



# FINANCIAL SUPPLEMENT

June 30, 2018

Issued on July 31, 2018

This supplement is being furnished to you for informational purposes only. It should be read in conjunction with XL Group Ltd's documents on file with the U.S. Securities and Exchange Commission (the "SEC"), including its reports on Form 10-K and Form 10-Q. Please refer to the Company's website at [www.xlgroup.com](http://www.xlgroup.com) for further information describing XL Group Ltd.

**Investor Contact**

**Giovanni Astolfi**

**Tel: (203) 674 6973**

**Email: [Giovanni.Astolfi@xlcatlin.com](mailto:Giovanni.Astolfi@xlcatlin.com)**



# FINANCIAL SUPPLEMENT - TABLE OF CONTENTS

	PAGE
<b>Statements of Income</b>	4
Consolidated Statements of Income and Reconciliation of Non-GAAP Financial Measures	5
Return on Common Shareholders' Equity and Book Value per Share	6
Consolidated Statements of Income and Reconciliation of Non-GAAP Financial Measures - YTD	7
Return on Common Shareholders' Equity and Book Value per Share - YTD	8
<i>Quarterly Data:</i>	
Segment Information	9
Premiums By Line of Business	12
Segment Consecutive Quarters	13
Summary of Financial Impact of PYD and Natural CATS	15
<i>Year to Date Data:</i>	
Segment Information	17
Premiums By Line of Business	18
Summary of Financial Impact of Prior Year Development and Natural CATS	19
Effective Tax Rate Analysis	20
<b>Balance Sheets</b>	21
Consolidated Balance Sheets	22
Supplementary Capital Information	23
Recoverable and Reinsurance Balances Receivable by Reinsurer	24
<b>Loss Analysis</b>	25
Analysis of Losses and Loss Expenses Incurred	26
Analysis of Unpaid Losses and Loss Expenses	27
<b>Investment Portfolio Information</b>	28
Schedule 1 - Summary Investments	29
Schedule 2 - Fixed Income Investments	30
Schedule 3 - Government	31
Schedule 4 - Corporate	32
Schedule 5 - Mortgage-backed and Asset-backed securities	33
Schedule 6 - Unrealized Gains (Losses)	34
Schedule 7 - Investment Income Statement Analysis	35
Schedule 8 - Summary Investments - Life Funds Withheld Assets	36
<b>Regulation G</b>	37



## Forward-Looking Statement

### Cautionary Note Regarding Forward-Looking Statements

This financial supplement contains forward-looking statements. Statements that are not historical facts, including statements about XL's beliefs, plans, expectations or future results of operations are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Investors should consider the important risks and uncertainties that may cause actual results to differ, including in particular those discussed in our press release issued on July 31, 2018, as well as those included in our reports on Form 10-Q and other documents on file with the Securities and Exchange Commission.

Actual results may differ materially from those included in such forward-looking statements and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the dates on which they are made. We undertake no obligation to update publicly or revise any forward looking statement, whether as a result of new information, future developments or otherwise.

# STATEMENTS OF INCOME



## CONSOLIDATED STATEMENTS OF INCOME AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017
<b>Revenues</b>					
Gross premiums written	\$ 3,985,366	\$ 4,979,735	\$ 3,619,924	\$ 3,075,561	\$ 3,612,949
Net premiums written	2,821,744	3,155,718	2,719,056	2,329,367	2,649,265
Net premiums earned - P&C operations	2,692,664	2,597,181	2,672,948	2,617,756	2,514,093
Net premiums earned - run-off Life operations	2,505	3,107	3,054	3,146	2,824
Net investment income - excluding Life Funds Withheld Assets (Note 2)	201,536	188,083	186,290	171,983	177,235
Net investment income - Life Funds Withheld Assets (Note 2)	30,252	30,398	31,448	30,796	31,439
Net realized gains (losses) on investments available for sale ("AFS")	(14,100)	(31,672)	(1,863)	35,387	50,379
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets (Note 2, 3)	35,194	(36,014)	40,554	-	-
Net realized and change in net unrealized gains (losses) on other investments - excluding Life Funds Withheld Assets (Note 2, 3)	9,302	8,649	-	-	-
Other-than-temporary impairments ("OTTI") - excluding Life Funds Withheld Assets (Note 2)	(2,564)	(1,645)	(1,355)	(3,598)	(1,160)
OTTI transferred to (from) other comprehensive income - excluding Life Funds Withheld Assets (Note 2)	(436)	(161)	(246)	(63)	(50)
OTTI on investments - Life Funds Withheld Assets (Note 2)	-	(1,203)	(1,434)	-	-
Net unrealized gains (losses) on investments, trading - Life Funds Withheld Assets (Note 2)	63,409	(21,309)	49,031	11,548	7,459
Net realized and unrealized gains (losses) on derivative instruments	16,126	4,221	(13,323)	(20,434)	(906)
Net realized and unrealized gains (losses) on life reversion embedded derivative and derivative instruments - Life Funds Withheld Assets	(36,120)	22,921	(89,656)	(31,662)	(34,596)
Income (loss) from investment fund affiliates (Note 4)	16,548	45,669	12,311	57,656	30,818
Fee income and other	8,304	6,717	13,292	11,469	10,225
<b>Total revenues</b>	<u>\$ 3,022,620</u>	<u>\$ 2,814,942</u>	<u>\$ 2,901,052</u>	<u>\$ 2,883,984</u>	<u>\$ 2,787,760</u>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 1,721,309	\$ 1,622,006	\$ 1,822,658	\$ 3,066,723	\$ 1,529,083
Claims and policy benefits - run-off Life operations	10,117	10,307	13,711	10,592	7,595
Acquisition costs	471,491	463,827	473,002	445,685	433,584
Operating expenses	470,508	472,563	406,887	409,356	472,778
Foreign exchange losses (gains)	(12,140)	9,841	(1,418)	55,017	(5,643)
(Gain) Loss on the early extinguishment of debt (Note 5)	-	-	-	1,582	-
Interest expense - debt and other	44,769	44,646	41,880	39,509	43,422
Interest expense - deposit liability accretion	3,917	8,899	9,831	(5,590)	10,596
<b>Total expenses</b>	<u>\$ 2,709,971</u>	<u>\$ 2,632,089</u>	<u>\$ 2,766,551</u>	<u>\$ 4,022,874</u>	<u>\$ 2,491,415</u>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 312,649	\$ 182,853	\$ 134,501	\$ (1,138,890)	\$ 296,345
Income (loss) from operating affiliates (Note 4)	51,187	10,282	2,460	4,872	42,704
Provision (benefit) for income taxes	27,036	31,902	77,104	(60,132)	29,006
<b>Net income (loss)</b>	<u>\$ 336,800</u>	<u>\$ 161,233</u>	<u>\$ 59,857</u>	<u>\$ (1,073,886)</u>	<u>\$ 310,043</u>
Non-controlling interests	(17,804)	(8,585)	(31,029)	30,197	(8,423)
<b>Net income (loss) attributable to common shareholders</b>	<u>\$ 318,996</u>	<u>\$ 152,648</u>	<u>\$ 28,828</u>	<u>\$ (1,043,689)</u>	<u>\$ 301,620</u>
<b>Reconciliation of Non-GAAP Financial Information:</b>					
Net realized and unrealized (gains) losses on life reversion embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	36,120	(22,921)	89,656	31,662	34,596
Net realized (gains) losses on investments and change in net unrealized (gains) losses on investments, trading and OTTI - Life Funds Withheld Assets (Note 2)	(63,409)	22,512	(47,597)	(11,548)	(7,459)
Net investment income - Life Funds Withheld Assets (Note 2)	(30,252)	(30,398)	(31,448)	(30,796)	(31,439)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets (Note 2)	14,228	(10,683)	(3,893)	(8,543)	(14,945)
Net realized (gains) losses on investments available for sale and OTTI - excluding Life Funds Withheld Assets	17,100	33,478	3,464	(31,726)	(49,169)
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets	(35,194)	36,014	(40,554)	-	-
Net realized and unrealized (gains) losses on derivatives	(16,126)	(4,221)	13,323	20,434	906
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(12)	(636)	1,243	(89)	115
Foreign exchange (gains) losses excluding Life Funds Withheld Assets	(26,368)	20,524	2,475	63,560	9,302
(Gain) Loss on the early extinguishment of debt (Note 5)	-	-	-	1,582	-
Expenses related to the pending acquisition by AXA SA (Note 6)	8,264	22,648	-	-	-
(Gain) Loss from repurchase of preference shares (Note 7)	-	-	-	(14,290)	-
Write-down of deferred tax asset related to U.S. Tax Cuts and Jobs Act	-	-	100,500	-	-
(Provision) benefit for income tax on items excluded from operating income	(3,006)	(4,606)	58	(5,419)	11,553
<b>Operating Net income (loss) (Note 8)</b>	<u>\$ 220,341</u>	<u>\$ 214,359</u>	<u>\$ 116,054</u>	<u>\$ (1,028,862)</u>	<u>\$ 255,080</u>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- On May 1, 2014, our wholly-owned subsidiary XLIB Ltd (on June 9, 2016, XLIB Ltd and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "GreyCastle Life Retro Arrangements"). The designated investments that support the GreyCastle Life Retro Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- Effective January 1, 2018, in accordance with ASU 2016-01, realized investment gains (losses) includes the change in net unrealized gains (losses) on equity securities and other investments.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- On July 7, 2017, the Company repurchased through a tender offer and canceled outstanding 5.5% Subordinated Notes due 2045 issued by XLIT with a net carrying value of \$16.3 million for \$17.9 million, inclusive of transaction costs. As a result of these repurchases, the Company recorded a loss of approximately \$1.6 million through "extinguishment of debt" and interest expense of \$0.3 million in the Unaudited Consolidated Statements of Income.
- The Company has entered into a definitive agreement and plan of merger (the "Merger Agreement") with AXA dated March 5, 2018, under which AXA, subject to the satisfaction or waiver of certain conditions set forth therein, will acquire 100% of the Company's common shares in exchange for cash proceeds of \$57.60 per common share of XL Group or approximately \$15.3 billion in the aggregate (the "AXA Transaction"). The Merger is expected to close during the second half of 2018.
- During the third quarter of 2017, the Company repurchased and canceled a portion of the outstanding Series D, Series E and the Non-Cumulative Preference Shares. As a result of these repurchases, the Company recorded a gain of \$14.3 million through "Non-controlling interests" in the Unaudited Consolidated Statements of Income.
- Operating net income is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G.



## RETURN ON COMMON SHAREHOLDERS' EQUITY AND BOOK VALUE PER SHARE

(U.S. dollars in thousands, except share and per share amounts)  
(Unaudited)  
(Note 1)

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017
<b>Return on Common Shareholders' Equity</b>					
Opening shareholders' equity	\$ 11,235,222	\$ 11,461,320	\$ 11,528,510	\$ 13,102,407	\$ 13,000,626
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,606,693)	(1,613,003)	(1,588,663)	(2,021,855)	(2,025,742)
Opening common shareholders' equity	9,628,529	9,848,317	9,939,847	11,080,552	10,974,884
Closing shareholders' equity	11,257,006	11,235,222	11,461,320	11,528,510	13,102,407
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,596,995)	(1,606,693)	(1,613,003)	(1,588,663)	(2,021,855)
Closing common shareholders' equity	9,660,011	9,628,529	9,848,317	9,939,847	11,080,552
Average common shareholders' equity	9,644,270	9,738,423	9,894,082	10,510,200	11,027,718
Opening AOCI, net of tax (Note 2)	312,255	889,431	968,928	921,165	844,974
Closing AOCI, net of tax (Note 2)	51,264	312,255	889,431	968,928	921,165
Average AOCI, net of tax (Note 2)	181,760	600,843	929,180	945,047	883,070
Average common shareholders' equity excluding AOCI	9,462,511	9,137,580	8,964,903	9,565,154	10,144,649
Catlin-related Integration costs	-	-	-	-	39,118
Provision (benefit) for income tax on integration costs	-	-	-	-	(4,147)
Net income (loss) attributable to common shareholders	318,996	152,648	28,828	(1,043,689)	301,620
Annualized net income (loss) attributable to common shareholders	1,275,984	610,592	115,312	(4,174,756)	1,206,480
Operating Net Income (Note 3)	220,341	214,359	116,054	(1,028,862)	255,080
Annualized Operating Net Income (Note 3)	881,364	857,436	464,216	(4,115,448)	1,020,320
Operating Net Income (excluding Catlin-related integration costs) (Note 3)	220,341	214,359	116,054	(1,028,862)	290,051
Annualized Operating Net Income (excluding Catlin-related integration costs) (Note 3)	881,364	857,436	464,216	(4,115,448)	1,160,206
Annualized return on average common shareholders' equity	13.2%	6.3%	1.2%	-39.7%	10.9%
Annualized operating return on average common shareholders' equity (Note 3)	9.1%	8.8%	4.7%	-39.2%	9.3%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	9.3%	9.4%	5.2%	-43.0%	10.1%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs (Note 3)	9.1%	8.8%	4.7%	-39.2%	10.5%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs and AOCI (Note 3)	9.3%	9.4%	5.2%	-43.0%	11.4%

	At June 30, 2018	At March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017
<b>Book Value per Common Share</b>					
Closing common shareholders' equity	\$ 9,660,011	\$ 9,628,529	\$ 9,848,317	\$ 9,939,847	\$ 11,080,550
Common shares outstanding (Note 4)	258,780,274	258,171,836	256,033,895	255,980,636	258,489,379
Dilutive impact of stock and options	5,408,662	5,434,025	2,867,317	3,736,712	4,369,403
Diluted shares outstanding	264,188,936	263,605,861	258,901,212	259,717,348	262,858,782
<b>Book value per common share</b>	<b>\$ 37.33</b>	<b>\$ 37.30</b>	<b>\$ 38.46</b>	<b>\$ 38.83</b>	<b>\$ 42.87</b>
<b>Fully diluted book value per common share</b>	<b>\$ 36.56</b>	<b>\$ 36.53</b>	<b>\$ 38.04</b>	<b>\$ 38.27</b>	<b>\$ 42.15</b>
<b>Fully diluted tangible book value per common share (Note 5)</b>	<b>\$ 28.23</b>	<b>\$ 28.06</b>	<b>\$ 29.44</b>	<b>\$ 29.70</b>	<b>\$ 33.71</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- Accumulated other comprehensive income ("AOCI") consists primarily of unrealized (gain) loss on investments available for sale, net of tax, which is the cumulative impact of mark to market fluctuations that have not been realized through sales.
- "Operating net income" and "annualized operating return on average common shareholders' equity" including and excluding average AOCI, both inclusive and exclusive of integration costs, are non-GAAP financial measures. For further information see page 37 for Comment on Regulation G.
- Common shares outstanding include all common shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Fully diluted tangible book value per common share is a non-GAAP financial measure which represents book value per common share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding common shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.

## CONSOLIDATED STATEMENTS OF INCOME AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - YTD

(U.S. Dollars in thousands)

(Note 1)

(Unaudited)

	<b>Six Months Ended June 30, 2018</b>	<b>Six Months Ended June 30, 2017</b>
<b>Revenues</b>		
Gross premiums written	\$ 8,965,101	\$ 8,291,366
Net premiums written	5,977,462	5,632,335
Net premiums earned - P&C operations	5,289,845	5,033,574
Net premiums earned - run-off Life operations	5,612	6,134
Net investment income - excluding Life Funds Withheld Assets (Note 2)	389,619	344,403
Net investment income - Life Funds Withheld Assets (Note 2)	60,650	64,803
Net realized gains (losses) on investments available for sale	(45,772)	61,471
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets (Note 2, 3)	(820)	-
Net realized and change in net unrealized gains (losses) on other investments - excluding Life Funds Withheld Assets (Note 2, 3)	17,951	-
Other-than-temporary impairments - excluding Life Funds Withheld Assets (Note 2)	(4,209)	(8,034)
OTTI transferred to (from) other comprehensive income - excluding Life Funds Withheld Assets (Note 2)	(597)	(50)
OTTI on investments - Life Funds Withheld Assets (Note 2)	(1,203)	-
Net unrealized gains (losses) on investments, trading - Life Funds Withheld Assets (Note 2)	42,100	40,527
Net realized and unrealized gains (losses) on derivative instruments	20,347	(7,975)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(13,199)	(84,697)
Income (loss) from investment fund affiliates (Note 3)	62,217	69,079
Fee income and other	15,021	23,886
<b>Total revenues</b>	<b>\$ 5,837,562</b>	<b>\$ 5,543,121</b>
<b>Expenses</b>		
Net losses and loss expenses incurred - P&C operations	\$ 3,343,315	\$ 3,112,539
Claims and policy benefits - run-off Life operations	20,424	14,886
Acquisition costs	935,318	869,453
Operating expenses	943,071	940,816
Foreign exchange losses (gains)	(2,299)	(8,979)
Interest expense - debt and other	89,415	83,672
Interest expense - deposit liability accretion	12,816	21,057
<b>Total expenses</b>	<b>\$ 5,342,060</b>	<b>\$ 5,033,444</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 495,502	\$ 509,677
Income (loss) from operating affiliates (Note 3)	61,469	56,313
Provision (benefit) for income taxes	58,938	42,098
<b>Net income (loss)</b>	<b>\$ 498,033</b>	<b>\$ 523,892</b>
Non-controlling interests	(26,389)	(69,429)
<b>Net income (loss) attributable to common shareholders</b>	<b>\$ 471,644</b>	<b>\$ 454,463</b>
<b>Reconciliation of Non-GAAP Financial Information:</b>		
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	13,199	84,697
Net realized (gains) losses on investments and change in net unrealized (gains) losses on investments, trading and OTTI - Life Funds Withheld Assets (Note 2)	(40,897)	(40,527)
Net investment income - Life Funds Withheld Assets (Note 2)	(60,650)	(64,803)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets (Note 2)	4,190	(18,169)
Net realized (gains) losses on investments available for sale and OTTI - excluding Life Funds Withheld Assets	50,578	(53,387)
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets	820	-
Net realized and unrealized (gains) losses on derivatives	(20,347)	7,975
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(648)	(1,936)
Foreign exchange (gains) losses excluding Life Funds Withheld Assets	(6,489)	9,190
Expenses related to the pending acquisition by AXA SA (Note 4)	30,912	-
(Provision) benefit for income tax on items excluded from operating income	(7,612)	13,720
<b>Operating Net income (loss) (Note 5)</b>	<b>\$ 434,700</b>	<b>\$ 391,223</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
3. The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
4. The Company has entered into the Merger Agreement with AXA, subject to the satisfaction or waiver of certain conditions set forth therein, the AXA transaction is expected to close during the second half of 2018.
5. Operating net income is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G.

## RETURN ON COMMON SHAREHOLDERS' EQUITY AND BOOK VALUE PER SHARE - YTD

(U.S. dollars in thousands, except share and per share amounts)  
(Unaudited)  
(Note 1)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
<b>Return on Common Shareholders' Equity</b>		
Opening shareholders' equity	\$ 11,461,320	\$ 12,960,679
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,613,003)	(2,022,167)
Opening common shareholders' equity	9,848,317	10,938,512
Closing shareholders' equity	11,257,006	13,102,405
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,596,995)	(2,021,855)
Closing common shareholders' equity	9,660,011	11,080,552
Average common shareholders' equity	9,754,164	11,009,532
Opening AOCI, net of tax	889,431	715,546
Closing AOCI, net of tax	51,264	921,165
Average AOCI, net of tax (Note 2)	470,348	818,356
Average common shareholders' equity excluding AOCI	9,283,817	10,191,177
Integration costs	-	73,067
Provision (benefit) for income tax on integration costs	-	(7,745)
Net income (loss) attributable to common shareholders	471,644	454,463
Annualized net income (loss) attributable to common shareholders	943,288	908,926
Operating Net Income (Note 3)	434,700	391,223
Annualized operating Net Income (Note 3)	869,400	782,446
Operating Net Income (excluding integration costs) (Note 3)	434,700	456,545
Annualized operating Net Income (excluding integration costs) (Note 3)	869,400	913,090
Annualized return on average common shareholders' equity	9.7%	8.3%
Annualized operating return on average common shareholders' equity (Note 3)	8.9%	7.1%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	9.4%	7.7%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs (Note 3)	8.9%	8.3%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs and AOCI (Note 3)	9.4%	9.0%
<b>Book Value per Common Share</b>		
Closing common shareholders' equity	\$ 9,660,011	\$ 9,848,317
Common shares outstanding (Note 4)	258,780,274	256,033,895
Dilutive impact of stock and options	5,408,662	2,867,317
Diluted shares outstanding	264,188,936	258,901,212
<b>Book value per common share</b>	<b>\$ 37.33</b>	<b>\$ 38.46</b>
<b>Fully diluted book value per common share</b>	<b>\$ 36.56</b>	<b>\$ 38.04</b>
<b>Fully diluted tangible book value per common share (Note 5)</b>	<b>\$ 28.23</b>	<b>\$ 29.44</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- AOCI consists primarily of unrealized (gain) loss on investments, net of tax, which is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.
- "Operating net income" and "annualized operating return on average common shareholders' equity" including and excluding average AOCI, both inclusive and exclusive of integration costs, are non-GAAP financial measures. For further information see page 37 for Comment on Regulation G.
- Common shares outstanding include all common shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Fully diluted tangible book value per common share is a non-GAAP financial measure which represents book value per common share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding common shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.





## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 2018

(U.S. dollars in thousands, except ratios)

(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,881,921	\$ 1,048,352	\$ 3,930,273	\$ 55,093	\$ 3,985,366
Net premiums written	1,929,564	889,675	2,819,239	2,505	2,821,744
Net premiums earned	1,748,355	944,309	2,692,664	2,505	2,695,169
Net losses and loss expenses incurred	(1,224,756)	(496,553)	(1,721,309)	(10,117)	(1,731,426)
Acquisition expenses	(237,694)	(232,538)	(470,232)	(1,259)	(471,491)
Operating expenses (Note 2)	(306,585)	(80,309)	(386,894)	(195)	(387,089)
Underwriting (loss) profit	<u>\$ (20,680)</u>	<u>\$ 134,909</u>	<u>\$ 114,229</u>	<u>\$ (9,066)</u>	<u>\$ 105,163</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	182,009	7,227	189,236
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	30,252	30,252
Net investment results structured products (Note 4)	1,810	6,572	8,382	-	8,382
Net fee income and other (Note 5)	(4,991)	1,140	(3,851)	45	(3,806)
Net realized investment gains (losses) - excluding Life Funds Withheld Assets (Note 3, 6)			24,902	2,494	27,396
Net realized investment gains (losses) - Life Funds Withheld Assets (Note 3)			-	63,409	63,409
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(36,120)	(36,120)
Net realized and unrealized gains (losses) on derivative instruments				16,126	16,126
Income (loss) from investment fund affiliates and operating affiliates (Note 7)				67,735	67,735
Foreign exchange (gains) losses				(12,140)	(12,140)
Corporate operating expenses				71,308	71,308
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 325,671</u>	<u>\$ 82,934</u>	<u>\$ 408,605</u>
Interest expense (Note 8)					(44,769)
Non-controlling interests					(17,804)
Income taxes					(27,036)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 318,996</u>
<b>PYD and Catastrophe</b>					
Total net prior year development	51,883	(60,797)	(8,914)		
Natural catastrophe losses	78,875	(512)	78,363		
Reinstatement premium	-	1,600	1,600		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	70.1%	52.6%	63.9%		
Underwriting expense ratio	31.1%	33.1%	31.9%		
Combined ratio	101.2%	85.7%	95.8%		
Loss and loss expense ratio excluding net PYD	67.1%	59.0%	64.3%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	62.6%	59.2%	61.4%		
Combined ratio excluding net PYD	98.2%	92.2%	96.1%		
Combined ratio excluding net PYD, CATS and reinstatement premium	93.7%	92.4%	93.2%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$12.3 million and \$3.9 million, respectively.
- Net fee income and other includes operating expenses of \$12.1 million from the Company's loss prevention consulting services business.
- Effective January 1, 2018 with the implementation of ASU 2016-01, net realized gains (losses) includes the change in net unrealized gains (losses) on equity securities and other investments.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2018

(U.S. dollars in thousands, except ratios)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,866,539	\$ 2,060,601	\$ 4,927,140	\$ 52,595	\$ 4,979,735
Net premiums written	1,481,867	1,670,744	3,152,611	3,107	3,155,718
Net premiums earned	1,665,789	931,392	2,597,181	3,107	2,600,288
Net losses and loss expenses incurred	(1,064,992)	(557,014)	(1,622,006)	(10,307)	(1,632,313)
Acquisition expenses	(221,962)	(240,854)	(462,816)	(1,011)	(463,827)
Operating expenses (Note 2)	(316,380)	(73,539)	(389,919)	(141)	(390,060)
Underwriting (loss) profit	<u>\$ 62,455</u>	<u>\$ 59,985</u>	<u>\$ 122,440</u>	<u>\$ (8,352)</u>	<u>\$ 114,088</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	168,253	7,519	175,772
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	30,398	30,398
Net investment results structured products (Note 4)	2,103	1,308	3,411	-	3,411
Net fee income and other (Note 5)	(6,703)	892	(5,811)	69	(5,742)
Net realized investment gains (losses) - excluding Life Funds Withheld Assets (Note 3)			(60,957)	114	(60,843)
Net realized investment gains (losses) - Life Funds Withheld Assets (Note 3)			-	(22,512)	(22,512)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				22,921	22,921
Net realized and unrealized gains (losses) on derivative instruments				4,221	4,221
Income (loss) from investment fund affiliates and operating affiliates (Note 6)				55,951	55,951
Foreign exchange (gains) losses				9,841	9,841
Corporate operating expenses				70,043	70,043
Extinguishment of debt				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 227,336</u>	<u>\$ 10,445</u>	<u>\$ 237,781</u>
Interest expense (Note 7)					(44,646)
Non-controlling interests					(8,585)
Income taxes					(31,902)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 152,648</u>
<b>PYD and Catastrophe</b>					
Total net prior year development	(5,295)	(3,841)	(9,136)		
Natural catastrophe losses	63,475	9,718	73,193		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	63.9%	59.8%	62.5%		
Underwriting expense ratio	32.4%	33.8%	32.8%		
Combined ratio	96.3%	93.6%	95.3%		
Loss and loss expense ratio excluding net PYD	64.3%	60.2%	62.8%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	60.4%	59.2%	60.0%		
Combined ratio excluding net PYD	96.6%	94.0%	95.6%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.8%	92.9%	92.8%		

### Notes :

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$12.3 million and \$8.9 million, respectively.
- Net fee income and other includes operating expenses of \$12.5 million from the Company's loss prevention consulting services business.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 2017

(U.S. dollars in thousands, except ratios)

(Unaudited)  
(Note 1)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 2,576,754	\$ 977,676	\$ 3,554,430	\$ 58,519	\$ 3,612,949
Net premiums written	1,741,201	905,240	2,646,441	2,824	2,649,265
Net premiums earned	1,652,304	861,789	2,514,093	2,824	2,516,917
Net losses and loss expenses incurred	(1,077,087)	(451,996)	(1,529,083)	(7,595)	(1,536,678)
Acquisition expenses	(231,908)	(200,394)	(432,302)	(1,282)	(433,584)
Operating expenses (Note 3)	(288,681)	(69,435)	(358,116)	(278)	(358,394)
Underwriting (loss) profit	<u>\$ 54,628</u>	<u>\$ 139,964</u>	<u>\$ 194,592</u>	<u>\$ (6,331)</u>	<u>\$ 188,261</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	155,559	8,157	163,716
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	31,439	31,439
Net investment results structured products (Note 5)	1,981	942	2,923	-	2,923
Net fee income and other (Note 6)	(2,826)	694	(2,132)	135	(1,997)
Net realized investment gains (losses) - excluding Life Funds Withheld Assets (Note 4)			57,140	(7,971)	49,169
Net realized investment gains (losses) - Life Funds Withheld Assets (Note 4)				7,459	7,459
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 4)				(34,596)	(34,596)
Net realized and unrealized gains (losses) on derivative instruments				(906)	(906)
Income (loss) from investment fund affiliates and operating affiliates (Note 7)				73,522	73,522
Foreign exchange (gains) losses				(5,643)	(5,643)
Corporate operating expenses (Note 8)				102,162	102,162
<b>Contribution from P&amp;C and Corporate and other</b>			<b>\$ 408,082</b>	<b>\$ (25,611)</b>	<b>\$ 382,471</b>
Interest expense (Note 9)					(43,422)
Non-controlling interests					(8,423)
Income taxes					(29,006)
<b>Net (loss) income attributable to XL Group Ltd</b>					<b>\$ 301,620</b>
<b>PYD and Catastrophe</b>					
Total net prior year development	(17,227)	(69,505)	(86,732)		
Natural catastrophe losses	79,389	13,032	92,421		
Reinstatement premium	-	273	273		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	65.2%	52.4%	60.8%		
Underwriting expense ratio	31.5%	31.4%	31.5%		
Combined ratio	96.7%	83.8%	92.3%		
Loss and loss expense ratio excluding net PYD	66.2%	60.5%	64.3%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	61.4%	59.0%	60.6%		
Combined ratio excluding net PYD	97.7%	91.8%	95.7%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.9%	90.3%	92.0%		

### Notes :

- Certain amounts have been reclassified to conform with the current period presentation.
- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$13.5 million and \$10.6 million, respectively.
- Net fee income and other includes operating expenses of \$12.2 million from the Company's loss prevention consulting services business.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- Corporate operating expenses include approximately \$39.1 million of integration costs resulting from the Catlin Acquisition.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.

## PREMIUMS BY LINE OF BUSINESS

(U.S. dollars in thousands)  
(Unaudited)

FOR THE THREE MONTHS ENDED JUNE 30, 2018

### GROSS PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 546,231	\$ 46,720	\$ -	\$ 592,951
Casualty	858,453	112,344	-	970,797
Property catastrophe	-	321,820	-	321,820
Property	807,002	403,106	-	1,210,108
Specialty	670,547	65,252	-	735,799
Other (Note 3)	(312)	99,110	-	98,798
<b>Total P&amp;C operations</b>	<b>2,881,921</b>	<b>1,048,352</b>	<b>-</b>	<b>3,930,273</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Annuity	-	-	29,509	29,509
Run-Off Life Operations - Other Life	-	-	25,584	25,584
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>55,093</b>	<b>55,093</b>
<b>Total</b>	<b>\$ 2,881,921</b>	<b>\$ 1,048,352</b>	<b>\$ 55,093</b>	<b>\$ 3,985,366</b>

### NET PREMIUMS WRITTEN

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 392,296	\$ 44,056	\$ -	\$ 436,352
Casualty	517,062	104,319	-	621,381
Property catastrophe	-	258,884	-	258,884
Property	530,574	328,548	-	859,122
Specialty	489,945	60,782	-	550,727
Other (Note 3)	(313)	93,086	-	92,773
<b>Total P&amp;C operations</b>	<b>1,929,564</b>	<b>889,675</b>	<b>-</b>	<b>2,819,239</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Other Life	-	-	2,505	2,505
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>2,505</b>	<b>2,505</b>
<b>Total</b>	<b>\$ 1,929,564</b>	<b>\$ 889,675</b>	<b>\$ 2,505</b>	<b>\$ 2,821,744</b>

### NET PREMIUMS EARNED

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 335,442	\$ 63,781	\$ -	\$ 399,223
Casualty	512,307	155,069	-	667,376
Property catastrophe	-	129,727	-	129,727
Property	429,472	253,796	-	683,268
Specialty	470,765	47,293	-	518,058
Other (Note 3)	369	294,643	-	295,012
<b>Total P&amp;C operations</b>	<b>1,748,355</b>	<b>944,309</b>	<b>-</b>	<b>2,692,664</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Other Life	-	-	2,505	2,505
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>2,505</b>	<b>2,505</b>
<b>Total</b>	<b>\$ 1,748,355</b>	<b>\$ 944,309</b>	<b>\$ 2,505</b>	<b>\$ 2,695,169</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- Corporate and Other includes the Company's run-off Life operations.
- Other within the Insurance segment includes: surety, structured indemnity and certain other discontinued lines. Other within the Reinsurance segment includes: whole account contracts, credit and surety, accident & health and other lines.

FOR THE THREE MONTHS ENDED JUNE 30, 2017

### GROSS PREMIUMS WRITTEN

(Note 1)

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 494,467	\$ 9,037	\$ -	\$ 503,504
Casualty	820,437	147,972	-	968,409
Property catastrophe	-	305,487	-	305,487
Property	667,438	383,348	-	1,050,786
Specialty	595,619	62,481	-	658,100
Other (Note 3)	(1,207)	69,351	-	68,144
<b>Total P&amp;C operations</b>	<b>2,576,754</b>	<b>977,676</b>	<b>-</b>	<b>3,554,430</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Annuity	-	-	26,674	26,674
Run-Off Life Operations - Other Life	-	-	31,845	31,845
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>58,519</b>	<b>58,519</b>
<b>Total</b>	<b>\$ 2,576,754</b>	<b>\$ 977,676</b>	<b>\$ 58,519</b>	<b>\$ 3,612,949</b>

### NET PREMIUMS WRITTEN

(Note 1)

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 327,793	\$ 8,980	\$ -	\$ 336,773
Casualty	496,504	137,571	-	634,075
Property catastrophe	-	275,448	-	275,448
Property	483,300	365,413	-	848,713
Specialty	434,921	55,173	-	490,094
Other (Note 3)	(1,317)	62,655	-	61,338
<b>Total P&amp;C operations</b>	<b>1,741,201</b>	<b>905,240</b>	<b>-</b>	<b>2,646,441</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Other Life	-	-	2,824	2,824
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>2,824</b>	<b>2,824</b>
<b>Total</b>	<b>\$ 1,741,201</b>	<b>\$ 905,240</b>	<b>\$ 2,824</b>	<b>\$ 2,649,265</b>

### NET PREMIUMS EARNED

(Note 1)

	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>				
Professional	\$ 306,070	\$ 54,304	\$ -	\$ 360,374
Casualty	537,655	149,627	-	687,282
Property catastrophe	-	164,057	-	164,057
Property	406,230	286,493	-	692,723
Specialty	403,103	47,676	-	450,779
Other (Note 3)	(754)	159,632	-	158,878
<b>Total P&amp;C operations</b>	<b>1,652,304</b>	<b>861,789</b>	<b>-</b>	<b>2,514,093</b>
<b>Corporate and Other :</b>				
Run-Off Life Operations - Other Life	-	-	2,824	2,824
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>2,824</b>	<b>2,824</b>
<b>Total</b>	<b>\$ 1,652,304</b>	<b>\$ 861,789</b>	<b>\$ 2,824</b>	<b>\$ 2,516,917</b>

## INSURANCE SEGMENT

(U.S. dollars in thousands)  
(Unaudited)  
(Note 1)

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	% Change Q2 18 vs. Q1 18 vs. Q2 17
Gross premiums written	\$ 2,881,921	\$ 2,866,539	\$ 2,488,403	\$ 2,311,090	\$ 2,576,754	0.5% 11.8%
Net premiums written	1,929,564	1,481,867	1,794,452	1,660,304	1,741,201	30.2% 10.8%
Net premiums earned	1,748,355	1,665,789	1,757,004	1,677,189	1,652,304	5.0% 5.8%
Net losses incurred	(1,224,756)	(1,064,992)	(1,262,828)	(1,724,755)	(1,077,087)	15.0% 13.7%
Acquisition expenses	(237,694)	(221,962)	(251,530)	(228,188)	(231,908)	7.1% 2.5%
Operating expenses (Note 2)	(306,585)	(316,380)	(284,788)	(269,727)	(288,681)	-3.1% 6.2%
<b>Underwriting profit (loss)</b>	<b>\$ (20,680)</b>	<b>\$ 62,455</b>	<b>\$ (42,142)</b>	<b>\$ (545,481)</b>	<b>\$ 54,628</b>	<b>-133.1% -137.9%</b>
<b>PYD and Catastrophe</b>						
Total net prior year development, strengthening (release)	\$ 51,883	\$ (5,295)	\$ (11,079)	\$ (8,811)	\$ (17,227)	
Natural catastrophe losses	78,875	63,475	195,867	697,956	79,389	
Reinstatement premium	-	-	(3,645)	(18,324.00)	-	
<b>Ratios - P&amp;C operations:</b>						
Loss and loss expense ratio	70.1%	63.9%	71.9%	102.8%	65.2%	
Acquisition expense ratio	13.6%	13.3%	14.3%	13.6%	14.0%	
Operating expense ratio	17.5%	19.1%	16.2%	16.1%	17.5%	
Combined ratio	101.2%	96.3%	102.4%	132.5%	96.7%	
Loss and loss expense ratio excluding net PYD	67.1%	64.3%	72.5%	103.4%	66.2%	
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	62.6%	60.4%	61.2%	61.1%	61.4%	
Combined ratio excluding net PYD	98.2%	96.6%	103.0%	133.0%	97.7%	
Combined ratio excluding net PYD, CATS and reinstatement premium	93.7%	92.8%	91.7%	90.4%	92.9%	

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Operating expenses exclude corporate operating expenses.

## REINSURANCE SEGMENT

(U.S. dollars in thousands)  
(Unaudited)  
(Note 1, 2)

	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	% Change Q2 18 vs. Q1 18	vs. Q2 17
Gross premiums written	\$ 1,048,352	\$ 2,060,601	\$ 1,072,403	\$ 704,641	\$ 977,676	-49.1%	7.2%
Net premiums written	889,675	1,670,744	921,550	665,917	905,240	-46.7%	-1.7%
Net premiums earned	944,309	931,392	915,944	940,567	861,789	1.4%	9.6%
Net losses incurred	(496,553)	(557,014)	(559,830)	(1,341,968)	(451,996)	-10.9%	9.9%
Acquisition expenses	(232,538)	(240,854)	(220,260)	(216,371)	(200,394)	-3.5%	16.0%
Operating expenses (Note 3)	(80,309)	(73,539)	(67,372)	(63,723)	(69,435)	9.2%	15.7%
<b>Underwriting profit (loss)</b>	<b>\$ 134,909</b>	<b>\$ 59,985</b>	<b>\$ 68,482</b>	<b>\$ (681,495)</b>	<b>\$ 139,964</b>	<b>124.9%</b>	<b>-3.6%</b>
<b>PYD and Catastrophe</b>							
Total net prior year development, strengthening (release)	\$ (60,797)	\$ (3,841)	\$ (43,101)	\$ (22,051)	\$ (69,505)		
Natural catastrophe losses	(512)	9,718	110,468	873,440	13,032		
Reinstatement premium	1,600	-	2,430	70,655	273		
<b>Ratios - P&amp;C operations:</b>							
Loss and loss expense ratio	52.6%	59.8%	61.1%	142.7%	52.4%		
Acquisition expense ratio	24.6%	25.9%	24.0%	23.0%	23.3%		
Operating expense ratio	8.5%	7.9%	7.4%	6.8%	8.1%		
Combined ratio	85.7%	93.6%	92.5%	172.5%	83.8%		
Loss and loss expense ratio excluding net PYD	59.0%	60.2%	65.8%	145.0%	60.5%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	59.2%	59.2%	53.9%	56.4%	59.0%		
Combined ratio excluding net PYD	92.2%	94.0%	97.2%	174.8%	91.8%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.4%	92.9%	85.4%	88.6%	90.3%		

**Notes:**

1. A significant portion of XL's reinsurance business incepts in the first quarter. This should be considered when making certain comparisons of gross and net premiums written.
2. Certain amounts have been reclassified to conform with the current period presentation.
3. Operating expenses exclude corporate operating expenses.

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT ("PYD") AND NATURAL CATASTROPHES ("CATs")  
THREE MONTHS ENDED JUNE 30, 2018 vs JUNE 30, 2017**

(U.S. dollars in thousands)  
(Unaudited)

	FOR THE THREE MONTHS ENDED JUNE 30, 2018					FOR THE THREE MONTHS ENDED JUNE 30, 2017				
	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs	Excluding CATs and PYD	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs	Excluding CATs and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 2,881,921	-	\$ 2,881,921	-	\$ 2,881,921	\$ 2,576,754	-	\$ 2,576,754	-	\$ 2,576,754
Net premiums written	1,929,564	-	1,929,564	-	1,929,564	1,741,201	-	1,741,201	-	1,741,201
Net premiums earned	1,748,355	-	1,748,355	-	1,748,355	1,652,304	-	1,652,304	-	1,652,304
Net losses incurred	1,224,756	51,883	1,172,873	78,875	1,093,998	1,077,087	(17,227)	1,094,314	79,389	1,014,925
Acquisition expenses	237,694	-	237,694	-	237,694	231,908	-	231,908	-	231,908
Operating expenses	306,585	-	306,585	-	306,585	288,681	-	288,681	-	288,681
<b>Underwriting profit / (loss)</b>	<b>\$ (20,680)</b>	<b>\$ (51,883)</b>	<b>\$ 31,203</b>	<b>\$ (78,875)</b>	<b>\$ 110,078</b>	<b>\$ 54,628</b>	<b>\$ 17,227</b>	<b>\$ 37,401</b>	<b>\$ (79,389)</b>	<b>\$ 116,790</b>
<b>Loss Ratio</b>	<b>70.1%</b>		<b>67.1%</b>		<b>62.6%</b>	<b>65.2%</b>		<b>66.2%</b>		<b>61.4%</b>
<b>Combined Ratio</b>	<b>101.2%</b>		<b>98.2%</b>		<b>93.7%</b>	<b>96.7%</b>		<b>97.7%</b>		<b>92.9%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 1,048,352	-	\$ 1,048,352	1,600	\$ 1,046,752	\$ 977,676	-	\$ 977,676	280	\$ 977,396
Net premiums written	889,675	-	889,675	1,600	888,075	905,240	-	905,240	273	904,967
Net premiums earned	944,309	-	944,309	1,600	942,709	861,789	-	861,789	273	861,516
Net losses incurred	496,553	(60,797)	557,350	(512)	557,862	451,996	(69,505)	521,501	13,032	508,469
Acquisition expenses	232,538	-	232,538	-	232,538	200,394	-	200,394	-	200,394
Operating expenses	80,309	-	80,309	-	80,309	69,435	-	69,435	-	69,435
<b>Underwriting profit / (loss)</b>	<b>\$ 134,909</b>	<b>\$ 60,797</b>	<b>\$ 74,112</b>	<b>\$ 2,112</b>	<b>\$ 72,000</b>	<b>\$ 139,964</b>	<b>\$ 69,505</b>	<b>\$ 70,459</b>	<b>\$ (12,759)</b>	<b>\$ 83,218</b>
<b>Loss Ratio</b>	<b>52.6%</b>		<b>59.0%</b>		<b>59.2%</b>	<b>52.4%</b>		<b>60.5%</b>		<b>59.0%</b>
<b>Combined Ratio</b>	<b>85.7%</b>		<b>92.2%</b>		<b>92.4%</b>	<b>83.8%</b>		<b>91.8%</b>		<b>90.3%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 3,930,273	-	\$ 3,930,273	1,600	\$ 3,928,673	\$ 3,554,430	-	\$ 3,554,430	280	\$ 3,554,150
Net premiums written	2,819,239	-	2,819,239	1,600	2,817,639	2,646,441	-	2,646,441	273	2,646,168
Net premiums earned	2,692,664	-	2,692,664	1,600	2,691,064	2,514,093	-	2,514,093	273	2,513,820
Net losses incurred	1,721,309	(8,914)	1,730,223	78,363	1,651,860	1,529,083	(86,732)	1,615,815	92,421	1,523,394
Acquisition expenses	470,232	-	470,232	-	470,232	432,302	-	432,302	-	432,302
Operating expenses	386,894	-	386,894	-	386,894	358,116	-	358,116	-	358,116
<b>Underwriting profit / (loss)</b>	<b>\$ 114,229</b>	<b>\$ 8,914</b>	<b>\$ 105,315</b>	<b>\$ (76,763)</b>	<b>\$ 182,078</b>	<b>\$ 194,592</b>	<b>\$ 86,732</b>	<b>\$ 107,860</b>	<b>\$ (92,148)</b>	<b>\$ 200,008</b>
<b>Loss Ratio</b>	<b>63.9%</b>		<b>64.3%</b>		<b>61.4%</b>	<b>60.8%</b>		<b>64.3%</b>		<b>60.6%</b>
<b>Combined Ratio</b>	<b>95.8%</b>		<b>96.1%</b>		<b>93.2%</b>	<b>92.3%</b>		<b>95.7%</b>		<b>92.0%</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.

## SEGMENT INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2018

(U.S. dollars in thousands, except ratios)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 5,748,460	\$ 3,108,953	\$ 8,857,413	\$ 107,688	\$ 8,965,101
Net premiums written	\$ 3,411,431	\$ 2,560,419	\$ 5,971,850	\$ 5,612	\$ 5,977,462
Net premiums earned	\$ 3,414,144	\$ 1,875,701	\$ 5,289,845	\$ 5,612	\$ 5,295,457
Net losses and loss expenses incurred	(2,289,748)	(1,053,567)	(3,343,315)	(20,424)	(3,363,739)
Acquisition expenses	(459,656)	(473,392)	(933,048)	(2,270)	(935,318)
Operating expenses (Note 2)	(622,965)	(153,848)	(776,813)	(336)	(777,149)
Underwriting (loss) profit	<u>\$ 41,775</u>	<u>\$ 194,894</u>	<u>\$ 236,669</u>	<u>\$ (17,418)</u>	<u>\$ 219,251</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	60,650	60,650
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	350,262	14,746	365,008
Net investment results structured products (Note 4)	3,913	7,880	11,793	-	11,793
Net fee income and other (Note 5)	(11,694)	2,032	(9,662)	114	(9,548)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	40,897	40,897
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			(36,055)	2,608	(33,447)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(13,199)	(13,199)
Net realized and unrealized gains (losses) on derivative instruments				20,347	20,347
Income (loss) from investment fund affiliates and operating affiliates (Note 6)				123,686	123,686
Foreign exchange (gains) losses				(2,299)	(2,299)
Corporate operating expenses				141,351	141,351
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 553,007</u>	<u>\$ 93,379</u>	<u>\$ 646,386</u>
Interest expense (Note 7)					(89,415)
Non-controlling interests					(26,389)
Income tax					(58,938)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 471,644</u>
<b>PYD and Catastrophe</b>					
Total net prior year development	46,588	(64,638)	(18,050)		
Natural catastrophe losses	142,350	9,206	151,556		
Reinstatement premium	-	1,600	1,600		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	67.1%	56.2%	63.2%		
Underwriting expense ratio	31.7%	33.4%	32.3%		
Combined ratio	98.8%	89.6%	95.5%		
Loss and loss expense ratio excluding net PYD	65.7%	59.6%	63.5%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	61.5%	59.2%	60.7%		
Combined ratio excluding net PYD	97.4%	93.1%	95.9%		
Combined ratio excluding net PYD, CATS and reinstatement premium	93.2%	92.6%	93.0%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$24.6 million and \$12.8 million, respectively.
- Net fee income and other includes operating expenses of \$24.6 million from the Company's loss prevention consulting services business.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.



## SEGMENT INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2017

(U.S. dollars in thousands, except ratios)  
(Unaudited)

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 5,270,970	\$ 2,905,066	\$ 8,176,036	\$ 115,330	\$ 8,291,366
Net premiums written	\$ 3,249,792	\$ 2,376,409	\$ 5,626,201	\$ 6,134	\$ 5,632,335
Net premiums earned	\$ 3,287,619	\$ 1,745,955	\$ 5,033,574	\$ 6,134	\$ 5,039,708
Net losses and loss expenses incurred	(2,137,450)	(975,089)	(3,112,539)	(14,886)	(3,127,425)
Acquisition expenses	(442,391)	(424,473)	(866,864)	(2,589)	(869,453)
Operating expenses (Note 2)	(574,410)	(141,192)	(715,602)	(511)	(716,113)
Underwriting (loss) profit	<u>\$ 133,368</u>	<u>\$ 205,201</u>	<u>\$ 338,569</u>	<u>\$ (11,852)</u>	<u>\$ 326,717</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	64,803	64,803
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	302,125	15,384	317,509
Net investment results structured products (Note 4)	4,250	1,587	5,837	-	5,837
Net fee income and other (Note 5)	(859)	1,380	521	(303)	218
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	40,527	40,527
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			61,971	(8,584)	53,387
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(84,697)	(84,697)
Net realized and unrealized gains (losses) on derivative instruments				(7,975)	(7,975)
Income (loss) from investment fund affiliates and operating affiliates (Note 6)				125,392	125,392
Gain on sale of operating affiliate				-	-
Foreign exchange (gains) losses				(8,979)	(8,979)
Corporate operating expenses (Note 7)				201,035	201,035
Loss (Gain) on sale of subsidiary				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 709,023</u>	<u>\$ (59,361)</u>	<u>\$ 649,662</u>
Interest expense (Note 8)					(83,672)
Non-controlling interests					(69,429)
Income taxes					(42,098)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 454,463</u>
<b>PYD and Catastrophe</b>					
Total net prior year development	(21,869)	(40,859)	(62,728)		
Natural catastrophe losses	149,719	38,777	188,496		
Reinstatement premium	-	273	273		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	65.0%	55.8%	61.8%		
Underwriting expense ratio	30.9%	32.4%	31.5%		
Combined ratio	95.9%	88.2%	93.3%		
Loss and loss expense ratio excluding net PYD	65.7%	58.2%	63.1%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	61.1%	56.0%	59.3%		
Combined ratio excluding net PYD	96.6%	90.6%	94.5%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.1%	88.4%	90.8%		

**Notes :**

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$26.9 million and \$21.1 million, respectively.
- Net fee income and other includes operating expenses of \$23.7 million from the Company's loss prevention consulting services business.
- The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.
- Operating expenses includes \$73.1 million of integration costs resulting from the Catlin acquisition. See pages 9 - 11 for three month periods' split of segment and corporate operating expenses. See pages 16 - 17 for six month period' split of segment and corporate operating expenses.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.

## PREMIUMS BY LINE OF BUSINESS

(U.S. Dollars in thousands)  
(Unaudited)

	FOR THE SIX MONTHS ENDED JUNE 30, 2018				FOR THE SIX MONTHS ENDED JUNE 30, 2017			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 990,180	\$ 209,222	\$ -	\$ 1,199,402	\$ 874,857	\$ 160,225	\$ -	\$ 1,035,082
Casualty	1,831,836	435,742	-	2,267,578	1,700,935	458,186	-	2,159,121
Property catastrophe		852,132	-	852,132		788,405	-	788,405
Property	1,592,260	1,033,163	-	2,625,423	1,435,647	985,374	-	2,421,021
Specialty	1,334,862	177,865	-	1,512,727	1,258,397	172,006	-	1,430,403
Other (Note 3)	(678)	400,829	-	400,151	1,134	340,870	-	342,004
<b>Total P&amp;C operations</b>	<b>5,748,460</b>	<b>3,108,953</b>		<b>8,857,413</b>	<b>5,270,970</b>	<b>2,905,066</b>		<b>8,176,036</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	57,416	57,416	-	-	53,615	53,615
Run-Off Life Operations - Other Life	-	-	50,272	50,272	-	-	61,715	61,715
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>107,688</b>	<b>107,688</b>	<b>-</b>	<b>-</b>	<b>115,330</b>	<b>115,330</b>
<b>Total</b>	<b>\$ 5,748,460</b>	<b>\$ 3,108,953</b>	<b>\$ 107,688</b>	<b>\$ 8,965,101</b>	<b>\$ 5,270,970</b>	<b>\$ 2,905,066</b>	<b>\$ 115,330</b>	<b>\$ 8,291,366</b>
	<b>NET PREMIUMS WRITTEN</b>				<b>NET PREMIUMS WRITTEN</b>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 592,832	\$ 198,773	\$ -	\$ 791,605	\$ 546,109	\$ 151,874	\$ -	\$ 697,983
Casualty	954,095	408,795	-	1,362,890	963,841	426,784	-	1,390,625
Property catastrophe		572,327	-	572,327		462,509	-	462,509
Property	921,860	856,691	-	1,778,551	854,452	876,309	-	1,730,761
Specialty	943,323	155,870	-	1,099,193	884,678	146,230	-	1,030,908
Other (Note 3)	(679)	367,963	-	367,284	712	312,703	-	313,415
<b>Total P&amp;C operations</b>	<b>3,411,431</b>	<b>2,560,419</b>		<b>5,971,850</b>	<b>3,249,792</b>	<b>2,376,409</b>		<b>5,626,201</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Other Life	-	-	5,612	5,612	-	-	6,134	6,134
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>5,612</b>	<b>5,612</b>	<b>-</b>	<b>-</b>	<b>6,134</b>	<b>6,134</b>
<b>Total</b>	<b>\$ 3,411,431</b>	<b>\$ 2,560,419</b>	<b>\$ 5,612</b>	<b>\$ 5,977,462</b>	<b>\$ 3,249,792</b>	<b>\$ 2,376,409</b>	<b>\$ 6,134</b>	<b>\$ 5,632,335</b>
	<b>NET PREMIUMS EARNED</b>				<b>NET PREMIUMS EARNED</b>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 656,159	\$ 128,389	\$ -	\$ 784,548	\$ 611,552	\$ 107,230	\$ -	\$ 718,782
Casualty	993,317	305,032	-	1,298,349	1,011,850	306,261	-	1,318,111
Property catastrophe		266,230	-	266,230		312,463	-	312,463
Property	836,250	511,885	-	1,348,135	856,733	558,839	-	1,415,572
Specialty	928,415	91,554	-	1,019,969	805,790	84,302	-	890,092
Other (Note 3)	3	572,611	-	572,614	1,694	376,860	-	378,554
<b>Total P&amp;C operations</b>	<b>3,414,144</b>	<b>1,875,701</b>		<b>5,289,845</b>	<b>3,287,619</b>	<b>1,745,955</b>		<b>5,033,574</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Other Life	-	-	5,612	5,612	-	-	6,134	6,134
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>5,612</b>	<b>5,612</b>	<b>-</b>	<b>-</b>	<b>6,134</b>	<b>6,134</b>
<b>Total</b>	<b>\$ 3,414,144</b>	<b>\$ 1,875,701</b>	<b>\$ 5,612</b>	<b>\$ 5,295,457</b>	<b>\$ 3,287,619</b>	<b>\$ 1,745,955</b>	<b>\$ 6,134</b>	<b>\$ 5,039,708</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Corporate and Other includes the Company's run-off Life operations.
3. Other within the Insurance segment includes: surety, structured indemnity and certain other discontinued lines. Other within the Reinsurance segment includes: whole account contracts, credit and surety, accident and health and other lines.

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES  
FOR THE SIX MONTHS ENDED JUNE 30, 2018 vs JUNE 30, 2017**

(U.S. Dollars in thousands)  
(Unaudited)

	FOR THE SIX MONTHS ENDED JUNE 30, 2018					FOR THE SIX MONTHS ENDED JUNE 30, 2017 (Note 1)				
	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs	Excluding CATs and PYD	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs	Excluding CATs and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 5,748,460	-	\$ 5,748,460	-	\$ 5,748,460	\$ 5,270,970	-	\$ 5,270,970	-	\$ 5,270,970
Net premiums written	3,411,431	-	3,411,431	-	3,411,431	3,249,792	-	3,249,792	-	3,249,792
Net premiums earned	3,414,144	-	3,414,144	-	3,414,144	3,287,619	-	3,287,619	-	3,287,619
Net losses incurred	2,289,748	46,588	2,243,160	142,350	2,100,810	2,137,450	(21,869)	2,159,319	149,719	2,009,600
Acquisition expenses	459,656	-	459,656	-	459,656	442,391	-	442,391	-	442,391
Operating expenses	622,965	-	622,965	-	622,965	574,410	-	574,410	-	574,410
<b>Underwriting profit / (loss)</b>	<b>\$ 41,775</b>	<b>\$ (46,588)</b>	<b>\$ 88,363</b>	<b>\$ (142,350)</b>	<b>\$ 230,713</b>	<b>\$ 133,368</b>	<b>\$ 21,869</b>	<b>\$ 111,499</b>	<b>\$ (149,719)</b>	<b>\$ 261,218</b>
<b>Loss Ratio</b>	<b>67.1%</b>		<b>65.7%</b>		<b>61.5%</b>	<b>65.0%</b>		<b>65.7%</b>		<b>61.1%</b>
<b>Combined Ratio</b>	<b>98.8%</b>		<b>97.4%</b>		<b>93.2%</b>	<b>95.9%</b>		<b>96.6%</b>		<b>92.1%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 3,108,953	-	\$ 3,108,953	1,600	\$ 3,107,353	\$ 2,905,066	-	\$ 2,905,066	280	\$ 2,904,786
Net premiums written	2,560,419	-	2,560,419	1,600	2,558,819	2,376,409	-	2,376,409	273	2,376,136
Net premiums earned	1,875,701	-	1,875,701	1,600	1,874,101	1,745,955	-	1,745,955	273	1,745,682
Net losses incurred	1,053,567	(64,638)	1,118,205	9,206	1,108,999	975,089	(40,859)	1,015,948	38,777	977,171
Acquisition expenses	473,392	-	473,392	-	473,392	424,473	-	424,473	-	424,473
Operating expenses	153,848	-	153,848	-	153,848	141,192	-	141,192	-	141,192
<b>Underwriting profit / (loss)</b>	<b>\$ 194,894</b>	<b>\$ 64,638</b>	<b>\$ 130,256</b>	<b>\$ (7,606)</b>	<b>\$ 137,862</b>	<b>\$ 205,201</b>	<b>\$ 40,859</b>	<b>\$ 164,342</b>	<b>\$ (38,504)</b>	<b>\$ 202,846</b>
<b>Loss Ratio</b>	<b>56.2%</b>		<b>59.6%</b>		<b>59.2%</b>	<b>55.8%</b>		<b>58.2%</b>		<b>56.0%</b>
<b>Combined Ratio</b>	<b>89.6%</b>		<b>93.1%</b>		<b>92.6%</b>	<b>88.2%</b>		<b>90.6%</b>		<b>88.4%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 8,857,413	-	\$ 8,857,413	1,600	\$ 8,855,813	\$ 8,176,036	-	\$ 8,176,036	280	\$ 8,175,756
Net premiums written	5,971,850	-	5,971,850	1,600	5,970,250	5,626,201	-	5,626,201	273	5,625,928
Net premiums earned	5,289,845	-	5,289,845	1,600	5,288,245	5,033,574	-	5,033,574	273	5,033,301
Net losses incurred	3,343,315	(18,050)	3,361,365	151,556	3,209,809	3,112,539	(62,728)	3,175,267	188,496	2,986,771
Acquisition expenses	933,048	-	933,048	-	933,048	866,864	-	866,864	-	866,864
Operating expenses	776,813	-	776,813	-	776,813	715,602	-	715,602	-	715,602
<b>Underwriting profit / (loss)</b>	<b>\$ 236,669</b>	<b>\$ 18,050</b>	<b>\$ 218,619</b>	<b>\$ (149,956)</b>	<b>\$ 368,575</b>	<b>\$ 338,569</b>	<b>\$ 62,728</b>	<b>\$ 275,841</b>	<b>\$ (188,223)</b>	<b>\$ 464,064</b>
<b>CATs attributable to non-controlling interest</b>				<b>-</b>					<b>-</b>	
<b>CATs net of non-controlling interest</b>				<b>\$ (149,956)</b>					<b>\$ (188,223)</b>	
<b>Loss Ratio</b>	<b>63.2%</b>		<b>63.5%</b>		<b>60.7%</b>	<b>61.8%</b>		<b>63.1%</b>		<b>59.3%</b>
<b>Combined Ratio</b>	<b>95.5%</b>		<b>95.9%</b>		<b>93.0%</b>	<b>93.3%</b>		<b>94.5%</b>		<b>90.8%</b>

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.



## EFFECTIVE TAX RATE ANALYSIS

(U.S. Dollars in thousands)  
(Unaudited)

	FOR THE THREE MONTHS ENDED JUNE 30, 2018				FOR THE SIX MONTHS ENDED JUNE 30, 2018			
	Profit/(loss) before tax	Tax expense /(benefit)	Profit/(loss) after tax	Effective tax rate	Profit/(loss) before tax	Tax expense /(benefit)	Profit/(loss) after tax	Effective tax rate
Net Income (loss)	\$ 363,836	\$ 27,036	\$ 336,800	7.4%	\$ 556,971	\$ 58,938	\$ 498,033	10.6%
Non-controlling interests	(17,804)	-	(17,804)	-	(26,389)	-	(26,389)	-
Net Income (loss) attributable to common shareholders (Note 1)	<u>346,032</u>	<u>27,036</u>	<u>318,996</u>	<u>7.8%</u>	<u>530,582</u>	<u>58,938</u>	<u>471,644</u>	<u>11.1%</u>
Adjustments to Net Income (loss)	(95,649)	3,006	(98,655)	-3.1%	(29,332)	1,212	(30,544)	-4.1%
Operating Net Income (loss), excluding impact of discrete tax adj (Note 2)	<u>250,383</u>	<u>30,042</u>	<u>220,341</u>	<u>12.0%</u>	<u>501,250</u>	<u>60,150</u>	<u>441,100</u>	<u>12.0%</u>
Discrete Tax expense/(benefit) adjustments	-	-	-	-	-	6,400	(6,400)	-
Operating Net Income (loss), including impact of discrete tax adj (Note 2)	<u>\$ 250,383</u>	<u>\$ 30,042</u>	<u>\$ 220,341</u>	<u>12.0%</u>	<u>\$ 501,250</u>	<u>\$ 66,550</u>	<u>\$ 434,700</u>	<u>13.3%</u>

**Note:**

1. After reduction for non-controlling interest expense.
2. Operating net income is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G.

# BALANCE SHEETS



## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share and per share amounts)

(Unaudited)  
(Note 1)

	At June 30, 2018	At March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017
<b>Assets</b>					
Fixed maturities available for sale ("AFS"), at fair value (Note 2)	\$ 29,793,151	\$ 30,656,628	\$ 30,928,988	\$ 31,675,509	\$ 30,810,724
Short-term investments AFS, at fair value (Note 3)	623,113	500,170	815,481	336,054	617,894
Fixed maturities trading, at fair value (Note 4)	1,990,344	2,084,251	2,006,385	1,866,465	1,772,877
Short-term investments trading, at fair value (Note 5)	5,788	7,425	14,965	9,361	-
Equity securities, at fair value (Note 6)	644,711	637,872	713,967	1,011,942	1,174,500
Investments in affiliates	1,904,010	1,900,105	1,911,996	2,100,378	2,127,115
Other investments	1,151,706	1,186,983	1,163,863	1,145,588	1,126,741
<b>Total investments</b>	<b>36,112,823</b>	<b>36,973,434</b>	<b>37,555,645</b>	<b>38,145,297</b>	<b>37,629,851</b>
Cash and cash equivalents	2,903,070	3,484,763	3,435,954	3,030,088	3,133,822
Restricted cash	127,497	155,023	157,497	159,627	181,230
Accrued investment income	265,115	265,701	272,149	270,211	270,730
Deferred acquisition costs and value of business acquired	1,162,164	1,317,797	1,102,474	1,073,343	1,143,671
Ceded unearned premiums	2,807,369	2,950,077	2,198,217	2,311,619	2,566,652
Premiums receivable	8,079,074	7,988,469	6,934,482	7,078,700	6,973,206
Reinsurance balances receivable	1,293,477	1,210,620	930,114	1,079,821	755,511
Unpaid losses and loss expenses recoverable	7,209,084	7,271,013	7,247,723	6,962,787	5,858,369
Net receivable from investments sold	188,781	258,084	201,515	195,837	442,339
Goodwill and other intangible assets	2,201,085	2,230,506	2,225,751	2,227,014	2,219,390
Deferred tax assets	372,520	356,667	332,024	301,322	293,219
Other assets	863,830	875,809	842,691	954,542	914,260
<b>Total assets</b>	<b>\$ 63,585,889</b>	<b>\$ 65,337,963</b>	<b>\$ 63,436,236</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 29,181,147	\$ 29,701,568	\$ 29,696,779	\$ 29,988,337	\$ 26,822,344
Deposit liabilities	940,557	982,963	1,042,677	1,030,290	1,123,628
Future policy benefit reserves	3,380,442	3,680,958	3,610,926	3,656,859	3,591,573
Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 7)	736,092	989,140	999,219	920,571	918,304
Unearned premiums	9,539,454	9,687,293	8,307,431	8,344,536	8,848,374
Notes payable and debt	3,217,123	3,240,461	3,220,769	3,210,063	3,207,339
Reinsurance balances payable	4,071,505	4,432,331	3,706,116	3,706,120	3,428,302
Net payable for investments purchased	217,797	317,339	332,989	273,449	268,771
Deferred tax liabilities	57,360	57,995	57,574	107,157	97,879
Other liabilities	987,406	1,012,693	1,000,436	1,024,316	973,329
<b>Total liabilities</b>	<b>\$ 52,328,883</b>	<b>\$ 54,102,741</b>	<b>\$ 51,974,916</b>	<b>\$ 52,261,698</b>	<b>\$ 49,279,843</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Common shares, par value \$0.01 (Note 8)	\$ 2,588	\$ 2,582	\$ 2,560	\$ 2,560	\$ 2,586
Additional paid in capital	7,841,304	7,809,895	7,757,940	7,741,544	7,790,913
Accumulated other comprehensive income (loss)	51,264	312,255	889,431	968,928	921,165
Retained earnings (deficit)	1,764,855	1,503,797	1,198,386	1,226,815	2,365,888
Shareholders' equity attributable to XL Group Ltd	9,660,011	9,628,529	9,848,317	9,939,847	11,080,552
Non-controlling interest in equity of consolidated subsidiaries	1,596,995	1,606,693	1,613,003	1,588,663	2,021,855
<b>Total shareholders' equity</b>	<b>\$ 11,257,006</b>	<b>\$ 11,235,222</b>	<b>\$ 11,461,320</b>	<b>\$ 11,528,510</b>	<b>\$ 13,102,407</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 63,585,889</b>	<b>\$ 65,337,963</b>	<b>\$ 63,436,236</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>

### Notes:

1. Certain amounts have been reclassified to conform with the current period presentation.

2. Fixed maturities, available for sale at amortized cost: June 30, 2018 - \$29,689,322; March 31, 2018 - \$30,268,346; December 31, 2017 - \$30,157,581; September 30, 2017 - \$30,822,936; June 30, 2017 - \$30,012,007

3. Short-term investments at amortized cost: June 30, 2018 - \$623,158; March 31, 2018 - \$500,844; December 31, 2017 - \$816,638; September 30, 2017 - \$336,071; June 30, 2017 - \$617,866

4. Fixed maturities at amortized cost: June 30, 2018 - \$1,965,372; March 31, 2018 - \$2,055,722; December 31, 2017 - \$1,946,501; September 30, 2017 - \$1,823,406; June 30, 2017 - \$1,724,250

5. Short-term trading investments at amortized cost: June 30, 2018 - \$5,777; March 31, 2018 - \$7,428; December 31, 2017 - \$14,969; September 30, 2017 - \$9,362; June 30, 2017 - \$0

6. Equity securities at cost: June 30, 2018 - \$586,220; March 31, 2018 - \$607,427; December 31, 2017 - \$638,455; September 30, 2017 - \$920,130; June 30, 2017 - \$1,094,494

7. On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.

8. The authorized share capital of XL Bermuda is 999,990,000 divided into 500,000,000 common shares, par value \$0.01 and 499,990,000 shares, par value \$0.01. Common shares issued and outstanding: June 30, 2018 - 258,780,274; March 31, 2018 - 258,171,836; December 31, 2017 - 256,033,895; September 30, 2017 - 255,980,636; June 30, 2017 - 258,611,313

## SUPPLEMENTARY CAPITAL INFORMATION

(U.S. dollars in millions)  
(Notes 1, 2 and 3)  
(Unaudited)

	At June 30, 2018 In Use	At March 31, 2018 In Use	At December 31, 2017 In Use	At September 30, 2017 In Use	At June 30, 2017 In Use
<b>Debt</b>					
\$300 million, 2.30% Senior Notes due December 2018	300	300	299	299	299
\$400 million, 5.75% Senior Notes due October 2021	399	398	398	398	398
\$350 million, 6.375% Senior Notes due November 2024	349	349	349	349	349
\$500 million, 4.45% Subordinated Notes due March 2025	495	494	494	494	494
\$325 million, 6.25% Senior Notes due May 2027	324	324	324	323	323
\$300 million, 5.25% Senior Notes due December 2043	297	297	297	297	296
\$500 million, 5.5% Subordinated Notes due March 2045 (Note 4)	473	473	473	473	489
€500 million, 3.25% Subordinated Notes due June 2047 (Note 5)	568	606	587	577	558
Other Debt	14	-	-	-	-
<b>Total debt</b>	<b>\$ 3,219</b>	<b>\$ 3,241</b>	<b>\$ 3,221</b>	<b>\$ 3,210</b>	<b>\$ 3,206</b>
Adjustment to carrying value - impact of fair value hedges and other	(2)	(1)	(0)	0	1
<b>Total debt carrying value</b>	<b>\$ 3,217</b>	<b>\$ 3,240</b>	<b>\$ 3,221</b>	<b>\$ 3,210</b>	<b>\$ 3,207</b>
<b>Shareholders' Capital</b>					
Non-controlling interests - Series D preference ordinary shares of XLIT (Note 6)	287	287	287	287	345
Non-controlling interests - Series E preference ordinary shares of XLIT (Note 6)	670	670	670	670	1,000
Non-controlling interests - Non-cumulative perpetual preference shares of Catlin-Bermuda (Note 6)	519	519	519	519	562
Non-controlling interests - Other	122	131	138	113	115
Common shares - capital and surplus	\$ 7,844	\$ 7,812	\$ 7,760	\$ 7,744	\$ 7,793
AOCI (Note 7)	51	312	889	969	921
Retained Earnings (Note 7)	1,765	1,504	1,198	1,227	2,366
<b>Total shareholders' capital</b>	<b>\$ 11,257</b>	<b>\$ 11,235</b>	<b>\$ 11,461</b>	<b>\$ 11,529</b>	<b>\$ 13,102</b>
<b>Total capital (total debt plus total shareholders' capital)</b>	<b>\$ 14,474</b>	<b>\$ 14,476</b>	<b>\$ 14,682</b>	<b>\$ 14,739</b>	<b>\$ 16,310</b>
<b>Debt to total capital</b>	22.2%	22.4%	21.9%	21.8%	19.7%

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. "In Use" data represents accreted values.
3. Excluded from the table are revolving credit capacity of \$750.0 million at June 30, 2018, at March 31, 2018, at December 31, 2017, at September 30, 2017 and \$1.0 billion at June 30, 2017. The amounts of this capacity for revolving loans utilized to issue letters of credit were \$76.1 million at June 30, 2018, \$105.7 million at March 31, 2018, \$2.0 million at December 31, 2017 and September 30, 2017, and \$44.7 million at June 30, 2017, thus leaving available amounts of \$673.9 million at June 30, 2018, \$644.3 million at March 31, 2018, \$748.0 million at December 31, 2017 and September 2017, and \$705.3 million at June 30, 2017.
4. On July 7, 2017, the Company repurchased through a tender offer and canceled outstanding 5.5% Subordinated Notes due 2045 issued by XLIT with a net carrying value of \$16.3 million for \$17.9 million, inclusive of transaction costs.
5. Debt issued in Euro denominated subordinated notes.
6. During the third quarter of 2017, the Company repurchased and canceled a portion of Series D, Series E and the Non-cumulative perpetual preference shares.
7. During the first quarter of 2018, the Company reclassified net unrealized investment gains of \$221.9 million, net of tax, from AOCI to Retained Earnings in connection with the adoption of FASB Accounting Standards Update No. 2016-01; and reclassified stranded tax effects of (\$3.9) million, net of tax, from AOCI to Retained Earnings in connection with the adoption of FASB Accounting Standards Update No. 2018-02.

## RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

(U.S. dollars in thousands)

(Note 1)

(Unaudited)

	At June 30, 2018	At March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017
Unpaid losses and loss expenses recoverable - P&C Operations	\$ 7,198,164	\$ 7,262,543	\$ 7,239,446	\$ 6,954,034	\$ 5,849,503
Unpaid losses and loss expenses recoverable - Corporate and Other	10,920	8,470	8,277	8,753	8,866
Total unpaid losses and loss expenses recoverable	<u>\$ 7,209,084</u>	<u>\$ 7,271,013</u>	<u>\$ 7,247,723</u>	<u>\$ 6,962,787</u>	<u>\$ 5,858,369</u>
Reinsurance balances receivable	1,293,477	1,210,620	930,114	1,079,821	755,511
Ceded unearned premiums	2,807,369	2,950,077	2,198,217	2,311,619	2,566,652
Total reinsurance assets (Note 2)	<u>\$ 11,309,930</u>	<u>\$ 11,431,710</u>	<u>\$ 10,376,054</u>	<u>\$ 10,354,227</u>	<u>\$ 9,180,532</u>

The following is an analysis of the total reinsurance assets, net of collateral held, at March 31, 2018, by reinsurers owing 3% or more of such total:

Name of reinsurer	Standard and Poor's Rating	% of Total
Munich Reinsurance Co.	AA-/Stable	12.3%
Lloyd's Syndicates	A+/Negative	9.1%
Arch Reinsurance Company	A+/Negative	7.2%
Transatlantic Reinsurance Company	A+/Stable	4.7%
AXIS Reinsurance Company	A+/Negative	4.7%
Endurance Assurance Corporation	A/Positive	4.2%
Hannover Rueck SE	AA-/Stable	3.6%

"AAA" : Extremely strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the low end of the main rating. "AAA" is the highest out of nine main ratings.

"AA" : Very strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the low end of the main rating. "AA" is the second highest out of nine main ratings.

"A" : Strong capacity to meet its financial commitments, "+" indicating the high end of the main rating and "-" indicating the low end of the main rating. "A" is the third highest out of nine main ratings.

**Notes:**

1. Certain amounts have been reclassified to conform with the current period presentation.

2. XL had a reserve for potential non-recoveries from reinsurers of \$52.6 million at June 30, 2018, \$50.0 million at March 31, 2018, \$54.2 million at December 31, 2017, \$52.3 million at September 30, 2017 and \$52.0 million at June 30, 2017.



# LOSS ANALYSIS

## ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)

(Unaudited)

(Note 1)

### P&C OPERATIONS

	QTD				YTD			
	GROSS	RECOVERIES	NET	Paid to incurred %	GROSS	RECOVERIES	NET	Paid to incurred %
<b>June 30, 2018</b>								
Paid	\$ 2,199	\$ (392)	\$ 1,807	105.0%	\$ 4,668	\$ (957)	\$ 3,711	111.0%
Change in unpaid loss reserves	176	(262)	(86)		(63)	(305)	(368)	
Included losses	<u>\$ 2,375</u>	<u>\$ (654)</u>	<u>\$ 1,721</u>		<u>\$ 4,605</u>	<u>\$ (1,262)</u>	<u>\$ 3,343</u>	
PYD		\$ (9)	(9)			\$ (18)	(18)	
Included losses excluding PYD			1,730	104.5%			3,361	110.4%
<b>March 31, 2018</b>								
Paid	\$ 2,468	\$ (565)	\$ 1,903	117.3%	\$ 2,468	\$ (565)	\$ 1,903	117.3%
Change in unpaid loss reserves	(238)	(43)	(281)		(238)	(43)	(281)	
Included losses	<u>\$ 2,230</u>	<u>\$ (608)</u>	<u>\$ 1,622</u>		<u>\$ 2,230</u>	<u>\$ (608)</u>	<u>\$ 1,622</u>	
PYD		\$ (9)	(9)			\$ (9)	(9)	
Included losses excluding PYD			1,631	116.7%			1,631	116.7%
<b>December 31, 2017</b>								
Paid	\$ 2,627	\$ (322)	\$ 2,305	126.4%	\$ 8,038	\$ (1,574)	\$ 6,464	80.8%
Change in unpaid loss reserves	(211)	(271)	(482)		3,184	(1,646)	1,538	
Included losses	<u>\$ 2,416</u>	<u>\$ (593)</u>	<u>\$ 1,823</u>		<u>\$ 11,222</u>	<u>\$ (3,220)</u>	<u>\$ 8,002</u>	
PYD		\$ (54)	(54)			\$ (148)	(148)	
Included losses excluding PYD			1,877	122.8%			8,150	79.3%
<b>September 30, 2017</b>								
Paid	\$ 1,839	\$ (570)	\$ 1,269	41.4%	\$ 5,411	\$ (1,252)	\$ 4,159	67.3%
Change in unpaid loss reserves	2,867	(1,069)	1,798		3,395	(1,375)	2,020	
Included losses	<u>\$ 4,706</u>	<u>\$ (1,639)</u>	<u>\$ 3,067</u>		<u>\$ 8,806</u>	<u>\$ (2,627)</u>	<u>\$ 6,179</u>	
PYD		\$ (31)	(31)			\$ (94)	(94)	
Included losses excluding PYD			3,098	41.0%			6,273	66.3%
<b>June 30, 2017</b>								
Paid	\$ 1,926	\$ (363)	\$ 1,563	102.2%	\$ 3,572	\$ (681)	\$ 2,891	92.9%
Change in unpaid loss reserves	93	(127)	(34)		528	(307)	221	
Included losses	<u>\$ 2,019</u>	<u>\$ (490)</u>	<u>\$ 1,529</u>		<u>\$ 4,100</u>	<u>\$ (988)</u>	<u>\$ 3,112</u>	
PYD		\$ (87)	(87)			\$ (63)	(63)	
Included losses excluding PYD			1,616	96.7%			3,175	91.1%

1. Certain amounts have been reclassified to conform with the current period presentation.

# ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)

(Unaudited)

(Note 1)

## P&C OPERATIONS

	GROSS		RECOVERIES		NET
<b>Balance at June 30, 2018</b>					
Outstanding loss reserves	\$ 12,778	\$	(2,655)	\$	10,123
Incurring but not reported reserves	16,343		(4,539)		11,804
Fair value adjustments recoverable	60		(4)		56
Unpaid losses and loss expense reserves	<u>\$ 29,181</u>	<u>\$</u>	<u>(7,198)</u>	<u>\$</u>	<u>21,983</u>
<b>Balance at March 31, 2018</b>					
Outstanding loss reserves	\$ 13,006	\$	(2,503)	\$	10,503
Incurring but not reported reserves	16,633		(4,755)		11,878
Fair value adjustments recoverable	63		(4)		59
Unpaid losses and loss expense reserves	<u>\$ 29,702</u>	<u>\$</u>	<u>(7,262)</u>	<u>\$</u>	<u>22,440</u>
<b>Balance at December 31, 2017</b>					
Outstanding loss reserves	\$ 12,870	\$	(2,470)	\$	10,400
Incurring but not reported reserves	16,761		(4,765)		11,996
Fair value adjustments recoverable	66		(4)		62
Unpaid losses and loss expense reserves	<u>\$ 29,697</u>	<u>\$</u>	<u>(7,239)</u>	<u>\$</u>	<u>22,458</u>
<b>Balance at September 30, 2017</b>					
Outstanding loss reserves	\$ 11,321	\$	(1,841)	\$	9,480
Incurring but not reported reserves	18,597		(5,108)		13,489
Fair value adjustments recoverable	70		(4)		66
Unpaid losses and loss expense reserves	<u>\$ 29,988</u>	<u>\$</u>	<u>(6,953)</u>	<u>\$</u>	<u>23,035</u>
<b>Balance at June 30, 2017</b>					
Outstanding loss reserves	\$ 11,042	\$	(2,037)	\$	9,005
Incurring but not reported reserves	15,706		(3,807)		11,899
Fair value adjustments recoverable	74		(5)		69
Unpaid losses and loss expense reserves	<u>\$ 26,822</u>	<u>\$</u>	<u>(5,849)</u>	<u>\$</u>	<u>20,973</u>

1. Certain amounts have been reclassified to conform with the current period presentation.

# INVESTMENT PORTFOLIO INFORMATION

## SCHEDULE 1 - Summary Investments

### Consolidated

(U.S. Dollars in thousands)

(Unaudited)

	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Investments (excluding life funds withheld assets)</b>										
<b>Fixed income investments</b>										
<b>Fixed maturities</b>										
U.S. Government and government agencies	\$ 3,960,291	11.1%	\$ 4,187,959	11.5%	\$ 4,362,740	11.8%	\$ 4,313,336	11.5%	\$ 4,355,401	11.7%
U.S. States, municipalities and political subdivisions	1,858,142	5.2%	2,013,162	5.5%	2,064,640	5.6%	2,111,217	5.7%	2,283,272	6.1%
Non-U.S. Governments	5,115,860	14.4%	5,306,651	14.5%	5,201,581	14.0%	5,260,637	14.1%	5,123,524	13.7%
Corporate	9,950,095	27.9%	9,742,670	26.6%	9,795,133	26.4%	10,072,974	26.9%	10,542,915	28.3%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	4,254,036	11.9%	4,529,723	12.4%	4,724,402	12.7%	4,941,702	13.2%	3,954,318	10.6%
Commercial mortgage-backed securities	1,363,850	3.8%	1,259,519	3.4%	1,244,017	3.3%	1,277,994	3.4%	795,453	2.1%
Other asset-backed securities	1,699,143	4.8%	1,608,396	4.4%	1,509,363	4.1%	1,567,515	4.2%	1,587,056	4.2%
Total fixed maturities	28,201,417	79.1%	28,648,080	78.3%	28,901,876	77.9%	29,545,375	79.0%	28,641,939	76.7%
<b>Short-term investments</b>	623,113	1.7%	500,170	1.4%	815,481	2.2%	336,054	0.9%	617,894	1.7%
<b>Total fixed income investments</b>	<b>\$ 28,824,530</b>	<b>80.8%</b>	<b>\$ 29,148,250</b>	<b>79.7%</b>	<b>\$ 29,717,357</b>	<b>80.1%</b>	<b>\$ 29,881,429</b>	<b>79.9%</b>	<b>\$ 29,259,833</b>	<b>78.4%</b>
<b>Equity securities</b>										
Common stocks	\$ 201,292	0.6%	\$ 192,905	0.5%	\$ 194,247	0.5%	\$ 234,498	0.6%	\$ 173,814	0.5%
Equity funds	291,181	0.8%	281,250	0.8%	363,300	1.0%	610,528	1.6%	810,126	2.2%
Fixed income funds	152,238	0.4%	163,717	0.4%	156,420	0.4%	166,916	0.5%	190,560	0.5%
<b>Total equity securities</b>	<b>\$ 644,711</b>	<b>1.8%</b>	<b>\$ 637,872</b>	<b>1.7%</b>	<b>\$ 713,967</b>	<b>1.9%</b>	<b>\$ 1,011,942</b>	<b>2.7%</b>	<b>\$ 1,174,500</b>	<b>3.2%</b>
<b>Other investments</b>										
Hedge funds	\$ 232,910	0.7%	\$ 209,139	0.6%	\$ 205,770	0.5%	\$ 202,630	0.6%	\$ 255,620	0.7%
Private investments	192,527	0.5%	193,503	0.5%	191,986	0.5%	190,812	0.5%	195,873	0.5%
Fixed income and other	726,269	2.0%	784,341	2.2%	766,107	2.1%	752,146	2.0%	675,248	1.8%
<b>Total other investments</b>	<b>\$ 1,151,706</b>	<b>3.2%</b>	<b>\$ 1,186,983</b>	<b>3.3%</b>	<b>\$ 1,163,863</b>	<b>3.1%</b>	<b>\$ 1,145,588</b>	<b>3.1%</b>	<b>\$ 1,126,741</b>	<b>3.0%</b>
<b>Investment in affiliates</b>										
Hedge funds	\$ 1,075,200	3.0%	\$ 1,092,122	3.0%	\$ 1,119,747	3.0%	\$ 1,315,477	3.5%	\$ 1,350,781	3.6%
Private investments	395,654	1.1%	382,528	1.0%	364,661	1.0%	393,547	1.1%	381,184	1.0%
Investment manager affiliates	28,049	0.1%	30,369	0.1%	45,405	0.1%	46,872	0.1%	49,229	0.1%
Strategic and other operating affiliates	405,107	1.2%	395,086	1.1%	382,183	1.1%	344,482	0.9%	345,921	1.0%
<b>Total investment in affiliates</b>	<b>\$ 1,904,010</b>	<b>5.4%</b>	<b>\$ 1,900,105</b>	<b>5.2%</b>	<b>\$ 1,911,996</b>	<b>5.2%</b>	<b>\$ 2,100,378</b>	<b>5.6%</b>	<b>\$ 2,127,115</b>	<b>5.7%</b>
<b>Total investments</b>	<b>\$ 32,524,957</b>	<b>91.2%</b>	<b>\$ 32,873,210</b>	<b>89.9%</b>	<b>\$ 33,507,183</b>	<b>90.3%</b>	<b>\$ 34,139,337</b>	<b>91.3%</b>	<b>\$ 33,688,189</b>	<b>90.3%</b>
Cash and cash equivalents	\$ 2,950,228	8.3%	\$ 3,540,581	9.7%	\$ 3,510,348	9.5%	\$ 3,109,774	8.3%	\$ 3,221,892	8.6%
Accrued investment income	220,001	0.6%	212,350	0.6%	220,299	0.6%	212,290	0.6%	219,667	0.6%
Net receivable/(payable) for securities sold/(purchased)	(29,016)	-0.1%	(59,281)	-0.2%	(131,474)	-0.4%	(74,830)	-0.2%	179,849	0.5%
<b>Total investments and cash (excluding life funds withheld assets) (Note 1)</b>	<b>\$ 35,666,170</b>	<b>100.0%</b>	<b>\$ 36,566,860</b>	<b>100.0%</b>	<b>\$ 37,106,356</b>	<b>100.0%</b>	<b>\$ 37,386,571</b>	<b>100.0%</b>	<b>\$ 37,309,597</b>	<b>100.0%</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>										
Total fixed income investments	\$ 3,587,866		\$ 4,100,224		\$ 4,048,462		\$ 4,005,960		\$ 3,941,662	
Cash and cash equivalents	80,339		99,205		83,102		79,941		93,160	
Accrued investment income	45,114		53,351		51,849		57,921		51,063	
Net receivable/(payable) for securities sold/(purchased)	-		26		-		(2,782)		(6,281)	
<b>Total investments and cash - life funds withheld assets</b>	<b>\$ 3,713,319</b>		<b>\$ 4,252,806</b>		<b>\$ 4,183,413</b>		<b>\$ 4,141,040</b>		<b>\$ 4,079,604</b>	
<b>Total investments and cash including life funds withheld assets</b>	<b>\$ 39,379,489</b>		<b>\$ 40,819,666</b>		<b>\$ 41,289,771</b>		<b>\$ 41,527,611</b>		<b>\$ 41,389,201</b>	

**Notes:**

1. Total investments and cash (excluding life funds withheld assets) at June 30, 2018 includes operating cash and short-term treasury deposits of \$1.4 billion.

## SCHEDULE 2 - Fixed Income Investments - Currency Denomination, Credit Rating and Portfolio Characteristics (excluding Life Funds Withheld Assets)

### Consolidated

(U.S. Dollars in thousands)  
(Unaudited)

	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017	
Fixed income investments	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)
<b>Summary by core currency denomination</b>										
U.S. dollar denominated	\$ 21,610,782	3.0%	\$ 21,497,620	3.0%	\$ 22,270,654	2.9%	\$ 22,366,610	2.9%	\$ 21,995,032	2.7%
Euro denominated	2,870,794	1.3%	3,048,577	1.3%	2,952,968	1.3%	2,980,626	1.4%	2,983,826	1.3%
Sterling denominated	2,117,428	1.9%	2,256,948	1.8%	2,158,000	1.8%	2,271,525	1.8%	2,100,650	1.9%
Other denominated	2,225,526	2.0%	2,345,105	2.0%	2,335,735	1.9%	2,262,668	1.8%	2,180,325	1.7%
<b>Total fixed income Investments</b>	<b>\$ 28,824,530</b>	<b>2.7%</b>	<b>\$ 29,148,250</b>	<b>2.7%</b>	<b>\$ 29,717,357</b>	<b>2.6%</b>	<b>\$ 29,881,429</b>	<b>2.6%</b>	<b>\$ 29,259,833</b>	<b>2.4%</b>
<b>Credit rating (Note 1)</b>										
	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>
AAA	\$ 13,665,307	47.4%	\$ 13,935,122	47.8%	\$ 14,510,778	48.8%	\$ 14,268,856	47.8%	\$ 13,287,857	45.4%
AA	4,611,044	16.0%	4,698,357	16.1%	4,826,391	16.2%	5,073,218	17.0%	5,378,662	18.4%
A	6,208,326	21.5%	6,182,784	21.2%	6,076,992	20.5%	6,159,844	20.6%	6,734,088	23.0%
BBB	3,348,098	11.6%	3,326,681	11.4%	3,322,315	11.2%	3,391,297	11.3%	3,067,401	10.5%
BB and below/not rated	991,755	3.5%	1,005,306	3.5%	980,881	3.3%	988,214	3.3%	791,825	2.7%
<b>Total fixed income investments</b>	<b>\$ 28,824,530</b>	<b>100.0%</b>	<b>\$ 29,148,250</b>	<b>100.0%</b>	<b>\$ 29,717,357</b>	<b>100.0%</b>	<b>\$ 29,881,429</b>	<b>100.0%</b>	<b>\$ 29,259,833</b>	<b>100.0%</b>
Average credit rating	AA		AA		AA		AA		AA	
<b>Portfolio characteristics (Note 2)</b>										
Expected average duration	3.9		3.9		3.9		4.0		3.9	
Weighted average market yield to maturity	2.8 %		2.6 %		2.3 %		2.1 %		2.0 %	
<b>Summary of estimated total fixed income maturities and paydowns over the next 12 months including cash and cash equivalents</b>										
U.S. dollar equivalent fair value (Note 3)	3,133,371		3,004,107		3,355,661		3,147,088		2,881,685	
Average pre-tax book yield, gross of expenses	2.2 %		2.1 %		2.2 %		2.2 %		2.2 %	
Average new money rate (Note 4)	3.1 %		2.7 %		2.3 %		2.6 %		2.1 %	

#### Notes:

- The credit rating for each asset reflected above and included in the following schedules was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Government and government agencies, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.
- Includes fixed maturities, short-term investments, funds holding fixed income securities, cash & cash equivalents and net receivables/(payables) for investments sold/(purchased), and excludes operating cash.
- Estimated paydowns on Mortgage and Asset Backed securities, representing \$397 million, are generated by a market leading software provider based on deal specific assumptions and by using the actual prepayment rate over the most recent three month period to project future paydowns. Actual paydowns may vary materially from estimates.
- Average new money rate is weighted average book yield of fixed income purchases in the quarter excluding short term securities and cash and cash equivalents.

### SCHEDULE 3 - Government (excluding Life Funds Withheld Assets)

(U.S. Dollars in thousands)

(Unaudited)

#### Government bonds by credit rating

##### Fair value by credit rating

	June 30, 2018					
	AAA	AA	A	BBB	BB and below	Total
U.S. Government and government agencies	\$ 3,960,291	\$ -	\$ -	\$ -	\$ -	\$ 3,960,291
U.S. States, municipalities and political subdivisions (Note 1)	291,508	1,139,287	414,931	10,489	1,927	1,858,142
Non-U.S. Governments	2,005,598	2,011,485	351,074	492,135	255,568	5,115,860
<b>Total government bonds</b>	<b>\$ 6,257,397</b>	<b>\$ 3,150,772</b>	<b>\$ 766,005</b>	<b>\$ 502,624</b>	<b>\$ 257,495</b>	<b>\$ 10,934,293</b>
<b>% of total</b>	<b>57.2%</b>	<b>28.8%</b>	<b>7.0%</b>	<b>4.6%</b>	<b>2.4%</b>	<b>100.0%</b>

#### Non-U.S. Government

##### E.U. exposure

	June 30, 2018		
	Sovereign	Govt. agencies & others	Total
U.K.	\$ 1,031,534	\$ 24,504	\$ 1,056,038
France	237,411	115,042	352,453
Germany	221,345	121,823	343,168
Supranational	-	259,113	259,113
Netherlands	106,381	145,134	251,515
Others (less than \$100M per country)	289,446	37,003	326,449
<b>E.U. exposure</b>	<b>\$ 1,886,117</b>	<b>\$ 702,619</b>	<b>\$ 2,588,736</b>

##### Non-E.U. exposure

Canada	\$ 423,961	\$ 706,719	\$ 1,130,680
Switzerland	114,719	74,769	189,488
Australia	166,469	3,556	170,025
Brazil	151,934	5,051	156,985
Singapore	146,284	-	146,284
Indonesia	90,691	15,826	106,517
Others (less than \$100M per country)	441,528	185,617	627,145
<b>Non-E.U. exposure</b>	<b>\$ 1,535,586</b>	<b>\$ 991,538</b>	<b>\$ 2,527,124</b>

#### Total Non-U.S. Government

<b>Total Non-U.S. Government</b>	<b>\$ 3,421,703</b>	<b>\$ 1,694,157</b>	<b>\$ 5,115,860</b>
----------------------------------	---------------------	---------------------	---------------------

#### Notes:

1. Credit ratings shown are the higher of the rating of the underlying issuer or the insurer in the case of securities enhanced by third-party insurance for the payment of principal and interest in the event of issuer default.

## SCHEDULE 4 - Corporate (excluding Life Funds Withheld Assets)

(U.S. Dollars in thousands)

(Unaudited)

### Corporate bonds by sector and credit rating

#### Fair value by sector and credit rating

	June 30, 2018						Total
	AAA	AA	A	BBB	BB and Below		
Industrial	\$ 147,649	\$ 497,005	\$ 2,372,888	\$ 2,119,121	\$ 487,220	\$	5,623,883
Financials	20,875	632,981	2,570,914	412,752	70,825		3,708,347
Utilities	-	32,768	361,594	220,622	2,881		617,865
<b>Total corporate</b>	<b>\$ 168,524</b>	<b>\$ 1,162,754</b>	<b>\$ 5,305,396</b>	<b>\$ 2,752,495</b>	<b>\$ 560,926</b>	<b>\$</b>	<b>9,950,095</b>
<b>% of total</b>	<b>1.7%</b>	<b>11.7%</b>	<b>53.3%</b>	<b>27.7%</b>	<b>5.6%</b>		<b>100.0%</b>

### Fair value by country concentration and credit rating (Note 1)

	June 30, 2018						Total
	AAA	AA	A	BBB	BB and Below		
U.S.	\$ 148,974	470,083	3,469,757	1,663,019	476,796	\$	6,228,629
U.K.	224	11,739	557,612	423,392	10,210		1,003,177
Canada	4,353	195,644	247,654	64,434	11,903		523,988
Netherlands	-	141,587	163,793	57,910	-		363,290
Australia	-	147,641	101,979	55,718	988		306,326
France	-	43,198	186,160	61,152	4,213		294,723
Switzerland	-	57,749	129,635	70,201	-		257,585
Japan	-	-	191,442	11,546	-		202,988
Germany	-	-	109,107	59,982	1,915		171,004
Belgium	-	-	10,179	124,472	-		134,651
Others (less than \$100M per country) (Note 2)	14,974	95,113	138,078	160,669	54,900		463,734
<b>Total corporate</b>	<b>\$ 168,525</b>	<b>\$ 1,162,754</b>	<b>\$ 5,305,396</b>	<b>\$ 2,752,495</b>	<b>\$ 560,925</b>	<b>\$</b>	<b>9,950,095</b>

### Top Ten exposure to fixed income corporate issuers

Issuer (Notes 3 & 4)	June 30, 2018		
	Fair Value	% of total corporates	% of Aggregate Fixed Income Portfolio
Bank Of America Corporation	\$ 185,074	1.9%	0.6%
Wells Fargo & Company	180,269	1.8%	0.6%
JPMorgan Chase & Co.	171,026	1.7%	0.6%
Morgan Stanley	169,054	1.7%	0.6%
The Goldman Sachs Group, Inc.	160,410	1.6%	0.6%
HSBC Holdings PLC	156,762	1.6%	0.5%
Citigroup INC	148,663	1.5%	0.5%
Anheuser-Busch Inbev SA/NV	132,916	1.3%	0.5%
Credit Suisse Group AG	105,112	1.1%	0.4%
BP PLC	104,927	1.0%	0.4%
	<b>\$ 1,514,213</b>	<b>15.2%</b>	<b>5.3%</b>

### Notes:

- Country concentration is defined as the country of the issuer's main operations, i.e., a United Kingdom company's subsidiary with its main operation in the United States and issuing debt in the United States would be classified under United States in the table above. Similarly a United Kingdom company with main operations in the United Kingdom and issuing U.S. denominated debt in the United Kingdom would be classified under the United Kingdom in the above table.
- Included in Others are fixed income exposures to Peripheral European corporate issues of \$59 million in Spain, \$38 million in Ireland, \$28 million in Italy, \$1 million in Portugal and nil in Greece.
- Corporate issuers represent only direct exposure to fixed maturities investments of the parent issuer and its subsidiaries. These exposures exclude covered bonds and exclude mortgage and asset-backed securities that were issued, sponsored or serviced by the parent and government-guaranteed issues.
- This table does not include \$144 million of financial exposure to Berkshire Hathaway Inc. which is made up of payment obligations from National Indemnity Company, an insurance company subsidiary of Berkshire Hathaway Inc.





## SCHEDULE 5 - Mortgage-backed and Asset-backed securities (excluding Life Funds Withheld Assets)

(U.S. Dollars in thousands)  
(Unaudited)

### Mortgage and asset-backed securities by type and credit rating

June 30, 2018

	AAA	AA	A	BBB	BB and Below	Total
U.S. Residential mortgage-backed securities - agency	\$ 4,162,622	\$ -	\$ -	\$ -	\$ -	\$ 4,162,622
U.S. Residential mortgage-backed securities - non-agency	108	8,610	3,681	8,035	70,980	91,414
U.S. Commercial mortgage-backed securities - agency	231,188	-	-	-	-	231,188
U.S. Commercial mortgage-backed securities - non-agency	1,043,405	16,476	58,247	6,972	2,725	1,127,825
U.S. Other asset-backed securities	585,206	160,715	65,218	60,216	90,120	961,475
<b>Total U.S.</b>	<b>\$ 6,022,529</b>	<b>\$ 185,801</b>	<b>\$ 127,146</b>	<b>\$ 75,223</b>	<b>\$ 163,825</b>	<b>\$ 6,574,524</b>
Non-U.S. Commercial mortgage-backed securities	\$ 2,858	\$ -	\$ 1,386	\$ -	\$ 593	\$ 4,837
Non-U.S. Other asset-backed securities (Note 1)	619,855	101,334	3,171	8,615	4,693	737,668
<b>Total Non-U.S.</b>	<b>\$ 622,713</b>	<b>\$ 101,334</b>	<b>\$ 4,557</b>	<b>\$ 8,615</b>	<b>\$ 5,286</b>	<b>\$ 742,505</b>
<b>Total Mortgage and asset-backed Securities</b>	<b>\$ 6,645,242</b>	<b>\$ 287,135</b>	<b>\$ 131,703</b>	<b>\$ 83,838</b>	<b>\$ 169,111</b>	<b>\$ 7,317,029</b>
<b>% of total</b>	<b>90.8%</b>	<b>3.9%</b>	<b>1.8%</b>	<b>1.2%</b>	<b>2.3%</b>	<b>100.0%</b>

### Notes:

1. Non-U.S. Other asset-backed securities include covered bonds of \$491 million. Covered bonds are debt obligations of the issuer secured by a designated pool of assets.



## SCHEDULE 6 - Unrealized Gains (Losses) Consolidated

(U.S. Dollars in thousands)  
(Unaudited)

	June 30, 2018				March 31, 2018			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value
<b>Investments (excluding life funds withheld assets)</b>								
<b>Fixed income investments</b>								
<b>Fixed maturities</b>								
U.S. Government and government agencies	\$ 3,984,381	\$ 23,802	\$ (47,892)	\$ 3,960,291	\$ 4,207,380	\$ 29,290	\$ (48,711)	\$ 4,187,959
U.S. States, municipalities and political subdivisions	1,810,556	51,485	(3,899)	1,858,142	1,953,202	63,586	(3,626)	2,013,162
Non-U.S. Governments	5,117,027	74,297	(75,464)	5,115,860	5,260,650	98,496	(52,495)	5,306,651
Corporate	10,059,449	96,627	(205,981)	9,950,095	9,759,732	131,175	(148,237)	9,742,670
Mortgage & asset-backed securities								
Residential mortgage-backed securities	4,348,536	22,531	(117,031)	4,254,036	4,606,275	26,883	(103,435)	4,529,723
Commercial mortgage-backed securities	1,410,363	1,901	(48,414)	1,363,850	1,292,559	2,263	(35,303)	1,259,519
Other asset-backed securities	1,683,029	23,438	(7,324)	1,699,143	1,588,637	26,172	(6,413)	1,608,396
<b>Total fixed maturities</b>	<b>28,413,341</b>	<b>294,081</b>	<b>(506,005)</b>	<b>28,201,417</b>	<b>28,668,435</b>	<b>377,865</b>	<b>(398,220)</b>	<b>28,648,080</b>
<b>Short-term investments</b>	<b>623,158</b>	<b>652</b>	<b>(697)</b>	<b>623,113</b>	<b>500,844</b>	<b>773</b>	<b>(1,447)</b>	<b>500,170</b>
<b>Total fixed income investments</b>	<b>\$ 29,036,499</b>	<b>\$ 294,733</b>	<b>\$ (506,702)</b>	<b>\$ 28,824,530</b>	<b>\$ 29,169,279</b>	<b>\$ 378,638</b>	<b>\$ (399,667)</b>	<b>\$ 29,148,250</b>
<b>Equity securities</b>								
Common stocks	\$ 181,992	\$ 32,560	\$ (13,260)	\$ 201,292	\$ 182,676	\$ 26,721	\$ (16,492)	\$ 192,905
Equity funds	252,397	38,794	(10)	291,181	261,902	19,348	-	281,250
Fixed income funds	151,831	668	(261)	152,238	162,849	909	(41)	163,717
<b>Total equity securities</b>	<b>\$ 586,220</b>	<b>\$ 72,022</b>	<b>\$ (13,531)</b>	<b>\$ 644,711</b>	<b>\$ 607,427</b>	<b>\$ 46,978</b>	<b>\$ (16,533)</b>	<b>\$ 637,872</b>
<b>Other investments</b>	<b>990,820</b>	<b>169,236</b>	<b>(8,350)</b>	<b>1,151,706</b>	<b>1,020,940</b>	<b>172,741</b>	<b>(6,698)</b>	<b>1,186,983</b>
<b>Total available-for-sale, equities and other investments</b>	<b>\$ 30,613,539</b>	<b>\$ 535,991</b>	<b>\$ (528,583)</b>	<b>\$ 30,620,947</b>	<b>\$ 30,797,646</b>	<b>\$ 598,357</b>	<b>\$ (422,898)</b>	<b>\$ 30,973,105</b>
Investment in affiliates (Note 1)				1,904,010				1,900,105
Cash and cash equivalents				2,950,228				3,540,581
Accrued investment income				220,001				212,350
Net receivable/(payable) for securities sold/(purchased)				(29,016)				(59,281)
<b>Total investments and cash (excluding life funds withheld assets)</b>				<b>\$ 35,666,170</b>				<b>\$ 36,566,860</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>								
Total fixed income investments				\$ 3,587,866				\$ 4,100,224
Cash and cash equivalents				80,339				99,205
Accrued investment income				45,114				53,351
Net receivable/(payable) for securities sold/(purchased)				-				26
<b>Total investment and cash - life funds withheld assets</b>				<b>\$ 3,713,319</b>				<b>\$ 4,252,806</b>
<b>Total investments and cash including life funds withheld assets</b>				<b>\$ 39,379,489</b>				<b>\$ 40,819,666</b>

**Notes:**

1. The carrying value of "Investment in affiliates" represents cost plus the Company's proportionate share of comprehensive income or loss from such investments.

## SCHEDULE 7 - Investment Income Statement Analysis

(U.S. Dollars in thousands)  
(Unaudited)

	Three months ended June 30, 2018	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 208,980	\$ 195,055	\$ 193,812	\$ 182,000	\$ 183,147
Investment expenses (Note 1)	(19,744)	(19,283)	(20,036)	(22,335)	(19,431)
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>	<b>\$ 189,236</b>	<b>\$ 175,772</b>	<b>\$ 173,776</b>	<b>\$ 159,665</b>	<b>\$ 163,716</b>
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 13,583	\$ 13,662	\$ 13,957	\$ 14,041	\$ 15,124
Investment expenses (Note 1)	(1,283)	(1,351)	(1,443)	(1,723)	(1,605)
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>	<b>\$ 12,300</b>	<b>\$ 12,311</b>	<b>\$ 12,514</b>	<b>\$ 12,318</b>	<b>\$ 13,519</b>
Interest Expense - Deposit Liability Accretion	(3,918)	(8,900)	(9,831)	5,590	(10,596)
Operating and Investment Expenses - P&C Structured	-	-	-	-	-
<b>Net results from Structured Products</b>	<b>\$ 8,382</b>	<b>\$ 3,411</b>	<b>\$ 2,683</b>	<b>\$ 17,908</b>	<b>\$ 2,923</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 201,536</b>	<b>\$ 188,083</b>	<b>\$ 186,290</b>	<b>\$ 171,983</b>	<b>\$ 177,235</b>
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 30,252</b>	<b>\$ 30,398</b>	<b>\$ 31,448</b>	<b>\$ 30,796</b>	<b>\$ 31,439</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Hedge funds	\$ 13,007	\$ 34,147	\$ 2,412	\$ 55,107	\$ 11,839
Private investments	3,541	11,522	9,899	2,549	18,979
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>	<b>\$ 16,548</b>	<b>\$ 45,669</b>	<b>\$ 12,311</b>	<b>\$ 57,656</b>	<b>\$ 30,818</b>
<b>Net Income (Loss) from Operating Affiliates (Note 2)</b>					
Investment manager affiliates	\$ 1,975	\$ 10,111	\$ 363	\$ 953	\$ 36,108
Strategic and other operating affiliates	49,212	171	2,097	3,919	6,596
<b>Net Income (Loss) from Operating Affiliates (Note 2)</b>	<b>\$ 51,187</b>	<b>\$ 10,282</b>	<b>\$ 2,460</b>	<b>\$ 4,872</b>	<b>\$ 42,704</b>

**Notes:**

1. Includes management fees, custody fees, and direct and allocated general and administrative expenses.
2. The Company records the income related to hedge funds on a one-month lag and income related to private investments, investment manager affiliates and strategic and other operating affiliates generally on a three-month lag.

## SCHEDULE 8 - Summary Investments - Life Funds Withheld Assets

### Consolidated

(U.S. Dollars in thousands)  
(Unaudited)

Investments	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Fixed income investments</b>										
<b>Fixed maturities</b>										
U.S. Government and government agencies	\$ 20,567	0.5%	\$ 20,936	0.5%	\$ 22,358	0.5%	\$ 26,905	0.7%	\$ 27,231	0.7%
U.S. States, municipalities and political subdivisions	-	0.0%	-	0.0%	31	0.0%	-	0.0%	70	0.0%
Non-U.S. Governments	957,196	25.8%	1,081,514	25.4%	1,069,705	25.6%	1,077,105	26.0%	1,059,225	26.0%
Corporate	2,310,166	62.2%	2,646,964	62.3%	2,597,505	62.1%	2,546,334	61.5%	2,490,548	61.0%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	1,402	0.0%	1,396	0.0%	1,447	0.0%	1,407	0.0%	1,465	0.0%
Commercial mortgage-backed securities	127,022	3.4%	137,542	3.2%	129,852	3.1%	129,804	3.1%	128,412	3.1%
Other asset-backed securities	165,725	4.5%	204,447	4.8%	212,599	5.1%	215,044	5.2%	234,711	5.8%
Total fixed maturities	3,582,078	96.4%	4,092,799	96.2%	4,033,497	96.4%	3,996,599	96.5%	3,941,662	96.6%
<b>Short-term investments</b>	5,788	0.2%	7,425	0.2%	14,965	0.4%	9,361	0.3%	-	0.0%
<b>Total fixed income investments</b>	<b>\$ 3,587,866</b>	<b>96.6%</b>	<b>\$ 4,100,224</b>	<b>96.4%</b>	<b>\$ 4,048,462</b>	<b>96.8%</b>	<b>\$ 4,005,960</b>	<b>96.8%</b>	<b>\$ 3,941,662</b>	<b>96.6%</b>
Cash and cash equivalents	\$ 80,339	2.2%	\$ 99,205	2.3%	\$ 83,102	2.0%	\$ 79,941	1.9%	\$ 93,160	2.3%
Accrued investment income	45,114	1.2%	53,351	1.3%	51,849	1.2%	57,921	1.4%	51,063	1.3%
Net receivable/(payable) for securities sold/(purchased)	-	0.0%	26	0.0%	-	0.0%	(2,782)	-0.1%	(6,281)	-0.2%
<b>Total investment and cash</b>	<b>\$ 3,713,319</b>	<b>100.0%</b>	<b>\$ 4,252,806</b>	<b>100.0%</b>	<b>\$ 4,183,413</b>	<b>100.0%</b>	<b>\$ 4,141,040</b>	<b>100.0%</b>	<b>\$ 4,079,604</b>	<b>100.0%</b>
<b>Credit rating</b>										
AAA	\$ 377,373	10.5%	\$ 409,211	10.0%	\$ 396,785	9.8%	\$ 405,343	10.1%	\$ 400,526	10.2%
AA	998,734	27.8%	1,121,679	27.4%	1,130,324	27.9%	1,200,775	30.0%	1,163,541	29.5%
A	1,403,698	39.1%	1,555,398	37.9%	1,530,020	37.8%	1,406,129	35.1%	1,436,620	36.5%
BBB	773,020	21.6%	976,784	23.8%	959,967	23.7%	950,607	23.7%	903,600	22.9%
BB and below/not rated	35,041	1.0%	37,152	0.9%	31,366	0.8%	43,106	1.1%	37,375	0.9%
<b>Total Fixed income investments</b>	<b>\$ 3,587,866</b>	<b>100.0%</b>	<b>\$ 4,100,224</b>	<b>100.0%</b>	<b>\$ 4,048,462</b>	<b>100.0%</b>	<b>\$ 4,005,960</b>	<b>100.0%</b>	<b>\$ 3,941,662</b>	<b>100.0%</b>
Average credit quality	A+		A+		A+		A+		A+	
<b>Portfolio characteristics</b>										
Average pre-tax book yield, gross of expenses	3.2 %		3.4 %		3.4 %		3.5 %		3.5 %	
Expected average duration (Note 1)	8.8		9.0		9.0		9.0		8.9	
Weighted average market yield to maturity (Note 1)	2.2 %		2.1 %		1.9 %		2.0 %		2.3 %	

#### Notes:

1. Includes fixed maturities, short-term investments, cash & cash equivalents and net receivables/(payables) for investments sold/(purchased), and excludes operating cash.

## COMMENT ON REGULATION G

XL presents its operations in ways it believes will be most meaningful and useful to investors, analysts, rating agencies and others who use XL's financial information in evaluating XL's performance. This financial supplement contains the presentation of (i) operating net income (loss) ("Operating Net Income"), which is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, as defined in Item 1, Note 1, "Significant Accounting Policies," to the Unaudited Consolidated Financial Statements included herein, (2) our net realized (gains) losses on investments available for sale - excluding Life Funds Withheld Assets, (3) our net realized and change in net unrealized (gains) losses on equity securities (including OTTI) - excluding Life Funds Withheld Assets, (4) our net realized (gains) losses on investments (including OTTI) and change in net unrealized (gains) losses on investments, trading - Life Funds Withheld Assets, (5) our net realized and unrealized (gains) losses on derivatives, (6) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (7) our share of items (2) and (5) for our insurance company affiliates for the periods presented, (8) our foreign exchange (gains) losses, (9) our expenses related to the pending acquisition by AXA SA, (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our net (gains) losses on the early extinguishment of debt, (12) our net (gains) losses from the repurchase of preference shares, (13) tax provision arising from our write-down of our deferred tax asset related to the U.S. Tax Cuts and Jobs Act, and (14) a provision (benefit) for income tax on items excluded from operating income.; (ii) annualized return on average common shareholders' equity ("ROE") based on operating net income (loss) ("Operating ROE") including and excluding average AOCI, both inclusive and exclusive of integration costs; and (iii) Fully diluted tangible book value per common share (common shareholders' equity excluding goodwill and intangible assets divided by the number of shares outstanding at the period end date combined with the dilutive impact of potential future share issues at any period end). These items are "non-GAAP financial measures" as defined in Regulation G. The reconciliation of such measures to the most directly comparable GAAP financial measures in accordance with Regulation G is included in this financial supplement on page 5.

Although the investment of premiums to generate income (or loss) and realized capital gains (or losses) is an integral part of our operations, the determination to realize capital gains (or losses), as well as absorb the volatility associated with marking our portfolio of public equity securities to market, is independent of the underwriting process. In addition, losses as the result of other-than-temporary declines in value and goodwill impairment charges are recognized in net income without actual realization. In this regard, certain users of our financial information, including certain rating agencies, evaluate earnings before tax and realized capital gains to understand the profitability of the operational sources of income without the effects of these variables. Furthermore, these users believe that, for many companies, the timing of the realization of capital gains is largely a function of economic and interest rate conditions.

Net realized and unrealized (gains) losses on derivatives include all derivatives entered into by XL other than certain credit derivatives and the life retrocession embedded derivative. With respect to credit derivatives, because XL and its insurance company operating affiliates generally hold financial guaranty contracts written in credit default derivative form to maturity, the net effects of the changes in fair value of these credit derivatives are excluded (similar with other companies' treatment of such contracts), as the changes in fair value each quarter are not indicative of underlying business performance.

Net investment income - Life Funds Withheld Assets, and net realized (gains) losses on the life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, have been excluded because, as a result of the GreyCastle Life Retro Arrangement, XL no longer shares in the risks and rewards of the underlying performance of the Life Funds Withheld Assets that support these retrocession arrangements. The returns on the Life Funds Withheld Assets are passed directly to the reinsurer pursuant to a contractual arrangement that is accounted for as a derivative. Therefore, net investment income from the Life Funds Withheld Assets and changes in the fair value of the embedded derivative associated with these GreyCastle Life Retro Arrangements are not relevant to XL's underlying business performance.

Foreign exchange (gains) losses in the income statement are only one element of the overall impact of foreign exchange fluctuations on XL's financial position and are not representative of any economic gain or loss made by XL. Accordingly, it is not a relevant indicator of financial performance and it is excluded.

In summary, XL evaluates the performance of and manages its business to produce an underwriting profit. In addition to presenting net income (loss), XL believes that showing operating net income (loss) enables investors and other users of XL's financial information to analyze XL's performance in a manner similar to how management of XL analyzes performance. In this regard, XL believes that providing only a GAAP presentation of net income (loss) would make it much more difficult for users of XL's financial information to evaluate XL's underlying business. Also, as stated above, XL believes that the equity analysts and certain rating agencies that follow XL (and the insurance industry as a whole) exclude these items from their analyses for the same reasons and they request that XL provide this non-GAAP financial information on a regular basis.

Operating ROE is a widely used measure of any company's profitability that is calculated by dividing annualized operating net income for any period other than a fiscal year when actual operating income is used by the average of the opening and closing common shareholders' equity. XL establishes target Operating ROEs for its total operations, segments and lines of business. If XL's Operating ROE targets are not met with respect to any line of business over time, XL seeks to re-evaluate these lines. Operating ROE including and excluding average AOCI, both inclusive and exclusive of Catlin-related integration costs, are additional measures of Company profitability. The most significant component of this exclusion is the mark to market fluctuations on XL's investment portfolio that have not been realized through sales, and/or distortions to XL's performance from integration costs related to the acquisition of Catlin. By providing these additional measures, users of our financial statements have the ability to include or exclude these items when considering our performance either on a standalone basis or for purposes of peer performance comparison.

Fully diluted tangible book value per common share ("Fully diluted TBVPS") is a widely used non-GAAP financial measure that, much like BVPS, represents the value generated for our common shareholders excluding items such as goodwill and other intangible assets. The exclusion of these amounts allow for more meaningful comparisons between peers, specifically those that have been less acquisitive. Fully diluted TBVPS is calculated by dividing common shareholders' equity excluding intangible assets by the number of outstanding common shares at the applicable period end combined with the impact from dilution of share-based compensation and certain conversion features where dilutive.