

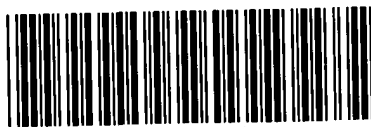
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CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**ANNUAL REPORT
YEAR ENDED
31 DECEMBER 2019**

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CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

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CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

COMPANY INFORMATION

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

DIRECTORS

Mark R. Cummings
Clynton J. Luttig
Christopher J. Read

COMPANY SECRETARY

Marie L. Rees

REGISTERED NUMBER

05562639

REGISTERED OFFICE

20 Gracechurch Street
London
EC3V 0BG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

BUSINESS REVIEW

The Company acts as an investment holding company and also holds a land and buildings lease commitment on behalf of some of the AXA XL division companies, the costs of which are borne by another AXA XL division company.

During the year, the Company received capital contributions of \$759 million (2018: \$159 million) and increased its investments in subsidiaries by \$272.9 million (2018: \$253.5 million). The Company also settled the \$475 million Eurobond loan payable with interest on 21 October 2019.

FINANCIAL KEY PERFORMANCE INDICATORS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of policies, procedure and internal controls. The Company has developed a risk and control framework in line with the wider AXA XL division which is built on an Enterprise Risk Management Model that aims to integrate existing risk programs into a more holistic embedded AXA XL division wide risk and capital management framework.

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

The Board of Directors of Catlin (North American) Holdings Limited consider that both individually and collectively, they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the Company's relevant stakeholders and matters set out in s172(1) (a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2019). An overview of how the Directors have discharged their statutory duties, is shown below. The Directors comply with S172 as part of the Companies Act 2006 requirement and fulfil their duties partly through a governance framework that delegates day to day decision making to executive and senior management of the Company.

(i) LONG-TERM VIEW, PURPOSE AND STRATEGY

Our annual strategic planning cycle is designed to consider the most appropriate actions the Company should take over the longer-term, which will contribute to the Company's success. Performance against key strategic metrics are monitored and assessed for appropriateness, at regular intervals.

(ii) OUR PEOPLE

Our purpose and values are to put the customer first, act with integrity, have the courage to speak our mind and act to make things happen. The value of being "One AXA" means that being together and being different is what makes us better. The Company operates within the framework of AXA XL's service company model and is the recipient of services provided by one of its sister companies.

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019**

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

(iii) OUR IMPACT ON THE COMMUNITY AND THE ENVIRONMENT

In alignment with other entities in the AXA XL division, the Company has regard for the impact its operations have on the community and the environment. Striving to achieve a balance between economic, social and environmental activity is in the long-term interests of the Company, the AXA XL division and the communities in which they operate.

The AXA XL division supports a Global Day of Giving in which its people spend a day per year donating their time and skills in the communities in which they work and live. As member of the AXA XL division companies, the Company complies with the requirements of the Modern Slavery Act 2015. Together with other AXA XL division companies to which the Modern Slavery Act 2015 applies, the Company is also part of the publication of an annual Slavery and Human Trafficking Statement. As part of the AXA XL division, the Company monitors its carbon footprint on an annual basis. It is now developing a carbon reduction strategy, focused on reducing direct emissions and electricity usage, exploring "green alternatives" for power and travel, and educating and engaging its workforce on this issue. It is also pursuing several ongoing energy reduction and recycling initiatives, such as use of sensor-based lighting, and providing recycling bins throughout offices for colleagues to sort their recyclable waste accordingly. Maintaining a reputation for high standards of business conduct the Company's commitment to ethical conduct is set out in more detail in the AXA XL division's Code of Conduct and Code Supplement which the Board of Directors reviews on an annual basis. Policies with respect to anti-corruption and anti-bribery are contained in the Code of Conduct and Code Supplement. Failure to comply with these policies is taken very seriously and may result in disciplinary action, including but not limited to dismissal.

(iv) ENGAGING WITH OUR SHAREHOLDER

The Company has identified one of its key strategic priorities as innovation and working with the AXA Group, being the Company's ultimate shareholder, and its network. Various initiatives were pursued throughout the year, including working with colleagues at AXA GI in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth.

(v) ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to report on its engagement with suppliers, customers and others. The Company considers that this reporting requirement is fulfilled by the reporting provided in the section 172 statement. As a holding company, the Company does not engage with suppliers and customers. Its key stakeholder is its shareholder.

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



Clynton J. Luttig
Director
17 September 2020

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's position as at 31 December 2019 are shown in the financial statements. No Dividends were paid or proposed during the year (2018 : \$nil).

DIRECTORS

Company directors who hold office at the date of this report are listed on page 1. Set out below are directors who were appointed during the financial year and up to the date of this report together with those who resigned since 1 January 2019:

Mark R. Cummings	Appointed	17 December 2019
Juliet Phillips	Resigned	17 December 2019
Christopher J. Read	Appointed	5 February 2020
Paul R. Bradbrook	Resigned	5 February 2020

COMPANY SECRETARY

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial risk management policies and objectives are established and managed by the Board. The Company is exposed to interest rate risk due to LIBOR linked loan that it holds. However, as the Company acts as a management and holding company, it has minimal financial assets or liabilities, largely consisting of balances due to or from group undertakings and investments in subsidiaries. Therefore, the Board consider the Company to have minimal exposure to other financial risks.

The Company's policy for management of risk is to match assets and liabilities by currency. The Company has minimal cash resources and its majority of assets and liabilities are balances due to, or from, fellow UK AXA XL division companies.

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and accordingly they will be reappointed.

SIGNIFICANT EVENT

From December 2019 a Pandemic caused by COVID-19 virus has been spreading globally at an accelerated rate, resulting in various global economic impacts. Although the ultimate impact of the COVID-19 Pandemic spreading remains highly uncertain there have been no material impact on the Company as at 31 December 2019. The effects of the COVID-19 Pandemic could have a material adverse effect on the AXA XL division's and the Group's results, which cannot be estimated at this time. The Company is monitoring potential impacts on its business including i) capital and solvency ii) liquidity iii) parental support and iv) the consequence from a macroeconomic condition and slowdown in the flow of people, goods and services. However, the Company has evaluated that these impacts will not affect its ability to remain a going concern.

DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

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

- as far as each director is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2019 of which the auditors are unaware; and
- that each director has taken all the steps that ought to have been taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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



Clynton J. Luttig
Director
17 September 2020

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Catlin (North American) Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2019; the statement of profit or loss, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CATLIN (NORTH AMERICAN) HOLDINGS LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

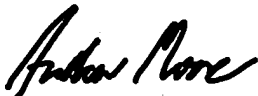
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Moore (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 September 2020

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Turnover		14,315,947	16,866,070
Administrative expenses	2	(12,633,590)	(17,743,632)
Foreign exchange loss	2	(101,572)	(2,014,652)
OPERATING PROFIT / (LOSS)		1,580,785	(2,892,214)
Interest receivable and similar income	5	44,493	580,081
Interest payable and similar expenses	6	(29,408,235)	(38,286,448)
LOSS BEFORE TAXATION		(27,782,957)	(40,598,581)
Tax on loss	7	612,234	18,430
LOSS FOR THE FINANCIAL YEAR		(27,170,723)	(40,580,151)

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Contributed Surplus	Profit and loss account	Total
Note	\$	\$	\$	\$	\$
Balance as at 1 January 2018	67	760,935,737	—	(62,776,065)	698,159,739
Capital Contribution during the year	—	—	159,000,000	—	159,000,000
Loss for the year	—	—	—	(40,580,151)	(40,580,151)
Balance as at 31 December 2018	67	760,935,737	159,000,000	(103,356,216)	816,579,588
Capital Contribution during the year	12	—	759,024,243	—	759,024,243
Loss for the year	—	—	—	(27,170,723)	(27,170,723)
Balance as at 31 December 2019	67	760,935,737	918,024,243	(130,526,939)	1,548,433,108

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
FIXED ASSETS			
Investments	8	1,541,950,361	1,269,056,951
CURRENT ASSETS			
Debtors	9	25,791,611	28,750,736
Cash at Bank and in Hand		5,082,758	32,929,625
Other Debtors	14	15,966	470,895
		<u>30,890,335</u>	<u>62,151,256</u>
Bank Overdraft		(15,415,080)	(27,321,603)
CREDITORS: amount falling due within one year	10	<u>(2,081,828)</u>	<u>(4,778,412)</u>
NET CURRENT ASSETS		<u>13,393,427</u>	<u>30,051,241</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,555,343,788</u>	<u>1,299,108,192</u>
CREDITORS: amounts falling due after more than one year	11	<u>(6,910,680)</u>	<u>(482,528,604)</u>
NET ASSETS		<u><u>1,548,433,108</u></u>	<u><u>816,579,588</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	67	67
Share premium account		760,935,737	760,935,737
Contributed Surplus		918,024,243	159,000,000
Profit and loss account		(130,526,939)	(103,356,216)
TOTAL SHAREHOLDERS FUNDS		<u><u>1,548,433,108</u></u>	<u><u>816,579,588</u></u>

The financial statements on pages 8 to 18 were approved by the Board of Directors and signed on its behalf by:



Clynton J. Luttig
Director
17 September 2020

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

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

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the previous years presented, unless otherwise stated.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Exemption from preparing the Cash flow Statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is AXA SA (incorporated in France) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

1.3 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent AXA SA (incorporated in France), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with entities which form part of AXA SA Group.

1.4 Interest

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

1.5 Investments

With the adoption of FRS 102, the Company has chosen to use the carrying value to be the deemed cost of its investments in group undertakings and participating interests. This carrying value at transition date is the most recent net asset valuation of the subsidiaries. Investments are written down where necessary to reflect any impairment to its carrying value. The change in the carrying value, measured by the movement in the net asset value, is recognized in the Statement of Profit or Loss.

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Profit or Loss on a straight line basis over the lease term. Operating lease incentives in the form of rent free periods are credited to the Statement of Profit or Loss, to reduce the lease expense, on a straight line basis over the lease term.

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 ACCOUNTING POLICIES (CONTINUED)

1.7 Foreign currencies

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

1.8 Inter-company loans

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

1.9 Turnover

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

2 OPERATING LOSS

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

	2019	2018
	\$	\$
Turnover	14,315,947	16,866,070
Foreign exchange loss	(101,574)	(2,014,652)
Bank charges	(496)	(780)

The auditors' remuneration for the year \$ 6,421 (2018: \$1,370) has been borne by another AXA XL division company, XL Catlin Services SE.

The foreign exchange movement is as a result of the retranslation of assets and liabilities held in currencies other than the functional currency at the appropriate year-end closing rates.

3 STAFF COSTS

The Company has no employees (2018: nil).

The Company incurred no staff costs during the year (2018: \$nil).

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

4. DIRECTORS' EMOLUMENTS

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

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	\$	\$
Interest receivable from group companies	—	370,233
Bank Interest receivable	<u>44,493</u>	<u>209,848</u>
	<u><u>44,493</u></u>	<u><u>580,081</u></u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	\$	\$
Interest on loans from group undertakings	(29,180,833)	(36,100,000)
Bank interest payable	<u>(227,402)</u>	<u>(2,186,448)</u>
	<u><u>(29,408,235)</u></u>	<u><u>(38,286,448)</u></u>

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

7 TAX ON LOSS

(a) Tax benefit included in profit or loss

	2019	2018
	\$	\$
Current tax:		
UK corporation tax on loss of the period	(249,531)	—
Adjustment in respect of prior periods	861,765	18,430
Total current tax benefit	<u>612,234</u>	<u>18,430</u>

(b) Reconciliation of tax charge

Tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019	2018
	\$	\$
Loss before tax	<u>(27,782,957)</u>	<u>(40,598,581)</u>
Loss before tax multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	5,278,762	7,713,730
Effects of:		
Expenses not deductible for tax purposes	(5,528,293)	(6,863,157)
Adjustments to tax charge in respect of prior years	861,765	18,430
Deferred tax not recognised	—	(850,573)
Tax credit for the year	<u>612,234</u>	<u>18,430</u>

(c) Tax rate changes

The standard rate of UK corporation tax is 19% (2018: 19%). In the 2020 Spring Budget it was announced that the previously enacted rate reduction to 17%, which was scheduled to be effective from 1 April 2020, will no longer go ahead and will remain at 19%.

(d) Deferred Tax

As at 31 December 2019 there were tax losses carried forward of \$nil (2018: \$4.5m). No deferred tax has been recognised on these losses.

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. INVESTMENTS

(i) Cost or valuation

	Investments in subsidiary undertakings \$
Carrying amount	
At 1 January 2019	1,779,757,933
Capital contribution	272,893,410
At 31 December 2019	2,052,651,343
Impairment	
At 1 January 2019	510,700,982
At 31 December 2019	510,700,982
Net book value	
At 31 December 2018	1,269,056,951
At 31 December 2019	1,541,950,361

(ii) Details of capital contributions made in 2019

Sl. No.	Investment made to subsidiaries	Date of transaction	Purpose	Form of Contribution	Amount \$
1	Catlin Syndicate Ltd	27 Mar 2019	Additional capital injection	Investment asset transfer	96,846,321
2	Catlin Syndicate Ltd	27 Mar 2019	Additional capital injection	Investment asset transfer	169,148,868
3	Catlin One Ltd	3 Jun 2019	Additional capital injection	Cash	6,898,221
Total Investment made in 2019					176,047,089

(iii) Subsidiary undertakings

The following were the subsidiary undertakings of the Company:

Name	Class of shares	Holding
Catlin Investment Holdings (Jersey) Limited, 13 Castle Street, St Helier JE4 5UT, Jersey	Ordinary	100%
Catlin Holdings (UK) Limited, 20 Gracechurch Street, London, EC3V 0BG	Ordinary	100%
Catlin (PUL) Limited, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN	Ordinary	100%
Catlin (Underwriting) UK Limited, 20 Gracechurch Street, London, EC3V 0BG	Ordinary	100%
Catlin (One) Limited, 20 Gracechurch Street, London, EC3V 0BG	Ordinary	100%
Catlin Syndicate Limited, 20 Gracechurch Street, London, EC3V 0BG	Ordinary	100%

Catlin Investment Holdings (Jersey) Limited is incorporated in Jersey and the remaining subsidiaries are incorporated in England and Wales.

The Company made detailed impairment analysis on its main investment of \$1,213.5m in its subsidiary, Catlin Syndicate Limited. After careful consideration of the emerging market conditions, the future profitability of the subsidiary and the projections of the financial performance, it is concluded that the impairments in the net asset value of the subsidiary is of temporary nature and that no impairment needs to be recognised in the income statement of the Company.

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

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

9 DEBTORS

	2019	2018
	\$	\$
Due within one year		
Amounts owed by group undertakings	25,490,684	28,750,736
Corporation Tax receivable	300,927	—
	25,791,611	28,750,736

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 CREDITORS: Amounts falling due within one year

	2019	2018
	\$	\$
Amounts owed to group undertakings	6,557	6,353
VAT Payable	1,961	72
Corporation tax payable	—	2,381,125
Other Creditors	2,073,310	2,390,862
	2,081,828	4,778,412

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

11 CREDITORS: Amounts falling due after more than one year

	2019	2018
	\$	\$
Loan from group undertaking	—	475,000,000
Other Creditors	6,910,680	7,528,604
	<u>6,910,680</u>	<u>482,528,604</u>

The loan from group undertaking represents amounts owed to Catlin Finance (UK) Ltd, a fellow group undertaking. The loan represents the passing on of the proceeds of a \$475,000,000 Eurobond assigned to Catlin Insurance Company Ltd by Catlin Finance (UK) Ltd in June 2007 which is listed in the Cayman Islands. The notes bear interest at 7.6% payable semi-annually in arrears and may be redeemed, in whole or in part, at the option of the issuer at any time after 10 years, subject to a maximum term of 49 years. This loan stands closed on 15 October 2019. The Company has provided a guarantee to Catlin Insurance Company Ltd in relation to the notes. The Company, in the view of the directors, has very limited ongoing exposure under the guarantee provided in respect of the notes on the basis that the notes were wholly redeemed in 2019.

12 SHARE CAPITAL AND CAPITAL CONTRIBUTIONS

(i) Share Capital

	2019	2018
	\$	\$
Allotted, called up and fully paid		
6,732 (2018:6,732) Ordinary shares of \$0.01 each	67.32	67.32

(ii) Capital contributions received

Sl. No.	Capital Contribution received from	Date of transaction	Purpose	Form of Contribution	Amount \$
1	Catlin Insurance Company Ltd	27 Mar 2019	Additional capital injection for further investment in CSL	Investment asset transfer	96,846,321
2	Catlin Insurance Company Ltd	27 Mar 2019	Additional capital injection for further investment in CSL	Investment asset transfer	169,148,868
3	Catlin Insurance Company Ltd	03 Jun 2019	Additional capital injection for further investment in Catlin One Ltd	Cash	6,898,221
4	Catlin Insurance Company Ltd	21 Oct 2019	Additional capital injection for closing Eurobond loan and interest	Cash	486,130,833
Total contributions received in 2019					<u><u>759,024,243</u></u>

CATLIN (NORTH AMERICAN) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13 OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2019	2018
	\$	\$
Within one year	13,855,642	13,424,535
Between 2 and 5 years	53,113,293	53,698,140
After more than 5 years	—	11,187,112
	66,968,935	78,309,787

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

14 OTHER DEBTORS

	2019	2018
	\$	\$
VAT Recoverable	15,966	470,895

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

16 POST BALANCE SHEET EVENT

COVID-19 outbreak:

From December 2019 a Pandemic caused by COVID-19 virus has been spreading globally at an accelerated rate, resulting in various global economic impacts. Although the ultimate impact of the COVID-19 Pandemic spreading remains highly uncertain there have been no material impact on the Company as at 31 December 2019. The effects of the COVID-19 Pandemic could have a material adverse effect on the AXA XL division's and the Group's results, which cannot be estimated at this time. The Company is monitoring potential impacts on its business including i) capital and solvency ii) liquidity iii) parental support and iv) the consequence from a macroeconomic condition and slowdown in the flow of people, goods and services. However, the Company has evaluated that these impacts will not affect its ability to remain a going concern.

This has been treated as a non-adjusting event as it was declared a pandemic after December 31, 2019, as such it has not been taken account of in the recognition and measurement of the Company's assets and liabilities at December 31, 2019.