



# FINANCIAL SUPPLEMENT

March 31, 2018

Issued on May 2, 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.

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# 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 May 2, 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 March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
<b>Revenues</b>					
Gross premiums written	\$ 4,979,735	\$ 3,619,924	\$ 3,075,561	\$ 3,612,949	\$ 4,678,417
Net premiums written	3,155,718	2,719,056	2,329,367	2,649,265	2,983,070
Net premiums earned - P&C operations	2,597,181	2,672,948	2,617,756	2,514,093	2,519,481
Net premiums earned - run-off Life operations	3,107	3,054	3,146	2,824	3,310
Net investment income - excluding Life Funds Withheld Assets (Note 2)	188,083	186,290	171,983	177,235	167,168
Net investment income - Life Funds Withheld Assets (Note 2)	30,398	31,448	30,796	31,439	33,364
Net realized gains (losses) on investments available for sale ("AFS")	(31,672)	(1,863)	35,387	50,379	11,092
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets (Note 2, 3)	(36,014)	40,554	-	-	-
Net realized and change in net unrealized gains (losses) on other investments - excluding Life Funds Withheld Assets (Note 2, 3)	8,649	-	-	-	-
Other-than-temporary impairments ("OTTI") - excluding Life Funds Withheld Assets (Note 2)	(1,645)	(1,355)	(3,598)	(1,161)	(6,874)
OTTI transferred to (from) other comprehensive income - excluding Life Funds Withheld Assets (Note 2)	(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)	(21,309)	49,031	11,548	7,459	33,068
Net realized and unrealized gains (losses) on derivative instruments	4,221	(13,323)	(20,434)	(906)	(7,069)
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	22,921	(89,656)	(31,662)	(34,596)	(50,101)
Income (loss) from investment fund affiliates (Note 3)	45,669	12,311	57,656	30,818	38,261
Fee income and other	6,717	13,292	11,469	10,225	13,661
<b>Total revenues</b>	<b>\$ 2,814,942</b>	<b>\$ 2,901,052</b>	<b>\$ 2,883,984</b>	<b>\$ 2,787,760</b>	<b>\$ 2,755,361</b>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 1,622,006	\$ 1,822,658	\$ 3,066,723	\$ 1,529,083	\$ 1,583,456
Claims and policy benefits - run-off Life operations	10,307	13,711	10,592	7,591	7,291
Acquisition costs	463,827	473,002	445,685	433,584	435,869
Operating expenses	472,563	406,887	409,356	472,778	468,038
Foreign exchange losses (gains)	9,841	(1,418)	55,017	(5,643)	(3,336)
(Gain) Loss on the early extinguishment of debt (Note 4)	-	-	1,582	-	-
Interest expense - debt and other	44,646	41,880	39,509	43,422	40,250
Interest expense - deposit liability accretion	8,899	9,831	(5,590)	10,596	10,461
<b>Total expenses</b>	<b>\$ 2,632,089</b>	<b>\$ 2,766,551</b>	<b>\$ 4,022,874</b>	<b>\$ 2,491,415</b>	<b>\$ 2,542,029</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ 182,853	\$ 134,501	\$ (1,138,890)	\$ 296,345	\$ 213,332
Income (loss) from operating affiliates (Note 5)	10,282	2,460	4,872	42,704	13,609
Provision (benefit) for income taxes	31,902	77,104	(60,132)	29,006	13,092
<b>Net income (loss)</b>	<b>\$ 161,233</b>	<b>\$ 59,857</b>	<b>\$ (1,073,886)</b>	<b>\$ 310,043</b>	<b>\$ 213,849</b>
Non-controlling interests	(8,585)	(31,029)	30,197	(8,423)	(61,006)
<b>Net income (loss) attributable to common shareholders</b>	<b>\$ 152,648</b>	<b>\$ 28,828</b>	<b>\$ (1,043,689)</b>	<b>\$ 301,620</b>	<b>\$ 152,843</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)	(22,921)	89,656	31,662	34,596	50,101
Net realized (gains) losses on investments and change in net unrealized (gains) losses on investments, trading and OTTI - Life Funds Withheld Assets (Note 2)	22,512	(47,597)	(11,548)	(7,459)	(33,068)
Net investment income - Life Funds Withheld Assets (Note 2)	(30,398)	(31,448)	(30,796)	(31,439)	(33,364)
Foreign exchange revaluation (gains) losses on and other income and expense items related to Life Funds Withheld Assets (Note 2)	(10,683)	(3,893)	(8,543)	(14,945)	(3,224)
Net realized (gains) losses on investments available for sale and OTTI - excluding Life Funds Withheld Assets	33,478	3,464	(31,726)	(49,168)	(4,218)
Net realized and change in net unrealized gains (losses) on equity securities - excluding Life Funds Withheld Assets	36,014	(40,554)	-	-	-
Net realized and unrealized (gains) losses on derivatives	(4,221)	13,323	20,434	906	7,069
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(636)	1,243	(89)	115	(2,051)
Foreign exchange (gains) losses excluding Life Funds Withheld Assets	20,524	2,475	63,560	9,302	(112)
(Gain) Loss on the early extinguishment of debt (Note 4)	-	-	1,582	-	-
Expenses related to the pending acquisition by AXA SA (Note 6)	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	(4,606)	58	(5,419)	11,553	2,167
<b>Operating Net income (loss) (Note 8)</b>	<b>\$ 214,359</b>	<b>\$ 116,054</b>	<b>\$ (1,028,862)</b>	<b>\$ 255,080</b>	<b>\$ 136,143</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 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.

3. Effective 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.

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. 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.

5. Income related to the alternative funds and to the private investment and operating fund affiliates is generally on a one-month and three-month lag, respectively. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.

6. The Company has entered into a definitive agreement and plan of merger (the "Merger Agreement") with AXA dated March 5, 2018, under which AXA would 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.

7. 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.

8. Operating net income is a non-GAAP financial measure. For further information see page 31 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 March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
<b>Return on Common Shareholders' Equity</b>					
Opening shareholders' equity	\$ 11,461,320	\$ 11,528,510	\$ 13,102,405	\$ 13,000,626	\$ 12,960,679
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,613,003)	(1,588,663)	(2,021,855)	(2,025,742)	(2,022,167)
Opening common shareholders' equity	9,848,317	9,939,847	11,080,550	10,974,884	10,938,512
Closing shareholders' equity	11,235,222	11,461,320	11,528,510	13,102,405	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)
Closing common shareholders' equity	9,628,529	9,848,317	9,939,847	11,080,550	10,974,884
Average common shareholders' equity	9,738,423	9,894,082	10,510,199	11,027,717	10,956,698
Opening AOCI, net of tax (Note 2)	889,431	968,928	921,165	844,974	715,546
Closing AOCI, net of tax (Note 2)	312,255	889,431	968,928	921,165	844,974
Average AOCI, net of tax (Note 2)	600,843	929,180	945,047	883,070	780,260
Average common shareholders' equity excluding AOCI	9,137,580	8,964,903	9,565,153	10,144,648	10,176,438
Catlin-related Integration costs	-	-	-	39,118	33,949
Provision (benefit) for income tax on integration costs	-	-	-	(4,147)	(3,768)
Net income (loss) attributable to common shareholders	152,648	28,828	(1,043,689)	301,620	152,843
Annualized net income (loss) attributable to common shareholders	610,592	115,312	(4,174,756)	1,206,480	611,372
Operating Net Income (Note 3)	214,359	116,054	(1,028,862)	255,080	136,143
Annualized Operating Net Income (Note 3)	857,436	464,216	(4,115,448)	1,020,320	544,572
Operating Net Income (excluding Catlin-related integration costs) (Note 3)	214,359	116,054	(1,028,862)	290,051	189,945
Annualized Operating Net Income (excluding Catlin-related integration costs) (Note 3)	857,436	464,216	(4,115,448)	1,160,206	665,295
Annualized return on average common shareholders' equity	6.3%	1.2%	-39.7%	10.9%	5.6%
Annualized operating return on average common shareholders' equity (Note 3)	8.8%	4.7%	-39.2%	9.3%	5.0%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	9.4%	5.2%	-43.0%	10.1%	5.4%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs (Note 3)	8.8%	4.7%	-39.2%	10.5%	6.1%
Annualized operating return on common shareholders' equity excluding Catlin-related integration costs and AOCI (Note 3)	9.4%	5.2%	-43.0%	11.4%	6.5%

	At March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017	At March 31, 2017
<b>Book Value per Common Share</b>					
Closing common shareholders' equity	\$ 9,628,529	\$ 9,848,317	\$ 9,939,847	\$ 11,080,550	\$ 10,974,884
Common shares outstanding (Note 4)	258,171,836	256,033,895	255,980,636	258,489,379	263,773,739
Dilutive impact of stock and options	5,434,025	2,867,317	3,736,712	4,369,403	3,233,867
Diluted shares outstanding	263,605,861	258,901,212	259,717,348	262,858,782	267,007,606
<b>Book value per common share</b>	<b>\$ 37.30</b>	<b>\$ 38.46</b>	<b>\$ 38.83</b>	<b>\$ 42.87</b>	<b>\$ 41.61</b>
<b>Fully diluted book value per common share</b>	<b>\$ 36.53</b>	<b>\$ 38.04</b>	<b>\$ 38.27</b>	<b>\$ 42.15</b>	<b>\$ 41.10</b>
<b>Fully diluted tangible book value per common share (Note 5)</b>	<b>\$ 28.06</b>	<b>\$ 29.44</b>	<b>\$ 29.70</b>	<b>\$ 33.71</b>	<b>\$ 32.83</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 Catlin-related integration costs are non-GAAP financial measures. For further information see page 31 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 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, 6)			(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 (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 7)				55,951	55,951
Foreign exchange (gains) losses				9,841	9,841
Corporate operating expenses				70,043	70,043
<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 8)					(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		
Reinstatement premium	-	-	-		
<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.
- 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.
- Income related to the alternative funds and to the private investment and operating fund affiliates is generally on a one-month and three-month lag, respectively.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.



## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,488,403	\$ 1,072,403	\$ 3,560,806	\$ 59,118	\$ 3,619,924
Net premiums written	1,794,452	921,550	2,716,002	3,054	2,719,056
Net premiums earned	1,757,004	915,944	2,672,948	3,054	2,676,002
Net losses and loss expenses incurred	(1,262,828)	(559,830)	(1,822,658)	(13,711)	(1,836,369)
Acquisition expenses	(251,530)	(220,260)	(471,790)	(1,212)	(473,002)
Operating expenses (Note 2)	(284,788)	(67,372)	(352,160)	(278)	(352,438)
Underwriting (loss) profit	<u>\$ (42,142)</u>	<u>\$ 68,482</u>	<u>\$ 26,340</u>	<u>\$ (12,147)</u>	<u>\$ 14,193</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	166,334	7,442	173,776
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	31,448	31,448
Net investment results structured products (Note 4)	2,208	475	2,683	-	2,683
Net fee income and other (Note 5)	(2,092)	1,683	(409)	134	(275)
Net realized investment gains (losses) - excluding Life Funds Withheld Assets (Note 3)			39,238	(2,147)	37,091
Net realized investment gains (losses) - Life Funds Withheld Assets (Note 3)			-	47,597	47,597
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3)				(89,656)	(89,656)
Net realized and unrealized gains (losses) on derivative instruments				(13,323)	(13,323)
Income (loss) from investment fund affiliates and operating affiliates (Note 6)				14,771	14,771
Foreign exchange (gains) losses				(1,418)	(1,418)
Corporate operating expenses				40,882	40,882
Extinguishment of debt				-	-
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 234,186</u>	<u>\$ (55,345)</u>	<u>\$ 178,841</u>
Interest expense (Note 7)					(41,880)
Non-controlling interests					(31,029)
Income taxes					(77,104)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 28,828</u>
<b>PYD and Catastrophe</b>					
Total net prior year development	(11,079)	(43,101)	(54,180)		
Natural catastrophe losses	195,867	110,468	306,335		
Reinstatement premium	(3,645)	2,430	(1,215)		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	71.9%	61.1%	68.2%		
Underwriting expense ratio	30.5%	31.4%	30.8%		
Combined ratio	102.4%	92.5%	99.0%		
Loss and loss expense ratio excluding net PYD	72.5%	65.8%	70.2%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	61.2%	53.9%	58.7%		
Combined ratio excluding net PYD	103.0%	97.2%	101.0%		
Combined ratio excluding net PYD, CATS and reinstatement premium	91.7%	85.4%	89.5%		

**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 \$12.5 million and \$9.8 million, respectively.
- Net fee income and other includes operating expenses of \$13.6 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates is generally on a one-month and three-month lag, respectively.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.





## SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 2,694,216	\$ 1,927,390	\$ 4,621,606	\$ 56,811	\$ 4,678,417
Net premiums written	1,508,591	1,471,169	2,979,760	3,310	2,983,070
Net premiums earned	1,635,315	884,166	2,519,481	3,310	2,522,791
Net losses and loss expenses incurred	(1,060,363)	(523,093)	(1,583,456)	(7,291)	(1,590,747)
Acquisition expenses	(210,483)	(224,079)	(434,562)	(1,307)	(435,869)
Operating expenses (Note 3)	(285,729)	(71,757)	(357,486)	(233)	(357,719)
Underwriting (loss) profit	<u>\$ 78,740</u>	<u>\$ 65,237</u>	<u>\$ 143,977</u>	<u>\$ (5,521)</u>	<u>\$ 138,456</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	146,566	7,227	153,793
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	33,364	33,364
Net investment results structured products (Note 5)	2,269	645	2,914	-	2,914
Net fee income and other (Note 6)	1,967	686	2,653	(438)	2,215
Net realized investment gains (losses) - excluding Life Funds Withheld Assets (Note 4)			4,831	(613)	4,218
Net realized investment gains (losses) - Life Funds Withheld Assets (Note 4)				33,068	33,068
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 4)				(50,101)	(50,101)
Net realized and unrealized gains (losses) on derivative instruments				(7,069)	(7,069)
Income (loss) from investment fund affiliates and operating affiliates (Note 7)				51,870	51,870
Foreign exchange (gains) losses				(3,336)	(3,336)
Corporate operating expenses (Note 8)				98,873	98,873
<b>Contribution from P&amp;C and Corporate and other</b>			<b>\$ 300,941</b>	<b>\$ (33,750)</b>	<b>\$ 267,191</b>
Interest expense (Note 9)					(40,250)
Non-controlling interests					(61,006)
Income taxes					(13,092)
<b>Net (loss) income attributable to XL Group Ltd</b>					<b>\$ 152,843</b>
<b>PYD and Catastrophe</b>					
Total net prior year development	(4,642)	28,646	24,004		
Natural catastrophe losses	70,330	25,745	96,075		
Reinstatement premium	-	-	-		
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	64.8%	59.2%	62.8%		
Underwriting expense ratio	30.4%	33.4%	31.5%		
Combined ratio	95.2%	92.6%	94.3%		
Loss and loss expense ratio excluding net PYD	65.1%	55.9%	61.9%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	60.8%	53.0%	58.1%		
Combined ratio excluding net PYD	95.5%	89.4%	93.3%		
Combined ratio excluding net PYD, CATS and reinstatement premium	91.2%	86.5%	89.5%		

### 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 \$13.4 million and \$10.5 million, respectively.
- Net fee income and other includes operating expenses of \$11.4 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates is generally on a one-month and three-month lag, respectively.
- Corporate operating expenses include approximately \$33.9 million of Catlin-related integration costs.
- 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 MARCH 31, 2018				FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 443,949	\$ 162,502	\$ -	\$ 606,451	\$ 380,390	\$ 151,188	\$ -	\$ 531,578
Casualty	973,383	323,398	-	1,296,781	880,498	310,214	-	1,190,712
Property catastrophe	-	530,312	-	530,312	-	482,918	-	482,918
Property	785,258	630,057	-	1,415,315	768,209	602,026	-	1,370,235
Specialty	664,315	112,613	-	776,928	662,778	109,525	-	772,303
Other (Note 3)	(366)	301,719	-	301,353	2,341	271,519	-	273,860
<b>Total P&amp;C operations</b>	<b>2,866,539</b>	<b>2,060,601</b>	<b>-</b>	<b>4,927,140</b>	<b>2,694,216</b>	<b>1,927,390</b>	<b>-</b>	<b>4,621,606</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	27,907	27,907	-	-	26,941	26,941
Run-Off Life Operations - Other Life	-	-	24,688	24,688	-	-	29,870	29,870
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>52,595</b>	<b>52,595</b>	<b>-</b>	<b>-</b>	<b>56,811</b>	<b>56,811</b>
<b>Total</b>	<b>\$ 2,866,539</b>	<b>\$ 2,060,601</b>	<b>\$ 52,595</b>	<b>\$ 4,979,735</b>	<b>\$ 2,694,216</b>	<b>\$ 1,927,390</b>	<b>\$ 56,811</b>	<b>\$ 4,678,417</b>
	<u>NET PREMIUMS WRITTEN</u>				<u>NET 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	\$ 200,536	\$ 154,717	\$ -	\$ 355,253	\$ 218,316	\$ 142,894	\$ -	\$ 361,210
Casualty	437,033	304,476	-	741,509	467,337	289,213	-	756,550
Property catastrophe	-	313,443	-	313,443	-	187,061	-	187,061
Property	391,286	528,143	-	919,429	371,152	510,896	-	882,048
Specialty	453,378	95,088	-	548,466	449,757	91,057	-	540,814
Other (Note 3)	(366)	274,877	-	274,511	2,029	250,048	-	252,077
<b>Total P&amp;C operations</b>	<b>1,481,867</b>	<b>1,670,744</b>	<b>-</b>	<b>3,152,611</b>	<b>1,508,591</b>	<b>1,471,169</b>	<b>-</b>	<b>2,979,760</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	-	-
Run-Off Life Operations - Other Life	-	-	3,107	3,107	-	-	3,310	3,310
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>3,107</b>	<b>3,107</b>	<b>-</b>	<b>-</b>	<b>3,310</b>	<b>3,310</b>
<b>Total</b>	<b>\$ 1,481,867</b>	<b>\$ 1,670,744</b>	<b>\$ 3,107</b>	<b>\$ 3,155,718</b>	<b>\$ 1,508,591</b>	<b>\$ 1,471,169</b>	<b>\$ 3,310</b>	<b>\$ 2,983,070</b>
	<u>NET PREMIUMS EARNED</u>				<u>NET PREMIUMS EARNED</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 320,717	\$ 64,608	\$ -	\$ 385,325	\$ 305,482	\$ 52,926	\$ -	\$ 358,408
Casualty	481,010	149,963	-	630,973	474,195	156,634	-	630,829
Property catastrophe	-	136,503	-	136,503	-	148,406	-	148,406
Property	406,778	258,089	-	664,867	450,503	272,346	-	722,849
Specialty	457,650	44,261	-	501,911	402,687	36,626	-	439,313
Other (Note 3)	(366)	277,968	-	277,602	2,448	217,228	-	219,676
<b>Total P&amp;C operations</b>	<b>1,665,789</b>	<b>931,392</b>	<b>-</b>	<b>2,597,181</b>	<b>1,635,315</b>	<b>884,166</b>	<b>-</b>	<b>2,519,481</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity	-	-	-	-	-	-	-	-
Run-Off Life Operations - Other Life	-	-	3,107	3,107	-	-	3,310	3,310
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>3,107</b>	<b>3,107</b>	<b>-</b>	<b>-</b>	<b>3,310</b>	<b>3,310</b>
<b>Total</b>	<b>\$ 1,665,789</b>	<b>\$ 931,392</b>	<b>\$ 3,107</b>	<b>\$ 2,600,288</b>	<b>\$ 1,635,315</b>	<b>\$ 884,166</b>	<b>\$ 3,310</b>	<b>\$ 2,522,791</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 & health and other lines.



## INSURANCE SEGMENT

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

	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	% Change Q1 18 vs. Q4 17	vs. Q1 17
Gross premiums written	\$ 2,866,539	\$ 2,488,403	\$ 2,311,090	\$ 2,576,754	\$ 2,694,216	15.2%	6.4%
Net premiums written	1,481,867	1,794,452	1,660,304	1,741,201	1,508,591	-17.4%	-1.8%
Net premiums earned	1,665,789	1,757,004	1,677,189	1,652,304	1,635,315	-5.2%	1.9%
Net losses incurred	(1,064,992)	(1,262,828)	(1,724,755)	(1,077,087)	(1,060,363)	-15.7%	0.4%
Acquisition expenses	(221,962)	(251,530)	(228,188)	(231,908)	(210,483)	-11.8%	5.5%
Operating expenses (Note 2)	(316,380)	(284,788)	(269,727)	(288,681)	(285,729)	11.1%	10.7%
<b>Underwriting profit (loss)</b>	<b>\$ 62,455</b>	<b>\$ (42,142)</b>	<b>\$ (545,481)</b>	<b>\$ 54,628</b>	<b>\$ 78,740</b>	NM	-20.7%
<b>PYD and Catastrophe</b>							
Total net prior year development, strengthening (release)	\$ (5,295)	\$ (11,079)	\$ (8,811)	\$ (17,227)	\$ (4,642)		
Natural catastrophe losses	63,475	195,867	697,956	79,389	70,330		
Reinstatement premium	-	(3,645)	(18,324)	-	-		
<b>Ratios - P&amp;C operations:</b>							
Loss and loss expense ratio	63.9%	71.9%	102.8%	65.2%	64.8%		
Acquisition expense ratio	13.3%	14.3%	13.6%	14.0%	12.9%		
Operating expense ratio	19.1%	16.2%	16.1%	17.5%	17.5%		
Combined ratio	96.3%	102.4%	132.5%	96.7%	95.2%		
Loss and loss expense ratio excluding net PYD	64.3%	72.5%	103.4%	66.2%	65.1%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	60.4%	61.2%	61.1%	61.4%	60.8%		
Combined ratio excluding net PYD	96.6%	103.0%	133.0%	97.7%	95.5%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.8%	91.7%	90.4%	92.9%	91.2%		

**Notes:**

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

2. Operating expenses exclude corporate operating expenses.

NM = Not meaningful

# REINSURANCE SEGMENT

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



	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	% Change Q1 18 vs. Q4 17	% Change Q1 18 vs. Q1 17
Gross premiums written	\$ 2,060,601	\$ 1,072,403	\$ 704,641	\$ 977,676	\$ 1,927,390	92.1%	6.9%
Net premiums written	1,670,744	921,550	665,917	905,240	1,471,169	81.3%	13.6%
Net premiums earned	931,392	915,944	940,567	861,789	884,166	1.7%	5.3%
Net losses incurred	(557,014)	(559,830)	(1,341,968)	(451,996)	(523,093)	-0.5%	6.5%
Acquisition expenses	(240,854)	(220,260)	(216,371)	(200,394)	(224,079)	9.3%	7.5%
Operating expenses (Note 3)	(73,539)	(67,372)	(63,723)	(69,435)	(71,757)	9.2%	2.5%
<b>Underwriting profit (loss)</b>	<b>\$ 59,985</b>	<b>\$ 68,482</b>	<b>\$ (681,495)</b>	<b>\$ 139,964</b>	<b>\$ 65,237</b>	<b>-12.4%</b>	<b>-8.1%</b>
<b>PYD and Catastrophe</b>							
Total net prior year development, strengthening (release)	\$ (3,841)	\$ (43,101)	\$ (22,051)	\$ (69,505)	\$ 28,646		
Natural catastrophe losses	9,718	110,468	873,440	13,032	25,745		
Reinstatement premium	-	2,430	70,655	273	-		
<b>Ratios - P&amp;C operations:</b>							
Loss and loss expense ratio	59.8%	61.1%	142.7%	52.4%	59.2%		
Acquisition expense ratio	25.9%	24.0%	23.0%	23.3%	25.3%		
Operating expense ratio	7.9%	7.4%	6.8%	8.1%	8.1%		
Combined ratio	93.6%	92.5%	172.5%	83.8%	92.6%		
Loss and loss expense ratio excluding net PYD	60.2%	65.8%	145.0%	60.5%	55.9%		
Loss and loss expense ratio excluding net PYD, CATS and reinstatement premium	59.2%	53.9%	56.4%	59.0%	53.0%		
Combined ratio excluding net PYD	94.0%	97.2%	174.8%	91.8%	89.4%		
Combined ratio excluding net PYD, CATS and reinstatement premium	92.9%	85.4%	88.6%	90.3%	86.5%		

- 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 MARCH 31, 2018 vs MARCH 31, 2017**

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



	FOR THE THREE MONTHS ENDED MARCH 31, 2018					FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 2,866,539	-	\$ 2,866,539	-	\$ 2,866,539	\$ 2,694,216	-	\$ 2,694,216	-	\$ 2,694,216
Net premiums written	1,481,867	-	1,481,867	-	1,481,867	1,508,591	-	1,508,591	-	1,508,591
Net premiums earned	1,665,789	-	1,665,789	-	1,665,789	1,635,315	-	1,635,315	-	1,635,315
Net losses incurred	1,064,992	(5,295)	1,070,287	63,475	1,006,812	1,060,363	(4,642)	1,065,005	70,330	994,675
Acquisition expenses	221,962	-	221,962	-	221,962	210,483	-	210,483	-	210,483
Operating expenses	316,380	-	316,380	-	316,380	285,729	-	285,729	-	285,729
<b>Underwriting profit / (loss)</b>	<b>\$ 62,455</b>	<b>\$ 5,295</b>	<b>\$ 57,160</b>	<b>\$ (63,475)</b>	<b>\$ 120,635</b>	<b>\$ 78,740</b>	<b>\$ 4,642</b>	<b>\$ 74,098</b>	<b>\$ (70,330)</b>	<b>\$ 144,428</b>
<b>Loss Ratio</b>	<b>63.9%</b>		<b>64.3%</b>		<b>60.4%</b>	<b>64.8%</b>		<b>65.1%</b>		<b>60.8%</b>
<b>Combined Ratio</b>	<b>96.3%</b>		<b>96.6%</b>		<b>92.8%</b>	<b>95.2%</b>		<b>95.5%</b>		<b>91.2%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 2,060,601	-	\$ 2,060,601	-	\$ 2,060,601	\$ 1,927,390	-	\$ 1,927,390	-	\$ 1,927,390
Net premiums written	1,670,744	-	1,670,744	-	1,670,744	1,471,169	-	1,471,169	-	1,471,169
Net premiums earned	931,392	-	931,392	-	931,392	884,166	-	884,166	-	884,166
Net losses incurred	557,014	(3,841)	560,855	9,718	551,137	523,093	28,646	494,447	25,745	468,702
Acquisition expenses	240,854	-	240,854	-	240,854	224,079	-	224,079	-	224,079
Operating expenses	73,539	-	73,539	-	73,539	71,757	-	71,757	-	71,757
<b>Underwriting profit / (loss)</b>	<b>\$ 59,985</b>	<b>\$ 3,841</b>	<b>\$ 56,144</b>	<b>\$ (9,718)</b>	<b>\$ 65,862</b>	<b>\$ 65,237</b>	<b>\$ (28,646)</b>	<b>\$ 93,883</b>	<b>\$ (25,745)</b>	<b>\$ 119,628</b>
<b>Loss Ratio</b>	<b>59.8%</b>		<b>60.2%</b>		<b>59.2%</b>	<b>59.2%</b>		<b>55.9%</b>		<b>53.0%</b>
<b>Combined Ratio</b>	<b>93.6%</b>		<b>94.0%</b>		<b>92.9%</b>	<b>92.6%</b>		<b>89.4%</b>		<b>86.5%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 4,927,140	-	\$ 4,927,140	-	\$ 4,927,140	\$ 4,621,606	-	\$ 4,621,606	-	\$ 4,621,606
Net premiums written	3,152,611	-	3,152,611	-	3,152,611	2,979,760	-	2,979,760	-	2,979,760
Net premiums earned	2,597,181	-	2,597,181	-	2,597,181	2,519,481	-	2,519,481	-	2,519,481
Net losses incurred	1,622,006	(9,136)	1,631,142	73,193	1,557,949	1,583,456	24,004	1,559,452	96,075	1,463,377
Acquisition expenses	462,816	-	462,816	-	462,816	434,562	-	434,562	-	434,562
Operating expenses	389,919	-	389,919	-	389,919	357,486	-	357,486	-	357,486
<b>Underwriting profit / (loss)</b>	<b>\$ 122,440</b>	<b>\$ 9,136</b>	<b>\$ 113,304</b>	<b>\$ (73,193)</b>	<b>\$ 186,497</b>	<b>\$ 143,977</b>	<b>\$ (24,004)</b>	<b>\$ 167,981</b>	<b>\$ (96,075)</b>	<b>\$ 264,056</b>
<b>Loss Ratio</b>	<b>62.5%</b>		<b>62.8%</b>		<b>60.0%</b>	<b>62.8%</b>		<b>61.9%</b>		<b>58.1%</b>
<b>Combined Ratio</b>	<b>95.3%</b>		<b>95.6%</b>		<b>92.8%</b>	<b>94.3%</b>		<b>93.3%</b>		<b>89.5%</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 MARCH 31, 2018			
	<b>Profit/(loss) before tax</b>	<b>Tax expense /(benefit)</b>	<b>Profit/(loss) after tax</b>	<b>Effective tax rate</b>
Net Income (loss)	\$ 193,135	\$ 31,902	\$ 161,233	16.5%
Non-controlling interests	(8,585)	-	(8,585)	-
Net Income (loss) attributable to common shareholders (Note 1)	<u>184,550</u>	<u>31,902</u>	<u>152,648</u>	<u>17.3%</u>
Adjustments to Net Income (loss)	66,317	(1,794)	68,111	-2.7%
Operating Net Income (loss), excluding impact of discrete tax adj (Note 2)	<u>250,867</u>	<u>30,108</u>	<u>220,759</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>\$ 250,867</u>	<u>\$ 36,508</u>	<u>\$ 214,359</u>	<u>14.6%</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 31 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 March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017	At March 31, 2017
<b>Assets</b>					
Fixed maturities available for sale ("AFS"), at fair value (Note 2)	\$ 30,656,628	\$ 30,928,988	\$ 31,675,509	\$ 30,810,724	\$ 30,651,790
Short-term investments AFS, at fair value (Note 3)	500,170	815,481	336,054	617,894	260,153
Fixed maturities trading, at fair value (Note 4)	2,084,251	2,006,385	1,866,465	1,772,877	1,700,108
Short-term investments trading, at fair value (Note 5)	7,425	14,965	9,361	-	754
Equity securities, at fair value (Note 6)	637,872	713,967	1,011,942	1,174,500	1,094,509
Investments in affiliates	1,900,105	1,911,996	2,100,378	2,127,115	2,172,611
Other investments	1,186,983	1,163,863	1,145,588	1,126,741	1,150,493
Total investments	36,973,434	37,555,645	38,145,297	37,629,851	37,030,418
Cash and cash equivalents	3,484,763	3,435,954	3,030,088	3,133,822	3,352,651
Restricted cash	155,023	157,497	159,627	181,230	160,523
Accrued investment income	265,701	272,149	270,211	270,730	262,237
Deferred acquisition costs and value of business acquired	1,317,797	1,102,474	1,073,343	1,143,671	1,161,159
Ceded unearned premiums	2,950,077	2,198,217	2,311,619	2,566,652	2,501,294
Premiums receivable	7,988,469	6,934,482	7,078,700	6,973,206	6,746,116
Reinsurance balances receivable	1,210,620	930,114	1,079,821	755,511	641,720
Unpaid losses and loss expenses recoverable	7,271,013	7,247,723	6,962,787	5,858,369	5,685,623
Net receivable from investments sold	258,084	201,515	195,837	442,339	95,344
Goodwill and other intangible assets	2,230,506	2,225,751	2,227,014	2,219,390	2,208,612
Deferred tax assets	356,667	332,024	301,322	293,219	302,301
Other assets	875,809	842,691	954,542	914,260	876,622
Total assets	<b>\$ 65,337,963</b>	<b>\$ 63,436,236</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>	<b>\$ 61,024,620</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 29,701,568	\$ 29,696,779	\$ 29,988,337	\$ 26,822,346	\$ 26,445,124
Deposit liabilities	982,963	1,042,677	1,030,290	1,123,628	1,121,194
Future policy benefit reserves	3,680,958	3,610,926	3,656,859	3,591,573	3,520,069
Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 7)	989,140	999,219	920,571	918,304	954,327
Unearned premiums	9,687,293	8,307,431	8,344,536	8,848,374	8,581,973
Notes payable and debt	3,240,461	3,220,769	3,210,063	3,207,339	2,648,353
Reinsurance balances payable	4,432,331	3,706,116	3,706,120	3,428,302	3,325,748
Net payable for investments purchased	317,339	332,989	273,449	268,771	211,880
Deferred tax liabilities	57,995	57,574	107,157	97,879	89,862
Other liabilities	1,012,693	1,000,436	1,024,316	973,329	1,125,464
Total liabilities	<b>\$ 54,102,741</b>	<b>\$ 51,974,916</b>	<b>\$ 52,261,698</b>	<b>\$ 49,279,845</b>	<b>\$ 48,023,994</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Common shares, par value \$0.01 (Note 8)	\$ 2,582	\$ 2,560	\$ 2,560	\$ 2,586	\$ 2,637
Additional paid in capital	7,809,895	7,757,940	7,741,544	7,790,913	7,934,161
Accumulated other comprehensive income (loss) (Note 9)	312,255	889,431	968,928	921,165	844,974
Retained earnings (deficit) (Note 9)	1,503,797	1,198,386	1,226,815	2,365,886	2,193,112
Shareholders' equity attributable to XL Group Ltd	9,628,529	9,848,317	9,939,847	11,080,550	10,974,884
Non-controlling interest in equity of consolidated subsidiaries	1,606,693	1,613,003	1,588,663	2,021,855	2,025,742
Total shareholders' equity	<b>\$ 11,235,222</b>	<b>\$ 11,461,320</b>	<b>\$ 11,528,510</b>	<b>\$ 13,102,405</b>	<b>\$ 13,000,626</b>
Total liabilities and shareholders' equity	<b>\$ 65,337,963</b>	<b>\$ 63,436,236</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>	<b>\$ 61,024,620</b>

- Notes:**
- Certain amounts have been reclassified to conform with the current period presentation.
  - Fixed maturities, available for sale at amortized cost: March 31, 2018 - \$30,268,346; December 31, 2017 - \$30,157,581; September 30, 2017 - \$30,822,936; June 30, 2017 - \$30,012,097; March 31, 2017 - \$29,923,912
  - Short-term investments at amortized cost: March 31, 2018 - \$500,844; December 31, 2017 - \$816,638; September 30, 2017 - \$336,071; June 30, 2017 - \$617,866; March 31, 2017 - \$260,407
  - Fixed maturities at amortized cost: March 31, 2018 - \$2,055,722; December 31, 2017 - \$1,946,501; September 30, 2017 - \$1,823,406; June 30, 2017 - \$1,724,250; March 31, 2017 - \$1,631,045
  - Short-term trading investments at amortized cost: March 31, 2018 - \$7,428; December 31, 2017 - \$14,969; September 30, 2017 - \$9,362; June 30, 2017 - \$0; March 31, 2017 - \$742
  - Equity securities at cost: March 31, 2018 - \$607,427; December 31, 2017 - \$638,455; September 30, 2017 - \$920,130; June 30, 2017 - \$1,094,494; March 31, 2017 - \$1,017,172
  - 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 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: March 31, 2018 - 258,171,836; December 31, 2017 - 256,033,895; September 30, 2017 - 255,980,636; June 30, 2017 - 258,611,313; March 31, 2017 - 263,735,436



## SUPPLEMENTARY CAPITAL INFORMATION

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



	At March 31, 2018 In Use	At December 31, 2017 In Use	At September 30, 2017 In Use	At June 30, 2017 In Use	At March 31, 2017 In Use
<b>Debt</b>					
\$300 million, 2.30% Senior Notes due December 2018	300	299	299	299	299
\$400 million, 5.75% Senior Notes due October 2021	398	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	494	494	494	494	494
\$325 million, 6.25% Senior Notes due May 2027	324	324	323	323	323
\$300 million, 5.25% Senior Notes due December 2043	297	297	297	296	296
\$500 million, 5.5% Subordinated Notes due March 2045 (Note 4)	473	473	473	489	489
€500 million, 3.25% Subordinated Notes due June 2047 (Note 5)	606	587	577	558	-
<b>Total debt</b>	<b>\$ 3,241</b>	<b>\$ 3,221</b>	<b>\$ 3,210</b>	<b>\$ 3,206</b>	<b>\$ 2,648</b>
Adjustment to carrying value - impact of fair value hedges and other	(1)	(0)	0	1	0
<b>Total debt carrying value</b>	<b>\$ 3,240</b>	<b>\$ 3,221</b>	<b>\$ 3,210</b>	<b>\$ 3,207</b>	<b>\$ 2,648</b>
<b>Shareholders' Capital</b>					
Non-controlling interests - Series D preference ordinary shares of XLIT (Note 6)	287	287	287	345	345
Non-controlling interests - Series E preference ordinary shares of XLIT (Note 6)	670	670	670	1,000	1,000
Non-controlling interests - Non-cumulative perpetual preference shares of Catlin-Bermuda (Note 6)	519	519	519	562	562
Non-controlling interests - Other	131	138	113	115	119
Common shares - capital and surplus	\$ 7,812	\$ 7,760	\$ 7,744	\$ 7,793	\$ 7,937
AOCI (Note 7)	312	889	969	921	845
Retained Earnings (Note 7)	1,504	1,198	1,227	2,366	2,193
<b>Total shareholders' capital</b>	<b>\$ 11,235</b>	<b>\$ 11,461</b>	<b>\$ 11,529</b>	<b>\$ 13,102</b>	<b>\$ 13,001</b>
<b>Total capital (total debt plus total shareholders' capital)</b>	<b>\$ 14,476</b>	<b>\$ 14,682</b>	<b>\$ 14,739</b>	<b>\$ 16,310</b>	<b>\$ 15,649</b>
<b>Debt to total capital</b>	22.4%	21.9%	21.8%	19.7%	16.9%

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- "In Use" data represents accreted values.
- Excluded from the table are revolving credit capacity of \$750.0 million at March 31, 2018, at December 31, 2017, at September 30, 2017 and at June 30, 2017 and \$1.0 billion at March 31, 2017. The amounts of this capacity for revolving loans utilized to issue letters of credit were \$105.7 million at March 31, 2018, \$2.0 million at December 31, 2017 and September 30, 2017, \$44.7 million at June 30, 2017 and \$287.7 million at March 31, 2017, thus leaving available amounts of \$644.3 million at March 31, 2018, \$748.0 million at December 31, 2017 and September 2017, \$705.3 million at June 30, 2017 and \$712.3 million at March 31, 2017.
- 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.
- Debt issued in Euro denominated subordinated notes.
- 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.
- 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 March 31, 2018	At December 31, 2017	At September 30, 2017	At June 30, 2017	At March 31, 2017
Unpaid losses and loss expenses recoverable - P&C Operations	\$ 7,262,543	\$ 7,239,446	\$ 6,954,034	\$ 5,849,503	\$ 5,674,744
Unpaid losses and loss expenses recoverable - Corporate and Other	8,470	8,277	8,753	8,866	10,879
Total unpaid losses and loss expenses recoverable	<u>\$ 7,271,013</u>	<u>\$ 7,247,723</u>	<u>\$ 6,962,787</u>	<u>\$ 5,858,369</u>	<u>\$ 5,685,623</u>
Reinsurance balances receivable	1,210,620	930,114	1,079,821	755,511	641,720
Ceded unearned premiums	2,950,077	2,198,217	2,311,619	2,566,652	2,501,294
Total reinsurance assets (Note 2)	<u>\$ 11,431,710</u>	<u>\$ 10,376,054</u>	<u>\$ 10,354,227</u>	<u>\$ 9,180,532</u>	<u>\$ 8,828,637</u>

The following is an analysis of the total reinsurance assets, net of collateral held, at December 31, 2017, by reinsurers owing 3% or more of such total:

Name of reinsurer	Standard and Poor's Rating	% of Total
Munich Reinsurance Co.	AA-/Stable	10.5%
Lloyd's Syndicates	A+/Stable	7.4%
Arch Reinsurance Company	A+/Negative	7.3%
Transatlantic Reinsurance Company	A+/Stable	5.1%
AXIS Reinsurance Company	A+/Negative	5.0%
Endurance Assurance Corporation	A/Positive	4.3%
Hannover Rueck SE	AA-/Stable	3.5%
National Indemnity Company	AA+/Negative	3.1%
Swiss Reinsurance Co.	AA-/Stable	3.1%
Everest Reinsurance Ltd.	A+/Stable	3.0%

"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 \$50.0 million at March 31, 2018, \$54.2 million at December 31, 2017, \$52.3 million at September 30, 2017, \$52.0 million at June 30, 2017 and \$50.5 million at March 31, 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>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)	
Incurring losses	\$ 2,230	\$ (608)	\$ 1,622		\$ 2,230	\$ (608)	\$ 1,622	
PYD			\$ (9)				\$ (9)	
Incurring 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	
Incurring losses	\$ 2,416	\$ (593)	\$ 1,823		\$ 11,222	\$ (3,220)	\$ 8,002	
PYD			\$ (54)				\$ (148)	
Incurring 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	
Incurring losses	\$ 4,706	\$ (1,639)	\$ 3,067		\$ 8,806	\$ (2,627)	\$ 6,179	
PYD			\$ (31)				\$ (94)	
Incurring 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	
Incurring losses	\$ 2,019	\$ (490)	\$ 1,529		\$ 4,100	\$ (988)	\$ 3,112	
PYD			\$ (87)				\$ (63)	
Incurring losses excluding PYD			1,616	96.7%			3,175	91.1%
<b>March 31, 2017</b>								
Paid	\$ 1,646	\$ (318)	\$ 1,328	83.9%	\$ 1,646	\$ (318)	\$ 1,328	83.9%
Change in unpaid loss reserves	435	(180)	255		435	(180)	255	
Incurring losses	\$ 2,081	\$ (498)	\$ 1,583		\$ 2,081	\$ (498)	\$ 1,583	
PYD			\$ 24				\$ 24	
Incurring losses excluding PYD			1,559	85.2%			1,559	85.2%

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



XL GROUP

## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)

(Unaudited)

(Note 1)

### P&C OPERATIONS

	GROSS		RECOVERIES		NET
<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>(7,262)</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>(7,239)</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>(6,953)</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>(5,849)</u>	\$	<u>20,973</u>
<b>Balance at March 31, 2017</b>					
Outstanding loss reserves	\$ 10,602	\$	(1,945)	\$	8,657
Incurring but not reported reserves	15,764		(3,724)		12,040
Fair value adjustments recoverable	79		(5)		74
Unpaid losses and loss expense reserves	<u>\$ 26,445</u>	\$	<u>(5,674)</u>	\$	<u>20,771</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)

	March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017		March 31, 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	\$ 4,187,959	11.5%	\$ 4,362,740	11.8%	\$ 4,313,336	11.5%	\$ 4,355,401	11.7%	\$ 4,203,353	11.5%
U.S. States, municipalities and political subdivisions	2,013,162	5.5%	2,064,640	5.6%	2,111,217	5.7%	2,283,272	6.1%	2,350,859	6.4%
Non-U.S. Governments	5,306,651	14.5%	5,201,581	14.0%	5,260,637	14.1%	5,123,524	13.7%	4,979,908	13.6%
Corporate	9,742,670	26.6%	9,795,133	26.4%	10,072,974	26.9%	10,542,915	28.3%	10,579,366	28.9%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	4,529,723	12.4%	4,724,402	12.7%	4,941,702	13.2%	3,954,318	10.6%	4,377,435	12.0%
Commercial mortgage-backed securities	1,259,519	3.4%	1,244,017	3.3%	1,277,994	3.4%	795,453	2.1%	700,197	1.9%
Other asset-backed securities	1,608,396	4.4%	1,509,363	4.1%	1,567,515	4.2%	1,587,056	4.2%	1,249,691	3.4%
Total fixed maturities	28,648,080	78.3%	28,901,876	77.9%	29,545,375	79.0%	28,641,939	76.7%	28,440,809	77.7%
<b>Short-term investments</b>	500,170	1.4%	815,481	2.2%	336,054	0.9%	617,894	1.7%	260,153	0.7%
<b>Total fixed income investments</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>\$28,700,962</b>	<b>78.4%</b>
<b>Equity securities</b>										
Common stocks	\$ 192,905	0.5%	\$ 194,247	0.5%	\$ 234,498	0.6%	\$ 173,814	0.5%	\$ 154,865	0.4%
Equity funds	281,250	0.8%	363,300	1.0%	610,528	1.6%	810,126	2.2%	788,169	2.2%
Fixed income funds	163,717	0.4%	156,420	0.4%	166,916	0.5%	190,560	0.5%	151,475	0.4%
<b>Total equity securities</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>\$ 1,094,509</b>	<b>3.0%</b>
<b>Other investments</b>										
Hedge funds	\$ 209,139	0.6%	\$ 205,770	0.5%	\$ 202,630	0.6%	\$ 255,620	0.7%	\$ 291,356	0.8%
Private investments	193,503	0.5%	191,986	0.5%	190,812	0.5%	195,873	0.5%	174,281	0.5%
Fixed income and other	784,341	2.2%	766,107	2.1%	752,146	2.0%	675,248	1.8%	684,855	1.8%
<b>Total other investments</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>\$ 1,150,492</b>	<b>3.1%</b>
<b>Investment in affiliates</b>										
Hedge funds	\$ 1,092,122	3.0%	\$ 1,119,747	3.0%	\$ 1,315,477	3.5%	\$ 1,350,781	3.6%	\$ 1,413,687	3.9%
Private investments	382,528	1.0%	364,661	1.0%	393,547	1.1%	381,184	1.0%	359,353	1.0%
Investment manager affiliates	30,369	0.1%	45,405	0.1%	46,872	0.1%	49,229	0.1%	57,979	0.1%
Strategic and other operating affiliates	395,086	1.1%	382,183	1.1%	344,482	0.9%	345,921	1.0%	341,592	0.9%
<b>Total investment in affiliates</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>\$ 2,172,611</b>	<b>5.9%</b>
<b>Total investments</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>	<b>\$33,118,574</b>	<b>90.4%</b>
Cash and cash equivalents	\$ 3,540,581	9.7%	\$ 3,510,349	9.5%	\$ 3,109,774	8.3%	\$ 3,221,892	8.6%	\$ 3,417,968	9.3%
Accrued investment income	212,350	0.6%	220,300	0.6%	212,290	0.6%	219,667	0.6%	212,421	0.6%
Net receivable/(payable) for securities sold/(purchased)	(59,281)	-0.2%	(131,474)	-0.4%	(74,830)	-0.2%	179,849	0.5%	(116,133)	-0.3%
<b>Total investments and cash (excluding life funds withheld assets) (Note 1)</b>	<b>\$36,566,860</b>	<b>100.0%</b>	<b>\$37,106,358</b>	<b>100.0%</b>	<b>\$37,386,571</b>	<b>100.0%</b>	<b>\$37,309,597</b>	<b>100.0%</b>	<b>\$36,632,830</b>	<b>100.0%</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>										
Total fixed income investments	\$ 4,100,224		\$ 4,048,462		\$ 4,005,960		\$ 3,941,662		\$ 3,911,843	
Cash and cash equivalents	99,205		83,102		79,941		93,160		95,206	
Accrued investment income	53,351		51,849		57,921		51,063		49,816	
Net receivable/(payable) for securities sold/(purchased)	26		-		(2,782)		(6,281)		(403)	
<b>Total investments and cash - life funds withheld assets</b>	<b>\$ 4,252,806</b>		<b>\$ 4,183,413</b>		<b>\$ 4,141,040</b>		<b>\$ 4,079,604</b>		<b>\$ 4,056,462</b>	
<b>Total investments and cash including life funds withheld assets</b>	<b>\$40,819,666</b>		<b>\$41,289,771</b>		<b>\$41,527,611</b>		<b>\$41,389,201</b>		<b>\$40,689,292</b>	

**Notes:**

1. Total investments and cash (excluding life funds withheld assets) at March 31, 2018 includes operating cash and short-term treasury deposits of \$1.6 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)

	March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017		March 31, 2017	
	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>Fixed income investments</b>										
<b>Summary by core currency denomination</b>										
U.S. dollar denominated	\$ 21,497,620	3.0%	\$ 22,270,654	2.9%	\$ 22,366,610	2.9%	\$ 21,995,032	2.7%	\$ 21,748,862	2.7%
Euro denominated	3,048,577	1.3%	2,952,968	1.3%	2,980,626	1.4%	2,983,826	1.3%	2,790,394	1.3%
Sterling denominated	2,256,948	1.8%	2,158,000	1.8%	2,271,525	1.8%	2,100,650	1.9%	2,151,660	1.8%
Other denominated	2,345,105	2.0%	2,335,735	1.9%	2,262,668	1.8%	2,180,325	1.7%	2,010,046	1.7%
<b>Total fixed income Investments</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>\$ 28,700,962</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	\$ 13,935,122	47.8%	\$ 14,510,778	48.8%	\$ 14,268,856	47.8%	\$ 13,287,857	45.4%	\$ 12,630,251	44.0%
AA	4,698,357	16.1%	4,826,391	16.2%	5,073,218	17.0%	5,378,662	18.4%	5,758,356	20.1%
A	6,182,784	21.2%	6,076,992	20.5%	6,159,844	20.6%	6,734,088	23.0%	6,948,321	24.2%
BBB	3,326,681	11.4%	3,322,315	11.2%	3,391,297	11.3%	3,067,401	10.5%	2,592,152	9.0%
BB and below/not rated	1,005,306	3.5%	980,881	3.3%	988,214	3.3%	791,825	2.7%	771,882	2.7%
<b>Total fixed income investments</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>	<b>\$ 28,700,962</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		4.0		3.9		3.8	
Weighted average market yield to maturity	2.6 %		2.3 %		2.1 %		2.0 %		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)	3,004		3,356		3,147		2,882		3,458	
Average pre-tax book yield, gross of expenses	2.1 %		2.2 %		2.2 %		2.2 %		2.4 %	
Average new money rate (Note 4)	2.7 %		2.3 %		2.6 %		2.1 %		2.1 %	

**Notes:**

1. 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.
2. 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.
3. Estimated paydowns on Mortgage and Asset Backed securities, representing \$438 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.
4. 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

	March 31, 2018					
	AAA	AA	A	BBB	BB and below	Total
U.S. Government and government agencies	\$ 4,187,959	\$ -	\$ -	\$ -	\$ -	\$ 4,187,959
U.S. States, municipalities and political subdivisions (Note 1)	313,266	1,275,275	417,404	5,287	1,930	2,013,162
Non-U.S. Governments	2,055,729	2,079,111	302,639	579,804	289,368	5,306,651
<b>Total government bonds</b>	<b>\$ 6,556,954</b>	<b>\$ 3,354,386</b>	<b>\$ 720,043</b>	<b>\$ 585,091</b>	<b>\$ 291,298</b>	<b>\$ 11,507,772</b>
<b>% of total</b>	<b>57.0%</b>	<b>29.1%</b>	<b>6.3%</b>	<b>5.1%</b>	<b>2.5%</b>	<b>100.0%</b>

#### Non-U.S. Government

##### E.U. exposure

	March 31, 2018		
	Govt. agencies		Total
	Sovereign	& others	Total
U.K.	\$ 1,066,957	\$ 26,338	\$ 1,093,295
France	273,530	132,837	406,367
Supranational	-	284,441	284,441
Germany	145,406	138,965	284,371
Netherlands	124,806	152,703	277,509
Others (less than \$100M per country)	306,225	34,043	340,268
<b>E.U. exposure</b>	<b>\$ 1,916,924</b>	<b>\$ 769,327</b>	<b>\$ 2,686,251</b>

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

Canada	\$ 453,138	\$ 716,004	\$ 1,169,142
Switzerland	119,582	76,041	195,623
Brazil	180,160	12,978	193,138
Australia	177,510	3,761	181,271
Singapore	179,774	-	179,774
Indonesia	83,778	20,709	104,487
Others (less than \$100M per country)	404,358	192,607	596,965
<b>Non-E.U. exposure</b>	<b>\$ 1,598,300</b>	<b>\$ 1,022,100</b>	<b>\$ 2,620,400</b>

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

<b>Total Non-U.S. Government</b>	<b>\$ 3,515,224</b>	<b>\$ 1,791,427</b>	<b>\$ 5,306,651</b>
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#### 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

	March 31, 2018					
	AAA	AA	A	BBB	BB and Below	Total
Industrial	\$ 144,455	\$ 504,008	\$ 2,419,238	\$ 2,040,086	\$ 455,275	\$ 5,563,062
Financials	15,587	529,907	2,498,640	409,360	66,372	3,519,866
Utilities	-	31,348	410,552	215,577	2,265	659,742
<b>Total corporate</b>	<b>\$ 160,042</b>	<b>\$ 1,065,263</b>	<b>\$ 5,328,430</b>	<b>\$ 2,665,023</b>	<b>\$ 523,912</b>	<b>\$ 9,742,670</b>
<b>% of total</b>	<b>1.6%</b>	<b>10.9%</b>	<b>54.7%</b>	<b>27.4%</b>	<b>5.4%</b>	<b>100.0%</b>

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

	March 31, 2018					
	AAA	AA	A	BBB	BB and Below	Total
U.S.	\$ 144,451	399,232	3,519,685	1,513,373	447,726	\$ 6,024,467
U.K.	238	7,393	544,147	436,947	5,635	994,360
Canada	-	193,118	228,681	60,031	12,090	493,920
Netherlands	-	159,447	152,422	59,035	-	370,904
France	-	43,521	198,440	55,795	3,419	301,175
Australia	-	114,308	106,024	64,209	-	284,541
Switzerland	-	39,795	157,770	73,806	-	271,371
Japan	-	-	184,074	11,596	-	195,670
Germany	-	-	126,077	60,785	3,030	189,892
Belgium	-	-	10,648	146,416	-	157,064
Others (less than \$100M per country) (Note 2)	15,353	108,449	100,462	183,030	52,012	459,306
<b>Total corporate</b>	<b>\$ 160,042</b>	<b>\$ 1,065,263</b>	<b>\$ 5,328,430</b>	<b>\$ 2,665,023</b>	<b>\$ 523,912</b>	<b>\$ 9,742,670</b>

### Top Ten exposure to fixed income corporate issuers

Issuer (Notes 3 & 4)	March 31, 2018		
	Fair Value	% of Aggregate	
		% of total corporates	Fixed Income Portfolio
Wells Fargo & Company	\$ 187,235	2.0%	0.6%
JPMorgan Chase & Co.	178,260	1.8%	0.6%
Bank Of America Corporation	176,707	1.8%	0.6%
Morgan Stanley	172,498	1.7%	0.6%
The Goldman Sachs Group, Inc.	163,712	1.7%	0.6%
HSBC Holdings PLC	154,852	1.6%	0.5%
Anheuser-Busch Inbev SA	154,583	1.6%	0.5%
Citigroup INC	145,298	1.5%	0.5%
BP PLC	112,019	1.2%	0.4%
Apple Inc.	110,206	1.1%	0.4%
	<b>\$ 1,555,370</b>	<b>16.0%</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 \$55 million in Spain, \$37 million in Ireland, \$23 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 \$143 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**

**March 31, 2018**

	AAA	AA	A	BBB	BB and Below	Total
U.S. Residential mortgage-backed securities - agency	\$ 4,434,112	\$ -	\$ -	\$ -	\$ -	\$ 4,434,112
U.S. Residential mortgage-backed securities - non-agency	127	8,753	3,927	1,264	81,540	95,611
U.S. Commercial mortgage-backed securities - agency	187,209	-	-	-	-	187,209
U.S. Commercial mortgage-backed securities - non-agency	981,088	16,580	59,042	6,996	3,303	1,067,009
U.S. Other asset-backed securities	535,410	115,834	61,006	54,952	98,108	865,310
<b>Total U.S.</b>	<b>\$ 6,137,946</b>	<b>\$ 141,167</b>	<b>\$ 123,975</b>	<b>\$ 63,212</b>	<b>\$ 182,951</b>	<b>\$ 6,649,251</b>
Non-U.S. Commercial mortgage-backed securities	\$ 3,095	\$ -	\$ 1,518	\$ 57	\$ 631	\$ 5,301
Non-U.S. Other asset-backed securities (Note 1)	616,429	109,500	3,436	8,688	5,033	743,086
<b>Total Non-U.S.</b>	<b>\$ 619,524</b>	<b>\$ 109,500</b>	<b>\$ 4,954</b>	<b>\$ 8,745</b>	<b>\$ 5,664</b>	<b>\$ 748,387</b>
<b>Total Mortgage and asset-backed Securities</b>	<b>\$ 6,757,470</b>	<b>\$ 250,667</b>	<b>\$ 128,929</b>	<b>\$ 71,957</b>	<b>\$ 188,615</b>	<b>\$ 7,397,638</b>
<b>% of total</b>	<b>91.4%</b>	<b>3.4%</b>	<b>1.7%</b>	<b>1.0%</b>	<b>2.5%</b>	<b>100.0%</b>

**Notes:**

1. Non-U.S. Other asset-backed securities include covered bonds of \$435 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)

Investments (excluding life funds withheld assets)	March 31, 2018				December 31, 2017			
	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>Fixed income investments</b>								
<b>Fixed maturities</b>								
U.S. Government and government agencies	\$ 4,207,380	\$ 29,290	\$ (48,711)	\$ 4,187,959	\$ 4,358,503	\$ 37,782	\$ (33,545)	\$ 4,362,740
U.S. States, municipalities and political subdivisions	1,953,202	63,586	(3,626)	2,013,162	1,977,796	87,832	(988)	2,064,640
Non-U.S. Governments	5,260,650	98,496	(52,495)	5,306,651	5,135,526	114,918	(48,863)	5,201,581
Corporate	9,759,732	131,175	(148,237)	9,742,670	9,644,799	207,668	(57,334)	9,795,133
Mortgage & asset-backed securities								
Residential mortgage-backed securities	4,606,275	26,883	(103,435)	4,529,723	4,717,542	41,983	(35,123)	4,724,402
Commercial mortgage-backed securities	1,292,559	2,263	(35,303)	1,259,519	1,246,406	7,468	(9,857)	1,244,017
Other asset-backed securities	1,588,637	26,172	(6,413)	1,608,396	1,488,958	26,877	(6,472)	1,509,363
Total fixed maturities	28,668,435	377,865	(398,220)	28,648,080	28,569,530	524,528	(192,182)	28,901,876
<b>Short-term investments</b>	500,844	773	(1,447)	500,170	816,638	744	(1,901)	815,481
<b>Total fixed income investments</b>	<b>\$29,169,279</b>	<b>\$ 378,638</b>	<b>\$ (399,667)</b>	<b>\$29,148,250</b>	<b>\$29,386,168</b>	<b>\$ 525,272</b>	<b>\$ (194,083)</b>	<b>\$29,717,357</b>
<b>Equity securities</b>								
Common stocks	\$ 182,676	\$ 26,721	\$ (16,492)	\$ 192,905	\$ 166,308	\$ 33,106	\$ (5,167)	\$ 194,247
Equity funds	261,902	19,348	-	281,250	317,826	45,474	-	363,300
Fixed income funds	162,849	909	(41)	163,717	154,321	2,099	-	156,420
<b>Total equity securities</b>	<b>\$ 607,427</b>	<b>\$ 46,978</b>	<b>\$ (16,533)</b>	<b>\$ 637,872</b>	<b>\$ 638,455</b>	<b>\$ 80,679</b>	<b>\$ (5,167)</b>	<b>\$ 713,967</b>
<b>Other investments</b>	1,020,940	172,741	(6,698)	1,186,983	1,004,174	163,675	(3,986)	1,163,863
<b>Total available-for-sale, equities and other investments</b>	<b>\$ 30,797,646</b>	<b>\$ 598,357</b>	<b>\$ (422,898)</b>	<b>\$ 30,973,105</b>	<b>\$ 31,028,797</b>	<b>\$ 769,626</b>	<b>\$ (203,236)</b>	<b>\$ 31,595,187</b>
Investment in affiliates (Note 1)				1,900,105				\$ 1,911,996
Cash and cash equivalents				3,540,581				3,510,349
Accrued investment income				212,350				220,300
Net receivable/(payable) for securities sold/(purchased)				(59,281)				(131,474)
<b>Total investments and cash (excluding life funds withheld assets)</b>				<b>\$ 36,566,860</b>				<b>\$ 37,106,358</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>								
Total fixed income investments				\$ 4,100,224				\$ 4,048,462
Cash and cash equivalents				99,205				83,102
Accrued investment income				53,351				51,849
Net receivable/(payable) for securities sold/(purchased)				26				-
<b>Total investment and cash - life funds withheld assets</b>				<b>\$ 4,252,806</b>				<b>\$ 4,183,413</b>
<b>Total investments and cash including life funds withheld assets</b>				<b>\$ 40,819,666</b>				<b>\$ 41,289,771</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 March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017	Three months ended March 31, 2017
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 195,055	\$ 193,812	\$ 182,000	\$ 183,147	\$ 173,894
Investment expenses (Note 1)	(19,283)	(20,036)	(22,335)	(19,431)	(20,101)
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>	<b>\$ 175,772</b>	<b>\$ 173,776</b>	<b>\$ 159,665</b>	<b>\$ 163,716</b>	<b>\$ 153,793</b>
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 13,662	\$ 13,957	\$ 14,041	\$ 15,124	\$ 15,123
Investment expenses (Note 1)	(1,351)	(1,443)	(1,723)	(1,605)	(1,748)
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>	<b>\$ 12,311</b>	<b>\$ 12,514</b>	<b>\$ 12,318</b>	<b>\$ 13,519</b>	<b>\$ 13,375</b>
Interest Expense - Deposit Liability Accretion	(8,900)	(9,831)	5,590	(10,596)	(10,461)
Operating and Investment Expenses - P&C Structured	-	-	-	-	-
<b>Net results from Structured Products</b>	<b>\$ 3,411</b>	<b>\$ 2,683</b>	<b>\$ 17,908</b>	<b>\$ 2,923</b>	<b>\$ 2,914</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 188,083</b>	<b>\$ 186,290</b>	<b>\$ 171,983</b>	<b>\$ 177,235</b>	<b>\$ 167,168</b>
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 30,398</b>	<b>\$ 31,448</b>	<b>\$ 30,796</b>	<b>\$ 31,439</b>	<b>\$ 33,364</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Hedge funds	\$ 34,147	\$ 2,412	\$ 55,107	\$ 11,839	\$ 34,811
Private investments	11,522	9,899	2,549	18,979	3,450
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>	<b>\$ 45,669</b>	<b>\$ 12,311</b>	<b>\$ 57,656</b>	<b>\$ 30,818</b>	<b>\$ 38,261</b>
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>					
Investment manager affiliates	\$ 10,111	\$ 363	\$ 953	\$ 36,108	\$ 3,297
Strategic and other operating affiliates	171	2,097	3,919	6,596	10,312
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>	<b>\$ 10,282</b>	<b>\$ 2,460</b>	<b>\$ 4,872</b>	<b>\$ 42,704</b>	<b>\$ 13,609</b>

**Notes:**

1. Includes management fees, custody fees, and direct and allocated general and administrative expenses.
2. The Company records the income related to the hedge funds and to the private investment on a one-month and three-month lag, respectively.
3. The Company records the income related to the 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	March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017		March 31, 2017	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Investments</b>										
<b>Fixed income investments</b>										
<b>Fixed maturities</b>										
U.S. Government and government agencies	\$ 20,936	0.5%	\$ 22,358	0.5%	\$ 26,905	0.7%	\$ 27,231	0.7%	\$ 27,072	0.7%
U.S. States, municipalities and political subdivisions	-	0.0%	31	0.0%	-	0.0%	70	0.0%	126	0.0%
Non-U.S. Governments	1,081,514	25.4%	1,069,705	25.6%	1,077,105	26.0%	1,059,225	26.0%	1,058,219	26.1%
Corporate	2,646,964	62.3%	2,597,505	62.1%	2,546,334	61.5%	2,490,548	61.0%	2,562,632	63.2%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	1,396	0.0%	1,447	0.0%	1,407	0.0%	1,465	0.0%	23,268	0.6%
Commercial mortgage-backed securities	137,542	3.2%	129,852	3.1%	129,804	3.1%	128,412	3.1%	99,360	2.5%
Other asset-backed securities	204,447	4.8%	212,599	5.1%	215,044	5.2%	234,711	5.8%	140,412	3.5%
Total fixed maturities	4,092,799	96.2%	4,033,497	96.4%	3,996,599	96.5%	3,941,662	96.6%	3,911,089	96.6%
<b>Short-term investments</b>	7,425	0.2%	14,965	0.4%	9,361	0.3%	-	0.0%	754	0.0%
<b>Total fixed income investments</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>	<b>\$3,911,843</b>	<b>96.6%</b>
Cash and cash equivalents	\$ 99,205	2.3%	\$ 83,102	2.0%	\$ 79,941	1.9%	\$ 93,160	2.3%	\$ 95,206	2.2%
Accrued investment income	53,351	1.3%	51,849	1.2%	57,921	1.4%	51,063	1.3%	49,816	1.2%
Net receivable/(payable) for securities sold/(purchased)	26	0.0%	-	0.0%	(2,782)	-0.1%	(6,281)	-0.2%	(403)	0.0%
<b>Total investment and cash</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>\$4,056,462</b>	<b>100.0%</b>
<b>Credit rating</b>										
AAA	\$ 409,211	10.0%	\$ 396,785	9.8%	\$ 405,343	10.1%	\$ 400,526	10.2%	\$ 405,252	10.4%
AA	1,121,679	27.4%	1,130,324	27.9%	1,200,775	30.0%	1,163,541	29.5%	1,154,049	29.5%
A	1,555,398	37.9%	1,530,020	37.8%	1,406,129	35.1%	1,436,620	36.5%	1,406,512	35.9%
BBB	976,784	23.8%	959,967	23.7%	950,607	23.7%	903,600	22.9%	911,647	23.3%
BB and below/not rated	37,152	0.9%	31,366	0.8%	43,106	1.1%	37,375	0.9%	34,383	0.9%
<b>Total Fixed income investments</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>	<b>\$3,911,843</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	3.4 %		3.4 %		3.5 %		3.5 %		3.5 %	
Expected average duration (Note 1)	9.0		9.0		9.0		8.9		9.2	
Weighted average market yield to maturity (Note 1)	2.1 %		1.9 %		2.0 %		2.3 %		2.0 %	

**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.