England and Wales. The sale is due to complete later in 2023.

Serial No.	Entities	Acquisition price in £
1	Catlin Syndicate 6112 Limited	2.00
2	Catlin Syndicate 6121 Limited	2.00
3	Dornoch Limited	1.00
4	XL London Market Limited	1.00

CATLIN (NORTH AMERICAN) HOLDINGS LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16 SUBSEQUENT EVENTS (CONTINUED)

b) Liquidation

(i) Catlin Underwriting (UK) Limited distributed £2,568,836 as dividend in specie on 21 February 2023 and the entity was liquidated on 2 June 2023.

(ii) On 21 July 2023, Catlin Holdings Limited declared a cash dividend of £3,539,702 and placed into liquidation.

c) Name change of Catlin Syndicate Limited

With effect from 20 September 2023, the name of Catlin Syndicate Limited was changed to AXA XL Syndicate Limited.