



FINANCIAL SUPPLEMENT

June 30, 2016

Issued on July 27, 2016

This supplement is being furnished to you for informational purposes only. It should be read in conjunction with documents filed by XL Group Ltd 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.xlcatlin.com for further information.

Investor Contacts:

David Radulski

Tel: (203) 964 3470

Email: David.Radulski@xlcatlin.com

FINANCIAL SUPPLEMENT - TABLE OF CONTENTS

| | PAGE |
|---|------|
| Statements of Income | 3 |
| Consolidated Statements of Income | 4 |
| Return on Ordinary Shareholders' Equity and Book Value per Share | 5 |
| Consolidated Statements of Income - Year to Date | 6 |
| Return on Ordinary Shareholders' Equity - Year to Date | 7 |
| <i>Quarterly Data:</i> | |
| Segment Information | 8 |
| Premiums By Line of Business | 11 |
| Segment Consecutive Quarters | 12 |
| Summary of Financial Impact of Prior Year Development and Natural CATS - QTR | 14 |
| <i>Year to Date Data:</i> | |
| Segment Information | 15 |
| Premiums By Line of Business | 17 |
| Summary of Financial Impact of Prior Year Development and Natural CATS - YTD | 18 |
| Effective Tax Rate Analysis | 19 |
| Balance Sheets | 20 |
| Consolidated Balance Sheets | 21 |
| Supplementary Capital Information | 22 |
| Recoverable and Reinsurance Balances Receivable by Reinsurer | 23 |
| Loss Analysis | 24 |
| Analysis of Losses and Loss Expenses Incurred | 25 |
| Analysis of Unpaid Losses and Loss Expenses | 26 |
| Investment Portfolio Information | 27 |
| Schedule 1 - Summary Investment Portfolio | 28 |
| Schedule 2 - P&C and Life Fixed Income Portfolio Information | 29 |
| Schedule 3 - Fixed Income Portfolio Characteristics | 30 |
| Schedule 4 - Government Related and Supported | 31 |
| Schedule 4 - (cont'd) U.S. Municipalities | 32 |
| Schedule 5 - Corporate (Sector, Capital Structure) | 33 |
| Schedule 5 (cont'd) - Corporate (Issuer) | 34 |
| Schedule 5 (cont'd) - Corporate (Country) | 35 |
| Schedule 5 (cont'd) - Corporate (European Country) | 36 |
| Schedule 6 - RMBS | 37 |
| Schedule 7 - CMBS | 38 |
| Schedule 8 - ABS (CDO's) | 39 |
| Schedule 9 - ABS (Consumer ABS, Other ABS) | 40 |
| Schedule 10 - Unrealized Gains (Losses) | 41 |
| Schedule 11 - Income Statement Analysis | 42 |
| Schedule 12 - Life FVH | 43 |
| Regulation G | 44 |
| Cautionary Note Regarding Forward-Looking Statements | |
| <p><i>This financial supplement contains forward-looking statements. Statements that are not historical facts, including statements about XL's beliefs, plans or expectations, are forward-looking statements. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Statements that include the words "expect," "estimate," "intend," "plan," "believe," "project," "anticipate," "may," "could," or "would" and similar statements of a future or forward-looking nature identify forward-looking statements. Actual results may differ materially from those included in such forward-looking statements and therefore you should not place undue reliance on them. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes (a) the continuation of downward trends in rates for property and casualty insurance and reinsurance; (b) changes in the size of our claims relating to unpredictable natural or man-made catastrophe losses due to the preliminary nature of some reports and estimates of loss and damage to date; (c) changes in the number of insureds and ceding companies impacted or the ultimate number and value of individual claims relating to the second quarter of 2016 natural catastrophe events due to the preliminary nature of reports and estimates of loss and damage to date; (d) changes in the amount or type of business that we write, whether due to our actions, changes in market conditions or other factors, and the amount of premium attributable to such business; (e) the availability, cost or quality of ceded reinsurance, and the timely and full re-coverage of such reinsurance, or other amounts due to us, or changes to our projections related to such recoverables; (f) actual loss experience from insured or reinsured events and the timing of claim payments being faster or the receipt of reinsurance recoverables being slower than we anticipated; (g) increased competition on the basis of pricing, capacity, coverage terms or other factors, such as the increased inflow of third party capital into reinsurance markets, which could harm our ability to maintain or increase its business volumes or profitability; (h) greater frequency or severity of claims and loss activity than our underwriting, reserving or investment practices anticipate based on historical experience or industry data; (i) the impact of changes in the global financial markets, such as the effects of inflation on our business, including on pricing and reserving, changes in interest rates, credit spreads, foreign currency exchange rates and future volatility in the world's credit, financial and capital markets that adversely affect the performance and valuation of our investments, future financing activities and access to such markets, our ability to pay claims or general financial condition; (j) our ability to successfully implement our business strategy; (k) our ability to successfully attract and raise additional third party capital for existing or new investment vehicles; (l) changes in credit ratings and rating agency policies or practices, which could trigger cancellation provisions in our assumed reinsurance agreements or an event of default under our credit facilities; (m) the potential for changes to methodologies, estimations and assumptions that underlie the valuation of our financial instruments that could result in changes to investment valuations; (n) changes to our assessment as to whether it is more likely than not that we will be required to sell, or have the intent to sell, available-for-sale fixed maturity securities before their anticipated recovery; (o) unanticipated constraints on our liquidity, including the availability of borrowings and letters of credit under credit facilities that inhibit our ability to support our operations, including our ability to underwrite policies and pay claims; (p) the ability of our subsidiaries to pay dividends to XL Group Ltd, XL Group plc, XLIT Ltd, and Catlin Insurance Company Ltd; (q) changes in regulators or regulations applicable to us, including as a result of the completion of our redomestication from Ireland to Bermuda, such as changes in regulatory capital balances that our operating subsidiaries must maintain, or to our brokers or customers; (r) the effects of business disruption, economic contraction or economic sanctions due to unpredictable global political and social conditions such as war, terrorism or other hostilities, or pandemics; (s) the actual amount of new and renewal business and acceptance of our products and services, including new products and services and the materialization of risks related to such products and services; (t) changes in the distribution or placement of risks due to increased consolidation of insurance and reinsurance brokers; (u) bankruptcies or other financial concerns of companies insofar as they affect P&C insurance and reinsurance coverages or claims that we may have as a counterparty; (v) loss of key personnel; (w) the effects of mergers, acquisitions and divestitures, including our ability to modify our internal controls over financial reporting, changes to our risk appetite and our ability to realize the value or benefits expected, in each case, as a result of such transactions; (x) changes in general economic conditions, including the political, monetary, economic and operational impacts of the "Brexit" referendum held on June 23, 2016 in which the UK electorate voted to withdraw from the EU, new or continued sovereign debt concerns in Euro-Zone countries or emerging markets such as Brazil or China, or governmental actions for the purposes of stabilizing financial markets; (y) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (z) judicial decisions and rulings, new theories of liability or emerging claims coverage issues, legal tactics and settlement terms; (aa) the effects of climate change (such as changes to weather patterns, sea levels or temperatures) on our business, which our modeling or risk management practices may not adequately address due to the uncertain nature of climate change; and (bb) the other factors set forth in our reports on Form 10-K and Form 10-Q and other documents on file with the Securities and Exchange Commission. XL undertakes no obligation to update publicly any forward looking statement, whether as a result of new information, future developments or a otherwise.</i></p> <p><i>XL intends to use its website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included on the website in the Investor Relations section. Accordingly, investors should monitor such portions of XL's website, in addition to a following its financial supplement, SEC filings and public conference calls and webcasts.</i></p> | |

STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

| | Three Months Ended June 30, 2016 | Three Months Ended March 31, 2016 | Three Months Ended December 31, 2015 | Three Months Ended September 30, 2015 | Three Months Ended June 30, 2015 |
|--|-------------------------------------|--------------------------------------|---|--|-------------------------------------|
| Revenues | | | | | |
| Gross premiums written | \$ 3,599,323 | \$ 4,428,226 | \$ 2,603,080 | \$ 2,739,350 | \$ 3,081,135 |
| Net premiums written | 2,726,119 | 3,064,759 | 1,890,455 | 2,091,028 | 2,118,331 |
| Net premiums earned - P&C operations | 2,528,702 | 2,351,446 | 2,375,155 | 2,405,740 | 2,063,795 |
| Net premiums earned - run-off Life operations | 3,508 | 3,164 | 11,665 | 17,812 | 18,258 |
| Net investment income - excluding Life Funds Withheld Assets (Note 2) | 176,242 | 164,326 | 171,887 | 178,560 | 176,340 |
| Net investment income - Life Funds Withheld Assets (Note 2) | 39,146 | 41,560 | 43,620 | 46,586 | 46,864 |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2) | 19,468 | 19,468 | (8,418) | 11,245 | (201) |
| Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2) | 30,114 | 34,416 | 48,717 | 53,780 | 68,037 |
| Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2) | (252) | (2,346) | (3,247) | (2,023) | (2,878) |
| Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2) | 55,287 | 69,096 | (8,802) | (149) | (19,543) |
| Net realized and unrealized gains (losses) on derivative instruments | 906 | (3,622) | (4,004) | (7,903) | 48,509 |
| Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2) | (229,742) | (236,080) | (35,358) | (126,140) | 239,174 |
| Net income (loss) from investment fund affiliates (Note 3) | 13,179 | (4,579) | 10,329 | (3,715) | 31,377 |
| Fee income and other | 10,862 | 8,262 | 10,106 | 7,355 | 11,012 |
| Total revenues | \$ 2,647,422 | \$ 2,417,227 | \$ 2,631,313 | \$ 2,569,702 | \$ 2,685,296 |
| Expenses | | | | | |
| Net losses and loss expenses incurred - P&C operations | \$ 1,632,386 | \$ 1,382,485 | \$ 1,380,893 | \$ 1,464,285 | \$ 1,151,195 |
| Claims and policy benefits - run-off Life operations | 5,482 | 4,937 | 51,950 | 22,579 | 22,081 |
| Acquisition costs | 420,520 | 403,267 | 412,962 | 409,173 | 341,617 |
| Operating expenses | 522,521 | 515,381 | 563,787 | 570,142 | 507,354 |
| Foreign exchange losses (gains) | (19,100) | (33,819) | (26,921) | 11,661 | 10,374 |
| Extinguishment of debt (Note 5) | - | - | 5,592 | - | - |
| Interest expense - debt and other | 43,733 | 41,613 | 41,704 | 40,798 | 39,038 |
| Interest expense - deposit liability accretion | 12,005 | 10,690 | 10,477 | 11,131 | 10,629 |
| Total expenses | \$ 2,617,547 | \$ 2,324,554 | \$ 2,440,444 | \$ 2,529,769 | \$ 2,082,288 |
| Income (loss) before income (loss) from operating affiliates and income tax | \$ 29,875 | \$ 92,673 | \$ 190,869 | \$ 39,933 | \$ 603,008 |
| Income (loss) from operating affiliates (Note 3) | 21,418 | 12,650 | 4,414 | 8,196 | 9,462 |
| Provision (benefit) for income taxes | 2,467 | 22,295 | (39,296) | (37,042) | 32,959 |
| Gain on sale of operating affiliate | - | - | - | - | 340,407 |
| Net income (loss) | \$ 48,826 | \$ 83,028 | \$ 234,579 | \$ 85,171 | \$ 919,918 |
| Non-controlling interests | (5,044) | (61,143) | (6,029) | (57,889) | (4,879) |
| Net income (loss) attributable to ordinary shareholders | \$ 43,782 | \$ 21,885 | \$ 228,550 | \$ 27,282 | \$ 915,039 |
| Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets | (19,468) | 8,416 | (11,245) | 201 | (4,351) |
| Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2) | (30,114) | (34,416) | (48,717) | (53,780) | (68,037) |
| OTTI on investments - Life Funds Withheld Assets (Note 2) | 252 | 2,346 | 3,247 | 2,023 | 2,878 |
| Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2) | (55,287) | (69,096) | 8,802 | 149 | 19,543 |
| Net realized and unrealized (gains) losses on derivatives | (906) | 3,622 | 4,004 | 7,903 | (48,509) |
| Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates | 1,818 | 413 | 1,493 | (14) | 595 |
| Net investment income - Life Funds Withheld Assets (Note 2) | (39,146) | (41,560) | (43,620) | (46,586) | (46,864) |
| Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2) | 229,742 | 236,080 | 35,358 | 126,140 | (239,174) |
| Foreign exchange (gains) losses | (19,100) | (33,819) | (26,921) | 11,661 | 10,374 |
| Expenses related to Catlin acquisition | - | - | 1,700 | 1,245 | 36,339 |
| Gain on sale of operating affiliate | - | - | - | - | (340,407) |
| Loss on Other Life Retro Arrangements (Note 4) | - | - | 34,986 | - | - |
| Extinguishment of debt (Note 5) | - | - | 1,800 | - | - |
| Provision (benefit) for income tax on items excluded from operating income | (5,126) | 9,517 | 5,592 | (5,432) | 8,371 |
| Operating Net Income (Note 6) | \$ 106,447 | \$ 103,388 | \$ 195,029 | \$ 70,792 | \$ 245,797 |

Notes:

- Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin Group Limited (Catlin) on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
- On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("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 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.
- Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. The fair market values of certain of these alternative investments often take longer to obtain as compared to other investments and are therefore unavailable at the time of quarter close.
- During the fourth quarter of 2015, we entered into a large reinsurance agreement ceding approximately 80% of the remaining life reinsurance premiums that were not included in the Greycastle Life Retro Agreements ("Other Life Retro Arrangements").
- In December, 2015 \$68M and €18M of subordinated notes that were acquired as a result of the combination with Catlin were repurchased by XL at par and extinguished. XL recognized a \$5.6 million loss (\$4.5m net of \$1.1m tax benefit) on early extinguishment of debt for the year ended December 31, 2015.
- Operating net income, a non-GAAP measure, is defined as net income (loss) attributable to ordinary shareholders excluding, as applicable: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. For further information see page 44 for Comment on Regulation G.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Unaudited)
(Note 1)

| | Three Months Ended June 30, 2016 | Three Months Ended March 31, 2016 | Three Months Ended December 31, 2015 | Three Months Ended September 30, 2015 | Three Months Ended June 30, 2015 |
|---|-------------------------------------|--------------------------------------|---|--|-------------------------------------|
| Return on Ordinary Shareholders' Equity | | | | | |
| Opening shareholders' equity | \$ 13,667,718 | \$ 13,654,463 | \$ 13,900,510 | \$ 14,205,105 | \$ 11,646,423 |
| Less: Non-controlling interest in equity of consolidated subsidiaries | (1,978,974) | (1,977,384) | (1,962,279) | (1,957,807) | (1,402,366) |
| Opening ordinary shareholders' equity | 11,688,744 | 11,677,079 | 11,938,231 | 12,247,298 | 10,244,057 |
| Closing shareholders' equity | 13,663,932 | 13,667,718 | 13,654,463 | 13,900,510 | 14,205,105 |
| Less: Non-controlling interest in equity of consolidated subsidiaries | (1,978,744) | (1,978,974) | (1,977,384) | (1,962,279) | (1,957,807) |
| Closing ordinary shareholders' equity | 11,685,188 | 11,688,744 | 11,677,079 | 11,938,231 | 12,247,298 |
| Average ordinary shareholders' equity | 11,686,966 | 11,682,912 | 11,807,655 | 12,092,765 | 11,245,678 |
| Average unrealized (gain) loss on investments, net of tax (Note 2) | (1,296,379) | (958,326) | (875,570) | (1,054,949) | (1,400,978) |
| Average ordinary shareholders' equity excluding average unrealized gains and losses on investments | 10,390,587 | 10,724,586 | 10,932,085 | 11,037,816 | 9,844,700 |
| Net income (loss) attributable to ordinary shareholders | 43,782 | 21,885 | 228,550 | 27,282 | 915,039 |
| Annualized net income (loss) attributable to ordinary shareholders | 175,128 | 87,540 | 914,200 | 109,128 | 3,660,156 |
| Operating Net Income (Note 3) | 106,447 | 103,388 | 195,029 | 70,792 | 245,797 |
| Annualized Operating Net Income (Note 3) | 425,788 | 413,552 | 780,116 | 283,168 | 983,188 |
| Annualized return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders | 1.5% | 0.7% | 7.7% | 0.9% | 32.5% |
| Annualized return on average ordinary shareholders' equity - Operating Net Income (Note 2) | 3.6% | 3.5% | 6.6% | 2.3% | 8.7% |
| Annualized return on average ordinary shareholders' equity excluding average unrealized gains and losses on investments - Operating Net Income (Note 2) | 4.1% | 3.9% | 7.1% | 2.6% | 10.0% |

| | At June 30, 2016 | At March 31, 2016 | At December 31, 2015 | At September 30, 2015 | At June 30, 2015 |
|--|---------------------|----------------------|-------------------------|--------------------------|---------------------|
| Book Value per Ordinary Share | | | | | |
| Closing ordinary shareholders' equity | \$ 11,685,188 | \$ 11,688,744 | \$ 11,677,079 | \$ 11,938,231 | \$ 12,247,298 |
| Ordinary shares outstanding (Note 4) | 276,772,053 | 286,312,517 | 294,783,992 | 299,356,093 | 303,932,111 |
| Dilutive impact of stock and options | 3,387,463 | 3,504,607 | 5,606,482 | 4,967,736 | 4,737,655 |
| Diluted shares outstanding | 280,159,516 | 289,817,124 | 300,390,474 | 304,323,829 | 308,669,766 |
| Book value per ordinary share | \$ 42.22 | \$ 40.83 | \$ 39.61 | \$ 39.88 | \$ 40.30 |
| Fully diluted book value per ordinary share | \$ 41.71 | \$ 40.33 | \$ 38.87 | \$ 39.23 | \$ 39.68 |
| Fully diluted tangible book value per ordinary share (Note 5) | \$ 33.79 | \$ 32.62 | \$ 31.52 | \$ 31.95 | \$ 32.53 |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.

2. Unrealized (gain) loss on investments, net of tax is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.

3. Operating net income, a non-GAAP measure, is defined as net income (loss) attributable to ordinary shareholders excluding, as applicable: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. For further information see page 44 for Comment on Regulation G.

4. Ordinary shares outstanding include all ordinary shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.

5. Fully diluted tangible book value per ordinary share is a non-GAAP financial measure which represents book value per ordinary share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding ordinary shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per ordinary 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

(U.S. dollars in thousands)

(Note 1)

| | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|--|---|---|
| | (Unaudited) | (Unaudited) |
| | (Note 2) | |
| Revenues | | |
| Gross premiums written | \$ 8,027,549 | \$ 5,636,495 |
| Net premiums written | \$ 5,790,878 | \$ 3,969,580 |
| Net premiums earned - P&C operations | \$ 4,880,148 | \$ 3,383,289 |
| Net premiums earned - run-off Life operations | 6,672 | 32,764 |
| Net investment income - excluding Life Funds Withheld Assets (Note 3) | 340,568 | 334,434 |
| Net investment income - Life Funds Withheld Assets (Note 3) | 80,706 | 97,283 |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3) | 11,052 | 8,953 |
| Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 3) | 64,530 | 120,775 |
| Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 3) | (2,598) | (8,087) |
| Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3) | 124,383 | (18,783) |
| Net realized and unrealized gains (losses) on derivative instruments | (2,716) | 65,030 |
| Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3) | (465,822) | 9,807 |
| Net income (loss) from investment fund affiliates (Note 4) | 8,600 | 66,706 |
| Fee income and other | 19,124 | 15,740 |
| Total revenues | \$ 5,064,649 | \$ 4,107,911 |
| Expenses | | |
| Net losses and loss expenses incurred - P&C operations | \$ 3,014,871 | \$ 1,921,022 |
| Claims and policy benefits - run-off Life operations | 10,419 | 41,468 |
| Acquisition costs | 823,787 | 495,313 |
| Operating expenses (Note 5) | 1,037,902 | 833,010 |
| Foreign exchange losses (gains) | (52,919) | 37,764 |
| Interest expense - debt and other (Note 6) | 85,346 | 80,519 |
| Interest expense - deposit liability accretion | 22,695 | 20,586 |
| Total expenses | \$ 4,942,101 | \$ 3,429,682 |
| Income (loss) before income (loss) from operating affiliates and income tax | \$ 122,548 | \$ 678,229 |
| Income (loss) from operating affiliates (Note 7) | 34,068 | 32,130 |
| Provision (benefit) for income taxes | 24,762 | 57,177 |
| Gain on sale of operating affiliate | - | 340,407 |
| Net income (loss) | \$ 131,854 | \$ 993,589 |
| Non-controlling interests | (66,187) | (42,269) |
| Net income (loss) attributable to ordinary shareholders | \$ 65,667 | \$ 951,320 |
| Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets | (11,052) | (8,953) |
| Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 3) | (64,530) | (120,775) |
| OTTI on investments - Life Funds Withheld Assets (Note 3) | 2,598 | 8,087 |
| Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 3) | (124,383) | 18,783 |
| Net realized and unrealized (gains) losses on derivatives | 2,716 | (65,030) |
| Net realized and unrealized (gains) losses on investments and derivatives related to Company's insurance company affiliates | 2,231 | 1,253 |
| Net investment income - Life Funds Withheld Assets (Note 3) | (80,706) | (97,283) |
| Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3) | 465,822 | (9,807) |
| Foreign exchange (gains) losses | (52,919) | 37,764 |
| Expenses related to Catlin acquisition | - | 61,803 |
| Gain on sale of operating affiliate | - | (340,407) |
| Provision (benefit) for income tax on items excluded from operating income | 4,391 | 3,418 |
| Operating Net Income (Note 8) | \$ 209,835 | \$ 440,173 |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation.
2. The company's results for the six months ended June 30, 2016 include those of Catlin from May 1, 2015.
3. On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("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.
4. Earnings are generally lagged by one month for alternative funds and three months for private investment fund affiliates. 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.
5. Operating expenses includes approximately \$52.1 million related to the Catlin acquisition. See pages 15 - 16 for split of segment and corporate operating expenses.
6. Interest expense includes approximately \$14.5 million in bridge financing costs related to the Catlin acquisition.
7. Earnings from operating affiliates are generally lagged by three months as the information is unavailable at the time of quarter close.
8. Operating net income, a non-GAAP measure, is defined as net income (loss) attributable to ordinary shareholders excluding, as applicable: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. For further information see page 44 for Comment on Regulation G.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY

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

(Note 1)

| | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|--|---|---|
| | (Unaudited) | (Unaudited) (Note 2) |
| Opening shareholders' equity | 13,654,463 | 11,435,766 |
| Less: Non-controlling interest in equity of consolidated subsidiaries | (1,977,384) | (1,402,015) |
| Opening ordinary shareholders' equity | 11,677,079 | 10,033,751 |
| Closing shareholders' equity | 13,663,932 | 14,205,105 |
| Less: Non-controlling interest in equity of consolidated subsidiaries | (1,978,744) | (1,957,807) |
| Closing ordinary shareholders' equity | 11,685,188 | 12,247,298 |
| Average ordinary shareholders' equity | 11,681,134 | 11,140,525 |
| Average unrealized (gain) loss on investments, net of tax | (1,083,645) | (1,309,209) |
| Average ordinary shareholders' equity excluding average unrealized gains and losses on investments | 10,597,489 | 9,831,316 |
| Net income (loss) attributable to ordinary shareholders | 65,667 | 951,320 |
| Operating net income (Note 3) | 209,835 | 440,173 |
| Return on average ordinary shareholders' equity - Net income attributable to ordinary shareholders | 1.1% | 17.1% |
| Return on ordinary average shareholders' equity - operating net income (Note 3) | 3.6% | 7.9% |
| Return on ordinary average shareholders' equity excluding unrealized gains and losses on investments - operating net income (Note 3) | 4.0% | 9.0% |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation.
2. The company's results for the six months ended June 30, 2015 include those of Catlin from May 1, 2015.
3. Operating net income, a non-GAAP measure, is defined as net income (loss) attributable to ordinary shareholders excluding, as applicable: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. For further information see page 44 for Comment on Regulation G.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 2016

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

| | INSURANCE | REINSURANCE | TOTAL P&C | CORPORATE AND OTHER (Note 1) | TOTAL |
|--|------------------|------------------|--------------------------|------------------------------------|-------------------------|
| Gross premiums written | \$ 2,512,012 | \$ 1,018,766 | \$ 3,530,778 | \$ 68,545 | \$ 3,599,323 |
| Net premiums written | 1,780,192 | 942,419 | 2,722,611 | 3,508 | 2,726,119 |
| Net premiums earned | 1,696,718 | 831,984 | 2,528,702 | 3,510 | 2,532,212 |
| Net losses and loss expenses incurred | (1,095,739) | (536,647) | (1,632,386) | (5,482) | (1,637,868) |
| Acquisition expenses | (232,414) | (186,283) | (418,697) | (1,823) | (420,520) |
| Operating expenses (Note 2) | (307,468) | (68,260) | (375,728) | (405) | (376,133) |
| Underwriting (loss) profit | <u>\$ 61,097</u> | <u>\$ 40,794</u> | <u>\$ 101,891</u> | <u>\$ (4,200)</u> | <u>\$ 97,691</u> |
| Net investment income - excluding Life Funds Withheld Assets (Note 3) | - | - | 154,642 | 7,525 | 162,167 |
| Net investment income - Life Funds Withheld Assets (Note 3) | - | - | - | 39,146 | 39,146 |
| Net investment results structured products (Note 4) | 2,765 | (706) | 2,059 | - | 2,059 |
| Net fee income and other (Note 5) | (3,749) | 1,248 | (2,501) | 171 | (2,330) |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3) | | | 27,948 | (8,480) | 19,468 |
| Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3) | | | (71) | 85,220 | 85,149 |
| Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3) | | | | (229,742) | (229,742) |
| Net realized and unrealized gains (losses) on derivative instruments | | | | 906 | 906 |
| Net income (loss) from investment fund affiliates and operating affiliates (Note 6) | | | | 34,597 | 34,597 |
| Foreign exchange (gains) losses | | | | (19,100) | (19,100) |
| Corporate operating expenses (7) | | | | 133,185 | 133,185 |
| Contribution from P&C and Corporate and other | | | <u>\$ 283,968</u> | <u>\$ (188,942)</u> | <u>\$ 95,026</u> |
| Interest expense | | | | | (43,733) |
| Non-controlling interests | | | | | (5,044) |
| Income taxes | | | | | (2,467) |
| Net (loss) income attributable to XL Group plc | | | | | <u>\$ 43,782</u> |
| Ratios - P&C operations: | | | | | |
| Loss and loss expense ratio | 64.6% | 64.5% | 64.6% | | |
| Underwriting expense ratio | 31.8% | 30.6% | 31.4% | | |
| Combined ratio | 96.4% | 95.1% | 96.0% | | |
| Total net prior year development | (33,455) | (65,175) | (98,630) | | |
| Natural catastrophe losses (Note 8) | 97,230 | 157,045 | 254,275 | | |
| Reinstatement premium | - | 14,179 | 14,179 | | |
| Loss and loss expense ratio excluding net prior year development | 66.6% | 72.3% | 68.5% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 60.8% | 54.4% | 58.7% | | |

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 XL Insurance (Bermuda) Ltd ("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 \$14.1 million and \$12.0 million, respectively.
- Net fee income and other includes operating expenses of \$13.2 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Corporate operating expenses include \$52.1 million of integration costs resulting from the Catlin acquisition.
- 2016 Natural Catastrophes include Alberta, Canada Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japanese and Ecuador Earthquakes and March US Storms.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016

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

(Unaudited)
(Note 1)

| | INSURANCE | REINSURANCE | TOTAL P&C | CORPORATE AND OTHER | TOTAL |
|--|------------------|-------------------|-------------------|------------------------|-------------------|
| Gross premiums written | \$ 2,503,972 | \$ 1,855,343 | \$ 4,359,315 | \$ 68,911 | \$ 4,428,226 |
| Net premiums written | 1,503,934 | 1,557,661 | 3,061,595 | 3,164 | 3,064,759 |
| Net premiums earned | 1,593,874 | 757,572 | 2,351,446 | 3,164 | 2,354,610 |
| Net losses and loss expenses incurred | (999,592) | (382,893) | (1,382,485) | (4,937) | (1,387,422) |
| Acquisition expenses | (225,458) | (176,348) | (401,806) | (1,461) | (403,267) |
| Operating expenses (Note 2) | (312,432) | (79,234) | (391,666) | (218) | (391,884) |
| Underwriting (loss) profit | <u>\$ 56,392</u> | <u>\$ 119,097</u> | <u>\$ 175,489</u> | <u>\$ (3,452)</u> | <u>\$ 172,037</u> |
| Net investment income - excluding Life Funds Withheld Assets (Note 3) | - | - | 143,131 | 8,533 | 151,664 |
| Net investment income - Life Funds Withheld Assets (Note 3) | - | - | - | 41,560 | 41,560 |
| Net investment results structured products (Note 4) | 1,222 | 748 | 1,970 | - | 1,970 |
| Net fee income and other (Note 5) | (3,862) | 837 | (3,025) | 302 | (2,723) |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3) | | | (11,160) | 2,744 | (8,416) |
| Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3) | | | | 101,166 | 101,166 |
| Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3) | | | | (236,080) | (236,080) |
| Net realized and unrealized gains (losses) on derivative instruments | | | | (3,622) | (3,622) |
| Net income (loss) from investment fund affiliates and operating affiliates (Note 6) | | | | 8,071 | 8,071 |
| Foreign exchange (gains) losses | | | | (33,819) | (33,819) |
| Corporate operating expenses | | | | 112,510 | 112,510 |
| Contribution from P&C and Corporate and other | | | <u>\$ 306,405</u> | <u>\$ (159,469)</u> | <u>\$ 146,936</u> |
| Interest expense (Note 7) | | | | | (41,613) |
| Non-controlling interests | | | | | (61,143) |
| Income taxes | | | | | (22,295) |
| Net (loss) income attributable to XL Group plc | | | | | <u>\$ 21,885</u> |
| Ratios - P&C operations: | | | | | |
| Loss and loss expense ratio | 62.7% | 50.5% | 58.8% | | |
| Underwriting expense ratio | 33.8% | 33.8% | 33.7% | | |
| Combined ratio | 96.5% | 84.3% | 92.5% | | |
| Total net prior year development | (11,358) | (32,054) | (43,412) | | |
| Natural catastrophe losses (Note 8) | 35,283 | 19,493 | 54,776 | | |
| Reinstatement premium | - | 2,000 | 2,000 | | |
| Loss and loss expense ratio excluding net prior year development | 63.4% | 54.8% | 60.6% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 61.2% | 52.3% | 58.4% | | |

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, 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 \$12.7 million and \$10.7 million, respectively.
- Net fee income and other includes operating expenses of \$11.0 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2016 Natural Catastrophes include US Storms and Taiwan Earthquake.

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED JUNE 30, 2015

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

(Unaudited)
(Note 1)

| | INSURANCE | REINSURANCE | TOTAL P&C | CORPORATE AND OTHER (Note 2) | TOTAL |
|--|------------------|-------------------|-------------------|------------------------------------|-------------------|
| Gross premiums written | \$ 2,219,444 | \$ 782,248 | \$ 3,001,692 | \$ 79,443 | \$ 3,081,135 |
| Net premiums written | 1,401,772 | 698,301 | 2,100,073 | 18,258 | 2,118,331 |
| Net premiums earned | 1,412,906 | 650,889 | 2,063,795 | 18,258 | 2,082,053 |
| Net losses and loss expenses incurred | (896,370) | (254,825) | (1,151,195) | (22,081) | (1,173,276) |
| Acquisition expenses | (181,716) | (158,217) | (339,933) | (1,684) | (341,617) |
| Operating expenses (Note 3) | (292,161) | (71,727) | (363,888) | 59 | (363,829) |
| Underwriting (loss) profit | <u>\$ 42,659</u> | <u>\$ 166,120</u> | <u>\$ 208,779</u> | <u>\$ (5,448)</u> | <u>\$ 203,331</u> |
| Net investment income - excluding Life Funds Withheld Assets (Note 4) | - | - | 149,461 | 10,831 | 160,292 |
| Net investment income - Life Funds Withheld Assets (Note 4) | - | - | - | 46,864 | 46,864 |
| Net investment results structured products (Note 5) | 3,401 | 1,856 | 5,257 | - | 5,257 |
| Net fee income and other (Note 6) | (2,033) | 623 | (1,410) | 46 | (1,364) |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4) | | | 4,223 | 128 | 4,351 |
| Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4) | | | | 45,616 | 45,616 |
| Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 3) | | | | 239,174 | 239,174 |
| Net realized and unrealized gains (losses) on derivative instruments | | | | 48,509 | 48,509 |
| Net income (loss) from investment fund affiliates and operating affiliates (Note 7) | | | | 40,839 | 40,839 |
| Gain on sale of operating affiliate | | | | 340,407 | 340,407 |
| Foreign exchange (gains) losses | | | | 10,374 | 10,374 |
| Corporate operating expenses | | | | 130,987 | 130,987 |
| Contribution from P&C and Corporate and other | | | <u>\$ 366,310</u> | <u>\$ 625,605</u> | <u>\$ 991,915</u> |
| Interest expense (Note 8) | | | | | (39,038) |
| Non-controlling interests | | | | | (4,879) |
| Income taxes | | | | | (32,959) |
| Net (loss) income attributable to XL Group plc | | | | | <u>\$ 915,039</u> |
| Ratios - P&C operations: | | | | | |
| Loss and loss expense ratio | 63.4% | 39.2% | 55.8% | | |
| Underwriting expense ratio | 33.6% | 35.3% | 34.1% | | |
| Combined ratio | 97.0% | 74.5% | 89.9% | | |
| Total net prior year development | (38,135) | (70,735) | (108,870) | | |
| Natural catastrophe losses (Note 9) | 59,892 | - | 59,892 | | |
| Loss and loss expense ratio excluding net prior year development | 66.1% | 50.0% | 61.1% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 61.9% | 50.0% | 58.2% | | |

Notes :

- Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
- 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, 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 \$16.0 million and \$10.6 million, respectively.
- Net fee income and other includes operating expenses of \$12.4 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2015 Natural catastrophe losses include Chile Flooding, Storm Niklas and Sydney Hailstorm.

PREMIUMS BY LINE OF BUSINESS

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

FOR THE THREE MONTHS ENDED JUNE 30, 2016

GROSS PREMIUMS WRITTEN

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|---------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 439,714 | \$ 43,437 | \$ - | \$ 483,151 |
| Casualty | 674,348 | 173,647 | - | 847,995 |
| Property catastrophe | - | 343,173 | - | 343,173 |
| Property | 720,087 | 298,143 | - | 1,018,230 |
| Specialty | 504,322 | 60,882 | - | 565,204 |
| Other (Note 3) | 173,541 | 99,484 | (1) | 273,024 |
| Total P&C operations | 2,512,012 | 1,018,766 | (1) | 3,530,777 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 31,784 | 31,784 |
| Run-Off Life Operations - Other Life | - | - | 36,762 | 36,762 |
| Total Corporate and Other | - | - | 68,546 | 68,546 |
| Total | \$ 2,512,012 | \$ 1,018,766 | \$ 68,545 | \$ 3,599,323 |

FOR THE THREE MONTHS ENDED JUNE 30, 2015

GROSS PREMIUMS WRITTEN

(Note 1)

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 462,134 | \$ 51,777 | \$ - | \$ 513,911 |
| Casualty | 729,814 | 103,846 | - | 833,660 |
| Property catastrophe | - | 252,419 | - | 252,419 |
| Property | 594,215 | 305,754 | - | 899,969 |
| Specialty | 413,552 | 20,001 | - | 433,553 |
| Other (Note 3) | 19,729 | 48,451 | - | 68,180 |
| Total P&C operations | 2,219,444 | 782,248 | - | 3,001,692 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 34,054 | 34,054 |
| Run-Off Life Operations - Other Life | - | - | 45,389 | 45,389 |
| Total Corporate and Other | - | - | 79,443 | 79,443 |
| Total | \$ 2,219,444 | \$ 782,248 | \$ 79,443 | \$ 3,081,135 |

NET PREMIUMS WRITTEN

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 286,608 | \$ 42,121 | \$ - | \$ 328,729 |
| Casualty | 418,189 | 167,882 | - | 586,071 |
| Property catastrophe | - | 287,459 | - | 287,459 |
| Property | 518,880 | 299,792 | - | 818,672 |
| Specialty | 411,773 | 51,155 | - | 462,928 |
| Other (Note 3) | 144,742 | 94,010 | (1) | 238,751 |
| Total P&C operations | 1,780,192 | 942,419 | (1) | 2,722,610 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 2 | 2 |
| Run-Off Life Operations - Other Life | - | - | 3,507 | 3,507 |
| Total Corporate and Other | - | - | 3,509 | 3,509 |
| Total | \$ 1,780,192 | \$ 942,419 | \$ 3,508 | \$ 2,726,119 |

NET PREMIUMS WRITTEN

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 278,195 | \$ 51,576 | \$ - | \$ 329,771 |
| Casualty | 445,084 | 98,163 | - | 543,247 |
| Property catastrophe | - | 202,266 | - | 202,266 |
| Property | 337,780 | 290,620 | - | 628,400 |
| Specialty | 334,214 | 15,128 | - | 349,342 |
| Other (Note 3) | 6,499 | 40,548 | - | 47,047 |
| Total P&C operations | 1,401,772 | 698,301 | - | 2,100,073 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 1 | 1 |
| Run-Off Life Operations - Other Life | - | - | 18,257 | 18,257 |
| Total Corporate and Other | - | - | 18,258 | 18,258 |
| Total | \$ 1,401,772 | \$ 698,301 | \$ 18,258 | \$ 2,118,331 |

NET PREMIUMS EARNED

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 319,342 | \$ 39,798 | \$ - | \$ 359,140 |
| Casualty | 447,986 | 191,447 | - | 639,433 |
| Property catastrophe | - | 214,313 | - | 214,313 |
| Property | 380,653 | 260,270 | - | 640,923 |
| Specialty | 395,963 | 45,812 | - | 441,775 |
| Other (Note 3) | 152,774 | 80,344 | 1 | 233,119 |
| Total P&C operations | 1,696,718 | 831,984 | 1 | 2,528,703 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 2 | 2 |
| Run-Off Life Operations - Other Life | - | - | 3,507 | 3,507 |
| Total Corporate and Other | - | - | 3,509 | 3,509 |
| Total | \$ 1,696,718 | \$ 831,984 | \$ 3,510 | \$ 2,532,212 |

NET PREMIUMS EARNED

| | Insurance | Reinsurance | Corporate and Other (Note 2) | Total |
|--------------------------------------|---------------------|-------------------|---------------------------------|---------------------|
| P&C Operations: | | | | |
| Professional | \$ 286,359 | \$ 43,225 | \$ - | \$ 329,584 |
| Casualty | 453,527 | 125,787 | - | 579,314 |
| Property catastrophe | - | 163,452 | - | 163,452 |
| Property | 306,028 | 231,898 | - | 537,926 |
| Specialty | 354,557 | 32,549 | - | 387,106 |
| Other (Note 3) | 12,435 | 53,978 | - | 66,413 |
| Total P&C operations | 1,412,906 | 650,889 | - | 2,063,795 |
| Corporate and Other : | | | | |
| Run-Off Life Operations - Annuity | - | - | 1 | 1 |
| Run-Off Life Operations - Other Life | - | - | 18,257 | 18,257 |
| Total Corporate and Other | - | - | 18,258 | 18,258 |
| Total | \$ 1,412,906 | \$ 650,889 | \$ 18,258 | \$ 2,082,053 |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.

2. Corporate and Other includes the Company's run-off Life operations.

3. Other within the Insurance segment includes: excess and surplus, programs, 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.

INSURANCE SEGMENT

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

| | Three Months Ended June 30, 2016 | Three Months Ended March 31, 2016 | Three Months Ended December 31, 2015 | Three Months Ended September 30, 2015 | Three Months Ended June 30, 2015 | % Change Q2 16 vs. Q1 16 | vs. Q2 15 |
|--|-------------------------------------|--------------------------------------|---|--|-------------------------------------|-----------------------------|--------------|
| Gross premiums written | \$ 2,512,012 | \$ 2,503,972 | \$ 2,321,459 | \$ 2,200,196 | \$ 2,219,444 | 0.3% | 13.2% |
| Net premiums written | 1,780,192 | 1,503,934 | 1,704,492 | 1,664,562 | 1,401,772 | 18.4% | 27.0% |
| Net premiums earned | 1,696,718 | 1,593,874 | 1,640,282 | 1,632,988 | 1,412,906 | 6.5% | 20.1% |
| Net losses incurred | (1,095,739) | (999,592) | (1,063,004) | (1,037,727) | (896,370) | 9.6% | 22.2% |
| Acquisition expenses | (232,414) | (225,458) | (227,488) | (214,773) | (181,716) | 3.1% | 27.9% |
| Operating expenses (Note 2) | (307,468) | (312,432) | (319,931) | (334,211) | (292,161) | -1.6% | 5.2% |
| Underwriting profit (loss) | \$ 61,097 | \$ 56,392 | \$ 29,859 | \$ 46,277 | \$ 42,659 | 8.3% | 43.2% |
| RATIOS | | | | | | | |
| Loss and loss expense ratio | 64.6% | 62.7% | 64.8% | 63.5% | 63.4% | | |
| Acquisition expense ratio | 13.7% | 14.1% | 13.9% | 13.2% | 12.9% | | |
| Operating expense ratio | 18.1% | 19.7% | 19.5% | 20.5% | 20.7% | | |
| Combined ratio | 96.4% | 96.5% | 98.2% | 97.2% | 97.0% | | |
| Total net prior year development, strengthening (release) | \$ (33,455) | \$ (11,358) | \$ (27,962) | \$ 7,064 | \$ (38,135) | | |
| Natural catastrophe losses | 97,230 | 35,283 | 68,386 | 7,461 | 59,892 | | |
| Loss and loss expense ratio excluding net prior year development | 66.6% | 63.4% | 66.5% | 63.1% | 66.1% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 60.8% | 61.2% | 62.3% | 62.7% | 61.9% | | |
| Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 92.6% | 95.0% | 95.7% | 96.3% | 95.4% | | |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
2. Operating expenses exclude corporate operating expenses.

REINSURANCE SEGMENT

(U.S. dollars in thousands)

(Unaudited)

(Note 1, 2)

| | Three Months Ended June 30, 2016 | Three Months Ended March 31, 2016 | Three Months Ended December 31, 2015 | Three Months Ended September 30, 2015 | Three Months Ended June 30, 2015 | % Change Q2 16 vs. Q1 16 | vs. Q2 15 |
|--|-------------------------------------|--------------------------------------|---|--|-------------------------------------|-----------------------------|---------------|
| Gross premiums written | \$ 1,018,766 | \$ 1,855,343 | \$ 206,307 | \$ 458,946 | \$ 782,248 | -45.1% | 30.2% |
| Net premiums written | 942,419 | 1,557,661 | 174,300 | 408,654 | 698,301 | -39.5% | 35.0% |
| Net premiums earned | 831,984 | 757,572 | 734,873 | 772,752 | 650,889 | 9.8% | 27.8% |
| Net losses incurred | (536,647) | (382,893) | (317,889) | (426,558) | (254,825) | 40.2% | NM |
| Acquisition expenses | (186,283) | (176,348) | (182,910) | (189,671) | (158,217) | 5.6% | 17.7% |
| Operating expenses (Note 3) | (68,260) | (79,234) | (80,475) | (88,682) | (71,727) | -13.9% | -4.8% |
| Underwriting profit (loss) | \$ 40,794 | \$ 119,097 | \$ 153,599 | \$ 67,841 | \$ 166,120 | -65.7% | -75.4% |
| RATIOS | | | | | | | |
| Loss and loss expense ratio | 64.5% | 50.5% | 43.3% | 55.2% | 39.2% | | |
| Acquisition expense ratio | 22.4% | 23.3% | 24.9% | 24.5% | 24.3% | | |
| Operating expense ratio | 8.2% | 10.5% | 10.9% | 11.5% | 11.0% | | |
| Combined ratio | 95.1% | 84.3% | 79.1% | 91.2% | 74.5% | | |
| Total net prior year development, strengthening (release) | \$ (65,175) | \$ (32,054) | \$ (93,192) | \$ (35,182) | \$ (70,735) | | |
| Natural catastrophe losses | 157,045 | 19,493 | 44,454 | 24,720 | 0 | | |
| Reinstatement premium | 14,179 | 2,000 | 5,011 | 1,350 | 0 | | |
| Loss and loss expense ratio excluding net prior year development | 72.3% | 54.8% | 55.9% | 59.8% | 50.0% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 54.4% | 52.3% | 50.2% | 56.7% | 50.0% | | |
| Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 85.5% | 86.2% | 86.3% | 92.7% | 85.3% | | |

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. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
 3. Operating expenses exclude corporate operating expenses.
- NM = Not meaningful

SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES
THREE MONTHS ENDED JUNE 30, 2016 vs JUNE 30, 2015

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

| | FOR THE THREE MONTHS ENDED JUNE 30, 2016 | | | | | FOR THE THREE MONTHS ENDED JUNE 30, 2015 | | | | |
|-------------------------------------|--|------------------|------------------------------|---------------------|------------------------|--|-------------------|------------------------------|--------------------|------------------------|
| | (Note 1) | | | | | (Note 2, 3) | | | | |
| | 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 |
| INSURANCE | | | | | | | | | | |
| Gross premiums written | \$ 2,512,012 | | \$ 2,512,012 | - | \$ 2,512,012 | \$ 2,219,444 | | \$ 2,219,444 | - | \$ 2,219,444 |
| Net premiums written | 1,780,192 | - | 1,780,192 | - | 1,780,192 | 1,401,772 | - | 1,401,772 | - | 1,401,772 |
| Net premiums earned | 1,696,718 | - | 1,696,718 | - | 1,696,718 | 1,412,906 | - | 1,412,906 | - | 1,412,906 |
| Net losses incurred | 1,095,739 | (33,455) | 1,129,194 | 97,230 | 1,031,964 | 896,370 | (38,135) | 934,505 | 59,892 | 874,613 |
| Acquisition expenses | 232,414 | | 232,414 | - | 232,414 | 181,716 | | 181,716 | - | 181,716 |
| Operating expenses | 307,468 | | 307,468 | - | 307,468 | 292,161 | | 292,161 | - | 292,161 |
| Underwriting profit / (loss) | \$ 61,097 | \$ 33,455 | \$ 27,642 | \$ (97,230) | \$ 124,872 | \$ 42,659 | \$ 38,135 | \$ 4,524 | \$ (59,892) | \$ 64,416 |
| Loss Ratio | 64.6% | | 66.6% | | 60.8% | 63.4% | | 66.1% | | 61.9% |
| Combined Ratio | 96.4% | | 98.4% | | 92.6% | 97.0% | | 99.7% | | 95.4% |
| REINSURANCE | | | | | | | | | | |
| Gross premiums written | \$ 1,018,766 | | \$ 1,018,766 | 15,435 | \$ 1,003,331 | \$ 782,248 | | \$ 782,248 | - | \$ 782,248 |
| Net premiums written | 942,419 | - | 942,419 | 14,179 | 928,240 | 698,301 | - | 698,301 | - | 698,301 |
| Net premiums earned | 831,984 | - | 831,984 | 14,179 | 817,805 | 650,889 | - | 650,889 | - | 650,889 |
| Net losses incurred | 536,647 | (65,175) | 601,822 | 157,045 | 444,777 | 254,825 | (70,735) | 325,560 | - | 325,560 |
| Acquisition expenses | 186,283 | | 186,283 | - | 186,283 | 158,217 | | 158,217 | - | 158,217 |
| Operating expenses | 68,260 | | 68,260 | - | 68,260 | 71,727 | | 71,727 | - | 71,727 |
| Underwriting profit / (loss) | \$ 40,794 | \$ 65,175 | \$ (24,381) | \$ (142,866) | \$ 118,485 | \$ 166,120 | \$ 70,735 | \$ 95,385 | \$ - | \$ 95,385 |
| Loss Ratio | 64.5% | | 72.3% | | 54.4% | 39.2% | | 50.0% | | 50.0% |
| Combined Ratio | 95.1% | | 102.9% | | 85.5% | 74.5% | | 85.3% | | 85.3% |
| TOTAL | | | | | | | | | | |
| Gross premiums written | \$ 3,530,778 | | \$ 3,530,778 | 15,435 | \$ 3,515,343 | \$ 3,001,692 | | \$ 3,001,692 | - | \$ 3,001,692 |
| Net premiums written | 2,722,611 | - | 2,722,611 | 14,179 | 2,708,432 | 2,100,073 | - | 2,100,073 | - | 2,100,073 |
| Net premiums earned | 2,528,702 | - | 2,528,702 | 14,179 | 2,514,523 | 2,063,795 | - | 2,063,795 | - | 2,063,795 |
| Net losses incurred | 1,632,386 | (98,630) | 1,731,016 | 254,275 | 1,476,741 | 1,151,195 | (108,870) | 1,260,065 | 59,892 | 1,200,173 |
| Acquisition expenses | 418,697 | | 418,697 | - | 418,697 | 339,933 | | 339,933 | - | 339,933 |
| Operating expenses | 375,728 | | 375,728 | - | 375,728 | 363,888 | | 363,888 | - | 363,888 |
| Underwriting profit / (loss) | \$ 101,891 | \$ 98,630 | \$ 3,261 | \$ (240,096) | \$ 243,357 | \$ 208,779 | \$ 108,870 | \$ 99,909 | \$ (59,892) | \$ 159,801 |
| Loss Ratio | 64.6% | | 68.5% | | 58.7% | 55.8% | | 61.1% | | 58.2% |
| Combined Ratio | 96.0% | | 99.9% | | 90.3% | 89.9% | | 95.2% | | 92.3% |

- Notes:**
- 2016 Natural Catastrophes include Alberta, Canada Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japanese and Ecuador Earthquakes and March US Storms.
 - 2015 natural catastrophe losses include Chile Flooding, Storm Niklas and Sydney Hailstorm.
 - The company's results for the three months ended June 30, 2015 include those of Catlin from May 1, 2015.

SEGMENT INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016

(U.S. Dollars in thousands)

(Unaudited)

| | INSURANCE | REINSURANCE | TOTAL P&C | CORPORATE AND OTHER (Note 1) | TOTAL |
|--|-------------------|-------------------|-------------------|------------------------------------|-------------------|
| Gross premiums written | \$ 5,015,984 | \$ 2,874,109 | \$ 7,890,093 | \$ 137,456 | \$ 8,027,549 |
| Net premiums written | \$ 3,284,126 | \$ 2,500,080 | \$ 5,784,206 | \$ 6,672 | \$ 5,790,878 |
| Net premiums earned | \$ 3,290,592 | \$ 1,589,556 | \$ 4,880,148 | \$ 6,674 | \$ 4,886,822 |
| Net losses and loss expenses incurred | (2,095,331) | (919,540) | (3,014,871) | (10,419) | (3,025,290) |
| Acquisition expenses | (457,872) | (362,631) | (820,503) | (3,284) | (823,787) |
| Operating expenses (Note 2) | (619,900) | (147,494) | (767,394) | (623) | (768,017) |
| Underwriting (loss) profit | <u>\$ 117,489</u> | <u>\$ 159,891</u> | <u>\$ 277,380</u> | <u>\$ (7,652)</u> | <u>\$ 269,728</u> |
| Net investment income - excluding Life Funds Withheld Assets (Note 3) | - | - | 297,773 | 16,058 | 313,831 |
| Net investment income - Life Funds Withheld Assets (Note 3) | - | - | - | 80,706 | 80,706 |
| Net investment results structured products (Note 4) | 3,987 | 42 | 4,029 | - | 4,029 |
| Net fee income and other (Note 5) | (7,611) | 2,085 | (5,526) | 473 | (5,053) |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3) | | | 16,788 | (5,736) | 11,052 |
| Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3) | | | (71) | 186,386 | 186,315 |
| Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3) | | | | (465,822) | (465,822) |
| Net realized and unrealized gains (losses) on derivative instruments | | | | (2,716) | (2,716) |
| Net income (loss) from investment fund affiliates and operating affiliates (Note 6) | | | | 42,668 | 42,668 |
| Foreign exchange (gains) losses | | | | (52,919) | (52,919) |
| Corporate operating expenses (Note 7) | | | | 245,695 | 245,695 |
| Contribution from P&C and Corporate and other | | | <u>\$ 590,373</u> | <u>\$ (348,411)</u> | <u>\$ 241,962</u> |
| Interest expense (Note 8) | | | | | (85,346) |
| Non-controlling interests | | | | | (66,187) |
| Income tax | | | | | (24,762) |
| Net (loss) income attributable to XL Group plc | | | | | <u>\$ 65,667</u> |
| Ratios - P&C operations: | | | | | |
| Loss and loss expense ratio | 63.7% | 57.8% | 61.8% | | |
| Underwriting expense ratio | 32.7% | 32.1% | 32.5% | | |
| Combined ratio | 96.4% | 89.9% | 94.3% | | |
| Total net prior year development | (44,813) | (97,229) | (142,042) | | |
| Natural catastrophe losses (Note 9) | 132,513 | 176,538 | 309,051 | | |
| Reinstatement premium | - | 16,179 | 16,179 | | |
| Loss and loss expense ratio excluding net prior year development | 65.0% | 64.0% | 64.7% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 61.0% | 53.4% | 58.6% | | |

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 XL Insurance (Bermuda) Ltd ("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 \$26.7 million and \$22.7 million, respectively.
- Net fee income and other includes operating expenses of \$24.2 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Operating expenses includes \$52.1 million of integration costs resulting from the Catlin acquisition. See pages 8 - 10 for split of segment and corporate operating expenses. See pages 15 - 16 for split of segment and corporate operating expenses.
- Interest expense includes approximately \$14.5 million in bridge financing costs related to the Catlin acquisition and excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2016 Natural Catastrophes include Alberta, Canada Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japanese, Taiwan and Ecuador Earthquakes and US Storms.

SEGMENT INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(U.S. dollars in thousands)

(Unaudited)
(Note 1)

| | INSURANCE | REINSURANCE | TOTAL P&C | CORPORATE AND OTHER (Note 2) | TOTAL |
|--|------------------|-------------------|-------------------|------------------------------------|---------------------|
| Gross premiums written | \$ 3,874,191 | \$ 1,607,910 | \$ 5,482,101 | \$ 154,394 | \$ 5,636,495 |
| Net premiums written | \$ 2,490,880 | \$ 1,445,936 | \$ 3,936,816 | \$ 32,764 | \$ 3,969,580 |
| Net premiums earned | \$ 2,375,212 | \$ 1,008,077 | \$ 3,383,289 | \$ 32,764 | \$ 3,416,053 |
| Net losses and loss expenses incurred | (1,513,317) | (407,705) | (1,921,022) | (41,468) | (1,962,490) |
| Acquisition expenses | (262,103) | (229,709) | (491,812) | (3,501) | (495,313) |
| Operating expenses (Note 3) | (500,618) | (114,222) | (614,840) | (872) | (615,712) |
| Underwriting (loss) profit | <u>\$ 99,174</u> | <u>\$ 256,441</u> | <u>\$ 355,615</u> | <u>\$ (13,077)</u> | <u>\$ 342,538</u> |
| Net investment income - excluding Life Funds Withheld Assets (Note 4) | - | - | 282,269 | 21,041 | 303,310 |
| Net investment income - Life Funds Withheld Assets (Note 4) | - | - | - | 97,283 | 97,283 |
| Net investment results structured products (Note 5) | 6,306 | 3,976 | 10,282 | - | 10,282 |
| Net fee income and other (Note 6) | (9,498) | 1,448 | (8,050) | 178 | (7,872) |
| Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4) | | | 10,030 | (1,077) | 8,953 |
| Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4) | | | | 93,905 | 93,905 |
| Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 4) | | | | 9,807 | 9,807 |
| Net realized and unrealized gains (losses) on derivative instruments | | | | 65,030 | 65,030 |
| Net income (loss) from investment fund affiliates and operating affiliates (Note 7) | | | | 98,836 | 98,836 |
| Gain on sale of operating affiliate | | | | 340,407 | 340,407 |
| Foreign exchange (gains) losses | | | | 37,764 | 37,764 |
| Corporate operating expenses | | | | 193,430 | 193,430 |
| Contribution from P&C and Corporate and other | | | <u>\$ 650,146</u> | <u>\$ 481,139</u> | <u>\$ 1,131,285</u> |
| Interest expense (Note 8) | | | | | (80,519) |
| Non-controlling interests | | | | | (42,269) |
| Income taxes | | | | | (57,177) |
| Net (loss) income attributable to XL Group plc | | | | | <u>\$ 951,320</u> |
| Ratios - P&C operations: | | | | | |
| Loss and loss expense ratio | 63.7% | 40.4% | 56.8% | | |
| Underwriting expense ratio | 32.1% | 34.2% | 32.7% | | |
| Combined ratio | 95.8% | 74.6% | 89.5% | | |
| Total net prior year development | (44,132) | (113,226) | (157,358) | | |
| Natural catastrophe losses (Note 9) | 74,542 | - | 74,542 | | |
| Reinstatement premium | - | - | - | | |
| Loss and loss expense ratio excluding net prior year development | 65.6% | 51.7% | 61.4% | | |
| Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium | 62.4% | 51.7% | 59.2% | | |

Notes :

- Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
- 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, 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 \$31.1 million and \$20.6 million, respectively.
- Net fee income and other includes operating expenses of \$23.6 million from the Company's loss prevention consulting services business.
- XL records the income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Interest expense excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2015 Natural Catastrophe losses include US Winter storms, Chile Flooding, Storm Niklas, Sydney Hailstorm, and Tropical Cyclone Marcia.

PREMIUMS BY LINE OF BUSINESS

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

FOR THE SIX MONTHS ENDED JUNE 30, 2016

FOR THE SIX MONTHS ENDED JUNE 30, 2015

GROSS PREMIUMS WRITTEN
(Unaudited)

GROSS PREMIUMS WRITTEN
(Unaudited)
(Note 2)

| | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> |
|--------------------------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---|---------------------|
| P&C Operations: | | | | | | | | |
| Professional | \$ 867,789 | \$ 91,625 | \$ - | \$ 959,414 | \$ 803,846 | \$ 103,408 | \$ - | \$ 907,254 |
| Casualty | 1,333,872 | 539,012 | - | 1,872,884 | 1,404,379 | 225,777 | - | 1,630,156 |
| Property catastrophe | - | 852,761 | - | 852,761 | - | 479,471 | - | 479,471 |
| Property | 1,382,188 | 862,248 | - | 2,244,436 | 944,634 | 561,787 | - | 1,506,421 |
| Specialty | 1,080,824 | 179,593 | - | 1,260,417 | 685,401 | 66,336 | - | 751,737 |
| Other (Note 4) | 351,311 | 348,870 | (1) | 700,180 | 35,931 | 171,131 | - | 207,062 |
| Total P&C operations | 5,015,984 | 2,874,109 | (1) | 7,890,092 | 3,874,191 | 1,607,910 | - | 5,482,101 |
| Corporate and Other : | | | | | | | | |
| Run-Off Life Operations - Annuity | - | - | 63,719 | 63,719 | - | - | 68,862 | 68,862 |
| Run-Off Life Operations - Other Life | - | - | 73,738 | 73,738 | - | - | 85,532 | 85,532 |
| Total Corporate and Other | - | - | 137,457 | 137,457 | - | - | 154,394 | 154,394 |
| Total | \$ 5,015,984 | \$ 2,874,109 | \$ 137,456 | \$ 8,027,549 | \$ 3,874,191 | \$ 1,607,910 | \$ 154,394 | \$ 5,636,495 |

NET PREMIUMS WRITTEN

NET PREMIUMS WRITTEN

| | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> |
|--------------------------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---|---------------------|
| P&C Operations: | | | | | | | | |
| Professional | \$ 565,893 | \$ 91,451 | \$ - | \$ 657,344 | \$ 530,475 | \$ 103,207 | \$ - | \$ 633,682 |
| Casualty | 843,050 | 512,726 | - | 1,355,776 | 862,342 | 217,984 | - | 1,080,326 |
| Property catastrophe | - | 653,387 | - | 653,387 | - | 416,384 | - | 416,384 |
| Property | 833,915 | 764,789 | - | 1,598,704 | 559,433 | 509,696 | - | 1,069,129 |
| Specialty | 792,140 | 157,478 | - | 949,618 | 519,446 | 57,524 | - | 576,970 |
| Other (Note 4) | 249,128 | 320,249 | (1) | 569,376 | 19,184 | 141,141 | - | 160,325 |
| Total P&C operations | 3,284,126 | 2,500,080 | (1) | 5,784,205 | 2,490,880 | 1,445,936 | - | 3,936,816 |
| Corporate and Other : | | | | | | | | |
| Run-Off Life Operations - Annuity | - | - | 2 | 2 | - | - | - | - |
| Run-Off Life Operations - Other Life | - | - | 6,671 | 6,671 | - | - | 32,764 | 32,764 |
| Total Corporate and Other | - | - | 6,673 | 6,673 | - | - | 32,764 | 32,764 |
| Total | \$ 3,284,126 | \$ 2,500,080 | \$ 6,672 | \$ 5,790,878 | \$ 2,490,880 | \$ 1,445,936 | \$ 32,764 | \$ 3,969,580 |

NET PREMIUMS EARNED

NET PREMIUMS EARNED

| | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> | <i>Insurance</i> | <i>Reinsurance</i> | <i>Corporate and Other</i> <i>(Note 3)</i> | <i>Total</i> |
|--------------------------------------|---------------------|---------------------|---|---------------------|---------------------|---------------------|---|---------------------|
| P&C Operations: | | | | | | | | |
| Professional | \$ 652,296 | \$ 82,953 | \$ - | \$ 735,249 | \$ 552,772 | \$ 78,233 | \$ - | \$ 631,005 |
| Casualty | 868,198 | 346,186 | - | 1,214,384 | 794,843 | 183,995 | - | 978,838 |
| Property catastrophe | - | 419,614 | - | 419,614 | - | 257,525 | - | 257,525 |
| Property | 740,286 | 514,669 | - | 1,254,955 | 478,447 | 363,122 | - | 841,569 |
| Specialty | 763,315 | 82,005 | - | 845,320 | 526,553 | 50,624 | - | 577,177 |
| Other (Note 4) | 266,497 | 144,129 | 1 | 410,627 | 22,597 | 74,578 | - | 97,175 |
| Total P&C operations | 3,290,592 | 1,589,556 | 1 | 4,880,149 | 2,375,212 | 1,008,077 | - | 3,383,289 |
| Corporate and Other : | | | | | | | | |
| Run-Off Life Operations - Annuity | - | - | 2 | 2 | - | - | - | - |
| Run-Off Life Operations - Other Life | - | - | 6,671 | 6,671 | - | - | 32,764 | 32,764 |
| Total Corporate and Other | - | - | 6,673 | 6,673 | - | - | 32,764 | 32,764 |
| Total | \$ 3,290,592 | \$ 1,589,556 | \$ 6,674 | \$ 4,886,822 | \$ 2,375,212 | \$ 1,008,077 | \$ 32,764 | \$ 3,416,053 |

Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- The company's results for the six months ended June 30, 2015 include those of Catlin from May 1, 2015.
- Corporate and Other includes the Company's run-off Life operations.
- Other within the Insurance segment includes: excess and surplus, programs, 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, 2016 vs JUNE 30, 2015
(U.S. dollars in thousands)

| | FOR THE SIX MONTHS ENDED JUNE 30, 2016 | | | | | FOR THE SIX MONTHS ENDED JUNE 30, 2015 | | | | |
|-------------------------------------|--|-------------------|--|---------------------|------------------------|--|-------------------|--|--------------------|------------------------|
| | (Unaudited) | | | | | (Unaudited) (Note 1) | | | | |
| | Including Cats & PYD | PYD | Excluding PYD but incl. Cats (Note 2) | Cats | Excluding Cats and PYD | Including Cats & PYD | PYD | Excluding PYD but incl. Cats (Note 3) | Cats | Excluding Cats and PYD |
| INSURANCE | | | | | | | | | | |
| Gross premiums written | \$ 5,015,984 | | \$ 5,015,984 | - | \$ 5,015,984 | \$ 3,874,191 | | \$ 3,874,191 | - | \$ 3,874,191 |
| Net premiums written | 3,284,126 | - | 3,284,126 | - | 3,284,126 | 2,490,880 | - | 2,490,880 | - | 2,490,880 |
| Net premiums earned | 3,290,592 | - | 3,290,592 | - | 3,290,592 | 2,375,212 | - | 2,375,212 | - | 2,375,212 |
| Net losses incurred | 2,095,331 | (44,813) | 2,140,144 | 132,513 | 2,007,631 | 1,513,317 | (44,132) | 1,557,449 | 74,542 | 1,482,907 |
| Acquisition expenses | 457,872 | | 457,872 | - | 457,872 | 262,103 | | 262,103 | - | 262,103 |
| Operating expenses | 619,900 | | 619,900 | - | 619,900 | 500,618 | | 500,618 | - | 500,618 |
| Underwriting profit / (loss) | \$ 117,489 | \$ 44,813 | \$ 72,676 | \$ (132,513) | \$ 205,189 | \$ 99,174 | \$ 44,132 | \$ 55,042 | \$ (74,542) | \$ 129,584 |
| Loss Ratio | 63.7% | | 65.0% | | 61.0% | 63.7% | | 65.6% | | 62.4% |
| Combined Ratio | 96.4% | | 97.8% | | 93.8% | 95.8% | | 97.7% | | 94.5% |
| REINSURANCE | | | | | | | | | | |
| Gross premiums written | \$ 2,874,109 | | \$ 2,874,109 | 17,435 | \$ 2,856,674 | \$ 1,607,910 | | \$ 1,607,910 | - | \$ 1,607,910 |
| Net premiums written | 2,500,080 | - | 2,500,080 | 16,179 | 2,483,901 | 1,445,936 | - | 1,445,936 | - | 1,445,936 |
| Net premiums earned | 1,589,556 | - | 1,589,556 | 16,179 | 1,573,377 | 1,008,077 | - | 1,008,077 | - | 1,008,077 |
| Net losses incurred | 919,540 | (97,229) | 1,016,769 | 176,538 | 840,231 | 407,705 | (113,226) | 520,931 | - | 520,931 |
| Acquisition expenses | 362,631 | | 362,631 | - | 362,631 | 229,709 | | 229,709 | - | 229,709 |
| Operating expenses | 147,494 | | 147,494 | - | 147,494 | 114,222 | | 114,222 | - | 114,222 |
| Underwriting profit / (loss) | \$ 159,891 | \$ 97,229 | \$ 62,662 | \$ (160,359) | \$ 223,021 | \$ 256,441 | \$ 113,226 | \$ 143,215 | \$ - | \$ 143,215 |
| Loss Ratio | 57.8% | | 64.0% | | 53.4% | 40.4% | | 51.7% | | 51.7% |
| Combined Ratio | 89.9% | | 96.1% | | 85.8% | 74.6% | | 85.8% | | 85.8% |
| TOTAL | | | | | | | | | | |
| Gross premiums written | \$ 7,890,093 | | \$ 7,890,093 | 17,435 | \$ 7,872,658 | \$ 5,482,101 | | \$ 5,482,101 | - | \$ 5,482,101 |
| Net premiums written | 5,784,206 | - | 5,784,206 | 16,179 | 5,768,027 | 3,936,816 | - | 3,936,816 | - | 3,936,816 |
| Net premiums earned | 4,880,148 | - | 4,880,148 | 16,179 | 4,863,969 | 3,383,289 | - | 3,383,289 | - | 3,383,289 |
| Net losses incurred | 3,014,871 | (142,042) | 3,156,913 | 309,051 | 2,847,862 | 1,921,022 | (157,358) | 2,078,380 | 74,542 | 2,003,838 |
| Acquisition expenses | 820,503 | | 820,503 | - | 820,503 | 491,812 | | 491,812 | - | 491,812 |
| Operating expenses | 767,394 | | 767,394 | - | 767,394 | 614,840 | | 614,840 | - | 614,840 |
| Underwriting profit / (loss) | \$ 277,380 | \$ 142,042 | \$ 135,338 | \$ (292,872) | \$ 428,210 | \$ 355,615 | \$ 157,358 | \$ 198,257 | \$ (74,542) | \$ 272,799 |
| Loss Ratio | 61.8% | | 64.7% | | 58.6% | 56.8% | | 61.4% | | 59.2% |
| Combined Ratio | 94.3% | | 97.2% | | 91.2% | 89.5% | | 94.1% | | 91.9% |

Notes:

- The company's results for the six months ended June 30, 2015 include those of Catlin from May 1, 2015.
- 2016 Natural Catastrophes include Alberta, Canada Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japanese, Taiwan and Ecuador Earthquakes and US Storms.
- 2015 Natural Catastrophes include US Winterstorms, Chile Flooding, Storm Niklas, Sydney Hailstorm, Tropical Cyclone Marcia, US Storms, Mid-Atlantic Heavy Rainfall & Flooding, Chennai Flood, December UK Storm Desmond and Australia Bush Fire & Hailstorm.

EFFECTIVE TAX RATE ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2016

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

| | <u>Profit/(Loss) before tax</u> | <u>Tax Expense /(Benefit)</u> | <u>Net Income/ (Loss)</u> | <u>Effective Tax Rate</u> |
|--|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Net Income/(Loss) | \$ 156,616 | \$ 24,762 | \$ 131,854 | 15.8% |
| Non-controlling interests | (66,187) | | (66,187) | |
| Net Income/(Loss) attributable to ordinary shareholders | <u>90,429</u> | <u>24,762</u> | <u>65,667</u> | <u>27.4%</u> |
| Net Income to Operating Net Income adjustments, excluding discrete tax adjustments | 139,777 | (591) | 140,368 | -0.4% |
| Operating Net Income, excluding discrete tax adjustments | <u>230,206</u> | <u>24,171</u> | <u>206,035</u> | <u>10.5%</u> |
| Discrete Tax Expense/(Benefit) adjustments | | (3,800) | 3,800 | |
| Operating Net Income, including discrete tax adjustments (Note 1) | <u>\$ 230,206</u> | <u>\$ 20,371</u> | <u>\$ 209,835</u> | <u>8.8%</u> |

Note

1. Operating net income, a non-GAAP measure, is defined as net income (loss) attributable to ordinary shareholders excluding, as applicable: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition. For further information see page 44 for Comment on Regulation G.

BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

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

(Note 1)

| | At June 30, 2016 (Unaudited) | At March 31, 2016 (Unaudited) | At December 31, 2015 | At September 30, 2015 (Unaudited) | At June 30, 2015 (Unaudited) |
|--|------------------------------------|-------------------------------------|-------------------------|---|------------------------------------|
| Assets | | | | | |
| Fixed maturities, available for sale at fair value (amortized cost: June 30, 2016 - \$30,389,600; December 31, 2015 - \$31,517,654) | \$ 31,858,724 | \$ 32,647,573 | \$ 32,257,589 | \$ 33,276,322 | \$ 33,767,991 |
| Equity securities, at fair value (cost: June 30, 2016 - \$955,231; December 31, 2015 - \$834,079) | 1,039,793 | 878,407 | 878,919 | 969,706 | 1,073,470 |
| Short-term investments, at fair value (amortized cost: June 30, 2016 - \$446,469; December 31, 2015 - \$618,851) | 444,301 | 317,304 | 617,390 | 546,020 | 807,486 |
| Total investments available for sale | 33,342,818 | 33,843,284 | 33,753,898 | 34,792,048 | 35,648,947 |
| Fixed maturities, at fair value (amortized cost: June 30, 2016 - \$1,385,588; December 31, 2015 - \$1,263,609) | 1,478,407 | 1,409,583 | 1,235,699 | 914,337 | 748,931 |
| Short-term investments, at fair value (amortized cost: June 30, 2016 - \$18,495; December 31, 2015 - \$60,176) | 18,499 | 26,959 | 60,330 | 70,886 | 42,553 |
| Total investments - trading | 1,496,906 | 1,436,542 | 1,296,029 | 985,223 | 791,484 |
| Investments in affiliates | 1,968,801 | 1,953,711 | 1,708,899 | 1,592,841 | 1,663,852 |
| Other investments | 1,297,704 | 1,453,890 | 1,433,057 | 1,676,140 | 1,743,259 |
| Total investments | 38,106,229 | 38,687,427 | 38,191,883 | 39,046,252 | 39,847,542 |
| Cash and cash equivalents | 3,316,749 | 2,820,897 | 3,256,236 | 3,340,070 | 2,840,841 |
| Restricted cash | 181,858 | 161,019 | 154,992 | 147,810 | 135,638 |
| Accrued investment income | 289,911 | 291,016 | 312,667 | 311,679 | 312,856 |
| Deferred acquisition costs and value of business acquired | 1,050,653 | 1,057,941 | 890,568 | 1,036,260 | 1,121,362 |
| Ceded unearned premiums | 2,174,219 | 2,255,664 | 1,821,793 | 2,088,569 | 2,433,462 |
| Premiums receivable | 6,469,371 | 6,041,000 | 4,712,493 | 5,257,588 | 5,933,368 |
| Reinsurance balances receivable | 563,673 | 469,009 | 418,666 | 425,521 | 371,807 |
| Unpaid losses and loss expenses recoverable | 5,426,773 | 5,374,604 | 5,262,706 | 5,197,577 | 5,155,612 |
| Net receivable from investments sold | 222,558 | 65,471 | 231,158 | 95,571 | 118,415 |
| Goodwill and other intangible assets | 2,217,973 | 2,233,597 | 2,210,266 | 2,213,688 | 2,205,911 |
| Deferred tax assets | 224,786 | 245,927 | 282,311 | 252,492 | 204,155 |
| Other assets | 953,487 | 942,120 | 937,199 | 1,003,446 | 1,069,737 |
| Total assets | \$ 61,198,240 | \$ 60,645,692 | \$ 58,682,938 | \$ 60,416,523 | \$ 61,750,706 |
| Liabilities | | | | | |
| Unpaid losses and loss expenses | \$ 26,020,564 | \$ 25,913,484 | \$ 25,439,744 | \$ 25,789,541 | \$ 25,840,381 |
| Deposit liabilities | 1,178,113 | 1,170,595 | 1,168,376 | 1,194,815 | 1,212,206 |
| Future policy benefit reserves | 3,798,278 | 4,020,602 | 4,163,500 | 4,323,748 | 4,494,886 |
| Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 2) | 1,145,314 | 998,391 | 914,629 | 930,834 | 915,116 |
| Unearned premiums | 8,274,300 | 8,217,539 | 7,043,358 | 7,840,331 | 8,548,841 |
| Notes payable and debt | 2,646,324 | 2,653,895 | 2,644,970 | 2,726,917 | 2,726,455 |
| Reinsurance balances payable | 2,911,974 | 2,583,962 | 2,117,727 | 2,295,890 | 2,494,201 |
| Net payable for investments purchased | 175,153 | 74,476 | 130,060 | 154,342 | 149,249 |
| Deferred tax liabilities | 107,778 | 105,589 | 120,651 | 126,130 | 144,044 |
| Other liabilities | 1,276,510 | 1,239,441 | 1,285,460 | 1,133,465 | 1,020,222 |
| Total liabilities | \$ 47,534,308 | \$ 46,977,974 | \$ 45,028,475 | \$ 46,516,013 | \$ 47,545,601 |
| Commitments and contingencies | | | | | |
| Shareholders' equity | | | | | |
| Ordinary shares, 999,990,000 authorized, par value \$0.01; issued and outstanding (June 30, 2016 - 276,732,659; December 31, 2015 - 294,745,045) | \$ 2,768 | \$ 2,863 | \$ 2,947 | \$ 2,993 | \$ 3,039 |
| Additional paid in capital | 8,341,882 | 8,608,726 | 8,910,167 | 9,036,407 | 9,153,868 |
| Accumulated other comprehensive income (loss) | 1,408,587 | 1,094,557 | 686,616 | 955,081 | 1,076,174 |
| Retained earnings (deficit) | 1,931,951 | 1,982,598 | 2,077,349 | 1,943,750 | 2,014,217 |
| Shareholders' equity attributable to XL Group plc | 11,685,188 | 11,688,744 | 11,677,079 | 11,938,231 | 12,247,298 |
| Non-controlling interest in equity of consolidated subsidiaries | 1,978,744 | 1,978,974 | 1,977,384 | 1,962,279 | 1,957,807 |
| Total shareholders' equity | \$ 13,663,932 | \$ 13,667,718 | \$ 13,654,463 | \$ 13,900,510 | \$ 14,205,105 |
| Total liabilities and shareholders' equity | \$ 61,198,240 | \$ 60,645,692 | \$ 58,682,938 | \$ 60,416,523 | \$ 61,750,706 |

Notes:

1. Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.

2. On May 1, 2014, our wholly-owned subsidiary XL Insurance (Bermuda) Ltd ("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.

SUPPLEMENTARY CAPITAL INFORMATION

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

| | | At June 30, 2016 In Use (Unaudited) | March 31, 2016 In Use (Unaudited) | At December 31, 2015 In Use | At September 30, 2015 In Use (Unaudited) | At June 30, 2015 In Use (Unaudited) |
|--|-------------------|--|---|-----------------------------------|---|--|
| <u>Maturity</u> | <u>Commitment</u> | | | | | |
| Debt | | | | | | |
| 2.30% Senior Notes | 2018 | 300 | 298 | 298 | 298 | 298 |
| 5.75% Senior Notes | 2021 | 400 | 398 | 398 | 397 | 397 |
| 6.375% Senior Notes | 2024 | 350 | 349 | 349 | 349 | 349 |
| 4.45% Subordinated Notes | 2025 | 500 | 493 | 493 | 492 | 492 |
| 6.25% Senior Notes | 2027 | 325 | 323 | 323 | 323 | 323 |
| Trust Preferred Securities, face amount \$8m (Note 4) | 2035 | - | - | 8 | - | - |
| Variable Rate Note, face amount €7m (Note 5) | 2035 | - | - | - | 7 | 7 |
| Variable Rate Note, face amount \$27m (Note 5) | 2036 | - | - | - | 25 | 25 |
| Variable Rate Note, face amount \$31m (Note 5) | 2036 | - | - | - | 29 | 29 |
| Variable Rate Note, face amount \$10m (Note 5) | 2036 | - | - | - | 9 | 9 |
| Variable Rate Note, face amount €11m (Note 5) | 2036 | - | - | - | 12 | 11 |
| 5.25% Senior Notes | 2043 | 300 | 296 | 296 | 296 | 296 |
| 5.5% Subordinated Notes | 2045 | 500 | 489 | 488 | 488 | 488 |
| Total debt | | \$ 2,675 | \$ 2,646 | \$ 2,653 | \$ 2,645 | \$ 2,724 |
| Adjustment to carrying value - impact of fair value hedges and other | | 0 | 1 | (0) | 2 | 2 |
| Total debt per consolidated balance sheet | | <u>\$ 2,675</u> | <u>\$ 2,646</u> | <u>\$ 2,653</u> | <u>\$ 2,647</u> | <u>\$ 2,726</u> |
| Shareholders' Capital | | | | | | |
| Ordinary shares - capital and surplus | | \$ 8,345 | \$ 8,612 | \$ 8,913 | \$ 9,039 | \$ 9,157 |
| Non-controlling interest in equity of consolidated subsidiaries | | 1,979 | 1,979 | 1,977 | 1,962 | 1,958 |
| Other | | 3,341 | 3,077 | 2,764 | 2,899 | 3,090 |
| Total shareholders' capital | | \$ 13,664 | \$ 13,668 | \$ 13,654 | \$ 13,901 | \$ 14,205 |
| Total capital (total debt plus total shareholders' capital) | | <u>\$ 16,310</u> | <u>\$ 16,321</u> | <u>\$ 16,299</u> | <u>\$ 16,626</u> | <u>\$ 16,929</u> |
| Debt to total capital | | | 16.2% | 16.3% | 16.2% | 16.4% |
| | | | | | | 16.1% |

Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- "In Use" data represents accreted values.

3. Excluded from the table are revolving credit capacity of \$1.4 billion at June 30, 2016, March 31, 2016 and December 31, 2015, \$1.5 billion at September 30, 2015 and \$1.7 billion at June 30, 2015. The amounts of this capacity for revolving loans utilized to issue letters of credit were \$501.2 million at June 30, 2016, \$526.5 million at March 31, 2016, \$527.1 million at December 31, 2015, \$467.9 million at September 30, 2015 and \$667.9 million at June 30, 2015, thus leaving available amounts of \$848.8 million at June 30, 2016, \$823.5 million at March 31, 2016, \$822.9 at December 31, 2015 and \$1.0 billion at the end of each of September 30, 2015 and June 30, 2015.

4. As a result of the Allied Acquisition the Company assumed \$8.2 million of trust preferred securities, due in 2035 was redeemed on June 15, 2016.

5. These subordinated notes were acquired as a result of the combination with Catlin and were repurchased by XL at par and extinguished in December, 2015. XL recognized a \$5.6 million loss on early extinguishment of debt for the year ended December 31, 2015.

RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

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

| | At June 30, 2016 (Unaudited) | At March 31, 2016 (Unaudited) (Note 3) | At December 31, 2015 (Unaudited) | At September 30, 2015 (Unaudited) | At June 30, 2015 (Unaudited) |
|--|------------------------------------|---|--|---|------------------------------------|
| Unpaid losses and loss expenses recoverable | \$ 5,426,773 | \$ 5,374,604 | \$ 5,262,706 | \$ 5,197,577 | \$ 5,155,612 |
| Reinsurance balances receivable | 563,673 | 469,009 | 418,666 | 425,521 | 371,807 |
| Total recoverable and reinsurance balances receivable (Note 2) | <u>\$ 5,990,446</u> | <u>\$ 5,843,613</u> | <u>\$ 5,681,372</u> | <u>\$ 5,623,098</u> | <u>\$ 5,527,419</u> |

The following is an analysis at March 31, 2016 of reinsurers owing more than 3% of the total recoverable and reinsurance balances receivable:

| Name of reinsurer | Standard and Poor's Rating | % of Total |
|--------------------------|-------------------------------|------------|
| Munich Reinsurance Co. | AA-/Stable | 26.2% |
| Lloyd's Syndicates | A+/Stable | 12.1% |
| Swiss Reinsurance Co. | AA-/Stable | 5.8% |
| RGA Reinsurance Company | AA-/Stable | 4.9% |
| Swiss Re Europe S.A. | AA-/Stable | 4.5% |
| Arch Reinsurance Company | A+/Stable | 3.2% |
| AXIS Reinsurance Company | A+/Stable | 3.1% |

"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:

- Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.
- XL had a reserve for potential non-recoveries from reinsurers of \$57.3 million at June 30, 2016, \$57.2 million at March 31, 2016, \$56.9 million at December 31, 2015, \$59.7 million at September 30, 2015 and \$62.1 million at June 30, 2015.
- During the fourth quarter of 2015, we entered into a large reinsurance agreement ceding approximately 80% of the remaining life insurance premiums that were not included in the GreyCastle Retro Arrangements. Unpaid losses and loss expense recoverables under these Other Life Retro Arrangements are also excluded from the amounts above, and are now included as an offset within our balance sheet "Reinsurance balances payable" line. These amounts were approximately \$284 million at December 31, 2015.

LOSS ANALYSIS

ANALYSIS OF LOSSES AND LOSS EXPENSES INCURRED

(U.S. dollars in millions)

(Unaudited)

(Note 1)

P&C OPERATIONS

| | For the three months ended June 30, 2016 | | | | For the six months ended June 30, 2016 | | | |
|--------------------------------|--|-----------------|-----------------|-----------------------|--|-----------------|-----------------|-----------------------|
| | GROSS | RECOVERIES | NET | Paid to incurred % | GROSS | RECOVERIES | NET | Paid to incurred % |
| Paid | \$ 1,589 | \$ (345) | \$ 1,244 | 76.2% | \$ 3,163 | \$ (748) | \$ 2,415 | 80.1% |
| Change in unpaid loss reserves | 434 | (45) | 389 | | 710 | (110) | 600 | |
| Included losses | <u>\$ 2,023</u> | <u>\$ (390)</u> | <u>\$ 1,633</u> | | <u>\$ 3,873</u> | <u>\$ (858)</u> | <u>\$ 3,015</u> | |
| Prior year development (PYD) | | | \$ (99) | | | | \$ (142) | |
| Included losses excluding PYD | | | 1,732 | 71.8% | | | 3,157 | 76.5% |
| | | | | | | | | |
| | For the three months ended March 31, 2016 | | | | For the three months ended March 31, 2016 | | | |
| | GROSS | RECOVERIES | NET | Paid to incurred % | GROSS | RECOVERIES | NET | Paid to incurred % |
| Paid | \$ 1,575 | \$ (402) | \$ 1,173 | 84.8% | \$ 1,575 | \$ (402) | \$ 1,173 | 84.8% |
| Change in unpaid loss reserves | 276 | (66) | 210 | | 276 | (66) | 210 | |
| Included losses | <u>\$ 1,851</u> | <u>\$ (468)</u> | <u>\$ 1,383</u> | | <u>\$ 1,851</u> | <u>\$ (468)</u> | <u>\$ 1,383</u> | |
| PYD | | | \$ (43) | | | | \$ (43) | |
| Included losses excluding PYD | | | 1,426 | 82.3% | | | 1,426 | 82.3% |
| | | | | | | | | |
| | For the three months ended June 30, 2015 | | | | For the six months ended June 30, 2015 | | | |
| | GROSS | RECOVERIES | NET | Paid to incurred % | GROSS | RECOVERIES | NET | Paid to incurred % |
| Paid | \$ 1,799 | \$ (221) | \$ 1,578 | 137.1% | \$ 2,765 | \$ (351) | \$ 2,414 | 125.7% |
| Change in unpaid loss reserves | (232) | (195) | (427) | | (148) | (345) | (493) | |
| Included losses | <u>\$ 1,567</u> | <u>\$ (416)</u> | <u>\$ 1,151</u> | | <u>\$ 2,617</u> | <u>\$ (696)</u> | <u>\$ 1,921</u> | |
| PYD | | | \$ (109) | | | | \$ (157) | |
| Included losses excluding PYD | | | 1,260 | 125.2% | | | 2,078 | 116.2% |

1. Certain amounts have been reclassified to conform with the current period presentation. The Company acquired Catlin on May 1, 2015 and Catlin's results are therefore included in those of the Company beginning as of that date.

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

(U.S. dollars in millions)

(Note 1)

P&C OPERATIONS

| | At June 30, 2016 (Unaudited) | | | At March 31, 2016 (Unaudited) | | |
|---|---------------------------------|-------------------|------------------|----------------------------------|-------------------|------------------|
| | GROSS | RECOVERIES | NET | GROSS | RECOVERIES | NET |
| Outstanding loss reserves | \$ 10,043 | \$ (1,761) | \$ 8,282 | \$ 10,293 | \$ (1,873) | \$ 8,420 |
| Incurred but not reported reserves | 15,490 | (3,527) | \$ 11,963 | 15,008 | (3,361) | 11,647 |
| Fair value adjustments recoverable | \$ 112 | (10) | \$ 102 | \$ 139 | (15) | 124 |
| Unpaid losses and loss expense reserves | <u>\$ 25,645</u> | <u>\$ (5,298)</u> | <u>\$ 20,347</u> | <u>\$ 25,440</u> | <u>\$ (5,249)</u> | <u>\$ 20,191</u> |

| | GROSS | RECOVERIES | NET |
|--|------------------|-------------------|------------------|
| Balance at December 31, 2015 | \$ 25,440 | \$ (5,249) | \$ 20,191 |
| Losses and loss expenses incurred | 3,873 | (858) | 3,015 |
| Loss and loss expenses paid | (3,163) | 748 | (2,415) |
| Foreign exchange revaluation and other | (505) | 61 | (444) |
| Balance at June 30, 2016 (Unaudited) | <u>\$ 25,645</u> | <u>\$ (5,298)</u> | <u>\$ 20,347</u> |

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

INVESTMENT PORTFOLIO INFORMATION

**SCHEDULE 1 - SUMMARY INVESTMENT PORTFOLIO
CONSOLIDATED**

(U.S. dollars in millions)

| | June 30, 2016 (Unaudited) | | March 31, 2016 (Unaudited) | | December 31, 2015 (Unaudited) | | September 30, 2015 (Unaudited) | | June 30, 2015 (Unaudited) (Note 1) | |
|--|------------------------------|---------------|-------------------------------|---------------|----------------------------------|---------------|-----------------------------------|---------------|--|---------------|
| | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total |
| INVESTMENT PORTFOLIO | | | | | | | | | | |
| Fixed Income Portfolio (excluding Life Funds Withheld Assets) | | | | | | | | | | |
| U.S. Government Related and Supported (Schedule 4) | \$ 6,892 | 19.3% | \$ 7,304 | 20.4% | \$ 7,964 | 22.4% | \$ 7,145 | 19.7% | \$ 6,581 | 18.1% |
| U.S. Treasuries | 3,219 | 9.0% | 3,714 | 10.4% | 4,332 | 12.2% | 3,516 | 9.7% | 3,350 | 9.2% |
| U.S. Agencies | 219 | 0.6% | 217 | 0.6% | 245 | 0.7% | 251 | 0.7% | 265 | 0.7% |
| U.S. Municipals | 2,669 | 7.5% | 2,658 | 7.4% | 2,670 | 7.5% | 2,691 | 7.4% | 2,436 | 6.7% |
| U.S. Government Guarantee | 785 | 2.2% | 715 | 2.0% | 717 | 2.0% | 687 | 1.9% | 530 | 1.5% |
| Non-U.S. Government Related and Supported (Schedule 4) | 5,735 | 15.9% | 5,792 | 16.2% | 5,557 | 15.6% | 5,385 | 14.9% | 5,671 | 15.4% |
| Corporate (Schedule 5) | 10,692 | 29.8% | 10,909 | 30.5% | 10,689 | 30.1% | 10,190 | 28.2% | 10,342 | 28.4% |
| Financials | 3,778 | 10.5% | 3,782 | 10.6% | 3,627 | 10.2% | 3,140 | 8.7% | 3,201 | 8.8% |
| Non-Financials | 6,914 | 19.3% | 7,127 | 19.9% | 7,062 | 19.9% | 7,050 | 19.5% | 7,141 | 19.6% |
| Mortgage Backed Securities | 5,037 | 14.1% | 5,010 | 13.7% | 4,506 | 12.6% | 5,154 | 14.3% | 5,282 | 14.5% |
| Agency RMBS (Schedule 6) | 4,469 | 12.5% | 4,380 | 12.2% | 3,770 | 10.6% | 3,935 | 10.9% | 3,967 | 10.9% |
| Non-Agency RMBS (Schedule 6) | 289 | 0.8% | 303 | 0.7% | 329 | 0.9% | 366 | 1.0% | 375 | 1.0% |
| CMBS (Schedule 7) | 279 | 0.8% | 327 | 0.8% | 407 | 1.1% | 853 | 2.4% | 940 | 2.6% |
| Asset Backed Securities (Schedule 8 & 9) | 1,311 | 3.7% | 1,198 | 3.4% | 1,233 | 3.4% | 2,488 | 6.9% | 2,882 | 8.0% |
| CDOs (Schedule 8) | 18 | 0.1% | 22 | 0.1% | 47 | 0.1% | 411 | 1.1% | 495 | 1.4% |
| Consumer ABS (Schedule 9) | 155 | 0.4% | 222 | 0.6% | 255 | 0.7% | 865 | 2.4% | 1,017 | 2.8% |
| Other ABS (Schedule 9) | 1,138 | 3.2% | 954 | 2.7% | 931 | 2.6% | 1,212 | 3.4% | 1,370 | 3.8% |
| Cash and Equivalents (net of payables/receivables) | 1,846 | 5.2% | 1,308 | 3.7% | 1,599 | 4.5% | 1,547 | 4.3% | 1,231 | 3.4% |
| Total Fixed Income - Investments (Schedule 2 & 3) (Note 2) | \$ 31,513 | 88.0% | \$ 31,521 | 87.9% | \$ 31,548 | 88.6% | \$ 31,909 | 88.3% | \$ 31,989 | 87.8% |
| Equity Securities | | | | | | | | | | |
| Public Equities | 896 | 2.5% | 878 | 2.5% | 879 | 2.5% | 969 | 2.7% | 1,073 | 2.9% |
| Fixed Income Funds | 144 | 0.4% | - | 0.0% | - | 0.0% | 1 | 0.0% | 1 | 0.0% |
| Total Equity Securities | \$ 1,040 | 2.9% | \$ 878 | 2.5% | \$ 879 | 2.5% | \$ 970 | 2.7% | \$ 1,073 | 2.9% |
| Investments in Affiliates | | | | | | | | | | |
| Hedge Funds | 1,137 | 3.2% | 1,212 | 3.4% | 1,084 | 3.0% | 1,040 | 2.9% | 1,024 | 2.8% |
| Private Investments | 311 | 0.9% | 240 | 0.7% | 303 | 0.9% | 293 | 0.8% | 340 | 0.9% |
| Investment Manager Affiliates | 78 | 0.2% | 79 | 0.2% | 71 | 0.2% | 102 | 0.3% | 101 | 0.3% |
| Strategic and Other Operating Affiliates | 443 | 1.2% | 423 | 1.2% | 251 | 0.7% | 157 | 0.4% | 199 | 0.5% |
| Total Investments in Affiliates | \$ 1,969 | 5.5% | \$ 1,954 | 5.5% | \$ 1,709 | 4.8% | \$ 1,592 | 4.4% | \$ 1,664 | 4.5% |
| Other Investments | | | | | | | | | | |
| Hedge Funds | 435 | 1.2% | 543 | 1.5% | 544 | 1.5% | 690 | 1.9% | 728 | 2.0% |
| Private Investments | 190 | 0.5% | 243 | 0.6% | 245 | 0.8% | 232 | 0.6% | 206 | 0.6% |
| Fixed Income and Other | 673 | 1.9% | 668 | 2.0% | 644 | 1.8% | 754 | 2.1% | 809 | 2.2% |
| Total Other Investments | \$ 1,298 | 3.6% | \$ 1,454 | 4.1% | \$ 1,433 | 4.1% | \$ 1,676 | 4.6% | \$ 1,743 | 4.8% |
| TOTAL INVESTMENTS | \$ 35,820 | 100.0% | \$ 35,807 | 100.0% | \$ 35,569 | 100.0% | \$ 36,147 | 100.0% | \$ 36,469 | 100.0% |
| Operating cash and Short-Term Treasury Deposits (Note 3) | 1,605 | | 1,579 | | 1,817 | | 1,812 | | 1,664 | |
| TOTAL INVESTMENTS AND OPERATING CASH | \$ 37,425 | | \$ 37,386 | | \$ 37,386 | | \$ 37,959 | | \$ 38,133 | |
| Life Funds Withheld Assets (Schedule 12) | | | | | | | | | | |
| Life Funds Withheld Assets | 4,518 | | 4,565 | | 4,631 | | 4,972 | | 5,079 | |
| Total Investments and Operating Cash including Life Funds Withheld Assets | \$ 41,943 | | \$ 41,952 | | \$ 42,017 | | \$ 43,106 | | \$ 43,212 | |
| FIXED INCOME PORTFOLIO CREDIT QUALITY (excluding Life Funds Withheld Assets): | | | | | | | | | | |
| AAA | \$ 13,954 | 44.3% | \$13,970 | 44.3% | \$ 14,242 | 45.1% | \$ 14,873 | 46.6% | \$ 14,744 | 46.1% |
| AA | 7,209 | 22.8% | 7,153 | 22.7% | 7,005 | 22.3% | 7,130 | 22.3% | 7,139 | 22.4% |
| A | 7,371 | 23.4% | 7,487 | 23.8% | 7,316 | 23.2% | 6,835 | 21.4% | 6,864 | 21.5% |
| BBB | 2,271 | 7.2% | 2,228 | 7.1% | 2,343 | 7.4% | 2,401 | 7.6% | 2,446 | 7.6% |
| BB and Below | 590 | 1.9% | 598 | 1.9% | 577 | 1.8% | 596 | 1.9% | 687 | 2.1% |
| Not Rated | 118 | 0.4% | 85 | 0.2% | 65 | 0.2% | 74 | 0.2% | 109 | 0.3% |
| Total Fixed Income - Investments (Note 2) | \$ 31,513 | 100.0% | \$ 31,521 | 100.0% | \$ 31,548 | 100.0% | \$ 31,909 | 100.0% | \$ 31,989 | 100.0% |
| Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) (Note 4) | | AA | | AA | | AA | | AA | | AA |

Notes:

- The Company acquired Catlin on May 1, 2015 and Catlin's investments are therefore included in those of the Company beginning as of that date.
- "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
- Summary by core currency: U.S. Dollar denominated \$1040m, Euro denominated \$431m, Sterling denominated \$125m and Other denominated \$9m.

SCHEDULE 2 - TOTAL FIXED INCOME PORTFOLIO (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. dollars in millions)

(Unaudited)

TOTAL FIXED INCOME SECTOR AND RATING ALLOCATION:

| | Fair Value - June 30, 2016 | | | | | | | Total | % |
|---|----------------------------|-----------------|-----------------|-----------------|---------------|---------------|------------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | Not Rated | Total | | |
| Corporate | \$ 205 | \$ 2,150 | \$ 6,503 | \$ 1,600 | \$ 188 | \$ 46 | \$ 10,692 | 33.9% | |
| Agency Structured Credit | 4,469 | - | - | - | - | - | 4,469 | 14.2% | |
| Non-Agency Structured Credit | 1,440 | 112 | 45 | 33 | 245 | 4 | 1,879 | 5.9% | |
| Government Related and Supported | 6,590 | 4,419 | 823 | 638 | 157 | - | 12,627 | 40.1% | |
| Cash and Equivalents (net of payables/receivables) | 1,250 | 528 | - | - | - | 68 | 1,846 | 5.9% | |
| Total Fixed Income - Investments (Note 1) | \$ 13,954 | \$ 7,209 | \$ 7,371 | \$ 2,271 | \$ 590 | \$ 118 | \$ 31,513 | 100.0% | |
| % by Credit Rating | 44.3% | 22.8% | 23.4% | 7.2% | 1.9% | 0.4% | 100.0% | | |
| Fixed Income Portfolio Average Credit Quality (excluding Life Funds Withheld Assets) | | | | | | | | AA | |

Notes:

1. "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.

SCHEDULE 3 - FIXED INCOME PORTFOLIO CHARACTERISTICS

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

| Summary by Core Currency Denomination | June 30, 2016 | | | | March 31, 2016 | | | |
|--|------------------|-------------------|--------------|------------|------------------|------------------|--------------|------------|
| | US Dollar | Weighted | Pre-Tax Book | Duration | US Dollar | Weighted Average | Pre-Tax Book | Duration |
| | Equivalent | Average Market | Yield | | Equivalent | Market Yield to | Yield | |
| Total Fixed Income Investments (Note 1) (excluding Life Funds Withheld Assets) | Fair Value | Yield to Maturity | (Gross) | | Fair Value | Maturity | (Gross) | |
| U.S. dollar denominated | \$ 23,006 | 1.7% | 2.58% | 3.6 | \$ 23,060 | 1.9% | 2.53% | 3.6 |
| Euro denominated | 3,727 | 0.2% | 1.30% | 4.2 | 3,673 | 0.3% | 1.34% | 3.8 |
| Sterling denominated | 2,358 | 1.0% | 1.91% | 4.1 | 2,443 | 1.3% | 2.05% | 3.8 |
| Other denominated | 2,422 | 1.7% | 2.14% | 2.7 | 2,345 | 1.4% | 2.74% | 2.7 |
| TOTAL FIXED INCOME INVESTMENTS | \$ 31,513 | 1.5% | 2.34% | 3.6 | \$ 31,521 | 1.6% | 2.37% | 3.6 |
| Life Funds Withheld Assets Fixed Income Investments (Schedule 12) | 4,518 | 2.4% | 3.80% | 9.4 | 4,565 | 2.7% | 3.90% | 9.7 |
| Total Fixed Income Investments including Life Funds Withheld Assets | \$ 36,031 | 1.6% | 2.52% | 4.4 | \$ 36,086 | 1.7% | 2.56% | 4.3 |

| Summary of estimated total fixed income maturities and paydowns over the next 12 months excluding cash and cash equivalents (excluding Life Funds Withheld Assets) | US Dollar | Pre-Tax Book | US Dollar | Pre-Tax Book |
|--|-----------------|---------------|-----------------|---------------|
| | Equivalent | Yield (Gross) | Equivalent | Yield (Gross) |
| | Fair Value | | Fair Value | |
| U.S. Government Related and Supported | \$ 538 | 2.10% | \$ 543 | 1.95% |
| Non U.S. Government Related and Supported | 712 | 1.79% | 939 | 1.82% |
| Corporate | 940 | 2.70% | 1,038 | 2.66% |
| Mortgage Backed Securities (Note 2) | 321 | 3.23% | 621 | 3.04% |
| Asset Backed Securities (Note 2) | 578 | 2.41% | 436 | 2.39% |
| TOTAL | \$ 3,089 | 2.39% | \$ 3,577 | 2.36% |

Notes:

1. "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold, and excludes operating cash.
2. Estimated paydowns on Mortgage and Asset Backed securities 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.

SCHEDULE 4 - GOVERNMENT RELATED AND SUPPORTED (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. dollars in millions)

(Unaudited)

Schedule 4 - Government Related and Supported

Fair Value by Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|--|--|-----------------|---------------|---------------|---------------|----|------------------|---------------|
| | AAA | AA | A | BBB | BB and Below | \$ | | |
| U.S. Treasuries | 3,219 | - | - | - | - | - | \$ 3,219 | 25.6% |
| U.S. Agencies | 219 | - | - | - | - | - | 219 | 1.8% |
| U.S. Municipals (Note 1) | 403 | 1,783 | 473 | 9 | 1 | - | 2,669 | 21.1% |
| Revenue | 134 | 731 | 347 | - | - | - | 1,212 | 9.6% |
| State & Local Government Obligation | 71 | 324 | 16 | 8 | 1 | - | 420 | 3.3% |
| Pre-Refunded | 108 | 208 | 22 | - | - | - | 338 | 2.7% |
| Taxable | 90 | 520 | 88 | 1 | - | - | 699 | 5.5% |
| U.S. Agency Government Guarantee | 785 | - | - | - | - | - | 785 | 6.3% |
| Non-U.S. Government and Government-Related (includes Provincials and Local Authorities) | 1,257 | 2,296 | 350 | 622 | 156 | - | 4,681 | 36.6% |
| United Kingdom | - | 1,264 | - | - | - | - | 1,264 | 10.1% |
| Canada | 427 | 212 | 7 | - | - | - | 646 | 5.1% |
| France | - | 506 | 129 | - | - | - | 635 | 5.0% |
| Netherlands | 248 | - | 4 | - | - | - | 252 | 2.0% |
| Switzerland | 186 | 57 | 3 | - | - | - | 246 | 1.9% |
| Germany | 132 | 30 | 7 | - | - | - | 169 | 1.3% |
| Australia | 127 | 9 | - | - | - | - | 136 | 1.1% |
| Brazil | - | - | - | - | 127 | - | 127 | 1.0% |
| Indonesia | - | - | - | 104 | 9 | - | 113 | 0.9% |
| Singapore | 107 | - | - | - | - | - | 107 | 0.8% |
| Mexico | - | - | - | 105 | - | - | 105 | 0.8% |
| Norway | 26 | - | 65 | - | - | - | 91 | 0.7% |
| Belgium | - | 62 | 17 | - | - | - | 79 | 0.6% |
| Colombia | - | - | - | 62 | - | - | 62 | 0.5% |
| Hong Kong | - | 56 | - | - | - | - | 56 | 0.4% |
| Turkey | - | - | - | 55 | - | - | 55 | 0.4% |
| Chile | - | 22 | 17 | 5 | - | - | 44 | 0.3% |
| Kazakhstan | - | - | - | 27 | 17 | - | 44 | 0.3% |
| Sweden | 4 | 21 | - | 16 | - | - | 41 | 0.3% |
| Slovenia | - | - | - | 39 | - | - | 39 | 0.3% |
| Peru | - | - | - | 39 | - | - | 39 | 0.3% |
| China | - | 5 | 25 | 1 | - | - | 31 | 0.2% |
| Panama | - | - | 1 | 30 | - | - | 31 | 0.2% |
| Austria | - | 26 | 4 | - | - | - | 30 | 0.2% |
| Spain | - | - | - | 30 | - | - | 30 | 0.2% |
| Philippines | - | - | - | 29 | - | - | 29 | 0.2% |
| Lithuania | - | - | 23 | - | - | - | 23 | 0.2% |
| South Africa | - | - | - | 23 | - | - | 23 | 0.2% |
| Uruguay | - | - | - | 21 | - | - | 21 | 0.2% |
| Poland | - | - | 21 | - | - | - | 21 | 0.2% |
| Others (Individually under \$20 million) (Note 2) | - | 26 | 27 | 36 | 3 | - | 92 | 0.7% |
| Non-U.S. Government Guaranteed | 602 | 91 | - | 7 | - | - | 700 | 5.7% |
| Canada | 375 | - | - | - | - | - | 375 | 3.1% |
| Germany | 225 | - | - | - | - | - | 225 | 1.8% |
| France | - | 45 | - | - | - | - | 45 | 0.4% |
| United Kingdom | - | 38 | - | - | - | - | 38 | 0.3% |
| Others (Individually under \$20 million) (Note 2) | 2 | 8 | - | 7 | - | - | 17 | 0.1% |
| Supranationals | 105 | 249 | - | - | - | - | 354 | 2.9% |
| European Financial Stability Facility | - | 187 | - | - | - | - | 187 | 1.6% |
| European Investment Bank | 68 | - | - | - | - | - | 68 | 0.5% |
| European Stability Mechanism | - | 51 | - | - | - | - | 51 | 0.4% |
| Others (Individually under \$20 million) (Note 2) | 37 | 11 | - | - | - | - | 48 | 0.4% |
| Total Government Related and Supported | \$ 6,590 | \$ 4,419 | \$ 823 | \$ 638 | \$ 157 | - | \$ 12,627 | 100.0% |
| % of Total | 52.2% | 35.0% | 6.5% | 5.1% | 1.2% | - | 100.0% | - |

SCHEDULE 4 (cont'd) - GOVERNMENT RELATED AND SUPPORTED (U.S. Municipals)

(U.S. dollars in millions)

(Unaudited)

| Fair Value Top 10 Municipals by State | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | Total |
|---|--|--------------------|---------------|---------------|-----------------|-------|
| | Revenue | Local & State G.O. | Pre-Refunded | Taxable | Total | |
| New York | \$ 149 | \$ 15 | \$ 9 | \$ 64 | \$ 237 | |
| Washington | 86 | 43 | 56 | 29 | 214 | |
| Texas | 63 | 29 | 15 | 88 | 195 | |
| California | 50 | 21 | 5 | 110 | 186 | |
| Ohio | 60 | 17 | 9 | 39 | 125 | |
| Georgia | 76 | 19 | 12 | 10 | 117 | |
| Massachusetts | 64 | 14 | 11 | 11 | 100 | |
| Illinois | 41 | 35 | 17 | 1 | 94 | |
| Arizona | 51 | - | 11 | 27 | 89 | |
| Indiana | 66 | - | 3 | 7 | 76 | |
| Total Top 10 Municipals by State | \$ 706 | \$ 193 | \$ 148 | \$ 386 | \$ 1,433 | |

Notes:

1. 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. Included in U.S. Municipals are exposures to Puerto Rican municipals of \$1 million.
2. The Company is monitoring its exposures to holdings representing risk in certain Eurozone countries. In particular, the Company has Fixed Income Peripheral European government holdings of \$30 million in Spain, (Nil in Portugal, Greece, Ireland and Italy).

SCHEDULE 5 - CORPORATE (SECTOR, CAPITAL STRUCTURE) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. dollars in millions)

(Unaudited)

Schedule 5(a) - Corporate Sector

Fair Value by Sector and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|------------------------|--|-----------------|-----------------|-----------------|---------------|------------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | | | |
| Financials | \$ 6 | \$ 918 | \$ 2,510 | \$ 290 | \$ 54 | \$ 3,778 | 35.3% | |
| Banks | 4 | 866 | 2,140 | 195 | 8 | 3,213 | 30.1% | |
| Insurance | 2 | 44 | 21 | 9 | 34 | 110 | 1.0% | |
| Finance | - | 8 | 248 | - | 12 | 268 | 2.5% | |
| REITS & Brokers | - | - | 101 | 86 | - | 187 | 1.7% | |
| Non-Financials | 199 | 1,232 | 3,993 | 1,310 | 180 | 6,914 | 64.7% | |
| Consumer, Non-Cyclical | 100 | 367 | 1,111 | 317 | 11 | 1,906 | 17.8% | |
| Utilities | - | 121 | 595 | 143 | 4 | 863 | 8.1% | |
| Communications | - | 9 | 294 | 316 | 13 | 632 | 5.9% | |
| Industrial | - | 145 | 628 | 143 | 8 | 924 | 8.6% | |
| Energy | - | 322 | 290 | 129 | 13 | 754 | 7.1% | |
| Consumer, Cyclical | - | 53 | 647 | 199 | 14 | 913 | 8.5% | |
| Technology | 99 | 207 | 300 | 14 | 2 | 622 | 5.8% | |
| Basic Materials | - | 8 | 100 | 38 | 1 | 147 | 1.5% | |
| Diversified | - | - | 28 | 9 | 4 | 41 | 0.4% | |
| Other | - | - | - | 2 | 110 | 112 | 1.0% | |
| Total Corporate | \$ 205 | \$ 2,150 | \$ 6,503 | \$ 1,600 | \$ 234 | \$ 10,692 | 100.0% | |
| % of Total | 1.9% | 20.1% | 60.8% | 15.0% | 2.2% | 100.0% | | |

Schedule 5(b) - Corporate Capital Structure

Fair Value by Capital Structure and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|-----------------------------|--|-----------------|-----------------|-----------------|---------------|------------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | | | |
| Financials | \$ 6 | \$ 918 | \$ 2,510 | \$ 290 | \$ 54 | \$ 3,778 | 35.3% | |
| Senior | 6 | 918 | 2,418 | 176 | 46 | 3,564 | 33.3% | |
| Subordinated + Lower Tier 2 | - | - | 92 | 114 | 8 | 214 | 2.0% | |
| Non-Financials | 199 | 1,232 | 3,993 | 1,310 | 180 | 6,914 | 64.7% | |
| Senior | 199 | 1,230 | 3,993 | 1,308 | 180 | 6,910 | 64.7% | |
| Subordinated | - | 2 | - | 2 | - | 4 | 0.0% | |
| Total Corporate | \$ 205 | \$ 2,150 | \$ 6,503 | \$ 1,600 | \$ 234 | \$ 10,692 | 100.0% | |

Net Unrealized Gains (Losses) by Capital Structure and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total |
|--|--|--------------|---------------|--------------|---------------|---------------|-------|
| | AAA | AA | A | BBB | BB and Below | | |
| Financials | \$ - | \$ 20 | \$ 51 | \$ (2) | \$ - | \$ 69 | |
| Senior | - | 20 | 50 | 4 | 1 | 75 | |
| Subordinated + Lower Tier 2 | - | - | 1 | (6) | (1) | (6) | |
| Non-Financials | 10 | 46 | 119 | 37 | (4) | 208 | |
| Senior | 10 | 46 | 119 | 37 | (4) | 208 | |
| Subordinated | - | - | - | - | - | - | |
| Total Net Unrealized Gains (Losses) | \$ 10 | \$ 66 | \$ 170 | \$ 35 | \$ (4) | \$ 277 | |

SCHEDULE 5 (cont'd) - CORPORATE (ISSUER) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 5(c) - Corporate Top 10 Issuers (Note 1)

Top 10 Issuers - FINANCIALS (Note 2)

THE TORONTO-DOMINION BANK
WELLS FARGO & COMPANY
JPMORGAN CHASE & CO.
THE GOLDMAN SACHS GROUP, INC.
HSBC HOLDINGS PLC
ROYAL BANK OF CANADA
THE BANK OF NOVA SCOTIA
MORGAN STANLEY
RABOBANK NEDERLAND
BANK OF AMERICA CORPORATION

| Fair Value - June 30, 2016 | | | | |
|----------------------------|--|------|------------------------|--|
| Fair Value | % of Total Fixed Income - Investments | | Average Credit Quality | |
| \$ | 240 | 0.8% | AA+ | |
| | 203 | 0.6% | A+ | |
| | 200 | 0.6% | A | |
| | 182 | 0.6% | A- | |
| | 177 | 0.6% | A+ | |
| | 156 | 0.5% | AA | |
| | 145 | 0.5% | AA+ | |
| | 142 | 0.5% | A- | |
| | 139 | 0.4% | AA- | |
| | 139 | 0.4% | A- | |

Top 10 Issuers - NON-FINANCIALS

ANHEUSER-BUSCH INBEV SA
ROYAL DUTCH SHELL PLC
PHILIP MORRIS INTERNATIONAL INC.
BERKSHIRE HATHAWAY INC.
APPLE INC.
ORACLE CORPORATION
GENERAL ELECTRIC COMPANY
TOYOTA MOTOR CORPORATION
MICROSOFT CORPORATION
CHEVRON CORPORATION

| Fair Value - June 30, 2016 | | | | |
|----------------------------|--|------|------------------------|--|
| Fair Value | % of Total Fixed Income - Investments | | Average Credit Quality | |
| \$ | 170 | 0.5% | A- | |
| | 150 | 0.5% | AA- | |
| | 145 | 0.5% | A | |
| | 140 | 0.4% | A+ | |
| | 140 | 0.4% | AA+ | |
| | 125 | 0.4% | A+ | |
| | 114 | 0.4% | AA- | |
| | 103 | 0.3% | A+ | |
| | 99 | 0.3% | AAA | |
| | 94 | 0.3% | AA- | |

Notes:

- Corporate issuers represent only direct exposure to fixed maturities and short-term investments of the parent issuer and its subsidiaries. These exposures include covered bonds and exclude asset and mortgage backed securities that were issued, sponsored or serviced by the parent and government-guaranteed issues.
- This table does not include \$162 million of financial exposure to Berkshire Hathaway Inc. which is made up of \$21 million of senior insurance debt, and \$141 million of payment obligation from National Indemnity Company, an insurance company subsidiary of Berkshire Hathaway Inc.

SCHEDULE 5 (cont'd) - CORPORATE (COUNTRY) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 5(d) - Corporate Country

Fair Value by Country Concentrations and Current Rating (Note 1)

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|---------------|--------------|------------------|---------------|--|--|
| | AAA | AA | A | BBB | BB and Below | Not Rated | Total | | | |
| United States | \$ 199 | \$ 1,087 | \$ 4,504 | \$ 983 | \$ 134 | \$ 28 | \$ 6,935 | 64.9% | | |
| United Kingdom | 2 | 22 | 677 | 226 | 17 | (1) | 943 | 8.8% | | |
| Canada | 4 | 317 | 117 | 31 | 2 | - | 471 | 4.4% | | |
| Netherlands | - | 270 | 164 | 23 | 4 | - | 461 | 4.3% | | |
| France | - | 81 | 223 | 67 | 4 | (1) | 374 | 3.5% | | |
| Australia | - | 166 | 130 | 33 | - | - | 329 | 3.1% | | |
| Switzerland | - | 47 | 172 | 30 | - | - | 249 | 2.3% | | |
| Germany | - | 2 | 170 | 58 | 6 | - | 236 | 2.2% | | |
| Japan | - | 8 | 127 | 5 | - | - | 140 | 1.3% | | |
| Sweden | - | 111 | 14 | 9 | - | - | 134 | 1.3% | | |
| Belgium | - | - | 111 | 1 | - | - | 112 | 1.0% | | |
| Norway | - | 16 | - | 24 | 2 | - | 42 | 0.4% | | |
| Denmark | - | - | 2 | 34 | - | - | 36 | 0.3% | | |
| China | - | - | 28 | 5 | - | - | 33 | 0.3% | | |
| Mexico | - | - | 21 | 11 | - | - | 32 | 0.3% | | |
| Luxembourg | - | 1 | 22 | - | 5 | - | 28 | 0.3% | | |
| Bermuda | - | - | - | 1 | 10 | 9 | 20 | 0.2% | | |
| Others (Individually under \$20 million) (Note 2) | - | 22 | 21 | 59 | 4 | 11 | 117 | 1.1% | | |
| Total Corporate | \$ 205 | \$ 2,150 | \$ 6,503 | \$ 1,600 | \$ 188 | \$ 46 | \$ 10,692 | 100.0% | | |
| % of total | 1.9% | 20.1% | 60.8% | 15.0% | 1.8% | 0.4% | 100.0% | | | |

Notes:

- Country concentration is defined as the country of the issuer's main operations, i.e., a United Kingdom company's subsidiary operating 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 \$8 million in Italy, \$6 million in Spain, and \$Nil in Greece and Portugal.

SCHEDULE 5 (cont'd) - CORPORATE (EUROPEAN COUNTRY) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. dollars in millions)

(Unaudited)

Schedule 5(e) - European Corporate Portfolio (Note 1)

FIXED INCOME CREDIT QUALITY: June 30, 2016

| Fair Value by Country Concentrations (Note 2) | Bank | Consumer, Non-Cyclical | Consumer, Cyclical | Energy | Industrial | Utilities | Communications | Other | Total | % |
|---|---------------|------------------------|--------------------|---------------|---------------|---------------|----------------|--------------|-----------------|---------------|
| United Kingdom | \$ 273 | \$ 238 | \$ 37 | \$ 112 | \$ 38 | \$ 142 | \$ 51 | \$ 52 | \$ 943 | 35.6% |
| Netherlands | 246 | 34 | 32 | 131 | 2 | 1 | 7 | 8 | 461 | 17.3% |
| France | 180 | 30 | 17 | 65 | 37 | 21 | 22 | 2 | 374 | 14.1% |
| Switzerland | 138 | 48 | - | - | 40 | 12 | - | 11 | 249 | 9.4% |
| Germany | - | 28 | 134 | 5 | 26 | 23 | 11 | 9 | 236 | 8.9% |
| Sweden | 111 | 9 | - | - | 14 | - | - | - | 134 | 5.1% |
| Belgium | - | 111 | - | - | - | - | - | 1 | 112 | 4.2% |
| Norway | 42 | - | - | - | - | - | - | - | 42 | 1.6% |
| Denmark | 2 | - | - | - | 34 | - | - | - | 36 | 1.4% |
| Luxembourg | - | 3 | - | 18 | 1 | - | 2 | 2 | 26 | 1.0% |
| Ireland | - | - | 12 | - | 5 | - | - | 2 | 19 | 0.7% |
| Italy | - | 1 | - | - | - | 8 | - | - | 9 | 0.3% |
| Spain | - | - | - | - | - | 2 | 3 | 1 | 6 | 0.2% |
| Jersey | 5 | - | - | - | - | - | - | - | 5 | 0.2% |
| Cyprus | - | - | - | - | - | - | - | - | - | 0.0% |
| Total Corporate | \$ 997 | \$ 502 | \$ 232 | \$ 331 | \$ 197 | \$ 209 | \$ 96 | \$ 88 | \$ 2,652 | 100.0% |
| % of total | 37.6% | 18.9% | 8.7% | 12.5% | 7.4% | 7.9% | 3.6% | 3.4% | 100.0% | |

Fair Value - June 30, 2016

Top 10 Issuers - EUROPEAN BANKS (Note 3)

| | Fair Value | Average Credit Quality |
|--------------------------------------|------------|------------------------|
| RABOBANK NEDERLAND | \$ 139 | AA- |
| LLOYDS BANKING GROUP PLC | 123 | AA |
| ING GROEP N.V. | 118 | AA |
| HSBC HOLDINGS PLC | 114 | A |
| CREDIT SUISSE GROUP AG | 99 | A- |
| BNP PARIBAS | 88 | A+ |
| UBS GROUP AG | 84 | AA |
| SVENSKA HANDELSBANKEN AB | 65 | AA |
| DNB ASA | 61 | A+ |
| GOVERNMENT OF NETHERLANDS (ABN AMRO) | 46 | AAA |

Notes:

- The Company also holds \$189 million of covered bonds in continental Europe which are excluded from the above table, including Nil in covered bonds in Peripheral European countries. These are classified in Schedule 10 as Other ABS under Asset Backed Securities.
- Country concentration is defined as the country of the issuer's main operations, i.e., a French company's subsidiary operating in Germany and issuing debt in Germany would be classified under Germany in the table above.
- Includes covered bonds.

SCHEDULE 6 - RMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 6(a) - Agency RMBS

Fair Value by Government Agency and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|-----------------------------|--|-------------|-------------|-------------|--------------|-------------|--------------|---------------|
| | AAA | AA | A | BBB | BB and Below | | | |
| FNMA | \$ 2,406 | \$ - | \$ - | \$ - | \$ - | \$ - | 2,406 | 53.8% |
| FHLMC | 1,045 | - | - | - | - | - | 1,045 | 23.4% |
| GNMA | 1,003 | - | - | - | - | - | 1,003 | 22.4% |
| Other (Note 1) | 15 | - | - | - | - | - | 15 | 0.4% |
| Total Agency RMBS | \$ 4,469 | \$ - | \$ - | \$ - | \$ - | \$ - | 4,469 | 100.0% |
| % of total | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Total Weighted Average Life | | | | | | | 5.1 | |

Schedule 6(b) - Non-Agency RMBS

Fair Value by Vintage and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|------------------------------|--|-------------|--------------|--------------|---------------|---------------|------------|---------------|
| | AAA | AA | A | BBB | BB and Below | | | |
| 2008-2015 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - | 0.0% |
| 2007 | - | 1 | - | - | 44 | - | 45 | 15.6% |
| 2006 | 4 | - | - | - | 64 | - | 68 | 23.5% |
| 2005 | - | - | 15 | 26 | 93 | - | 134 | 46.4% |
| 2004 and prior | 1 | 2 | 5 | 4 | 30 | - | 42 | 14.5% |
| Total Non-Agency RMBS | \$ 5 | \$ 3 | \$ 20 | \$ 30 | \$ 231 | \$ 289 | 289 | 100.0% |
| % of total | 1.7% | 1.0% | 6.9% | 10.4% | 80.0% | | 100.0% | |

Fair Value by Collateral and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|-------------------------------|--|-------------|--------------|--------------|---------------|---------------|------------|---------------|
| | AAA | AA | A | BBB | BB and Below | | | |
| U.S. Prime (Note 2) | \$ - | \$ - | \$ 1 | \$ 1 | \$ 16 | \$ 18 | 18 | 6.2% |
| Non-U.S. Prime (Note 2) | 4 | 1 | - | - | - | 5 | 5 | 1.7% |
| Sub Prime First Lien (Note 3) | 1 | 1 | 11 | 29 | 136 | 178 | 178 | 61.6% |
| Alt A (Note 4) | - | 1 | 6 | - | 68 | 75 | 75 | 26.0% |
| Second Lien | - | - | 2 | - | 11 | 13 | 13 | 4.5% |
| ABS CDOs | - | - | - | - | - | - | - | 0.0% |
| Total Non-Agency RMBS | \$ 5 | \$ 3 | \$ 20 | \$ 30 | \$ 231 | \$ 289 | 289 | 100.0% |
| % of total | 1.7% | 1.0% | 6.9% | 10.4% | 80.0% | | 100.0% | |

Par Value

| | | | | | | | | |
|-------------------------------|------|------|--------|--------|--------|--------|-----|--|
| Par Value | \$ 5 | \$ 3 | \$ 21 | \$ 32 | \$ 332 | \$ 393 | 393 | |
| Average Price as a % of Par | 100% | 100% | 95% | 94% | 70% | 74% | 74% | |
| Net Unrealized Gains (Losses) | \$ - | \$ - | \$ (1) | \$ (1) | \$ 3 | \$ 1 | 1 | |
| Total Weighted Average Life | | | | | | | 5.6 | |

Fair Value by Collateral and Original Rating

| | FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE | | | | | | Total | % |
|------------------------------|--|--------------|--------------|-------------|--------------|---------------|------------|---------------|
| | AAA | AA | A | BBB | BB and Below | | | |
| U.S. Prime | \$ 18 | \$ - | \$ - | \$ - | \$ - | \$ 18 | 18 | 6.2% |
| Non-U.S. Prime | 5 | - | - | - | - | 5 | 5 | 1.7% |
| Sub Prime First Lien | 78 | 85 | 12 | 2 | 1 | 178 | 178 | 61.6% |
| Alt A | 61 | 1 | 4 | 1 | 8 | 75 | 75 | 26.0% |
| Second Lien | 7 | 1 | 3 | 2 | - | 13 | 13 | 4.5% |
| ABS CDOs | - | - | - | - | - | - | - | 0.0% |
| Total Non-Agency RMBS | \$ 169 | \$ 87 | \$ 19 | \$ 5 | \$ 9 | \$ 289 | 289 | 100.0% |
| % of total | 58.5% | 30.1% | 6.6% | 1.7% | 3.1% | | 100.0% | |

Notes:

- Included in Agency RMBS Other are exposures in the National Credit Union Administration.
- Prime securities have an average credit support of 21% for U.S. Prime and 25% for Non-U.S. Prime. Average delinquencies > 60 days are 11% and 0% respectively.
- Sub Prime securities have an average credit support of 42% and average delinquencies > 60 days are 23%.
- Alt-A securities have an average credit support of 20% and average delinquencies > 60 days are 19%.

SCHEDULE 7 - CMBS (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 7 - CMBS (Note 1)

Fair Value by Vintage and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|-------------------------------|--|--------------|-------------|-------------|--------------|---------------|---------------|------|
| | AAA | AA | A | BBB | BB and Below | | | |
| 2016 | \$ 14 | \$ - | \$ - | \$ - | \$ - | \$ - | 14 | 5.0% |
| 2015 | - | - | - | - | - | - | - | 0.0% |
| 2014 | 12 | - | - | - | - | 12 | 4.2% | |
| 2013 | 56 | - | - | - | - | 56 | 20.1% | |
| 2012 | 68 | - | 4 | - | - | 72 | 25.8% | |
| 2011 | 8 | - | - | - | - | 8 | 2.9% | |
| 2010 | 2 | - | - | - | 1 | 3 | 1.1% | |
| 2009 | 4 | - | - | - | - | 4 | 1.4% | |
| 2008 | - | - | - | - | - | - | 0.0% | |
| 2007 | 5 | 13 | - | - | 1 | 19 | 6.8% | |
| 2006 | 58 | 21 | 1 | - | 4 | 84 | 30.1% | |
| 2005 | - | - | - | 1 | - | 1 | 0.4% | |
| 2004 and prior | 1 | 1 | - | 1 | 3 | 6 | 2.2% | |
| Total CMBS | \$ 228 | \$ 35 | \$ 5 | \$ 2 | \$ 9 | \$ 279 | 100.0% | |
| % of total | 81.8% | 12.5% | 1.8% | 0.7% | 3.2% | 100.0% | | |
| Par Value | \$ 219 | \$ 35 | \$ 5 | \$ 3 | \$ 9 | \$ 271 | | |
| Average Price as a % of Par | 104% | 100% | 100% | 67% | 100% | 103% | | |
| Net Unrealized Gains (Losses) | \$ 6 | \$ - | \$ - | \$ - | \$ 1 | \$ 7 | | |
| Total Weighted Average Life | | | | | | 3.7 | | |

FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE

Fair Value by Vintage and Original Rating

| | FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE | | | | | Total | % |
|-------------------|--|-------------|-------------|-------------|--------------|---------------|---------------|
| | AAA | AA | A | BBB | BB and Below | | |
| 2016 | \$ 14 | \$ - | \$ - | \$ - | \$ - | 14 | 5.0% |
| 2015 | - | - | - | - | - | - | 0.0% |
| 2014 | 12 | - | - | - | - | 12 | 4.2% |
| 2013 | 56 | - | - | - | - | 56 | 20.1% |
| 2012 | 68 | - | 4 | - | - | 72 | 25.8% |
| 2011 | 8 | - | - | - | - | 8 | 2.9% |
| 2010 | 2 | - | - | - | 1 | 3 | 1.1% |
| 2009 | 4 | - | - | - | - | 4 | 1.4% |
| 2008 | - | - | - | - | - | - | 0.0% |
| 2007 | 18 | - | - | - | 1 | 19 | 6.8% |
| 2006 | 84 | - | - | - | - | 84 | 30.1% |
| 2005 | 1 | - | - | - | - | 1 | 0.4% |
| 2004 and prior | - | - | - | 1 | 5 | 6 | 2.2% |
| Total CMBS | \$ 267 | \$ - | \$ 4 | \$ 1 | \$ 7 | \$ 279 | 100.0% |
| % of total | 95.7% | 0.0% | 1.4% | 0.4% | 2.5% | 100.0% | |

SCHEDULE 8 - ABS (CDOs) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

(U.S. dollars in millions)

(Unaudited)

Schedule 8 - CDOs (Notes 1 & 2)

Fair Value by Collateral and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|------------------------|--|--------------|-------------|-------------|--------------|--------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | | | |
| High Yield Loans | \$ - | \$ 12 | \$ - | \$ - | \$ - | \$ 12 | 66.7% | |
| Commercial Real Estate | - | - | 1 | - | 1 | 2 | 11.1% | |
| Emerging Markets | - | - | - | - | - | - | 0.0% | |
| Other | - | - | 3 | - | 1 | 4 | 22.2% | |
| Total CDOs | \$ - | \$ 12 | \$ 4 | \$ - | \$ 2 | \$ 18 | 100.0% | |
| % of total | 0.0% | 66.7% | 22.2% | 0.0% | 11.1% | 100.0% | | |

Fair Value by Vintage and Current Rating

| | FIXED INCOME CREDIT QUALITY: June 30, 2016 | | | | | | Total | % |
|-------------------|--|--------------|-------------|-------------|--------------|--------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | | | |
| 2008-2015 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.0% | |
| 2007 | - | 12 | - | - | - | 12 | 66.7% | |
| 2006 | - | - | - | - | 2 | 2 | 11.1% | |
| 2005 | - | - | 4 | - | - | 4 | 22.2% | |
| 2004 and prior | - | - | - | - | - | - | 0.0% | |
| Total CDOs | \$ - | \$ 12 | \$ 4 | \$ - | \$ 2 | \$ 18 | 100.0% | |
| % of total | 0.0% | 66.7% | 22.2% | 0.0% | 11.1% | 100.0% | | |

| | | | | | | |
|-------------------------------|------|-------|------|------|-------|-------|
| Par Value | \$ - | \$ 13 | \$ 6 | \$ - | \$ 13 | \$ 32 |
| Average Price as a % of Par | 0% | 92% | 67% | 0% | 15% | 56% |
| Net Unrealized Gains (Losses) | 0 | 0 | (3) | 0 | (1) | (4) |
| Total Weighted Average Life | | | | | | 5.4 |

Fair Value by Vintage and Original Rating

| | FIXED INCOME CREDIT QUALITY: ORIGINAL ON ISSUE | | | | | | Total | % |
|-------------------|--|--------------|-------------|-------------|--------------|--------------|---------------|---|
| | AAA | AA | A | BBB | BB and Below | | | |
| 2008-2015 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.0% | |
| 2007 | - | 12 | - | - | - | 12 | 66.7% | |
| 2006 | - | - | 1 | 1 | - | 2 | 11.1% | |
| 2005 | 3 | 1 | - | - | - | 4 | 22.2% | |
| 2004 and prior | - | - | - | - | - | - | 0.0% | |
| Total CDOs | \$ 3 | \$ 13 | \$ 1 | \$ 1 | \$ - | \$ 18 | 100.0% | |
| % of total | 16.6% | 72.2% | 5.6% | 5.6% | 0.0% | 100.0% | | |

Notes:

- Cash CLOs account for 66% of the holdings, the majority of which were originally rated AAA/AA.
- The tables above exclude \$12 million of Synthetic CDOs that are classified as Other Investments in the Consolidated Balance Sheet.

SCHEDULE 9 - ABS (CONSUMER ABS, OTHER ABS) (EXCLUDING LIFE FUNDS WITHHELD ASSETS)

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

Schedule 9(a) - Consumer ABS

Fair Value by Collateral Type and Current Rating

Autos (Note 1)

| | AAA | AA | A | BBB | BB and Below | Total | % |
|----------|-----|----|---|-----|--------------|-------|-------|
| U.S. | 33 | 6 | 1 | - | - | 40 | 25.8% |
| Non-U.S. | 39 | - | - | - | - | 39 | 25.2% |

Credit Card (Note 2)

| | | | | | | | |
|----------|----|---|---|---|---|----|-------|
| U.S. | 39 | - | - | - | - | 39 | 25.2% |
| Non-U.S. | 21 | - | - | - | - | 21 | 13.5% |

Student Loans

| | | | | | | | |
|----------|---|----|---|---|---|----|-------|
| U.S. | - | - | - | - | - | - | 0.0% |
| Non-U.S. | 4 | 12 | - | - | - | 16 | 10.3% |

Total Consumer ABS

| | | | | | | | |
|-------------------------------|---------------|--------------|-------------|-------------|-------------|---------------|---------------|
| Total Consumer ABS | \$ 136 | \$ 18 | \$ 1 | \$ - | \$ - | \$ 155 | 100.0% |
| % of total | 87.7% | 11.7% | 0.6% | 0.0% | 0.0% | 100.0% | |
| Net Unrealized Gains (Losses) | (1) | (3) | 0 | 0 | 0 | (4) | |
| Total Weighted Average Life | | | | | | 2.4 | |

Schedule 9(b) - Other ABS

Fair Value by Collateral Type and Current Rating

Other Real Estate

| | | | | | | | |
|-------------------|----|---|---|---|---|----|------|
| Other Real Estate | 19 | 5 | - | - | - | 24 | 2.1% |
|-------------------|----|---|---|---|---|----|------|

Telecoms & Utilities

| | | | | | | | |
|----------------------|---|---|---|---|---|---|------|
| Telecoms & Utilities | 7 | - | - | - | - | 7 | 0.6% |
|----------------------|---|---|---|---|---|---|------|

Pfandbriefe & Covered Bonds

| | | | | | | | |
|-----------------------------|-------|----|---|---|---|-------|-------|
| Pfandbriefe & Covered Bonds | 1,029 | 14 | - | - | - | 1,043 | 91.7% |
|-----------------------------|-------|----|---|---|---|-------|-------|

Other ABS

| | | | | | | | |
|-----------|----|----|----|---|---|----|------|
| Other ABS | 16 | 25 | 15 | 1 | 1 | 58 | 5.1% |
|-----------|----|----|----|---|---|----|------|

Whole Business

| | | | | | | | |
|----------------|---|---|---|---|---|---|------|
| Whole Business | - | - | - | - | 6 | 6 | 0.5% |
|----------------|---|---|---|---|---|---|------|

Health Care

| | | | | | | | |
|-------------|---|---|---|---|---|---|------|
| Health Care | - | - | - | - | - | - | 0.0% |
|-------------|---|---|---|---|---|---|------|

Sub Total Other ABS

| | | | | | | | |
|-------------------------------|-----------------|--------------|--------------|-------------|-------------|-----------------|---------------|
| Sub Total Other ABS | \$ 1,071 | \$ 44 | \$ 15 | \$ 1 | \$ 7 | \$ 1,138 | 100.0% |
| % of total | 94.1% | 3.9% | 1.3% | 0.1% | 0.6% | 100.0% | |
| Net Unrealized Gains (Losses) | 19 | 0 | 0 | 0 | (1) | 18 | |
| Total Weighted Average Life | | | | | | 2.4 | |

Notes:

1. Average credit support is 27% for Autos.
2. The average excess spread (net of charge offs) is 35% for credit cards.

SCHEDULE 10 - UNREALIZED GAINS (LOSSES)

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

| | June 30, 2016 | | | | | March 31, 2016 | | | | |
|---|------------------|---------------------------------------|------------------|----------------------------------|-------------------------------|------------------|--|-------------------|----------------------------------|----------------------------|
| | Fair Value | Fair Value (less accrued interest) | Amortized Cost | Net Unrealized Gains (Losses) | Gross Unrealized Losses | Fair Value | Fair Value (less accrued interest) | Amortized Cost | Net Unrealized Gains (Losses) | Gross Unrealized Losses |
| Fixed Income, Equity, and Other Investments Portfolio | | | | | | | | | | |
| U.S. Government Related and Supported (Schedule 4) | \$ 6,892 | \$ 6,834 | \$ 6,524 | \$ 310 | \$ (5) | \$ 7,304 | \$ 7,250 | \$ 6,996 | \$ 254 | \$ (4) |
| U.S. Treasuries | 3,219 | 3,205 | 3,127 | 78 | (5) | 3,714 | 3,701 | 3,631 | 70 | (2) |
| U.S. Agencies | 219 | 215 | 184 | 31 | - | 217 | 215 | 188 | 27 | - |
| U.S. Municipals | 2,669 | 2,633 | 2,450 | 183 | - | 2,658 | 2,621 | 2,473 | 148 | (1) |
| U.S. Government Guarantee | 785 | 781 | 763 | 18 | - | 715 | 713 | 704 | 9 | (1) |
| Non-U.S. Government Related and Supported (Schedule 4) | 5,735 | 5,696 | 5,573 | 123 | (77) | 5,792 | 5,743 | 5,650 | 93 | (64) |
| Corporate (Schedule 5) | 10,692 | 10,583 | 10,306 | 277 | (82) | 10,910 | 10,810 | 10,607 | 203 | (82) |
| Financials | 3,778 | 3,737 | 3,668 | 69 | (27) | 3,783 | 3,748 | 3,701 | 47 | (28) |
| Non-Financials | 6,914 | 6,846 | 6,638 | 208 | (55) | 7,127 | 7,062 | 6,906 | 156 | (54) |
| Mortgage Backed Securities | 5,037 | 5,023 | 4,889 | 134 | (23) | 5,010 | 4,994 | 4,880 | 114 | (29) |
| Agency RMBS (Schedule 6) | 4,469 | 4,456 | 4,330 | 126 | (2) | 4,380 | 4,366 | 4,259 | 107 | (5) |
| Non-Agency RMBS (Schedule 6) | 289 | 289 | 288 | 1 | (18) | 303 | 303 | 303 | - | (21) |
| CMBS (Schedule 7) | 279 | 278 | 271 | 7 | (3) | 327 | 325 | 318 | 7 | (3) |
| Asset Backed Securities (Schedule 8 & 9) | 1,311 | 1,301 | 1,291 | 10 | (13) | 1,198 | 1,192 | 1,187 | 5 | (15) |
| CDOs (Schedule 8) | 18 | 17 | 21 | (4) | (4) | 22 | 22 | 26 | (4) | (4) |
| Consumer ABS (Schedule 9) | 155 | 155 | 159 | (4) | (4) | 222 | 222 | 226 | (4) | (5) |
| Other ABS (Schedule 9) | 1,138 | 1,129 | 1,111 | 18 | (5) | 954 | 948 | 935 | 13 | (6) |
| Cash and Equivalents (net of payables/receivables) | 1,846 | 1,846 | 1,846 | - | - | 1,308 | 1,308 | 1,308 | - | - |
| Total Fixed Income - Investments | \$ 31,513 | \$ 31,283 | \$ 30,429 | \$ 854 | \$ (200) | \$ 31,522 | \$ 31,292 | \$ 30,625 | \$ 667 | \$ (192) |
| Equity Securities | 1,040 | 1,040 | 955 | 85 | (20) | 878 | 878 | 832 | 46 | (47) |
| Other Investments | 1,298 | 1,298 | 1,100 | 198 | (4) | 1,454 | 1,454 | 1,228 | 226 | (2) |
| Total Fixed Income, Equity Securities and Other Investments (Excluding Life Funds Withheld Assets) | \$ 33,851 | \$ 33,620 | \$ 32,484 | \$ 1,136 | \$ (224) | \$ 33,854 | \$ 33,624 | \$ 32,685 | \$ 939 | \$ (241) |
| Life Funds Withheld Assets (Schedule 12) | 4,518 | 4,458 | 3,752 | 706 | - | 4,565 | 4,503 | 3,916 | 587 | - |
| Total Fixed Income, Equity Securities and Other Investments (including Life Funds Withheld Assets) | \$ 38,369 | \$ 38,079 | \$ 36,237 | \$ 1,842 | \$ (224) | \$ 38,419 | \$ 38,127 | \$ 36,601 | \$ 1,526 | \$ (241) |

SCHEDULE 11 - INVESTMENT INCOME STATEMENT ANALYSIS

(U.S. dollars in thousands)

| | Three months ended June 30, 2016 (Unaudited) | Three months ended March 31, 2016 (Unaudited) | Three months ended December 31, 2015 (Unaudited) | Three months ended September 30, 2015 (Unaudited) | Three months ended June 30, 2015 (Unaudited) (Note 1) |
|--|--|---|--|---|--|
| Net Investment Income - Total excluding Structured and Life Funds Withheld Assets | | | | | |
| Gross Investment Income | \$ 182,143 | \$ 170,552 | \$ 179,813 | \$ 180,537 | \$ 179,059 |
| Investment expenses (Note 2) | (19,976) | (18,888) | (21,675) | (17,545) | (18,767) |
| Net Investment Income - Total excluding Structured and Life Funds Withheld Assets | \$ 162,167 | \$ 151,664 | \$ 158,138 | \$ 162,992 | \$ 160,292 |
| Net Investment Income over average assets | 2.03% | 1.96% | 2.05% | 2.16% | 2.16% |
| Net Investment Income - Structured (Excluding Life Funds Withheld Assets) | | | | | |
| Gross Investment Income | \$ 15,809 | \$ 14,239 | \$ 15,633 | \$ 17,244 | \$ 17,927 |
| Investment expenses (Note 2) | (1,734) | (1,577) | (1,884) | (1,676) | (1,879) |
| Net Investment Income - Structured (Excluding Life Funds Withheld Assets) | \$ 14,075 | \$ 12,662 | \$ 13,749 | \$ 15,568 | \$ 16,048 |
| Net Investment Income over average assets | 4.22% | 3.82% | 4.25% | 4.86% | 4.97% |
| Interest Expense - Deposit Liability Accretion | (12,005) | (10,690) | (10,477) | (11,131) | (10,629) |
| Operating and Investment Expenses - P&C Structured | (11) | (2) | - | - | (162) |
| Net Investment Income - Structured (Excluding Life Funds Withheld Assets) | \$ 2,059 | \$ 1,970 | \$ 3,272 | \$ 4,437 | \$ 5,257 |
| Net Investment Income - Total (Excluding Life Funds Withheld Assets) | \$ 176,242 | \$ 164,326 | \$ 171,887 | \$ 178,560 | \$ 176,340 |
| Net Investment Income over average assets | 2.12% | 2.04% | 2.15% | 2.27% | 2.29% |
| Net Investment Income - Life Funds Withheld Assets | \$ 39,146 | \$ 41,560 | \$ 43,620 | \$ 46,586 | \$ 46,864 |
| Net Income (Loss) from Investment Affiliates (Note 3) | | | | | |
| Alternative Funds | \$ 2,423 | \$ (10,580) | \$ 3,750 | \$ (11,471) | \$ 19,489 |
| Private Investment Fund Affiliates | 10,756 | 6,001 | 6,579 | 7,757 | 11,888 |
| Net Income (Loss) from Investment Affiliates (Note 3) | \$ 13,179 | \$ (4,579) | \$ 10,329 | \$ (3,714) | \$ 31,377 |
| Net Income (Loss) from Operating Affiliates (Note 4) | | | | | |
| Investment Manager Affiliates | \$ 15,142 | \$ 12,529 | \$ (7,074) | \$ 5,943 | \$ 8,524 |
| Strategic Operating Affiliates | 6,276 | 121 | 11,487 | 2,253 | 938 |
| Net Income (Loss) from Operating Affiliates (Note 4) | \$ 21,418 | \$ 12,650 | \$ 4,413 | \$ 8,196 | \$ 9,462 |

Notes:

1. The Company acquired Catlin on May 1, 2015 and Catlin's investments are therefore included in those of the Company beginning as of that date.
2. Includes management fees, custody fees, and direct and allocated general and administrative expenses.
3. The Company records the income related to the alternative funds and to the private investment fund affiliates on a one-month and three-month lag, respectively.
4. The Company records the income related to the investment manager affiliates and strategic operating affiliates generally on a three-month lag.

SCHEDULE 12 - SUMMARY INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS

CONSOLIDATED

(U.S. dollars in millions)

| | June 30, 2016 (Unaudited) | | March 31, 2016 (Unaudited) | | December 31, 2015 (Unaudited) | | September 30, 2015 (Unaudited) | | December 31, 2014 (Unaudited) | |
|--|------------------------------------|---------------|------------------------------------|---------------|------------------------------------|---------------|---------------------------------------|---------------|---------------------------------------|---------------|
| | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total |
| INVESTMENT PORTFOLIO LIFE FUNDS WITHHELD ASSETS | | | | | | | | | | |
| Fixed Income Portfolio | | | | | | | | | | |
| U.S. Government Related and Supported | \$ 31 | 0.7% | \$ 28 | 0.6% | \$ 18 | 0.4% | \$ 18 | 0.4% | \$ 17 | 0.3% |
| Non-U.S. Government Related and Supported | 1,300 | 28.8% | 1,331 | 29.2% | 1,383 | 29.9% | 1,505 | 31.2% | 1,503 | 30.2% |
| Corporate | 2,810 | 62.2% | 2,810 | 61.6% | 2,790 | 60.2% | 2,821 | 58.4% | 2,962 | 59.6% |
| Mortgage Backed Securities | 114 | 2.5% | 117 | 2.6% | 130 | 2.8% | 148 | 3.1% | 148 | 3.0% |
| Asset Backed Securities | 170 | 3.8% | 174 | 3.8% | 205 | 4.4% | 213 | 4.4% | 235 | 4.7% |
| Cash and Equivalents (net of payables/receivables) | 93 | 2.1% | 105 | 2.3% | 106 | 2.3% | 122 | 2.5% | 107 | 2.2% |
| Total Fixed Income - Investments (Note 1) | \$ 4,518 | 100.0% | \$ 4,565 | 100.0% | \$ 4,632 | 100.0% | \$ 4,827 | 100.0% | \$ 4,972 | 100.0% |
| Other Investments | | | | | | | | | | |
| Hedge Funds | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Equity Securities | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Other Investments | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Total Other Investments | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| TOTAL LIFE FUNDS WITHHELD ASSETS | \$ 4,518 | 100.0% | \$ 4,565 | 100.0% | \$ 4,632 | 100.0% | \$ 4,827 | 100.0% | \$ 4,972 | 100.0% |
| FIXED INCOME PORTFOLIO CREDIT QUALITY : | | | | | | | | | | |
| AAA | \$ 540 | 12.1% | \$ 562 | 12.4% | \$ 616 | 13.3% | \$ 603 | 12.5% | \$ 572 | 11.5% |
| AA | 1,370 | 30.3% | 1,379 | 30.2% | 1,389 | 30.0% | 1,556 | 32.2% | 1,543 | 31.0% |
| A | 1,526 | 33.8% | 1,537 | 33.7% | 1,519 | 32.8% | 1,458 | 30.2% | 1,545 | 31.1% |
| BBB | 1,035 | 22.9% | 1,045 | 22.9% | 1,073 | 23.2% | 1,166 | 24.2% | 1,253 | 25.2% |
| BB and Below | 47 | 0.9% | 41 | 0.8% | 35 | 0.7% | 44 | 0.9% | 59 | 1.2% |
| Not Rated | - | 0.0% | 1 | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Total Fixed Income - Investments (Note 1) | \$ 4,518 | 100.0% | \$ 4,565 | 100.0% | \$ 4,632 | 100.0% | \$ 4,827 | 100.0% | \$ 4,972 | 100.0% |
| Average credit quality | | A+ | | A+ | | A+ | | A+ | | A+ |
| Summary by Core Currency Denomination | | | | | | | | | | |
| | US Dollar Equivalent Fair Value | Duration | US Dollar Equivalent Fair Value | Duration | US Dollar Equivalent Fair Value | Duration | US Dollar Equivalent Fair Value | Duration | US Dollar Equivalent Fair Value | Duration |
| Sterling denominated | \$ 3,072 | 9.2 | \$ 3,105 | 9.0 | \$ 3,268 | 8.7 | \$ 3,425 | 8.7 | \$ 3,568 | 8.9 |
| Euro denominated | 1,446 | 11.3 | 1,460 | 11.3 | 1,364 | 11.3 | 1,402 | 11.2 | 1,388 | 10.6 |
| U.S. Dollar denominated | - | - | - | - | - | - | - | - | 16 | 5.0 |
| Total Duration | \$ 4,518 | 9.9 | \$ 4,565 | 9.7 | \$ 4,632 | 9.5 | \$ 4,827 | 9.4 | \$ 4,972 | 9.4 |
| Net Investment Income - Life Funds Withheld Assets (in thousands) | \$ 39,146 | | \$ 41,560 | | \$ 43,620 | | \$ 46,586 | | \$ 46,864 | |

Notes:

1. "Total Fixed Income - Investments" includes fixed maturities, short-term investments, invested cash & cash equivalents and net (payables) receivables for investments (purchased) sold.

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"), a non-GAAP measure, which is defined as net income (loss) attributable to ordinary shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (2) our net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets, (3) our net realized (gains) losses on investments sold (including OTTI) and net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets, (4) our net realized and unrealized (gains) losses on derivatives, (5) our net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, (6) our share of items (2) and (4) for XL's insurance company affiliates for the periods presented, (7) our foreign exchange (gains) losses, (8) our expenses related to the Catlin acquisition, net of tax (9) our gain on the sale of our interest in our operating affiliate, ARX Holding Corp. ("ARX"), (10) our provision (benefit) for income tax on items excluded from operating income, (11) our loss on the Other Life Retro Arrangements, and (12) our loss on the early extinguishment of the notes assumed in conjunction with the Catlin acquisition; (ii) annualized return on average ordinary shareholders' equity ("ROE") based on operating net income (loss) ("Operating ROE"); (iii) Operating ROE excluding average unrealized gains and losses on investments and integration costs; (iv) annualized net income (loss) attributable to ordinary shareholders excluding the Contribution from the GreyCastle Life Retro Arrangements and (v) Fully diluted tangible book value per ordinary share (ordinary 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). These items are "non-GAAP financial measures" as defined in Regulation G.

Although the investment of premiums to generate income (or loss) and realize capital gains (or losses) is an integral part of XL's operations, the determination to realize capital gains (or losses) is independent of the underwriting process. In addition, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value and from goodwill impairment charges without actual realization. In this regard, certain users of XL's financial information, including certain rating agencies, evaluate earnings before tax and capital gains to understand the profitability of the operational sources of income without the effects of these two variables. Furthermore, these users believe that, for many companies, the timing of the realization of capital gains and the recognition of goodwill impairment charges are 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 ordinary 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 excluding net unrealized gains and losses on investments is an additional measure of a company's profitability that eliminates the impacts of mark to market fluctuations on a company's investment portfolio that have not been realized through sales, which XL believes provides a more consistent measure of company performance.

XL believes that fully diluted tangible book value per ordinary 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