



# FINANCIAL SUPPLEMENT

September 30, 2017

Issued on October 24, 2017

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

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# Forward-Looking Statement



## Cautionary Note Regarding Forward-Looking Statements

*This press release 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, and in particular our loss estimates and industry loss estimates relating hurricanes Harvey, Irma and Maria, given the complexities and nature of these particular events, including the magnitude, proximity and recent occurrence of these events, limited claims data received to date, the likelihood of longer development periods associated with the specific characteristics of these events and the geographic and infrastructure limitations related to the areas impacted, among other matters; (c) changes in the number of insureds and ceding companies impacted or the ultimate number and value of individual claims relating to 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 recoverability 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 claims 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 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 impact the availability of 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, 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) the loss of key personnel; (w) the effects of mergers, acquisitions and divestitures, including our ability to modify our internal control 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) the economic, political, monetary and operational impacts of the "Brexit" referendum held on June 23, 2016 in which the U.K. electorate voted to withdraw from the European Union ("E.U."), including unanticipated costs or complications associated with our decision to redomesticate XL Insurance Company SE from the U.K. to Ireland, or the possibility that this redomestication or other Brexit-related decisions do not have the results anticipated; (y) changes in general economic, political or monetary conditions, including 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; (z) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (aa) judicial decisions and rulings, new theories of liability or emerging claims coverage issues, legal tactics and settlement terms; (bb) 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 (cc) 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 otherwise.*

*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 following its press releases, SEC filings and public conference calls and webcasts.*



# STATEMENTS OF INCOME



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

(U.S. dollars in thousands)

(Unaudited)

(Note 1)

	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016
<b>Revenues</b>					
Gross premiums written	\$ 3,075,561	\$ 3,612,949	\$ 4,678,417	\$ 3,079,772	\$ 2,783,603
Net premiums written	2,329,367	2,649,265	2,983,070	2,316,147	2,135,658
Net premiums earned - P&C operations	2,617,756	2,514,093	2,519,481	2,454,060	2,431,677
Net premiums earned - run-off Life operations	3,146	2,824	3,310	3,015	2,360
Net investment income - excluding Life Funds Withheld Assets (Note 2)	171,983	177,235	167,168	160,980	170,834
Net investment income - Life Funds Withheld Assets (Note 2)	30,796	31,439	33,364	35,108	38,937
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	31,726	49,169	4,218	43,242	58,395
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	18,879	29,778	34,474	44,048	44,011
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(7,331)	(22,319)	(1,406)	(56,195)	41,270
Net realized and unrealized gains (losses) on derivative instruments	(20,434)	(906)	(7,069)	(253)	5,490
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life	(31,662)	(34,596)	(50,101)	151,342	(225,610)
Net income (loss) from investment fund affiliates (Note 3)	57,656	30,818	38,261	50,002	12,156
Fee income and other	11,469	10,225	13,661	7,968	8,600
<b>Total revenues</b>	<b>\$ 2,883,984</b>	<b>\$ 2,787,760</b>	<b>\$ 2,755,361</b>	<b>\$ 2,893,317</b>	<b>\$ 2,588,120</b>
<b>Expenses</b>					
Net losses and loss expenses incurred - P&C operations	\$ 3,066,723	\$ 1,529,083	\$ 1,583,456	\$ 1,566,161	\$ 1,491,803
Claims and policy benefits - run-off Life operations	10,592	7,595	7,291	11,950	5,875
Acquisition costs	445,685	433,584	435,869	392,996	403,888
Operating expenses	409,356	472,778	468,038	517,002	508,458
Foreign exchange losses (gains)	55,017	(5,643)	(3,336)	45,036	(1,695)
Loss (Gain) on sale of subsidiary (Note 4)	-	-	-	(3,418)	(3,670)
(Gain) Loss on the early extinguishment of debt (Note 5)	1,582	-	-	-	-
Interest expense - debt and other	39,509	43,422	40,250	41,687	43,025
Interest expense - deposit liability accretion	(5,590)	10,596	10,461	10,590	6,420
<b>Total expenses</b>	<b>\$ 4,022,874</b>	<b>\$ 2,491,415</b>	<b>\$ 2,542,029</b>	<b>\$ 2,582,004</b>	<b>\$ 2,454,104</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ (1,138,890)	\$ 296,345	\$ 213,332	\$ 311,313	\$ 134,016
Income (loss) from operating affiliates (Note 3)	4,872	42,704	13,609	(2,081)	12,410
Provision (benefit) for income taxes	(60,132)	29,006	13,092	(382)	17,749
<b>Net income (loss)</b>	<b>\$ (1,073,886)</b>	<b>\$ 310,043</b>	<b>\$ 213,849</b>	<b>\$ 309,614</b>	<b>\$ 128,677</b>
Non-controlling interests	30,197	(8,423)	(61,006)	(4,914)	(58,076)
<b>Net income (loss) attributable to common shareholders</b>	<b>\$ (1,043,689)</b>	<b>\$ 301,620</b>	<b>\$ 152,843</b>	<b>\$ 304,700</b>	<b>\$ 70,601</b>
<b>Reconciliation of Non-GAAP Financial Information:</b>					
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets (Note 2)	(31,726)	(49,169)	(4,218)	(43,242)	(58,395)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(18,879)	(29,778)	(34,474)	(44,048)	(44,011)
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	7,331	22,319	1,406	56,195	(41,270)
Net realized and unrealized (gains) losses on derivatives	20,434	906	7,069	253	(5,490)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance	(89)	115	(2,051)	700	-
Net investment income - Life Funds Withheld Assets (Note 2)	(30,796)	(31,439)	(33,364)	(35,108)	(38,937)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life	31,662	34,596	50,101	(151,342)	225,610
Loss (gain) on sale of subsidiary (Note 4)	-	-	-	(3,418)	(3,670)
Foreign exchange (gains) losses	55,017	(5,643)	(3,336)	45,036	(1,695)
(Gain) Loss from repurchase of preference ordinary shares (Note 6)	(14,290)	-	-	-	-
(Gain) Loss on the early extinguishment of debt (Note 5)	1,582	-	-	-	-
Provision (benefit) for income tax on items excluded from operating income	(5,419)	11,553	2,167	(1,286)	19,711
<b>Operating Net income (loss) (Note 7)</b>	<b>\$ (1,028,862)</b>	<b>\$ 255,080</b>	<b>\$ 136,143</b>	<b>\$ 128,440</b>	<b>\$ 122,454</b>

## Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- On May 1, 2014, our wholly-owned subsidiary XLIB Ltd (on June 9, 2016, XLIB Ltd and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle Holdings Ltd. ("GreyCastle") providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary, XL Life Reinsurance (SAC) Ltd ("XLLR"), for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via 100% quota share reinsurance (the "GreyCastle Life Retro Arrangements"). The designated investments that support the GreyCastle Life Retro Arrangements, which are written on a funds withheld basis ("Life Funds Withheld Assets"), are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.
- On September 30, 2016, the Company completed the sale of its wholly-owned subsidiary, XL Life Insurance and Annuity Company ("XLLIAC") and, as a result, recorded a \$3.7 million gain; during Q4 2016 the Company recognized a \$3.4 million gain on the partial sale of its holdings in New Ocean Capital Management.
- On July 7, 2017, the Company repurchased through a tender offer and canceled outstanding 5.5% Subordinated Notes due 2045 issued by XLIT with a net carrying value of \$16.3 million for \$17.9 million, inclusive of transaction costs. As a result of these repurchases, the Company recorded a loss of approximately \$1.6 million through "Extinguishment of debt" and interest expense of \$0.3 million in the Unaudited Consolidated Statements of Income.
- During the quarter, the Company repurchased and canceled the outstanding Series D, Series E and the Non-Cumulative Preference Shares. As a result of these repurchases, the Company recorded a gain of \$14.3 million through "Non-controlling interests" in the Unaudited Consolidated Statements of Income.



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

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

	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016
<b>Return on Common Shareholders' Equity</b>					
Opening shareholders' equity	\$ 13,102,408	\$ 13,000,627	\$ 12,960,679	\$ 13,592,880	\$ 13,663,932
Less: Non-controlling interest in equity of consolidated subsidiaries	(2,021,855)	(2,025,742)	(2,022,167)	(1,980,714)	(1,978,744)
Opening common shareholders' equity	11,080,553	10,974,885	10,938,512	11,612,166	11,685,188
Closing shareholders' equity	11,528,510	13,102,408	13,000,627	12,960,679	13,592,880
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,588,663)	(2,021,855)	(2,025,742)	(2,022,167)	(1,980,714)
Closing common shareholders' equity	9,939,847	11,080,553	10,974,885	10,938,512	11,612,166
Average common shareholders' equity	10,510,200	11,027,719	10,956,699	11,275,339	11,648,677
Opening AOCI, net of tax (Note 2)	921,166	844,975	715,546	1,519,805	1,408,587
Closing AOCI, net of tax (Note 2)	968,928	921,166	844,975	715,546	1,519,805
Average AOCI, net of tax (Note 2)	945,047	883,071	780,261	1,117,676	1,464,196
Average common shareholders' equity excluding AOCI	9,565,153	10,144,649	10,176,439	10,157,664	10,184,481
Integration costs	-	39,118	-	58,800	52,117
Provision (benefit) for income tax on integration costs	-	(4,147)	-	(4,998)	(5,472)
Net income (loss) attributable to common shareholders	(1,043,689)	301,620	152,843	304,700	70,601
Annualized net income (loss) attributable to common shareholders	(4,174,756)	1,206,480	611,372	1,218,800	282,404
Operating Net Income (Note 3)	(1,028,862)	255,080	136,143	128,440	122,454
Annualized Operating Net Income (Note 3)	(4,115,448)	1,020,320	544,572	513,760	489,816
Operating Net Income (excluding integration costs) (Note 3)	(1,028,862)	290,051	136,143	182,242	169,099
Annualized Operating Net Income (excluding integration costs) (Note 3)	(4,115,448)	1,160,206	665,295	728,969	689,143
Annualized return on average common shareholders' equity	-39.7%	10.9%	5.6%	10.8%	2.4%
Annualized operating return on average common shareholders' equity (Note 3)	-39.2%	9.3%	5.0%	4.6%	4.2%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	-43.0%	10.1%	5.4%	5.1%	4.8%
Annualized operating return on common shareholders' equity excluding integration costs (Note 3)	-39.2%	10.5%	6.1%	6.5%	5.9%
Annualized operating return on common shareholders' equity excluding integration costs and AOCI (Note 3)	-43.0%	11.4%	6.5%	7.2%	6.8%

	At September 30, 2017	At June 30, 2017	At March 31, 2017	At December 31, 2016	At September 30, 2016
<b>Book Value per Common Share</b>					
Closing common shareholders' equity	\$ 9,939,847	\$ 11,080,553	\$ 10,974,885	\$ 10,938,512	\$ 11,612,166
Common shares outstanding (Note 4)	255,980,636	258,489,379	263,773,739	266,927,220	270,409,084
Dilutive impact of stock and options	3,736,712	4,369,403	3,233,867	4,297,570	3,644,978
Diluted shares outstanding	259,717,348	262,858,782	267,007,606	271,224,790	274,054,062
<b>Book value per common share</b>	<b>\$ 38.83</b>	<b>\$ 42.87</b>	<b>\$ 41.61</b>	<b>\$ 40.98</b>	<b>\$ 42.94</b>
<b>Fully diluted book value per common share</b>	<b>\$ 38.27</b>	<b>\$ 42.15</b>	<b>\$ 41.10</b>	<b>\$ 40.33</b>	<b>\$ 42.37</b>
<b>Fully diluted tangible book value per common share (Note 5)</b>	<b>\$ 29.70</b>	<b>\$ 33.71</b>	<b>\$ 32.83</b>	<b>\$ 32.21</b>	<b>\$ 34.22</b>

**Notes**

- Certain amounts have been reclassified to conform with the current period presentation.
- Accumulated other comprehensive income ("AOCI") consists primarily of unrealized (gain) loss on investments, net of tax, which is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.
- Operating net income is defined as net income (loss) attributable to common 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 our 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 ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our net (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, and (14) a provision (benefit) for income tax on items excluded from operating income. "Operating net income", "annualized operating net income" and "annualized operating return on average common shareholders' equity" including and excluding average AOCI, both inclusive and exclusive of integration costs, are non-GAAP financial measures. For further information see page 37 for Comment on Regulation G. A reconciliation of Operating net income (loss) to Net income (loss) is included on page 7.
- Common shares outstanding include all common shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Fully diluted tangible book value per common share is a non-GAAP financial measure which represents book value per common share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding common shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.

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

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

	<b>Nine Months Ended September 30, 2017</b>	<b>Nine Months Ended September 30, 2016</b> (Note 2)
<b>Revenues</b>		
Gross premiums written	\$ 11,366,927	\$ 10,811,152
Net premiums written	\$ 7,961,702	\$ 7,926,536
Net premiums earned - P&C operations	\$ 7,651,330	\$ 7,311,827
Net premiums earned - run-off Life operations	9,280	9,032
Net investment income - excluding Life Funds Withheld Assets (Note 2)	516,386	511,402
Net investment income - Life Funds Withheld Assets (Note 2)	95,599	119,643
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 2)	85,113	69,447
Net realized gains (losses) on investments sold - Life Funds Withheld Assets (Note 2)	83,131	108,541
Other-than temporary impairments on investments - Life Funds Withheld Assets (Note 2)	-	(2,598)
Net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 2)	(31,056)	165,653
Net realized and unrealized gains (losses) on derivative instruments	(28,409)	2,774
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	(116,359)	(691,432)
Net income (loss) from investment fund affiliates (Note 3)	126,735	20,756
Fee income and other	35,355	27,724
<b>Total revenues</b>	<b>\$ 8,427,105</b>	<b>\$ 7,652,769</b>
<b>Expenses</b>		
Net losses and loss expenses incurred - P&C operations	\$ 6,179,262	\$ 4,506,674
Claims and policy benefits - run-off Life operations	25,478	16,294
Acquisition costs	1,315,138	1,227,675
Operating expenses	1,350,172	1,546,360
Foreign exchange losses (gains)	46,038	(54,614)
Loss (Gain) on sale of subsidiary (Note 4)	-	(3,670)
(Gain) Loss on the early extinguishment of debt (Note 5)	1,582	-
Interest expense - debt and other	123,181	128,371
Interest expense - deposit liability accretion	15,467	29,115
<b>Total expenses</b>	<b>\$ 9,056,318</b>	<b>\$ 7,396,205</b>
Income (loss) before income (loss) from operating affiliates and income tax	\$ (629,213)	\$ 256,564
Income (loss) from operating affiliates (Note 3)	61,185	46,478
Provision (benefit) for income taxes	(18,034)	42,511
<b>Net income (loss)</b>	<b>\$ (589,994)</b>	<b>\$ 260,531</b>
Non-controlling interests	(39,232)	(124,263)
<b>Net income (loss) attributable to common shareholders</b>	<b>\$ (589,226)</b>	<b>\$ 136,268</b>
<b>Reconciliation of Non-GAAP Financial Information:</b>		
Net realized (gains) losses on investments sold - excluding Life Funds Withheld Assets (Note 2)	(85,113)	(69,447)
Net realized (gains) losses on investments sold - Life Funds Withheld Assets (Note 2)	(83,131)	(108,541)
OTTI on investments - Life Funds Withheld Assets (Note 2)	-	2,598
Net unrealized (gains) losses on investments, Trading - Life Funds Withheld Assets (Note 2)	31,056	(165,653)
Net realized and unrealized (gains) losses on derivatives	28,409	(2,774)
Net realized and unrealized (gains) losses on investments and derivatives related to the Company's insurance company affiliates	(2,025)	2,231
Net investment income - Life Funds Withheld Assets (Note 2)	(95,599)	(119,643)
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 2)	116,359	691,432
Loss (gain) on sale of subsidiary (Note 4)	-	(3,670)
Foreign exchange (gains) losses	46,038	(54,614)
(Gain) Loss from repurchase of preference ordinary shares (Note 6)	(14,290)	-
(Gain) Loss on the early extinguishment of debt (Note 5)	1,582	-
Provision (benefit) for income tax on items excluded from operating income	8,301	24,102
<b>Operating Net income (loss) (Note 7)</b>	<b>\$ (637,639)</b>	<b>\$ 332,289</b>

**Notes**

1. Certain amounts have been reclassified to conform with the current period presentation.
2. On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
3. Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively. The fair market values of certain of these alternative investments often take longer to obtain as compared to other of XL's investments and are therefore unavailable at the time of quarter close.
4. On September 30, 2016, the Company completed the sale of its wholly-owned subsidiary, XL Life Insurance and Annuity Company ("XLLIAC") and, as a result, recorded a \$3.7 million gain.
5. On July 7, 2017, the Company repurchased through a tender offer and canceled outstanding 5.5% Subordinated Notes due 2045 issued by XLIT with a net carrying value of \$16.3 million for \$17.9 million, inclusive of transaction costs. As a result of these repurchases, the Company recorded a loss of approximately \$1.6 million through "Extinguishment of debt" and interest expense of \$0.3 million in the Unaudited Consolidated Statements of Income.
6. During the quarter, the Company repurchased and canceled the outstanding Series D, Series E and the Non-Cumulative Preference Shares. As a result of these repurchases, the Company recorded a gain of \$14.3 million through "Non-controlling interests" in the Unaudited Consolidated Statements of Income.
7. Operating net income is defined as net income (loss) attributable to common 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 our 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 ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our net (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, and (14) a provision (benefit) for income tax on items excluded from operating income. "Operating net income" is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G. A reconciliation of Operating net income (loss) to Net income (loss) is included on page 7.

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

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

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
<b>Return on Common Shareholders' Equity</b>		
Opening shareholders' equity	\$ 12,960,679	\$ 13,654,463
Less: Non-controlling interest in equity of consolidated subsidiaries	(2,022,167)	(1,977,384)
Opening common shareholders' equity	10,938,512	11,677,079
Closing shareholders' equity	11,528,510	13,592,880
Less: Non-controlling interest in equity of consolidated subsidiaries	(1,588,663)	(1,980,714)
Closing common shareholders' equity	9,939,847	11,612,166
Average common shareholders' equity	10,439,180	11,644,623
Opening AOCI, net of tax	715,546	686,616
Closing AOCI, net of tax	968,928	1,519,805
Average AOCI, net of tax (Note 2)	842,237	1,103,211
Average common shareholders' equity excluding AOCI	9,596,943	10,541,413
Integration costs	69,051	107,104
Provision (benefit) for income tax on integration costs	(3,729)	40,724
Net income (loss) attributable to common shareholders	(589,226)	136,268
Annualized net income (loss) attributable to common shareholders	(785,635)	181,691
Operating Net Income (Note 3)	(637,639)	332,289
Annualized Operating Net Income (Note 3)	(850,185)	443,052
Operating Net Income (excluding integration costs) (Note 3)	(572,317)	480,117
Annualized Operating Net Income (excluding integration costs) (Note 3)	(763,089)	640,156
Annualized return on average common shareholders' equity	-7.5%	1.6%
Annualized operating return on average common shareholders' equity (Note 3)	-8.1%	3.8%
Annualized operating return on average common shareholders' equity excluding AOCI (Note 3)	-8.9%	4.2%
Annualized operating return on common shareholders' equity excluding integration costs (Note 3)	-7.3%	5.5%
Annualized operating return on common shareholders' equity excluding integration costs and AOCI (Note 3)	-8.0%	6.1%

	At September 30, 2017	At December 31, 2016
<b>Book Value per Common Share</b>		
Closing common shareholders' equity	\$ 9,939,847	\$ 10,938,512
Common shares outstanding (Note 4)	255,980,636	266,927,220
Dilutive impact of stock and options	3,736,712	4,297,570
Diluted shares outstanding	259,717,348	271,224,790
<b>Book value per common share</b>	<b>\$ 38.83</b>	<b>\$ 40.98</b>
<b>Fully diluted book value per common share</b>	<b>\$ 38.27</b>	<b>\$ 40.33</b>
<b>Fully diluted tangible book value per common share (Note 5)</b>	<b>\$ 29.70</b>	<b>\$ 32.21</b>

**Notes:**

- Certain amounts have been reclassified to conform with the current period presentation.
- Accumulated other comprehensive income ("AOCI") consists primarily of unrealized (gain) loss on investments, net of tax, which is the cumulative impact of mark to market fluctuations on our investment portfolio that have not been realized through sales.
- Operating net income is defined as net income (loss) attributable to common 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 our 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 ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our net (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, and (14) a provision (benefit) for income tax on items excluded from operating income. "Operating net income", "annualized operating net income" and "annualized operating return on average common shareholders' equity" including and excluding average AOCI, both inclusive and exclusive of integration costs are non-GAAP financial measures. For further information see page 37 for Comment on Regulation G.
- Common shares outstanding include all common shares legally issued and outstanding (as disclosed on the face of the balance sheet) as well as all director share units outstanding.
- Fully diluted tangible book value per common share is a non-GAAP financial measure which represents book value per common share (total shareholders' equity less non-controlling interest in equity of consolidated subsidiaries, goodwill and intangible assets, divided by the number of outstanding common shares combined with the dilutive impact of potential future share issues at any period end). XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.





## SEGMENT INFORMATION

### FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 2,311,090	\$ 704,641	\$ 3,015,731	\$ 59,830	\$ 3,075,561
Net premiums written	1,660,304	665,917	2,326,221	3,146	2,329,367
Net premiums earned	1,677,189	940,567	2,617,756	3,146	2,620,902
Net losses and loss expenses incurred	(1,724,755)	(1,341,968)	(3,066,723)	(10,592)	(3,077,315)
Acquisition expenses	(228,188)	(216,371)	(444,559)	(1,126)	(445,685)
Operating expenses (Note 2)	(269,727)	(63,723)	(333,450)	(186)	(333,636)
Underwriting (loss) profit	<u>\$ (545,481)</u>	<u>\$ (681,495)</u>	<u>\$ (1,226,976)</u>	<u>\$ (8,758)</u>	<u>\$ (1,235,734)</u>
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	152,132	7,533	159,665
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	30,796	30,796
Net investment results structured products (Note 4)	1,862	16,046	17,908	-	17,908
Net fee income and other (Note 5)	(1,578)	863	(715)	(1,304)	(2,019)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			32,618	(892)	31,726
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	11,548	11,548
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(31,662)	(31,662)
Net realized and unrealized gains (losses) on derivative instruments				(20,434)	(20,434)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				62,528	62,528
Foreign exchange (gains) losses				55,017	55,017
Corporate operating expenses				62,232	62,232
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ (1,025,033)</u>	<u>\$ (69,476)</u>	<u>\$ (1,094,509)</u>
Interest expense					(39,509)
Non-controlling interests					30,197
Income taxes					60,132
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ (1,043,689)</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	102.8%	142.7%	117.2%		
Underwriting expense ratio	29.7%	29.8%	29.7%		
Combined ratio	132.5%	172.5%	146.9%		
Total net prior year development	(8,811)	(22,051)	(30,862)		
Natural catastrophe losses (Note 7)	697,956	873,440	1,571,396		
Reinstatement premium	(18,324)	70,655	52,331		
Loss and loss expense ratio excluding net prior year development	103.4%	145.0%	118.3%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.1%	56.4%	59.5%		

#### Notes :

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$12.3 million and \$(5.6) million, respectively.
- Net fee income and other includes operating expenses of \$13.5 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Natural catastrophes include hurricanes Harvey, Irma and Maria and the Mexican Earthquakes.



## SEGMENT INFORMATION

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

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

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

**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 XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$13.5 million and \$10.6 million, respectively.
- Net fee income and other includes operating expenses of \$12.2 million from the Company's loss prevention consulting services business.
- 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 \$39.1 million of integration costs resulting from the Catlin Acquisition.
- Natural catastrophes include US Storms as well as development on Cyclone Debbie and March Peru Flooding.



## SEGMENT INFORMATION

### FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 2)	TOTAL
Gross premiums written	\$ 2,153,379	\$ 565,541	\$ 2,718,920	\$ 64,683	\$ 2,783,603
Net premiums written	1,615,132	518,166	2,133,298	2,360	2,135,658
Net premiums earned	1,653,461	778,216	2,431,677	2,360	2,434,037
Net losses and loss expenses incurred	(1,068,268)	(423,535)	(1,491,803)	(5,875)	(1,497,678)
Acquisition expenses	(221,137)	(181,749)	(402,886)	(1,002)	(403,888)
Operating expenses (Note 3)	(302,373)	(67,764)	(370,137)	(142)	(370,279)
Underwriting (loss) profit	<u>\$ 61,683</u>	<u>\$ 105,168</u>	<u>\$ 166,851</u>	<u>\$ (4,659)</u>	<u>\$ 162,192</u>
Net investment income - excluding Life Funds Withheld Assets (Note 4)	-	-	148,579	8,127	156,706
Net investment income - Life Funds Withheld Assets (Note 4)	-	-	-	38,937	38,937
Net investment results structured products (Note 5)	2,353	5,355	7,708	-	7,708
Net fee income and other (Note 6)	(4,486)	620	(3,866)	595	(3,271)
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 4)			60,401	(2,006)	58,395
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 4)				85,213	85,281
Net realized and unrealized (gains) losses on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets, net of tax (Note 4)				(225,610)	(225,610)
Net realized and unrealized gains (losses) on derivative instruments				5,490	5,490
Net income (loss) from investment fund affiliates and operating affiliates (Note 7)				24,566	24,566
Foreign exchange (gains) losses				(1,695)	(1,695)
Corporate operating expenses (Note 8)				126,308	126,308
Loss (Gain) on sale of subsidiary (Note 9)				(3,670)	(3,670)
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 379,741</u>	<u>\$ (190,290)</u>	<u>\$ 189,451</u>
Interest expense					(43,025)
Non-controlling interests					(58,076)
Income taxes					(17,749)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 70,601</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	64.6%	54.4%	61.3%		
Underwriting expense ratio	31.7%	32.1%	31.8%		
Combined ratio	96.3%	86.5%	93.1%		
Total net prior year development	(22,685)	(30,920)	(53,605)		
Natural catastrophe losses (Note 10)	71,157	27,986	99,143		
Reinstatement premium	-	1,777	1,777		
Loss and loss expense ratio excluding net prior year development	66.0%	58.4%	63.6%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.7%	54.9%	59.5%		

**Notes :**

- Certain amounts have been reclassified to conform with the current period presentation.
- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$14.1 million and \$6.4 million, respectively.
- Net fee income and other includes operating expenses of \$11.9 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Corporate operating expenses include approximately \$54.5 million of integration costs resulting from the Catlin Acquisition.
- On September 30, 2016, the Company completed the sale of its wholly-owned subsidiary, XLLIAC and as a result, recorded a \$3.7 million gain.
- Natural catastrophes include Louisiana Flooding, West Virginia Storm, Hurricane Hermine and US Storms.

## PREMIUMS BY LINE OF BUSINESS

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

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017				FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u> (Note 1)			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 472,900	\$ 77,229	\$ -	\$ 550,129	\$ 432,240	\$ 38,124	\$ -	\$ 470,364
Casualty	748,380	106,479	-	854,859	780,676	138,407	-	919,083
Property catastrophe	-	201,019	-	201,019	-	116,867	-	116,867
Property	530,670	213,454	-	744,124	454,467	191,981	-	646,448
Specialty	559,542	29,853	-	589,395	486,026	19,163	-	505,189
Other (Note 3)	(402)	76,607	-	76,205	(30)	60,999	-	60,969
<b>Total P&amp;C operations</b>	<b>2,311,090</b>	<b>704,641</b>	<b>-</b>	<b>3,015,731</b>	<b>2,153,379</b>	<b>565,541</b>	<b>-</b>	<b>2,718,920</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			25,469	25,469			29,397	29,397
Run-Off Life Operations - Other Life			34,361	34,361			35,286	35,286
<b>Total Corporate and Other</b>	<b>-</b>	<b>-</b>	<b>59,830</b>	<b>59,830</b>			<b>64,683</b>	<b>64,683</b>
<b>Total</b>	<b>\$ 2,311,090</b>	<b>\$ 704,641</b>	<b>\$ 59,830</b>	<b>\$ 3,075,561</b>	<b>\$ 2,153,379</b>	<b>\$ 565,541</b>	<b>\$ 64,683</b>	<b>\$ 2,783,603</b>
	<b><u>NET PREMIUMS WRITTEN</u></b>				<b><u>NET PREMIUMS WRITTEN</u></b> (Note 1)			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 339,943	\$ 73,349	\$ -	\$ 413,292	\$ 306,314	\$ 37,059	\$ -	\$ 343,373
Casualty	502,902	99,570	-	602,472	567,833	127,737	-	695,570
Property catastrophe	-	184,222	-	184,222	-	91,023	-	91,023
Property	382,565	206,472	-	589,037	374,334	183,247	-	557,581
Specialty	435,159	26,849	-	462,008	377,197	19,685	-	396,882
Other (Note 3)	(265)	75,455	-	75,190	(10,546)	59,415	-	48,869
<b>Total P&amp;C operations</b>	<b>1,660,304</b>	<b>665,917</b>	<b>-</b>	<b>2,326,221</b>	<b>1,615,132</b>	<b>518,166</b>	<b>-</b>	<b>2,133,298</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			-	-			(1)	(1)
Run-Off Life Operations - Other Life			3,146	3,146			2,361	2,361
<b>Total Corporate and Other</b>			<b>3,146</b>	<b>3,146</b>			<b>2,360</b>	<b>2,360</b>
<b>Total</b>	<b>\$ 1,660,304</b>	<b>\$ 665,917</b>	<b>\$ 3,146</b>	<b>\$ 2,329,367</b>	<b>\$ 1,615,132</b>	<b>\$ 518,166</b>	<b>\$ 2,360</b>	<b>\$ 2,135,658</b>
	<b><u>NET PREMIUMS EARNED</u></b>				<b><u>NET PREMIUMS EARNED</u></b> (Note 1)			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 328,253	\$ 58,304	\$ -	\$ 386,557	\$ 287,039	\$ 39,029	\$ -	\$ 326,068
Casualty	522,564	136,532	-	659,096	553,223	163,845	-	717,068
Property catastrophe	-	221,023	-	221,023	-	183,381	-	183,381
Property	390,156	278,651	-	668,807	414,888	263,324	-	678,212
Specialty	437,350	53,611	-	490,961	408,857	43,712	-	452,569
Other (Note 3)	(1,134)	192,446	-	191,312	(10,546)	84,925	-	74,379
<b>Total P&amp;C operations</b>	<b>1,677,189</b>	<b>940,567</b>	<b>-</b>	<b>2,617,756</b>	<b>1,653,461</b>	<b>778,216</b>	<b>-</b>	<b>2,431,677</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			-	-			-	-
Run-Off Life Operations - Other Life			3,146	3,146			2,360	2,360
<b>Total Corporate and Other</b>			<b>3,146</b>	<b>3,146</b>			<b>2,360</b>	<b>2,360</b>
<b>Total</b>	<b>\$ 1,677,189</b>	<b>\$ 940,567</b>	<b>\$ 3,146</b>	<b>\$ 2,620,902</b>	<b>\$ 1,653,461</b>	<b>\$ 778,216</b>	<b>\$ 2,360</b>	<b>\$ 2,434,037</b>

**Notes:**

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



# INSURANCE SEGMENT

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



	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	vs. Q2 17	vs. Q3 16
Gross premiums written	\$ 2,311,090	\$ 2,576,754	\$ 2,694,216	\$ 2,481,140	\$ 2,153,379	-10.3%	7.3%
Net premiums written	1,660,304	1,741,201	1,508,591	1,816,711	1,615,132	-4.6%	2.8%
Net premiums earned	1,677,189	1,652,304	1,635,315	1,707,440	1,653,461	1.5%	1.4%
Net losses incurred	(1,724,755)	(1,077,087)	(1,060,363)	(1,157,138)	(1,068,268)	60.1%	61.5%
Acquisition expenses	(228,188)	(231,908)	(210,483)	(218,299)	(221,137)	-1.6%	3.2%
Operating expenses (Note 2)	(269,727)	(288,681)	(285,729)	(301,960)	(302,373)	-6.6%	-10.8%
<b>Underwriting profit (loss)</b>	<b>\$ (545,481)</b>	<b>\$ 54,628</b>	<b>\$ 78,740</b>	<b>\$ 30,043</b>	<b>\$ 61,683</b>	NM	NM
<b>RATIOS</b>							
Loss and loss expense ratio	102.8%	65.2%	64.8%	67.8%	64.6%		
Acquisition expense ratio	13.6%	14.0%	12.9%	12.8%	13.4%		
Operating expense ratio	16.1%	17.5%	17.5%	17.6%	18.3%		
Combined ratio	132.5%	96.7%	95.2%	98.2%	96.3%		
Total net prior year development, strengthening (release)	\$ (8,811)	\$ (17,227)	\$ (4,642)	\$ (23,961)	\$ (22,685)		
Natural catastrophe losses	697,956	79,389	70,330	126,208	71,157		
Loss and loss expense ratio excluding net prior year development	103.4%	66.2%	65.1%	69.2%	66.0%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.1%	61.4%	60.8%	61.8%	61.7%		
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	90.4%	92.9%	91.2%	92.3%	93.3%		

**Notes:**

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

## REINSURANCE SEGMENT

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



	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	% Change Q3 17 vs. Q2 17	vs. Q3 16
Gross premiums written	\$ 704,641	\$ 977,676	\$ 1,927,390	\$ 535,456	\$ 565,541	-27.9%	24.6%
Net premiums written	665,917	905,240	1,471,169	496,421	518,166	-26.4%	28.5%
Net premiums earned	940,567	861,789	884,166	746,620	778,216	9.1%	20.9%
Net losses incurred	(1,341,968)	(451,996)	(523,093)	(409,023)	(423,535)	NM	NM
Acquisition expenses	(216,371)	(200,394)	(224,079)	(173,208)	(181,749)	8.0%	19.0%
Operating expenses (Note 3)	(63,723)	(69,435)	(71,757)	(68,012)	(67,764)	-8.2%	-6.0%
<b>Underwriting profit (loss)</b>	<b>\$ (681,495)</b>	<b>\$ 139,964</b>	<b>\$ 65,237</b>	<b>\$ 96,377</b>	<b>\$ 105,168</b>	NM	NM
<b>RATIOS</b>							
Loss and loss expense ratio	142.7%	52.4%	59.2%	54.8%	54.4%		
Acquisition expense ratio	23.0%	23.3%	25.3%	23.2%	23.4%		
Operating expense ratio	6.8%	8.1%	8.1%	9.1%	8.7%		
Combined ratio	172.5%	83.8%	92.6%	87.1%	86.5%		
Total net prior year development, strengthening (release)	\$ (22,051)	\$ (69,505)	\$ 28,646	\$ (81,934)	\$ (30,920)		
Natural catastrophe losses	873,440	13,032	25,745	123,746	27,986		
Reinstatement premium	70,655	273	0	3,856	1,777		
Loss and loss expense ratio excluding net prior year development	145.0%	60.5%	55.9%	65.8%	58.4%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	56.4%	59.0%	53.0%	49.4%	54.9%		
Combined ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	88.6%	90.3%	86.5%	81.9%	87.1%		

**Notes:**

1. A significant portion of XL's reinsurance business incepts in the first quarter. This should be considered when making certain comparisons of gross and net premiums written.
  2. Certain amounts have been reclassified to conform with the current period presentation.
  3. Operating expenses exclude corporate operating expenses.
- NM = Not meaningful

**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT ("PYD") AND NATURAL CATASTROPHES ("CATs")  
THREE MONTHS ENDED SEPTEMBER 30, 2017 vs SEPTEMBER 30, 2016**

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



	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017					FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016				
	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs (Note 1)	Excluding CATs and PYD	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs (Note 3)	Excluding CATs and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 2,311,090		\$ 2,311,090	-	\$ 2,311,090	\$ 2,153,379		\$ 2,153,379	-	\$ 2,153,379
Net premiums written	1,660,304		1,660,304	(18,324)	1,678,628	1,615,132		1,615,132	-	1,615,132
Net premiums earned	1,677,189		1,677,189	(18,324)	1,695,513	1,653,461		1,653,461	-	1,653,461
Net losses incurred	1,724,755	(8,811)	1,733,566	697,956	1,035,610	1,068,268	(22,685)	1,090,953	71,157	1,019,796
Acquisition expenses	228,188		228,188	-	228,188	221,137		221,137	-	221,137
Operating expenses	269,727		269,727	-	269,727	302,373		302,373	-	302,373
<b>Underwriting profit / (loss)</b>	<b>\$ (545,481)</b>	<b>\$ 8,811</b>	<b>\$ (554,292)</b>	<b>\$ (716,280)</b>	<b>\$ 161,988</b>	<b>\$ 61,683</b>	<b>\$ 22,685</b>	<b>\$ 38,998</b>	<b>\$ (71,157)</b>	<b>\$ 110,155</b>
<b>Loss Ratio</b>	<b>102.8%</b>		<b>103.4%</b>		<b>61.1%</b>	<b>64.6%</b>		<b>66.0%</b>		<b>61.7%</b>
<b>Combined Ratio</b>	<b>132.5%</b>		<b>133.0%</b>		<b>90.4%</b>	<b>96.3%</b>		<b>97.6%</b>		<b>93.3%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 704,641		\$ 704,641	90,219	\$ 614,422	\$ 565,541		\$ 565,541	1,934	\$ 563,607
Net premiums written	665,917		665,917	70,655	595,262	518,166		518,166	1,777	516,389
Net premiums earned	940,567		940,567	70,655	869,912	778,216		778,216	1,777	776,439
Net losses incurred	1,341,968	(22,051)	1,364,019	873,440	490,579	423,535	(30,920)	454,455	27,986	426,469
Acquisition expenses	216,371		216,371	-	216,371	181,749		181,749	-	181,749
Operating expenses	63,723		63,723	-	63,723	67,764		67,764	-	67,764
<b>Underwriting profit / (loss)</b>	<b>\$ (681,495)</b>	<b>\$ 22,051</b>	<b>\$ (703,546)</b>	<b>\$ (802,785)</b>	<b>\$ 99,239</b>	<b>\$ 105,168</b>	<b>\$ 30,920</b>	<b>\$ 74,248</b>	<b>\$ (26,209)</b>	<b>\$ 100,457</b>
<b>Loss Ratio</b>	<b>142.7%</b>		<b>145.0%</b>		<b>56.4%</b>	<b>54.4%</b>		<b>58.4%</b>		<b>54.9%</b>
<b>Combined Ratio</b>	<b>172.5%</b>		<b>174.8%</b>		<b>88.6%</b>	<b>86.5%</b>		<b>90.5%</b>		<b>87.1%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 3,015,731		\$ 3,015,731	90,219	\$ 2,925,512	\$ 2,718,920		\$ 2,718,920	1,934	\$ 2,716,986
Net premiums written	2,326,221		2,326,221	52,331	2,273,890	2,133,298		2,133,298	1,777	2,131,521
Net premiums earned	2,617,756		2,617,756	52,331	2,565,425	2,431,677		2,431,677	1,777	2,429,900
Net losses incurred	3,066,723	(30,862)	3,097,585	1,571,396	1,526,189	1,491,803	(53,605)	1,545,408	99,143	1,446,265
Acquisition expenses	444,559		444,559	-	444,559	402,886		402,886	-	402,886
Operating expenses	333,450		333,450	-	333,450	370,137		370,137	-	370,137
<b>Underwriting profit / (loss)</b>	<b>\$ (1,226,976)</b>	<b>\$ 30,862</b>	<b>\$ (1,257,838)</b>	<b>\$ (1,519,065)</b>	<b>\$ 261,227</b>	<b>\$ 166,851</b>	<b>\$ 53,605</b>	<b>\$ 113,246</b>	<b>\$ (97,366)</b>	<b>\$ 210,612</b>
<b>CATs attributable to non-controlling interest</b>				34,431					-	
<b>CATs net of non-controlling interest</b>				<b>\$ (1,484,634)</b>					<b>\$ (97,366)</b>	
<b>Loss Ratio</b>	<b>117.2%</b>		<b>118.3%</b>		<b>59.5%</b>	<b>61.3%</b>		<b>63.6%</b>		<b>59.5%</b>
<b>Combined Ratio</b>	<b>146.9%</b>		<b>148.1%</b>		<b>89.8%</b>	<b>93.1%</b>		<b>95.3%</b>		<b>91.3%</b>

**Notes:**

- 2017 Natural catastrophes include hurricanes Harvey, Irma and Maria and Mexican Earthquakes.
- Certain amounts have been reclassified to conform with the current period presentation.
- 2016 Natural catastrophes include Louisiana Flooding, West Virginia Storm, Hurricane Hermine and US Storms.

# SEGMENT INFORMATION

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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



	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 7,582,060	\$ 3,609,707	\$ 11,191,767	\$ 175,160	\$ 11,366,927
Net premiums written	\$ 4,910,096	\$ 3,042,326	\$ 7,952,422	\$ 9,280	\$ 7,961,702
Net premiums earned	\$ 4,964,808	\$ 2,686,522	\$ 7,651,330	\$ 9,280	\$ 7,660,610
Net losses and loss expenses incurred	(3,862,205)	(2,317,057)	(6,179,262)	(25,478)	(6,204,740)
Acquisition expenses	(670,579)	(640,844)	(1,311,423)	(3,715)	(1,315,138)
Operating expenses (Note 2)	(844,137)	(204,915)	(1,049,052)	(697)	(1,049,749)
Underwriting (loss) profit	<u>\$ (412,113)</u>	<u>\$ (476,294)</u>	<u>\$ (888,407)</u>	<u>\$ (20,610)</u>	<u>\$ (909,017)</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	95,599	95,599
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	454,257	22,917	477,174
Net investment results structured products (Note 4)	6,112	17,633	23,745	-	23,745
Net fee income and other (Note 5)	(2,437)	2,243	(194)	(1,607)	(1,801)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			-	52,075	52,075
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			94,589	(9,476)	85,113
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(116,359)	(116,359)
Net realized and unrealized gains (losses) on derivative instruments				(28,409)	(28,409)
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				187,920	187,920
Foreign exchange (gains) losses				46,038	46,038
Corporate operating expenses (Note 7)				263,267	263,267
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ (316,010)</u>	<u>\$ (128,837)</u>	<u>\$ (444,847)</u>
Interest expense					(123,181)
Non-controlling interests					(39,232)
Income tax					18,034
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ (589,226)</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	77.8%	86.2%	80.8%		
Underwriting expense ratio	30.5%	31.5%	30.8%		
Combined ratio	108.3%	117.7%	111.6%		
Total net prior year development	(30,680)	(62,910)	(93,590)		
Natural catastrophe losses (Note 8)	847,675	912,217	1,759,892		
Reinstatement premium	(18,324)	70,928	52,604		
Loss and loss expense ratio excluding net prior year development	78.4%	88.6%	82.0%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.1%	56.1%	59.4%		

**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 (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 \$39.2 million and \$15.5 million, respectively.
- Net fee income and other includes operating expenses of \$37.2 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Corporate operating expenses include approximately \$73.1 million of integration costs resulting from the Catlin Acquisition.
- Natural catastrophes include hurricanes Harvey, Irma and Maria, Mexican Earthquakes, US Storms, Cyclone Debbie and March Peru Flooding.





## SEGMENT INFORMATION

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

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

	INSURANCE	REINSURANCE	TOTAL P&C	CORPORATE AND OTHER (Note 1)	TOTAL
Gross premiums written	\$ 7,169,363	\$ 3,439,650	\$ 10,609,013	\$ 202,139	\$ 10,811,152
Net premiums written	\$ 4,899,258	\$ 3,018,246	\$ 7,917,504	\$ 9,032	\$ 7,926,536
Net premiums earned	\$ 4,944,055	\$ 2,367,772	\$ 7,311,827	\$ 9,032	\$ 7,320,859
Net losses and loss expenses incurred	(3,163,599)	(1,343,075)	(4,506,674)	(16,294)	(4,522,968)
Acquisition expenses	(679,009)	(544,380)	(1,223,389)	(4,286)	(1,227,675)
Operating expenses (Note 2)	(922,273)	(215,258)	(1,137,531)	(765)	(1,138,296)
Underwriting (loss) profit	<u>\$ 179,174</u>	<u>\$ 265,059</u>	<u>\$ 444,233</u>	<u>\$ (12,313)</u>	<u>\$ 431,920</u>
Net investment income - Life Funds Withheld Assets (Note 3)	-	-	-	119,643	119,643
Net investment income - excluding Life Funds Withheld Assets (Note 3)	-	-	446,352	24,185	470,537
Net investment results structured products (Note 4)	6,340	5,397	11,737	-	11,737
Net fee income and other (Note 5)	(12,097)	2,705	(9,392)	1,068	(8,324)
Net realized gains (losses) on investments and net unrealized gains (losses) on investments, Trading - Life Funds Withheld Assets (Note 3)			(3)	271,599	271,596
Net realized gains (losses) on investments sold - excluding Life Funds Withheld Assets (Note 3)			77,189	(7,742)	69,447
Net realized and unrealized gains (losses) on life retrocession embedded derivative and derivative instruments - Life Funds Withheld Assets (Note 3)				(691,432)	(691,432)
Net realized and unrealized gains (losses) on derivative instruments				2,774	2,774
Net income (loss) from investment fund affiliates and operating affiliates (Note 6)				67,234	67,234
Gain on sale of operating affiliate				-	-
Foreign exchange (gains) losses				(54,614)	(54,614)
Corporate operating expenses (Note 7)				372,003	372,003
Loss (Gain) on sale of subsidiary (Note 8)				(3,670)	(3,670)
<b>Contribution from P&amp;C and Corporate and other</b>			<u>\$ 970,116</u>	<u>\$ (538,703)</u>	<u>\$ 431,413</u>
Interest expense (Note 9)					(128,371)
Non-controlling interests					(124,263)
Income taxes					(42,511)
<b>Net (loss) income attributable to XL Group Ltd</b>					<u>\$ 136,268</u>
<b>Ratios - P&amp;C operations:</b>					
Loss and loss expense ratio	64.0%	56.7%	61.6%		
Underwriting expense ratio	32.4%	32.1%	32.3%		
Combined ratio	96.4%	88.8%	93.9%		
Total net prior year development	(67,498)	(128,149)	(195,647)		
Natural catastrophe losses (Note 10)	203,670	204,524	408,194		
Reinstatement premium	-	17,956	17,956		
Loss and loss expense ratio excluding net prior year development	65.4%	62.1%	64.3%		
Loss and loss expense ratio excluding net prior year development, natural catastrophe losses and reinstatement premium	61.2%	53.9%	58.9%		

#### Notes :

- Corporate and Other includes the Company's run-off Life operations.
- Operating expenses exclude corporate operating expenses, shown separately.
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The net investment results from structured products include net investment income and interest expense of \$40.9 million and \$29.1 million, respectively.
- Net fee income and other includes operating expenses of \$36.0 million from the Company's loss prevention consulting services business.
- Income related to the alternative funds and to the private investment and operating fund affiliates on a one-month and three-month lag, respectively.
- Operating expenses includes \$161.6 million of integration costs resulting from the Catlin acquisition. See pages 9 - 11 for split of segment and corporate operating expenses. See pages 15 - 16 for split of segment and corporate operating expenses.
- On September 30, 2016, the Company completed the sale of its wholly-owned subsidiary, XLLIAC and as a result, recorded a \$3.7 million gain.
- Excludes interest expense related to deposit liabilities recorded in the Insurance and Reinsurance segments.
- 2016 Natural catastrophes include Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japan, Taiwan and Ecuador Earthquakes, US Storms, Louisiana Flooding, West Virginia Storm and Hurricane Hermine.

## PREMIUMS BY LINE OF BUSINESS

(U.S. Dollars in thousands)

(Unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017				FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016			
	<u>GROSS PREMIUMS WRITTEN</u>				<u>GROSS PREMIUMS WRITTEN</u>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 1,347,753	\$ 237,454	\$ -	\$ 1,585,207	\$ 1,226,425	\$ 129,749	\$ -	\$ 1,356,174
Casualty	2,553,374	564,665	-	3,118,039	2,417,786	677,419	-	3,095,205
Property catastrophe		989,424	-	989,424		969,628	-	969,628
Property	1,862,262	1,198,828	-	3,061,090	1,813,244	1,054,229	-	2,867,473
Specialty	1,817,939	201,859	-	2,019,798	1,713,595	198,756	-	1,912,351
Other (Note 3)	732	417,477	-	418,209	(1,687)	409,869	-	408,182
<b>Total P&amp;C operations</b>	<b>7,582,060</b>	<b>3,609,707</b>		<b>11,191,767</b>	<b>7,169,363</b>	<b>3,439,650</b>	<b>-</b>	<b>10,609,013</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			79,084	79,084			93,115	93,115
Run-Off Life Operations - Other Life			96,076	96,076			109,024	109,024
<b>Total Corporate and Other</b>			<b>175,160</b>	<b>175,160</b>			<b>202,139</b>	<b>202,139</b>
<b>Total</b>	<b>\$ 7,582,060</b>	<b>\$ 3,609,707</b>	<b>\$ 175,160</b>	<b>\$ 11,366,927</b>	<b>\$ 7,169,363</b>	<b>\$ 3,439,650</b>	<b>\$ 202,139</b>	<b>\$ 10,811,152</b>
	<b><u>NET PREMIUMS WRITTEN</u></b>				<b><u>NET PREMIUMS WRITTEN</u></b>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 886,051	\$ 225,223	\$ -	\$ 1,111,274	\$ 814,725	\$ 128,510	\$ -	\$ 943,235
Casualty	1,517,528	526,354	-	2,043,882	1,601,104	640,463	-	2,241,567
Property catastrophe		646,731	-	646,731		744,410	-	744,410
Property	1,186,235	1,082,781	-	2,269,016	1,191,602	948,036	-	2,139,638
Specialty	1,319,835	173,079	-	1,492,914	1,293,490	177,163	-	1,470,653
Other (Note 3)	447	388,158	-	388,605	(1,663)	379,664	-	378,001
<b>Total P&amp;C operations</b>	<b>4,910,096</b>	<b>3,042,326</b>		<b>7,952,422</b>	<b>4,899,258</b>	<b>3,018,246</b>	<b>-</b>	<b>7,917,504</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			-	-			-	-
Run-Off Life Operations - Other Life			9,280	9,280			9,032	9,032
<b>Total Corporate and Other</b>			<b>9,280</b>	<b>9,280</b>			<b>9,032</b>	<b>9,032</b>
<b>Total</b>	<b>\$ 4,910,096</b>	<b>\$ 3,042,326</b>	<b>\$ 9,280</b>	<b>\$ 7,961,702</b>	<b>\$ 4,899,258</b>	<b>\$ 3,018,246</b>	<b>\$ 9,032</b>	<b>\$ 7,926,536</b>
	<b><u>NET PREMIUMS EARNED</u></b>				<b><u>NET PREMIUMS EARNED</u></b>			
	Insurance	Reinsurance	Corporate and Other (Note 2)	Total	Insurance	Reinsurance	Corporate and Other (Note 2)	Total
<b>P&amp;C Operations:</b>								
Professional	\$ 939,809	\$ 165,534	\$ -	\$ 1,105,343	\$ 884,081	\$ 121,982	\$ -	\$ 1,006,063
Casualty	1,595,356	442,793	-	2,038,149	1,636,808	510,031	-	2,146,839
Property catastrophe		533,486	-	533,486		602,995	-	602,995
Property	1,185,946	837,490	-	2,023,436	1,137,609	777,993	-	1,915,602
Specialty	1,243,137	137,913	-	1,381,050	1,287,221	125,717	-	1,412,938
Other (Note 3)	560	569,306	-	569,866	(1,664)	229,054	-	227,390
<b>Total P&amp;C operations</b>	<b>4,964,808</b>	<b>2,686,522</b>		<b>7,651,330</b>	<b>4,944,055</b>	<b>2,367,772</b>	<b>-</b>	<b>7,311,827</b>
<b>Corporate and Other :</b>								
Run-Off Life Operations - Annuity			-	-			1	1
Run-Off Life Operations - Other Life			9,280	9,280			9,031	9,031
<b>Total Corporate and Other</b>			<b>9,280</b>	<b>9,280</b>			<b>9,032</b>	<b>9,032</b>
<b>Total</b>	<b>\$ 4,964,808</b>	<b>\$ 2,686,522</b>	<b>\$ 9,280</b>	<b>\$ 7,660,610</b>	<b>\$ 4,944,055</b>	<b>\$ 2,367,772</b>	<b>\$ 9,032</b>	<b>\$ 7,320,859</b>

**Notes:**

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



**SUMMARY OF FINANCIAL IMPACT OF PRIOR YEAR DEVELOPMENT AND NATURAL CATASTROPHES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 vs SEPTEMBER 30, 2016**

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

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017					FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (Note 2)				
	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs (Note 1)	Excluding CATs and PYD	Including CATs & PYD	PYD	Excluding PYD but incl. CATs	CATs (Note 3)	Excluding CATs and PYD
<b>INSURANCE</b>										
Gross premiums written	\$ 7,582,060		\$ 7,582,060	-	\$ 7,582,060	\$ 7,169,363		\$ 7,169,363	-	\$ 7,169,363
Net premiums written	4,910,096		4,910,096	(18,324)	4,928,420	4,899,258		4,899,258	-	4,899,258
Net premiums earned	4,964,808		4,964,808	(18,324)	4,983,132	4,944,055		4,944,055	-	4,944,055
Net losses incurred	3,862,205	(30,680)	3,892,885	847,675	3,045,210	3,163,599	(67,498)	3,231,097	203,670	3,027,427
Acquisition expenses	670,579		670,579	-	670,579	679,009		679,009	-	679,009
Operating expenses	844,137		844,137	-	844,137	922,273		922,273	-	922,273
<b>Underwriting profit / (loss)</b>	<b>\$ (412,113)</b>	<b>\$ 30,680</b>	<b>\$ (442,793)</b>	<b>\$ (865,999)</b>	<b>\$ 423,206</b>	<b>\$ 179,174</b>	<b>\$ 67,498</b>	<b>\$ 111,676</b>	<b>\$ (203,670)</b>	<b>\$ 315,346</b>
<b>Loss Ratio</b>	<b>77.8%</b>		<b>78.4%</b>		<b>61.1%</b>	<b>64.0%</b>		<b>65.4%</b>		<b>61.2%</b>
<b>Combined Ratio</b>	<b>108.3%</b>		<b>108.9%</b>		<b>91.5%</b>	<b>96.4%</b>		<b>97.7%</b>		<b>93.6%</b>
<b>REINSURANCE</b>										
Gross premiums written	\$ 3,609,707		\$ 3,609,707	90,499	\$ 3,519,208	\$ 3,439,650		\$ 3,439,650	19,369	\$ 3,420,281
Net premiums written	3,042,326		3,042,326	70,928	2,971,398	3,018,246		3,018,246	17,956	3,000,290
Net premiums earned	2,686,522		2,686,522	70,928	2,615,594	2,367,772		2,367,772	17,956	2,349,816
Net losses incurred	2,317,057	(62,910)	2,379,967	912,217	1,467,750	1,343,075	(128,149)	1,471,224	204,524	1,266,700
Acquisition expenses	640,844		640,844	-	640,844	544,380		544,380	-	544,380
Operating expenses	204,915		204,915	-	204,915	215,258		215,258	-	215,258
<b>Underwriting profit / (loss)</b>	<b>\$ (476,294)</b>	<b>\$ 62,910</b>	<b>\$ (539,204)</b>	<b>\$ (841,289)</b>	<b>\$ 302,085</b>	<b>\$ 265,059</b>	<b>\$ 128,149</b>	<b>\$ 136,910</b>	<b>\$ (186,568)</b>	<b>\$ 323,478</b>
<b>Loss Ratio</b>	<b>86.2%</b>		<b>88.6%</b>		<b>56.1%</b>	<b>56.7%</b>		<b>62.1%</b>		<b>53.9%</b>
<b>Combined Ratio</b>	<b>117.7%</b>		<b>120.1%</b>		<b>88.5%</b>	<b>88.8%</b>		<b>94.2%</b>		<b>86.2%</b>
<b>TOTAL</b>										
Gross premiums written	\$ 11,191,767		\$ 11,191,767	90,499	\$ 11,101,268	\$ 10,609,013		\$ 10,609,013	19,369	\$ 10,589,644
Net premiums written	7,952,422		7,952,422	52,604	7,899,818	7,917,504		7,917,504	17,956	7,899,548
Net premiums earned	7,651,330		7,651,330	52,604	7,598,726	7,311,827		7,311,827	17,956	7,293,871
Net losses incurred	6,179,262	(93,590)	6,272,852	1,759,892	4,512,960	4,506,674	(195,647)	4,702,321	408,194	4,294,127
Acquisition expenses	1,311,423		1,311,423	-	1,311,423	1,223,389		1,223,389	-	1,223,389
Operating expenses	1,049,052		1,049,052	-	1,049,052	1,137,531		1,137,531	-	1,137,531
<b>Underwriting profit / (loss)</b>	<b>\$ (888,407)</b>	<b>\$ 93,590</b>	<b>\$ (981,997)</b>	<b>\$ (1,707,288)</b>	<b>\$ 725,291</b>	<b>\$ 444,233</b>	<b>\$ 195,647</b>	<b>\$ 248,586</b>	<b>\$ (390,238)</b>	<b>\$ 638,824</b>
<b>CATs attributable to non-controlling interest</b>				34,431					-	
<b>CATs net of non-controlling interest</b>				<b>\$ (1,672,857)</b>				<b>\$ (390,238)</b>		
<b>Loss Ratio</b>	<b>80.8%</b>		<b>82.0%</b>		<b>59.4%</b>	<b>61.6%</b>		<b>64.3%</b>		<b>58.9%</b>
<b>Combined Ratio</b>	<b>111.6%</b>		<b>112.8%</b>		<b>90.5%</b>	<b>93.9%</b>		<b>96.6%</b>		<b>91.2%</b>

**Notes:**

- 2017 Natural catastrophes include hurricanes Harvey, Irma and Maria, Mexican Earthquakes, US Storms, Cyclone Debbie and March Peru Flooding.
- Certain amounts have been reclassified to conform with the current period presentation.
- 2016 Natural catastrophes include Fort McMurray Wildfire, April Texas Hailstorm, May European Storms and Flooding, Japan, Taiwan and Ecuador Earthquakes, US Storms, Louisiana Flooding, West Virginia Storm and Hurricane Hermine.



## EFFECTIVE TAX RATE ANALYSIS

(U.S. Dollars in thousands)

(Unaudited)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017				FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017			
	Profit/(loss) before tax	Tax Expense /(Benefit)	Net Income/ (Loss)	Effective Tax Rate	Profit/(loss) before tax	Tax Expense /(Benefit)	Net Income/ (Loss)	Effective Tax Rate
Net Income (loss)	\$ (1,134,018)	\$ (60,132)	\$ (1,073,886)	5.3%	\$ (568,028)	\$ (18,034)	\$ (549,994)	3.2%
Non-controlling interests	30,197		30,197		(39,232)		(39,232)	
Net Income (loss) attributable to common shareholders (Note 1)	<u>(1,103,821)</u>	<u>(60,132)</u>	<u>(1,043,689)</u>	<u>5.4%</u>	<u>(607,260)</u>	<u>(18,034)</u>	<u>(589,226)</u>	<u>3.0%</u>
Adjustments to Net Income (loss) (Note 2)	20,246	20,319	(73)	100.4%	(56,714)	22,699	(79,413)	-40.0%
Operating Net Income (loss), excluding impact of discrete tax adj (Note 3)	<u>(1,083,575)</u>	<u>(39,813)</u>	<u>(1,043,762)</u>	<u>3.7%</u>	<u>(663,974)</u>	<u>4,665</u>	<u>(668,639)</u>	<u>-0.7%</u>
Discrete Tax Expense/(Benefit) Adjustments		(14,900)	14,900			(31,000)	31,000	
Operating Net Income (loss), including impact of discrete tax adj (Note 3)	<u>\$ (1,083,575)</u>	<u>\$ (54,713)</u>	<u>\$ (1,028,862)</u>	<u>5.0%</u>	<u>\$ (663,974)</u>	<u>\$ (26,335)</u>	<u>\$ (637,639)</u>	<u>4.0%</u>

**Note:**

1. After reduction for non-controlling interest expense.

2. Adjustments to Net Income represents the reconciliation of non-GAAP financial information.

3. Operating net income is defined as net income (loss) attributable to common 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 our 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 ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, and (14) a provision (benefit) for income tax on items excluded from operating income. "Operating net income" is a non-GAAP financial measure. For further information see page 37 for Comment on Regulation G. A reconciliation of Operating net income (loss) to Net income (loss) is included on page 7.





# BALANCE SHEETS



## CONSOLIDATED BALANCE SHEETS

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

(Unaudited)

(Note 1)

	At September 30, 2017	At June 30, 2017	At March 31, 2017	At December 31, 2016	At September 30, 2016
<b>Assets</b>					
Fixed maturities, available for sale at fair value (Note 2)	\$ 31,675,509	\$ 30,810,724	\$ 30,651,790	\$ 30,256,602	\$ 31,934,135
Equity securities, at fair value (Note 3)	1,011,942	1,174,500	1,094,509	1,037,331	1,038,165
Short-term investments, at fair value (Note 4)	336,054	617,894	260,153	625,193	652,772
Total investments available for sale	33,023,505	32,603,118	32,006,452	31,919,126	33,625,072
Fixed maturities, at fair value (Note 5)	1,866,465	1,772,877	1,700,108	1,617,014	1,608,882
Short-term investments, at fair value (Note 6)	9,361	-	754	9,563	24,169
Total investments - trading	1,875,826	1,772,877	1,700,862	1,626,577	1,633,051
Investments in affiliates	2,100,378	2,127,115	2,172,611	2,177,645	2,118,489
Other investments	1,145,588	1,126,741	1,150,492	1,164,564	1,260,938
Total investments	38,145,297	37,629,851	37,030,417	36,887,912	38,637,550
Cash and cash equivalents	3,030,088	3,133,822	3,352,651	3,426,988	3,393,277
Restricted cash	159,627	181,230	160,523	153,504	150,118
Accrued investment income	270,211	270,730	262,237	284,366	285,504
Deferred acquisition costs and value of business acquired	1,073,343	1,143,671	1,161,159	946,721	989,733
Ceded unearned premiums	2,311,619	2,566,652	2,501,294	1,687,864	1,917,127
Premiums receivable	7,078,700	6,973,206	6,746,116	5,522,976	5,925,969
Reinsurance balances receivable	1,079,821	755,511	641,720	577,479	524,343
Unpaid losses and loss expenses recoverable	6,962,787	5,858,369	5,685,623	5,491,297	5,481,882
Net receivable from investments sold	195,837	442,339	95,344	128,411	105,781
Goodwill and other intangible assets	2,227,014	2,219,390	2,208,612	2,203,653	2,234,071
Deferred tax assets	301,322	293,219	302,301	310,542	219,905
Other assets	954,542	914,260	876,622	812,389	906,790
<b>Total assets</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>	<b>\$ 61,024,619</b>	<b>\$ 58,434,102</b>	<b>\$ 60,772,050</b>
<b>Liabilities</b>					
Unpaid losses and loss expenses	\$ 29,988,337	\$ 26,822,346	\$ 26,445,124	\$ 25,939,571	\$ 26,170,383
Deposit liabilities	1,030,290	1,123,628	1,121,194	1,116,233	1,138,789
Future policy benefit reserves	3,656,859	3,591,573	3,520,069	3,506,047	3,721,451
Funds withheld liability on GreyCastle life retro arrangements, net of future policy benefit reserves recoverable (Note 7)	920,571	918,304	954,327	998,968	1,283,055
Unearned premiums	8,344,536	8,848,374	8,581,973	7,293,028	7,724,957
Notes payable and debt	3,210,063	3,207,339	2,648,353	2,647,677	2,647,000
Reinsurance balances payable	3,706,120	3,428,302	3,325,748	2,451,717	2,698,185
Net payable for investments purchased	273,449	268,771	211,880	226,009	370,456
Deferred tax liabilities	107,157	97,879	89,862	77,271	108,996
Other liabilities	1,024,316	973,326	1,125,462	1,216,902	1,315,898
<b>Total liabilities</b>	<b>\$ 52,261,698</b>	<b>\$ 49,279,842</b>	<b>\$ 48,023,992</b>	<b>\$ 45,473,423</b>	<b>\$ 47,179,170</b>
<b>Commitments and contingencies</b>					
<b>Shareholders' equity</b>					
Common shares, par value \$0.01 (Note 8)	\$ 2,560	\$ 2,586	\$ 2,637	\$ 2,669	\$ 2,704
Additional paid in capital	7,741,545	7,790,913	7,934,161	8,068,503	8,165,141
Accumulated other comprehensive income (loss)	968,928	921,166	844,975	715,546	1,519,805
Retained earnings (deficit)	1,226,814	2,365,888	2,193,112	2,151,794	1,924,516
Shareholders' equity attributable to XL Group Ltd	9,939,847	11,080,553	10,974,885	10,938,512	11,612,166
Non-controlling interest in equity of consolidated subsidiaries	1,588,663	2,021,855	2,025,742	2,022,167	1,980,714
<b>Total shareholders' equity</b>	<b>\$ 11,528,510</b>	<b>\$ 13,102,408</b>	<b>\$ 13,000,627</b>	<b>\$ 12,960,679</b>	<b>\$ 13,592,880</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 63,790,208</b>	<b>\$ 62,382,250</b>	<b>\$ 61,024,619</b>	<b>\$ 58,434,102</b>	<b>\$ 60,772,050</b>

### Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- Fixed maturities, available for sale at amortized cost: September 30, 2017 - \$30,822,936; June 30, 2017 - \$30,012,097; March 31, 2017 - \$29,923,912; December 31, 2016 - \$29,587,656; September 30, 2016 - \$30,402,019
- Equity securities at cost: September 30, 2017 - \$920,130; June 30, 2017 - \$1,094,494; March 31, 2017 - \$1,017,172; December 31, 2016 - \$996,610; September 30, 2016 - \$968,040
- Short-term investments at amortized cost: September 30, 2017 - \$336,071; June 30, 2017 - \$617,866; March 31, 2017 - \$260,407; December 31, 2016 - \$626,142; September 30, 2016 - \$655,792
- Fixed maturities at amortized cost: September 30, 2017 - \$1,823,406; June 30, 2017 - \$1,724,250; March 31, 2017 - \$1,631,045; December 31, 2016 - \$1,548,178; September 30, 2016 - \$1,480,434
- Short-term trading investments at amortized cost: September 30, 2017 - \$9,362; June 30, 2017 - \$0; March 31, 2017 - \$742; December 31, 2016 - \$9,536; September 30, 2016 - \$24,179
- On May 1, 2014, our wholly-owned subsidiary XLIB (on June 9, 2016, XLIB and XL Re Ltd amalgamated to form XL Bermuda Ltd), entered into a sale and purchase agreement with GreyCastle providing for the sale of 100% of the common shares of XLIB's wholly-owned subsidiary XLLR for \$570 million in cash. This transaction was completed on May 30, 2014. As a result of the transaction, we have ceded the majority of our life reinsurance business to XLLR via the GreyCastle Life Retro Arrangements. The Life Funds Withheld Assets are included within "Total investments available for sale" and "Fixed maturities, trading at fair value" on our balance sheet. Investment results for these assets - including interest income, unrealized gains and losses, and gains and losses from sales - are passed directly to the reinsurer pursuant to a contractual arrangement which is accounted for as a derivative.
- The authorized share capital of XL Bermuda is \$999,990,000, divided into 500,000,000 common shares, par value \$0.01 and 499,990,000 shares, par value \$0.01. Common Shares issued and outstanding: September 30, 2017 - 255,980,636; June 30, 2017 - 258,611,313; March 31, 2017 - 263,735,436; December 31, 2016 - 266,889,127; September 30, 2016 - 270,371,192

## SUPPLEMENTARY CAPITAL INFORMATION

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



	At September 30, 2017 In Use	At June 30, 2017 In Use	At March 31, 2017 In Use	At December 31, 2016 In Use	September 30, 2016 In Use
Maturity	Commitment				
<b>Debt</b>					
2.30% Senior Notes	2018	300	299	299	299
5.75% Senior Notes	2021	400	398	398	398
6.375% Senior Notes	2024	350	349	349	349
4.45% Subordinated Notes	2025	500	494	494	493
6.25% Senior Notes	2027	325	323	323	323
5.25% Senior Notes	2043	300	297	296	296
5.5% Subordinated Notes (Note 4)	2045	483	473	489	489
3.25% Subordinated Notes (Note 5)	2047	587	577	-	-
<b>Total debt</b>		<b>\$ 3,245</b>	<b>\$ 3,210</b>	<b>\$ 2,648</b>	<b>\$ 2,647</b>
Adjustment to carrying value - impact of fair value hedges and other		0	1	0	1
<b>Total debt per consolidated balance sheet</b>		<b>\$ 3,210</b>	<b>\$ 3,207</b>	<b>\$ 2,648</b>	<b>\$ 2,647</b>
<b>Shareholders' Capital</b>					
Common shares - capital and surplus		\$ 7,744	\$ 7,793	\$ 7,937	\$ 8,071
AOCI		969	921	845	716
Retained Earnings		1,227	2,366	2,193	2,152
Non-controlling interests - Series D preference ordinary shares of XLIT (Note 6)		287	345	345	345
Non-controlling interests - Series E preference ordinary shares of XLIT (Note 6)		670	1,000	1,000	1,000
Non-controlling interests - preference shares of Catlin-Bermuda (Note 6)		519	562	562	562
Non-controlling interests - Other		113	115	119	115
<b>Total shareholders' capital</b>		<b>\$ 11,529</b>	<b>\$ 13,102</b>	<b>\$ 13,001</b>	<b>\$ 12,961</b>
<b>Total capital (total debt plus total shareholders' capital)</b>		<b>\$ 14,739</b>	<b>\$ 16,310</b>	<b>\$ 15,649</b>	<b>\$ 16,240</b>
<b>Debt to total capital</b>		21.8%	19.7%	16.9%	17.0%

### Notes:

- Certain amounts have been reclassified to conform with the current period presentation.
- "In Use" data represents accreted values.
- Excluded from the table are revolving credit capacity of \$750.0 million at September 30, 2017 and at June 30, 2017, \$1.0 billion at March 31, 2017, \$1.0 billion at December 31, 2016, and \$1.1 billion at September 30, 2016. The amounts of this capacity for revolving loans utilized to issue letters of credit were \$2.0 million at September 30, 2017, \$44.7 million at June 30, 2017, \$287.7 million at March 31, 2017, \$245.0 million at December 31, 2016 and \$501.5 million at September 30, 2016, thus leaving available amounts of \$748.0 million at September 2017, \$705.3 million at June 30 2017, \$712.3 million at March 31, 2017, \$755.0 million at December 31, 2016, and \$598.5 million at September 30, 2016.
- On July 7, 2017, the Company repurchased through a tender offer and canceled outstanding 5.5% Subordinated Notes due 2045 issued by XLIT with a net carrying value of \$16.3 million for \$17.9 million, inclusive of transaction costs.
- Debt issued in Euro denominated subordinated notes.
- During the quarter, the Company repurchased and canceled the outstanding Series D, Series E and the Non-Cumulative Preference Shares.

# RECOVERABLE AND REINSURANCE BALANCES RECEIVABLE BY REINSURER

(U.S. dollars in thousands)

(Note 1)

(Unaudited)



	At September 30, 2017	At June 30, 2017	At March 31, 2017	At December 31, 2016	At September 30, 2016
Unpaid losses and loss expenses recoverable	\$ 6,962,787	\$ 5,858,369	\$ 5,685,623	\$ 5,491,297	\$ 5,481,882
Reinsurance balances receivable	1,079,821	755,511	641,720	577,479	524,343
Total recoverable and reinsurance balances receivable (Note 2)	<u>\$ 8,042,608</u>	<u>\$ 6,613,880</u>	<u>\$ 6,327,343</u>	<u>\$ 6,068,776</u>	<u>\$ 6,006,225</u>

The following is an analysis at June 30, 2017 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	23.6%
Lloyd's Syndicates	A+/Stable	17.6%
Swiss Reinsurance Co.	AA-/Stable	7.5%
Transatlantic Reinsurance Company	A+/Stable	3.7%
Arch Reinsurance Company	A+/Negative	3.7%

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

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

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

**Notes:**

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

2. XL had a reserve for potential non-recoveries from reinsurers of \$52.3 million at September 30, 2017, \$52.0 million at June 30, 2017, \$50.5 million at March 31, 2017, \$51.2 million at December 31, 2016 and \$53.4 million at September 30, 2016.





# 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  
September 30, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,839	\$ (570)	\$ 1,269	41.4%
Change in unpaid loss reserves	2,867	(1,069)	1,798	
Included losses	\$ 4,706	\$ (1,639)	\$ 3,067	
PYD			\$ (31)	
Included losses excluding PYD			3,098	41.0%

For the nine months ended  
September 30, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 5,411	\$ (1,252)	\$ 4,159	67.3%
Change in unpaid loss reserves	3,395	(1,375)	2,020	
Included losses	\$ 8,806	\$ (2,627)	\$ 6,179	
PYD			\$ (94)	
Included losses excluding PYD			6,273	66.3%

For the three months ended  
June 30, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,926	\$ (363)	\$ 1,563	102.2%
Change in unpaid loss reserves	93	(127)	(34)	
Included losses	\$ 2,019	\$ (490)	\$ 1,529	
PYD			\$ (87)	
Included losses excluding PYD			1,616	96.7%

For the six months ended  
June 30, 2017

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 3,572	\$ (681)	\$ 2,891	92.9%
Change in unpaid loss reserves	528	(307)	221	
Included losses	\$ 4,100	\$ (988)	\$ 3,112	
PYD			\$ (63)	
Included losses excluding PYD			3,175	91.1%

For the three months ended  
September 30, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 1,799	\$ (378)	\$ 1,421	95.2%
Change in unpaid loss reserves	138	(67)	71	
Included losses	\$ 1,937	\$ (445)	\$ 1,492	
PYD			\$ (54)	
Included losses excluding PYD			1,546	91.9%

For the nine months ended  
September 30, 2016

	GROSS	RECOVERIES	NET	Paid to incurred %
--	-------	------------	-----	-----------------------

Paid	\$ 4,962	\$ (1,126)	\$ 3,836	85.1%
Change in unpaid loss reserves	848	(177)	671	
Included losses	\$ 5,810	\$ (1,303)	\$ 4,507	
PYD			\$ (196)	
Included losses excluding PYD			4,703	81.6%

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



## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

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

### P&C OPERATIONS

At September 30, 2017

At September 30, 2016

	GROSS		RECOVERIES		NET		GROSS		RECOVERIES		NET	
Outstanding loss reserves	\$	11,321	\$	(1,841)	\$	9,480	\$	10,343	\$	(1,851)	\$	8,492
Incurred but not reported reserves		18,597		(5,108)		13,489		15,508		(3,622)		11,886
Fair value adjustments recoverable		70		(4)		66		89		(7)		82
Unpaid losses and loss expense reserves	\$	29,988	\$	(6,953)	\$	23,035	\$	25,940	\$	(5,480)	\$	20,460

	GROSS		RECOVERIES		NET	
Balance at December 31, 2016	\$	25,940	\$	(5,480)	\$	20,460
Losses and loss expenses incurred		8,806		(2,627)		6,179
Loss and loss expenses paid		(5,411)		1,251		(4,160)
Foreign exchange revaluation and other (Note 2)		653		(97)		556
Balance at September 30, 2017 (Unaudited)	\$	29,988	\$	(6,953)	\$	23,035

1. Certain amounts have been reclassified to conform with the current period presentation.
2. Other includes acquired loss reserves.



# INVESTMENT PORTFOLIO INFORMATION



## SCHEDULE 1 - Summary Investments

### Consolidated

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

	September 30, 2017		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Investments (excluding life funds withheld assets)</b>										
<b>Fixed income investments (Note 1)</b>										
<b>Fixed maturities</b>										
U.S. Government and government agencies	\$ 4,313	11.5%	\$ 4,355	11.7%	\$ 4,203	11.5%	\$ 3,895	10.6%	\$ 3,933	10.4%
U.S. States, municipalities and political subdivisions	2,111	5.7%	2,283	6.1%	2,351	6.4%	2,478	6.8%	2,599	6.9%
Non-U.S. Governments	5,261	14.1%	5,124	13.7%	4,980	13.6%	5,030	13.8%	5,642	15.0%
Corporate	10,073	26.9%	10,543	28.3%	10,579	28.9%	10,135	27.7%	10,677	28.4%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	4,942	13.2%	3,954	10.6%	4,378	12.0%	4,493	12.3%	4,878	13.0%
Commercial mortgage-backed securities	1,278	3.4%	796	2.1%	700	1.9%	665	1.8%	296	0.8%
Other asset-backed securities	1,567	4.2%	1,587	4.2%	1,250	3.4%	1,253	3.4%	1,115	3.0%
Total fixed maturities	29,545	79.0%	28,642	76.7%	28,441	77.7%	27,949	76.4%	29,140	77.5%
Short-term investments	336	0.9%	618	1.7%	260	0.7%	625	1.7%	653	1.7%
<b>Total fixed income investments</b>	<b>\$ 29,881</b>	<b>79.9%</b>	<b>\$ 29,260</b>	<b>78.4%</b>	<b>\$ 28,701</b>	<b>78.4%</b>	<b>\$ 28,574</b>	<b>78.1%</b>	<b>\$ 29,793</b>	<b>79.2%</b>
<b>Equity securities</b>										
Common stocks	\$ 234	0.6%	\$ 174	0.5%	\$ 155	0.4%	\$ 166	0.4%	\$ 245	0.7%
Equity funds	611	1.6%	810	2.2%	788	2.2%	736	2.0%	646	1.7%
Fixed income funds	167	0.5%	190	0.5%	152	0.4%	135	0.4%	147	0.4%
<b>Total equity securities</b>	<b>\$ 1,012</b>	<b>2.7%</b>	<b>\$ 1,174</b>	<b>3.2%</b>	<b>\$ 1,095</b>	<b>3.0%</b>	<b>\$ 1,037</b>	<b>2.8%</b>	<b>\$ 1,038</b>	<b>2.8%</b>
<b>Other investments</b>										
Hedge funds	\$ 203	0.6%	\$ 256	0.7%	\$ 291	0.8%	\$ 332	0.9%	\$ 383	1.0%
Private investments	191	0.5%	196	0.5%	174	0.5%	176	0.5%	195	0.5%
Fixed income and other	752	2.0%	675	1.8%	685	1.8%	657	1.8%	683	1.8%
<b>Total other investments</b>	<b>\$ 1,146</b>	<b>3.1%</b>	<b>\$ 1,127</b>	<b>3.0%</b>	<b>\$ 1,150</b>	<b>3.1%</b>	<b>\$ 1,165</b>	<b>3.2%</b>	<b>\$ 1,261</b>	<b>3.3%</b>
<b>Investment in affiliates</b>										
Hedge funds	\$ 1,315	3.5%	\$ 1,351	3.6%	\$ 1,414	3.9%	\$ 1,317	3.6%	\$ 1,269	3.3%
Private investments	394	1.1%	381	1.0%	359	1.0%	358	1.0%	329	0.9%
Investment manager affiliates	47	0.1%	49	0.1%	58	0.1%	56	0.2%	79	0.2%
Strategic and other operating affiliates	344	0.9%	346	1.0%	342	0.9%	447	1.2%	442	1.2%
<b>Total investment in affiliates</b>	<b>\$ 2,100</b>	<b>5.6%</b>	<b>\$ 2,127</b>	<b>5.7%</b>	<b>\$ 2,173</b>	<b>5.9%</b>	<b>\$ 2,178</b>	<b>6.0%</b>	<b>\$ 2,119</b>	<b>5.6%</b>
<b>Total investments</b>	<b>\$ 34,139</b>	<b>91.3%</b>	<b>\$ 33,688</b>	<b>90.3%</b>	<b>\$ 33,119</b>	<b>90.4%</b>	<b>\$ 32,953</b>	<b>90.1%</b>	<b>\$ 34,211</b>	<b>90.9%</b>
Cash and cash equivalents	\$ 3,110	8.3%	\$ 3,222	8.6%	\$ 3,418	9.3%	\$ 3,490	9.5%	\$ 3,455	9.2%
Accrued investment income	212	0.6%	220	0.6%	212	0.6%	230	0.6%	221	0.6%
Net receivable and (payable) for securities sold/(purchased)	(75)	-0.2%	180	0.5%	(116)	-0.3%	(97)	-0.2%	(256)	-0.7%
<b>Total investments and cash (excluding life funds withheld assets) (Note 2)</b>	<b>\$ 37,386</b>	<b>100.0%</b>	<b>\$ 37,310</b>	<b>100.0%</b>	<b>\$ 36,633</b>	<b>100.0%</b>	<b>\$ 36,576</b>	<b>100.0%</b>	<b>\$ 37,631</b>	<b>100.0%</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>										
Total fixed income investments	\$ 4,006		\$ 3,942		\$ 3,912		\$ 3,935		\$ 4,427	
Cash and cash equivalents	80		93		95		91		88	
Accrued investment income	58		51		50		54		65	
Net receivable and (payable) for securities sold/(purchased)	(3)		(6)		-		-		(9)	
<b>Total investments and cash - life funds withheld assets</b>	<b>\$ 4,141</b>		<b>\$ 4,080</b>		<b>\$ 4,057</b>		<b>\$ 4,080</b>		<b>\$ 4,571</b>	
<b>Total investments and cash including life funds withheld assets</b>	<b>\$ 41,527</b>		<b>\$ 41,390</b>		<b>\$ 40,690</b>		<b>\$ 40,656</b>		<b>\$ 42,202</b>	

**Notes:**

- The classification of fixed income investments has been simplified to align internal and external reporting processes. U.S. Treasuries, U.S. Agencies and U.S. Government Guarantee have been merged into a single classification; U.S. Government and government agencies. Corporate securities which were previously separated into two classifications, have been merged into one. Residential mortgage-backed securities which were previously separated into two classifications, have been merged into one. Collateralized debt obligations are now reported under Other asset-backed securities. Comparative period amounts have been re-presented to conform to this new classification system.
- Total investments and cash (excluding life funds withheld assets) includes operating cash and short-term treasury deposits of \$1.5 billion.

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

### Consolidated

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

	September 30, 2017		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)	US dollar equivalent fair value	Average pre-tax book yield (Gross of expenses)
<b>Fixed income investments</b>										
<b>Summary by core currency denomination</b>										
<b>Total fixed income investments</b>										
U.S. dollar denominated	22,366	2.9%	21,995	2.7%	\$ 21,749	2.7%	\$ 21,799	2.7%	\$ 22,531	2.7%
Euro denominated	2,981	1.4%	2,984	1.3%	2,790	1.3%	2,796	1.5%	3,036	1.4%
Sterling denominated	2,271	1.8%	2,101	1.9%	2,152	1.8%	2,117	1.8%	2,279	1.8%
Other denominated	2,263	1.8%	2,180	1.7%	2,010	1.7%	1,862	1.6%	1,947	1.5%
<b>Total fixed income investments</b>	<b>\$ 29,881</b>	<b>2.6%</b>	<b>\$ 29,260</b>	<b>2.4%</b>	<b>\$ 28,701</b>	<b>2.4%</b>	<b>\$ 28,574</b>	<b>2.4%</b>	<b>\$ 29,793</b>	<b>2.4%</b>
<b>Credit rating (Note 1)</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>
AAA	\$ 14,269	47.8%	\$ 13,288	45.4%	\$ 12,630	44.0%	\$ 12,859	45.0%	\$ 12,965	43.5%
AA	5,073	17.0%	5,379	18.4%	5,759	20.1%	5,913	20.7%	6,522	21.9%
A	6,160	20.6%	6,734	23.0%	6,948	24.2%	7,029	24.6%	7,395	24.8%
BBB	3,391	11.3%	3,067	10.5%	2,592	9.0%	2,045	7.2%	2,220	7.5%
BB and below/not rated	988	3.3%	792	2.7%	772	2.7%	728	2.5%	691	2.3%
<b>Total fixed income investments</b>	<b>\$ 29,881</b>	<b>100.0%</b>	<b>\$ 29,260</b>	<b>100.0%</b>	<b>\$ 28,701</b>	<b>100.0%</b>	<b>\$ 28,574</b>	<b>100.0%</b>	<b>\$ 29,793</b>	<b>100.0%</b>
Average credit rating	AA		AA		AA		AA		AA	
<b>Portfolio characteristics (Note 2)</b>										
Expected average duration	4.0		3.9		3.8		3.8		3.6	
Weighted average market yield to maturity	2.1 %		2.0 %		2.0 %		2.0 %		1.5 %	
<b>Summary of estimated total fixed income securities and paydowns over the next 12 months including cash and cash equivalents</b>										
U.S. dollar equivalent fair value (Note 3)	3,147		2,882		3,458		3,688		3,548	
Average pre-tax book yield, gross of expenses	2.2 %		2.2 %		2.4 %		2.5 %		2.4 %	
Average new money rate (Note 4)	2.6 %		2.1 %		2.1 %		2.0 %		1.9 %	

**Notes:**

- The credit rating for each asset reflected above and included in the following schedules was principally determined based on the weighted average rating of the individual securities from Standard & Poor's, Moody's Investors Service and Fitch Ratings. For U.S. Treasuries, Agencies and Agency Government Guarantee securities, the average rating remains AAA as only one of the three major rating agencies downgraded the U.S. from AAA to AA+ in 2011.
- Includes fixed maturities, short-term investments, funds holding fixed income securities, cash & cash equivalents and net receivables/(payables) for investments sold/(purchased), and excludes operating cash.
- Estimated paydowns on mortgage and asset backed securities are generated by a market leading software provider based on deal specific assumptions and by using the actual prepayment rate over the most recent three month period to project future paydowns. Actual paydowns may vary materially from estimates.
- Average new money rate is weighted average book yield of fixed income purchases in the quarter excluding short term securities and cash and cash equivalents. The Q32017 increase in new money rates was related to targeted portfolio rebalancing activity during the quarter which is expected to normalize closer to levels realized in prior quarters.



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

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

### Government bonds by credit rating

#### Fair value by credit rating

	September 30, 2017					
	AAA	AA	A	BBB	BB and below	Total
U.S. Government and government agencies	\$ 4,308	\$ 5	\$ -	\$ -	\$ -	\$ 4,313
U.S. States, municipalities and political subdivisions (Note 1)	349	1,352	404	6	-	2,111
Non-U.S. Governments	1,964	2,123	339	578	257	5,261
<b>Total government bonds</b>	<b>\$ 6,621</b>	<b>\$ 3,480</b>	<b>\$ 743</b>	<b>\$ 584</b>	<b>\$ 257</b>	<b>\$ 11,685</b>
<b>% of total</b>	<b>56.7%</b>	<b>29.8%</b>	<b>6.3%</b>	<b>5.0%</b>	<b>2.2%</b>	<b>100.0%</b>

### Non-U.S. Government

#### E.U. exposure

	September 30, 2017		
	Sovereign	Govt. agencies & others	Total
U.K.	\$ 1,087	\$ 26	\$ 1,113
France	258	146	404
Netherlands	130	172	302
Supranational	-	289	289
Germany	110	144	254
Others (less than \$100M per country)	275	34	309
<b>E.U. exposure</b>	<b>\$ 1,860</b>	<b>\$ 811</b>	<b>\$ 2,671</b>

#### Non-E.U. exposure

Canada	\$ 319	\$ 778	\$ 1,097
Switzerland	123	78	201
Australia	195	4	199
Singapore	175	-	175
Brazil	170	5	175
Indonesia	91	22	113
Others (less than \$100M per country)	418	212	630
<b>Non-E.U. exposure</b>	<b>\$ 1,491</b>	<b>\$ 1,099</b>	<b>\$ 2,590</b>

### Total Non-U.S. Government

<b>Total Non-U.S. Government</b>	<b>\$ 3,351</b>	<b>\$ 1,910</b>	<b>\$ 5,261</b>
----------------------------------	-----------------	-----------------	-----------------

#### Notes:

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

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

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

### Corporate bonds by sector and credit rating

#### Fair value by sector and credit rating

	September 30, 2017						Total
	AAA	AA	A	BBB	BB and Below		
Industrial	\$ 162	\$ 682	\$ 2,496	\$ 2,165	\$ 405	\$	5,910
Financials	26	616	2,297	382	76		3,397
Utilities	-	38	503	218	7		766
<b>Total corporate</b>	<b>\$ 188</b>	<b>\$ 1,336</b>	<b>\$ 5,296</b>	<b>\$ 2,765</b>	<b>\$ 488</b>	<b>\$</b>	<b>10,073</b>
<b>% of total</b>	<b>1.9%</b>	<b>13.3%</b>	<b>52.6%</b>	<b>27.4%</b>	<b>4.8%</b>		<b>100.0%</b>

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

	September 30, 2017						Total
	AAA	AA	A	BBB	BB and Below		
U.S.	\$ 163	621	3,621	1,612	403	\$	6,420
U.K.	7	8	533	448	4		1,000
Canada	-	213	229	70	17		529
Netherlands	-	168	117	59	-		344
Australia	2	126	113	53	-		294
France	-	57	161	55	3		276
Switzerland	-	38	139	50	-		227
Germany	-	-	131	57	8		196
Belgium	-	-	9	145	-		154
Japan	-	-	132	12	-		144
Others (less than \$100M per country) (Note 2)	16	105	111	204	53		489
<b>Total corporate</b>	<b>\$ 188</b>	<b>\$ 1,336</b>	<b>\$ 5,296</b>	<b>\$ 2,765</b>	<b>\$ 488</b>	<b>\$</b>	<b>10,073</b>

### Top Ten exposure to fixed income corporate issuers

Issuer (Notes 3 & 4)	September 30, 2017		
	Fair Value	% of total corporates	% of Aggregate
			Fixed Income Portfolio
Wells Fargo & Company	\$ 195	1.9%	0.7%
JPMorgan Chase & Co.	189	1.9%	0.6%
The Goldman Sachs Group, Inc.	174	1.7%	0.6%
Morgan Stanley	170	1.7%	0.6%
HSBC Holdings PLC	158	1.6%	0.5%
Bank Of America Corporation	155	1.5%	0.5%
Anheuser-Busch Inbev SA	152	1.5%	0.5%
Citigroup INC	149	1.5%	0.5%
Apple Inc.	135	1.4%	0.4%
Verizon Communications, Inc.	112	1.1%	0.4%
	<b>\$ 1,589</b>	<b>15.8%</b>	<b>5.3%</b>

### Notes:

- Country concentration is defined as the country of the issuer's main operations, i.e., a United Kingdom company's subsidiary 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 \$43 million in Ireland, \$36 million in Spain, \$16 million in Italy, \$1 million in Portugal and nil in Greece.
- Corporate issuers represent only direct exposure to fixed maturities investments of the parent issuer and its subsidiaries. These exposures exclude covered bonds and exclude mortgage and asset-backed securities that were issued, sponsored or serviced by the parent and government-guaranteed issues.
- This table does not include \$142 million of financial exposure to Berkshire Hathaway Inc. which is made up of payment obligation from National Indemnity Company, an insurance company subsidiary of Berkshire Hathaway Inc.





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

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

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

September 30, 2017

	AAA	AA	A	BBB	BB and Below	Total
U.S. Residential mortgage-backed securities - agency	\$ 4,839	\$ -	\$ -	\$ -	\$ -	\$ 4,839
U.S. Residential mortgage-backed securities - non-agency	-	2	4	1	96	103
U.S. Commercial mortgage-backed securities - agency	184	-	-	-	-	184
U.S. Commercial mortgage-backed securities - non-agency	997	25	56	8	2	1,088
U.S. Other asset-backed securities	389	41	51	24	128	633
<b>Total U.S.</b>	<b>\$ 6,409</b>	<b>\$ 68</b>	<b>\$ 111</b>	<b>\$ 33</b>	<b>\$ 226</b>	<b>\$ 6,847</b>
Non-U.S. Commercial mortgage-backed securities	\$ 3	\$ -	\$ 2	\$ -	\$ 1	\$ 6
Non-U.S. Other asset-backed securities (Note 1)	772	151	3	3	5	934
<b>Total Non-U.S.</b>	<b>\$ 775</b>	<b>\$ 151</b>	<b>\$ 5</b>	<b>\$ 3</b>	<b>\$ 6</b>	<b>\$ 940</b>
<b>Total Mortgage and asset-backed Securities</b>	<b>\$ 7,184</b>	<b>\$ 219</b>	<b>\$ 116</b>	<b>\$ 36</b>	<b>\$ 232</b>	<b>\$ 7,787</b>
<b>% of total</b>	<b>92.3%</b>	<b>2.8%</b>	<b>1.5%</b>	<b>0.4%</b>	<b>3.0%</b>	<b>100.0%</b>

### Notes:

1. Non-U.S. Other asset-backed securities include covered bonds of \$541 million. Covered bonds are debt obligations of the issuer secured by a designated pool of assets.



## SCHEDULE 6 - Unrealized Gains (Losses) Consolidated

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

	September 30, 2017				June 30, 2017			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value/Carrying Value
<b>Investments (excluding life funds withheld assets)</b>								
<b>Fixed income investments</b>								
<b>Fixed maturities</b>								
U.S. Government and government agencies	\$ 4,292	\$ 41	\$ (20)	\$ 4,313	\$ 4,338	\$ 45	\$ (28)	\$ 4,355
U.S. States, municipalities and political subdivisions	2,009	103	(1)	2,111	2,180	105	(2)	2,283
Non-U.S. Governments	5,205	118	(62)	5,261	5,088	110	(74)	5,124
Corporate	9,897	229	(53)	10,073	10,391	220	(68)	10,543
Mortgage & asset-backed securities								
Residential mortgage-backed securities	4,908	56	(22)	4,942	3,937	52	(35)	3,954
Commercial mortgage-backed securities	1,278	9	(9)	1,278	795	8	(7)	796
Other asset-backed securities	1,546	28	(7)	1,567	1,571	26	(10)	1,587
Total fixed maturities	29,135	584	(174)	29,545	28,300	566	(224)	28,642
Short-term investments	336	1	(1)	336	618	-	-	618
<b>Total fixed income investments</b>	<b>\$ 29,471</b>	<b>\$ 585</b>	<b>\$ (175)</b>	<b>\$ 29,881</b>	<b>\$ 28,918</b>	<b>\$ 566</b>	<b>\$ (224)</b>	<b>\$ 29,260</b>
<b>Equity securities</b>								
Common stocks	\$ 200	\$ 37	\$ (3)	\$ 234	\$ 157	\$ 21	\$ (4)	\$ 174
Equity funds	554	57	-	611	748	62	-	810
Fixed income funds	166	1	-	167	189	1	-	190
<b>Total equity securities</b>	<b>\$ 920</b>	<b>\$ 95</b>	<b>\$ (3)</b>	<b>\$ 1,012</b>	<b>\$ 1,094</b>	<b>\$ 84</b>	<b>\$ (4)</b>	<b>\$ 1,174</b>
<b>Other investments</b>	991	159	(4)	1,146	950	179	(2)	1,127
<b>Total available-for-sale and other investments</b>	<b>\$ 31,382</b>	<b>\$ 839</b>	<b>\$ (182)</b>	<b>\$ 32,039</b>	<b>\$ 30,962</b>	<b>\$ 829</b>	<b>\$ (230)</b>	<b>\$ 31,561</b>
Investment in affiliates (Note 1)				\$ 2,100				\$ 2,127
Cash and cash equivalents				3,110				3,222
Accrued investment income				212				220
Net receivable and (payable) for securities sold/(purchased)				(75)				180
<b>Total investments and cash (excluding life funds withheld assets)</b>				<b>\$ 37,386</b>				<b>\$ 37,310</b>
<b>Investments - life funds withheld assets (Schedule 8)</b>								
Total fixed income investments				\$ 4,006				\$ 3,942
Cash and cash equivalents				80				93
Accrued investment income				58				51
Net receivable and (payable) for securities sold/(purchased)				(3)				(6)
<b>Total investment and cash - life funds withheld assets</b>				<b>\$ 4,141</b>				<b>\$ 4,080</b>
<b>Total investments and cash including life funds withheld assets</b>				<b>\$ 41,527</b>				<b>\$ 41,390</b>

**Notes:**

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



## SCHEDULE 7 - Investment Income Statement Analysis

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

	Three months ended September 30, 2017	Three months ended June 30, 2017	Three months ended March 31, 2017	Three months ended December 31, 2016	Three months ended September 30, 2016
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>					
Gross Investment Income	\$ 182,000	\$ 183,147	\$ 173,894	\$ 170,013	\$ 174,539
Investment expenses (Note 1)	(22,335)	(19,431)	(20,101)	(22,166)	(17,833)
<b>Net Investment Income - Total excluding Structured Products and Life Funds Withheld Assets</b>	<b>\$ 159,665</b>	<b>\$ 163,716</b>	<b>\$ 153,793</b>	<b>\$ 147,847</b>	<b>\$ 156,706</b>
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>					
Gross Investment Income	\$ 14,041	\$ 15,124	\$ 15,123	\$ 15,102	\$ 15,736
Investment expenses (Note 1)	(1,723)	(1,605)	(1,748)	(1,969)	(1,608)
<b>Net Investment Income - Structured Products (Excluding Life Funds Withheld Assets)</b>	<b>\$ 12,318</b>	<b>\$ 13,519</b>	<b>\$ 13,375</b>	<b>\$ 13,133</b>	<b>\$ 14,128</b>
Interest Expense - Deposit Liability Accretion	5,590	(10,596)	(10,461)	(10,590)	(6,420)
Operating and Investment Expenses - P&C Structured	-	-	-	-	-
<b>Net results from Structured Products</b>	<b>\$ 17,908</b>	<b>\$ 2,923</b>	<b>\$ 2,914</b>	<b>\$ 2,543</b>	<b>\$ 7,708</b>
<b>Net Investment Income - Total (Excluding Life Funds Withheld Assets)</b>	<b>\$ 171,983</b>	<b>\$ 177,235</b>	<b>\$ 167,168</b>	<b>\$ 160,980</b>	<b>\$ 170,834</b>
<b>Net Investment Income - Life Funds Withheld Assets</b>	<b>\$ 30,796</b>	<b>\$ 31,439</b>	<b>\$ 33,364</b>	<b>\$ 35,108</b>	<b>\$ 38,937</b>
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>					
Hedge funds	\$ 55,107	\$ 11,839	\$ 34,811	\$ 45,421	\$ 4,406
Private investments	2,549	18,979	3,450	4,581	7,750
<b>Net Income (Loss) from Investment Affiliates (Note 2)</b>	<b>\$ 57,656</b>	<b>\$ 30,818</b>	<b>\$ 38,261</b>	<b>\$ 50,002</b>	<b>\$ 12,156</b>
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>					
Investment manager affiliates	\$ 953	\$ 36,108	\$ 3,297	\$ (2,649)	\$ 6,753
Strategic and other operating affiliates	3,919	6,596	10,312	568	5,657
<b>Net Income (Loss) from Operating Affiliates (Note 3)</b>	<b>\$ 4,872</b>	<b>\$ 42,704</b>	<b>\$ 13,609</b>	<b>\$ (2,081)</b>	<b>\$ 12,410</b>

### Notes:

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



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

### Consolidated

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

Investments	September 30, 2017		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
<b>Investments</b>										
<b>Fixed income investments (Note 1)</b>										
<b>Fixed maturities</b>										
U.S. Government and government agencies	\$ 27	0.7%	\$ 27	0.7%	\$ 27	0.7%	\$ 25	0.6%	\$ 29	0.6%
U.S. States, municipalities and political subdivisions	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-U.S. Governments	1,077	26.0%	1,059	26.0%	1,058	26.1%	1,070	26.2%	1,248	27.3%
Corporate	2,546	61.5%	2,491	61.0%	2,563	63.2%	2,566	62.9%	2,846	62.3%
Mortgage & asset-backed securities										
Residential mortgage-backed securities	2	0.0%	2	0.0%	23	0.6%	23	0.6%	2	0.0%
Commercial mortgage-backed securities	130	3.1%	128	3.1%	100	2.5%	100	2.4%	112	2.5%
Other asset-backed securities	215	5.2%	235	5.8%	140	3.5%	141	3.5%	166	3.6%
Total fixed maturities	3,997	96.5%	3,942	96.6%	3,911	96.6%	3,925	96.2%	4,403	96.3%
<b>Short-term investments</b>	9	0.3%	-	0.0%	1	0.0%	10	0.2%	24	0.6%
<b>Total fixed income investments</b>	<b>\$ 4,006</b>	<b>96.8%</b>	<b>\$ 3,942</b>	<b>96.6%</b>	<b>\$ 3,912</b>	<b>96.6%</b>	<b>\$ 3,935</b>	<b>96.4%</b>	<b>\$ 4,427</b>	<b>96.9%</b>
Cash and cash equivalents	\$ 80	1.9%	\$ 93	2.3%	\$ 95	2.2%	\$ 91	2.2%	88	1.9%
Accrued investment income	58	1.4%	51	1.3%	50	1.2%	54	1.4%	65	1.4%
Net receivable and (payable) for securities sold/(purchased)	(3)	-0.1%	(6)	-0.2%	-	0.0%	-	0.0%	(9)	-0.2%
<b>Total investment and cash</b>	<b>\$ 4,141</b>	<b>100.0%</b>	<b>\$ 4,080</b>	<b>100.0%</b>	<b>\$ 4,057</b>	<b>100.0%</b>	<b>\$ 4,080</b>	<b>100.0%</b>	<b>\$ 4,571</b>	<b>100.0%</b>
<b>Credit rating</b>										
AAA	\$ 405	10.1%	\$ 400	10.2%	\$ 405	10.4%	\$ 391	9.9%	\$ 428	9.7%
AA	1,201	30.0%	1,164	29.5%	1,154	29.5%	1,180	30.0%	1,378	31.1%
A	1,406	35.1%	1,437	36.4%	1,407	35.9%	1,395	35.5%	1,543	34.8%
BBB	951	23.7%	904	22.9%	912	23.3%	932	23.7%	1,035	23.4%
BB and below/not rated	43	1.1%	37	0.9%	34	0.9%	37	0.9%	43	1.0%
<b>Total Fixed income investments</b>	<b>\$ 4,006</b>	<b>100.0%</b>	<b>\$ 3,942</b>	<b>100.0%</b>	<b>\$ 3,912</b>	<b>100.0%</b>	<b>\$ 3,935</b>	<b>100.0%</b>	<b>\$ 4,427</b>	<b>100.0%</b>
Average credit quality	A+		A+		A+		A+		A+	
<b>Portfolio characteristics</b>										
Average pre-tax book yield, gross of expenses	3.5 %		3.5 %		3.5 %		3.5 %		3.7 %	
Expected average duration (Note 2)	9.0		8.9		9.2		9.3		9.8	
Weighted average market yield to maturity (Note 2)	2.0 %		2.3 %		2.0 %		2.3 %		1.7 %	

#### Notes:

- The classification of fixed income investments has been simplified to align internal and external reporting processes. U.S. Treasuries, U.S. Agencies and U.S. Government Guarantee have been merged into a single classification; U.S. Government and government agencies. Corporate securities which were previously separated into two classifications, have been merged into one. Residential mortgage-backed securities which were previously separated into two classifications, have been merged into one. Collateralized debt obligations are now reported under Other asset-backed securities. Comparative period amounts have been re-presented to conform to this new classification system.
- Includes fixed maturities, short-term investments, cash & cash equivalents and net receivables/(payables) for investments sold/(purchased), and excludes operating cash.



## COMMENT ON REGULATION G

XL presents its operations in ways it believes will be most meaningful and useful to investors, analysts, rating agencies and others who use XL's financial information in evaluating XL's performance. This financial supplement contains the presentation of (i) operating net income (loss) ("Operating Net Income"), which is defined as net income (loss) attributable to common shareholders excluding: (1) our net investment income - Life Funds Withheld Assets, (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 our 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 ARX Holding Corp., (10) our gain on the sale of our wholly-owned subsidiary XL Life Insurance and Annuity Company and the partial sale of our holdings in New Ocean Capital Management, (11) our loss on the inception of the U.S. Term Life Retro Arrangements, (12) our net (gains) losses on the early extinguishment of debt, (13) our net (gains) losses from the repurchase of preference shares, and (14) a provision (benefit) for income tax on items excluded from operating income; (ii) annualized return on average common shareholders' equity ("ROE") based on operating net income (loss) ("Operating ROE") including and excluding average AOCI, both inclusive and exclusive of integration costs"; and (iii) Fully diluted tangible book value per common share (common shareholders' equity excluding goodwill and intangible assets divided by the number of shares outstanding at the period end date combined with the dilutive impact of potential future share issues at any period end). These items are "non-GAAP financial measures" as defined in Regulation G. The reconciliation of such measures to the most directly comparable GAAP financial measures in accordance with Regulation G is included in this financial supplement on pages 5-9.

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 recognized 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 is largely a function of economic and interest rate conditions.

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

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

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

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

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

XL believes that fully diluted tangible book value per common share is a financial measure important to investors and other interested parties who benefit from having a consistent basis for comparison with other companies within the industry. However, this measure may not be comparable to similarly titled measures used by companies either outside or inside of the insurance industry.