

ANNUAL REPORT AND FINANCIAL STATEMENTS

AXIS MANAGING AGENCY LTD

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company Registration No. 08702952

FRIDAY



AC4U9SE9

A19

02/06/2023

#137

COMPANIES HOUSE

**AXIS MANAGING AGENCY LTD
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

CONTENTS

| | PAGE |
|---------------------------------------|---------|
| OFFICERS AND OTHER INFORMATION | 2 |
| STRATEGIC REPORT | 3 - 5 |
| DIRECTORS' REPORT | 6 |
| DIRECTORS' RESPONSIBILITIES STATEMENT | 7 |
| INDEPENDENT AUDITOR'S REPORT | 8 - 10 |
| STATEMENT OF PROFIT OR LOSS | 11 |
| STATEMENT OF FINANCIAL POSITION | 12 |
| STATEMENT OF CHANGES IN EQUITY | 13 |
| NOTES TO THE FINANCIAL STATEMENTS | 14 - 18 |

AXIS MANAGING AGENCY LTD
OFFICERS AND OTHER INFORMATION

| | | |
|--------------------------|--|------------------------------------|
| DIRECTORS | Stephen Cane (Chairman)* Tadeusz Dziurman* Mark Gregory Tim Hennessy (resigned 2 December 2022) Fintan Mullarkey Alistair Robson Elanor Hardwick* James Mollett Seema Bradbury (resigned 19 May 2023) Ann Haugh (appointed 19 January 2022) | * Independent Non-Executive |
| SECRETARY | Kelly Lawrence 52 Lime Street London EC3M 7AF United Kingdom | |
| REGISTERED OFFICE | 52 Lime Street London EC3M 7AF United Kingdom | |
| PRINCIPAL BANKERS | Citibank NA Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom | |
| SOLICITORS | Willkie Farr & Gallagher (UK) LLP Citypoint 1 Ropemaker Street London EC2Y 9AW United Kingdom | |
| AUDITOR | Deloitte LLP 2 New Street Square London EC4A 3BZ United Kingdom | |

AXIS MANAGING AGENCY LTD

STRATEGIC REPORT

The directors present the strategic report for AXIS Managing Agency Ltd (the Company or AMAL) for the financial year ended 31 December 2022. The Company is registered in England and Wales with registration number 08702952.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is part of the AXIS Group of companies ("AXIS"), the ultimate holding company of which is AXIS Capital Holdings Limited ("ACHL"). The Company is a wholly owned subsidiary of AXIS Specialty UK Holdings Limited (ASUKHL).

The Company was incorporated on 24 September 2013 in the UK as a private limited liability company to act as a services company for related group undertakings. On 21 February 2017 the Company changed its name to AXIS Managing Agency Ltd. It was formerly known as AXIS UK Corporate Services Limited.

On 14 July 2017, the Company received regulatory approval from the Lloyd's Franchise Board, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) to operate as the Managing Agent for Syndicate 1686. Effective 4 August 2017, the Company assumed all Managing Agent responsibilities for Syndicate 1686 (the Syndicate).

On 8 January 2018, ACHL announced that it had received authorisation from Lloyd's for AMAL to commence the management and oversight of Syndicate 2007 and Special Purpose Arrangement (SPA) 6129. The authorisation became effective 1 January 2018, and created a single Managing Agent structure for AXIS' operations at Lloyd's.

Effective 1 January 2019, Syndicate 2007, was placed into run-off. Management consolidated its Lloyd's business into Syndicate 1686 with all AXIS Lloyd's sourced business now transacting through Syndicate 1686.

The Company reported a profit after taxation of USD 0.02m for the year ended 31 December 2022 (2021: profit of USD 0.05m).

COVID-19

The threat and outcome relating to COVID-19 are better understood now than during the earlier stages. The longer term societal and economic impact remains uncertain. AXIS continues to monitor the situation closely, including stress and scenario testing on existing underwriting and investment exposures, taking into consideration among other assumptions, the possible severity and duration of the outbreak.

Exposure to the Russia-Ukraine war

The Russia-Ukraine war and its related impacts, are an evolving risk to which AXIS is exposed from an underwriting and reserving perspective. AXIS continues to track the situation closely, performing stress and scenario testing on existing underwriting exposures. A range of economic impacts and external pressures across individual product lines have been considered.

Climate Change

Environmental, Social and Governance (ESG) and sustainability have become major topics that encompass a wide range of issues, including climate change and other environmental risks. AXIS have put in place a number of measures in order to identify, assess and manage potential exposure to climate risks for example physical, transition and liability risks.

AXIS remains focused on addressing the impact of climate change. AXIS established a Climate Change Working Group in 2019, which includes representation from the Company, to ensure that the potential risks and opportunities from climate change are identified and then managed in line with the standard risk management framework. The Company has additionally developed a plan to ensure that the any exposures in its managed Syndicate are systematically assessed and well monitored as appropriate.

The Managing Agent is required to address the energy reporting requirements in relation to streamlined energy and carbon reporting. AXIS Capital's Fossil Fuel policy limiting thermal coal and oil sands underwriting and investment went into effect on 1 January 2020 and was strengthened further in 2021. Further details on group wide energy and carbon reduction initiative has been documented in the Corporate Citizenship section of the AXIS Capital Holdings Annual Report which can be obtained from the AXIS website.

The Company is required to address the energy reporting requirements in relation to streamlined energy and carbon reporting. These reporting requirements for the Company have been consolidated within the Streamlined energy and carbon reporting section of the AXIS Specialty UK Holdings Limited annual accounts.

AXIS MANAGING AGENCY LTD

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

The key performance indicators during the year were as follows:

| | 2022 | 2021 |
|-----------------------------------|-----------|-----------|
| | USD'000 | USD'000 |
| Capacity under management | 1,331,000 | 1,210,000 |
| Management fee as a % of capacity | 0.025 % | 0.025 % |
| Profit after tax | 16 | 48 |

The management fee for 2023 will remain at 0.025% of the Syndicate's capacity, unchanged from 2022. The management charge reflects an appropriate amount to maintain the companies capital at a sufficient level going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks are credit, operational and liquidity risk.

Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. The management of credit risk comprises the identification, assessment and controlling of the relevant risks and includes monitoring of compliance with the Company's risk management standards, including various risk tolerance limits. The Company's largest credit risk exposure relates to the intercompany receivables. Intercompany receivables are settled on a quarterly basis, in line with the underlying intercompany agreement.

Operational risk

Operational risk represents the risk of financial loss as a result of inadequate processes, system failures, human error or external events including but not limited to direct or indirect financial loss, reputational damage, customer dissatisfaction, legal and regulatory penalties or impacts from third parties including coverholders or third party administrators (TPA). Transaction type operational risks are managed through the application of process controls throughout the business which are reviewed on a regular basis. In testing these controls, the business undertakes regular underwriting and claim peer audits, supplemented by the work of our internal audit team. A risk register, capturing all known significant operational risks faced by the Managing Agent and the associated risk assessments, is periodically reviewed by the Risk Committee of the Board.

Regulatory risk

Regulatory risk represents the risk arising from failure to comply with legal, statutory or regulatory obligations, including applicable laws, regulatory sanctions, rules, related self-regulatory standards, and codes of conduct applicable to business activities. The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. The Company has a Compliance Officer who monitors business activity and regulatory developments including those around sanctions and assesses any effects on the agency.

The Company has no appetite for failing to treat customers fairly. The Company manages and monitors its conduct risk through a suite of risk indicators and reporting metrics as part of its documented conduct risk framework.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its liabilities or payment obligations when they fall due, or would have to incur excessive costs to do so. The Company aims to ensure it maintains adequate resources to meet its liquidity needs under both normal and stressed conditions. To achieve this, the Managing Agent assesses, monitors and manages its liquidity needs on an ongoing basis. In particular, the Company ensures the matching of its assets and liabilities with respect to duration and other terms and conditions.

EVENTS SINCE FINANCIAL YEAR END

There have been no significant events affecting the Company since the financial year end. There are also no future developments impacting the Company:

AXIS MANAGING AGENCY LTD

STRATEGIC REPORT

SECTION 172 STATEMENT

The directors act in accordance with their duty under section 172 of the Companies Act 2006 in a way which 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.

The Company Board is responsible for leading and directing the Company and for ensuring that it meets its legal and regulatory requirements. The Company operates in line with local laws and regulations in delivering the strategy of its ultimate holding company, AXIS Capital Holdings Limited, to which it regularly reports matters that affect the group.

To ensure consistent standards, AXIS Capital applies group-wide policies across all of its subsidiaries and business operations. The Company adopts these policies either directly or (where local laws and regulations need to be addressed) within its own board approved policies.

The Company directors are committed to the strategic vision and goals of its ultimate parent company. In supporting the AXIS group, the Company directors work to create value ensuring a robust and effective governance. The Board meets on a quarterly basis and additionally when required to review and approve business plans, monitor performance, address longer term strategic decisions and changes to the regulatory environment that it operates in. The Board receives information from all key functions of the business allowing the directors to fully understand performance and ensure the implementation of group strategy.

The Company does not have any employees and has no material external customers or suppliers other than the regulatory bodies with which it engages.

The Board considers that by adhering to legal and regulatory requirements and implementing AXIS group policies and strategy, their actions have sufficient regard to the following:

- the likely consequences of any decision in the long term,
- the need to foster the Company's business relationships,
- the impact of the Company's operations on the community and environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The AMAL Board is responsible for leading and directing AMAL and for ensuring that it meets its legal and regulatory requirements.

Its activities include:

- approving and overseeing implementation of AXIS Capital group's strategy for operating at Lloyd's;
- approving and monitoring performance against the business plan of AMAL's managed Syndicate;
- approving AMAL's risk-management framework;
- approving and overseeing AMAL's governance;
- approving AMAL's policies; and
- compliance with the principles of operating at Lloyd's.

The AMAL directors are fully engaged with its regulators, the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and Lloyd's to ensure the company operates within the prescribed standards. The directors keep abreast of changing regulatory requirements to ensure the company is fully compliant.

This report was approved by the Board of Directors on 10 May 2023 and signed on its behalf by:



Kelly Lawrence
Company Secretary
Date: 22 May 2023

AXIS MANAGING AGENCY LTD

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2022.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Company's principle risks are detailed in the strategic report.

DIVIDENDS

No dividend payment was proposed for the year (2021: nil).

SECTION 172 STATEMENT

This has been discussed in the Strategic Report on page 5.

EVENTS SINCE FINANCIAL YEAR END

Details regarding significant events affecting the Company since the financial year end can be found on page 3.

DIRECTORS AND THEIR INTERESTS

Details of the directors of the Company that served during the year end up to the date of signing of the financial statements are provided on page 2. Unless indicated the directors served for the entire year. In accordance with the Articles of Association the existing directors shall continue in office until resignation or removal.

Changes to the directors were as follows:

| | | |
|----------------|-----------|-----------------|
| Ann Haugh | Appointed | 19 January 2022 |
| Tim Hennessy | Resigned | 2 December 2022 |
| Seema Bradbury | Resigned | 19 May 2023 |

No director had any interest in the share capital of the Company at any time during the year.

DIRECTORS INDEMNITY

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

AUDITOR AND THE DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director of the Managing Agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Company auditors in connection with the auditor's report, of which the auditors are unaware. Each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

AUDITORS

Deloitte LLP acted as the Company's auditors during the year under review. In accordance with the Companies Act 2006, the auditors will be deemed reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the Board of Directors on 10 May 2023 and signed on its behalf by:



James Mollett
Director
Date: 22 May 2023

AXIS MANAGING AGENCY LTD
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the profit or loss of the company and of the profit and 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
AXIS MANAGING AGENCY LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AXIS Managing Agency Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
AXIS MANAGING AGENCY LTD**

Auditor's 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 auditor's 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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulations under Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA'), the Financial Services and Markets Act 2000 ('FSMA') and the Lloyd's Underwriting Byelaw (No.2 of 2003).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

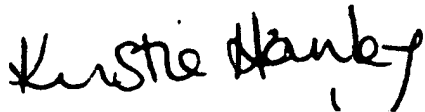
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
AXIS MANAGING AGENCY LTD

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kirstie Hanley
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23 May 2023

AXIS MANAGING AGENCY LTD
STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Year Ended 31 December 2022 USD '000 | Year Ended 31 December 2021 USD '000 |
|-------------------------------|-------|---|---|
| | Notes | | |
| Turnover | 2 | 86,054 | 89,004 |
| Investment income | | 61 | 7 |
| Net operating expenses | 4 | (85,917) | (88,935) |
| PROFIT BEFORE TAXATION | | <u>198</u> | <u>76</u> |
| Taxation on profit | 5 | (182) | (28) |
| PROFIT AFTER TAXATION | | <u><u>16</u></u> | <u><u>48</u></u> |

There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

All of the results are derived from continuing operations. The accompanying notes form an integral part of the financial statements.

AXIS MANAGING AGENCY LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

| | Notes | 2022 USD '000 | 2021 USD '000 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Cash at bank and in hand | | 6,407 | 20,561 |
| Other debtors | 6 | 44,289 | 32,124 |
| Intangible assets | 7 | 11,310 | 5,094 |
| Tangible assets | 8 | 628 | 981 |
| TOTAL ASSETS | | 62,634 | 58,760 |
| CAPITAL, RESERVES AND LIABILITIES | | | |
| Called-up share capital | 9 | 1,000 | 1,000 |
| Capital contribution | 9 | 9,100 | 9,100 |
| Profit and loss account | | 23,716 | 23,700 |
| TOTAL SHAREHOLDER'S FUNDS | | 33,816 | 33,800 |
| LIABILITIES | | | |
| Creditors: amounts falling due within one year | 10 | 28,812 | 24,950 |
| Accruals | | 6 | 10 |
| | | 28,818 | 24,960 |
| TOTAL CAPITAL, RESERVES AND LIABILITIES | | 62,634 | 58,760 |

These financial statements were approved by the Board of Directors on 10 May 2023.

Signed on behalf of the Board of Directors



James Mollett
Finance Director
22 May 2023

AXIS Managing Agency Ltd
Registered No. 08702952

AXIS MANAGING AGENCY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Share Capital USD '000 | Capital Contribution USD '000 | Profit and Loss USD '000 | Total USD '000 |
|-------------------------------|------------------------------|-------------------------------------|--------------------------------|-------------------|
| As at 1 January 2021 | 1,000 | 9,100 | 23,652 | 33,752 |
| Total comprehensive income | — | — | 48 | 48 |
| As at 31 December 2021 | 1,000 | 9,100 | 23,700 | 33,800 |
| Total comprehensive income | — | — | 16 | 16 |
| As at 31 December 2022 | 1,000 | 9,100 | 23,716 | 33,816 |

There were no items of comprehensive income in the current or prior year other than the profit/loss for the year and, accordingly, profit for the financial year is equal to total comprehensive income.

AXIS MANAGING AGENCY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

General information

The Company is a private limited company by shares, incorporated in the United Kingdom on 24 September 2013. The registered office is 52 Lime Street, London, EC3M 7AF, United Kingdom, which is also the principal place of business of the company.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) and applicable law of England and Wales. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

The Company has taken advantage of the disclosure exemptions available under FRS 102 paragraph 1.12 in respect of presentation of a cash-flow statement, and section 11 and 12 in relation to requirements for certain financial instrument disclosures on the basis that it is a qualifying entity and is consolidated into the financial statements of its parent Company, AXIS Capital Holdings Limited.

The financial statements are presented in thousands of US Dollars (USD '000) unless otherwise stated.

Going concern

The Company's business activities, performance and position along with the objectives, policies and processes for managing its principal risks and uncertainties are set out in the strategic report. The principal activity of the company is to act as Managing Agent to Syndicate 1686.

The Company's forecasts and projections show that there is no material uncertainty regarding the Company's ability to meet its liabilities as they fall due. As such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash at bank

Cash consists of cash at bank.

Turnover

Turnover represents a management fee from the Syndicate, together with the recovery from the Syndicate of administrative expenses incurred by the Company on its behalf. All turnover originates in the United Kingdom.

Intra-Group funding

The Company generates income through the charging of a Managing Agent fee to the Syndicate, together with the recharging of its costs and is therefore dependent on funding from other group companies. Intercompany receivables and payables are settled in line with the underlying intercompany agreement and are disclosed within current assets and current liabilities respectively.

Administration expenses

Administration expenses are recognised on an accruals basis.

Tangible assets

All tangible fixed assets are stated at cost less depreciation. The Company provides depreciation at cost less the estimated residual value in equal annual instalments over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows:

| | |
|--------------------|---------|
| Computer equipment | 3 years |
|--------------------|---------|

Intangible assets

The capitalisation and categorisation of certain expenses as intangible assets on the AMAL balance sheet is related to costs incurred by the AXIS Group regarding the in-house development or customisation of bespoke computer software. These specific capitalised costs are driven by invoices and labour costs allocated to specific projects. These are managed projects with planned delivery dates and are amortised over a period of time from the implementation date, in line with a fixed end date based on the estimated useful economic life. The majority of these projects are amortised over a period of 60 months, in line with managements assessment of the useful life of the software and standard AXIS Group accounting policy.

The Company tests for impairment of intangible assets with finite lives if conditions exist that indicate the carrying value may not be recoverable. These indicators are damage, obsolescence and/or declining selling prices.

AXIS MANAGING AGENCY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

Taxation

Current UK corporation tax is provided on amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

The functional and presentation currency of the Company is US Dollar (USD).

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the prevailing rate of exchange ruling at the balance sheet date and revenues and costs are converted at the rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies have been recorded at historical rates.

Profits and losses arising from foreign currency transactions and on settlement of accounts receivable and payable in foreign currencies are recognised in the profit and loss account.

Critical accounting judgments and sources of estimation uncertainty

In the application of accounting policies, judgments, estimates and assumptions are required regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There were no significant accounting judgements made during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. TURNOVER

Turnover represents a management fee of 0.025% of Syndicate 1686's capacity (2021: 0.025%), together with the recovery from Syndicate 1686 of administrative expenses incurred by the Company on its behalf.

| | 2022 | 2021 |
|----------------------------------|---------------|---------------|
| | USD '000 | USD '000 |
| Lloyd's underwriting agency fees | 380 | 310 |
| Recharged expenses | 85,674 | 88,694 |
| | <u>86,054</u> | <u>89,004</u> |

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company has no employees (2021: nil).

The executive directors are employees of a related group company. The directors received total remuneration (including pension contributions) of USD 6.8m (2021: USD 5.6m) from related group companies during the year. It is not practicable to allocate this between their services as executives of group companies and their services as directors of the Company.

The aggregate remuneration (including pension contributions) of the highest paid director was USD 1.8m (2021: USD 2.0m).

AXIS MANAGING AGENCY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. NET OPERATING EXPENSES

| | 2022 | 2021 |
|-----------------------------------|-----------------|-----------------|
| | USD '000 | USD '000 |
| Administrative expenses | (85,924) | (88,929) |
| Foreign exchange gains / (losses) | 7 | (6) |
| Net operating expenses | (85,917) | (88,935) |

| | 2022 | 2021 |
|---|-----------|-----------|
| | USD '000 | USD '000 |
| Fees paid to the Company's auditor: | | |
| For the statutory audit of the financial statements during the year | 12 | 14 |
| For audit related services | 6 | 7 |
| | 18 | 21 |

Included in administrative expenses are salary costs for services to the Syndicate provided by employees of AXIS group companies. These are not separately identifiable.

5. TAXATION ON PROFIT

| | 2022 | 2021 |
|-----------------------|------------|-----------|
| | USD '000 | USD '000 |
| Current tax | 261 | (151) |
| Deferred tax movement | (79) | 179 |
| Corporation tax | 182 | 28 |

The current tax charge for the year is as expected from applying the standard rate of UK corporation tax to the profit before tax as outlined below:

| | 2022 | 2021 |
|---|------------|--------------|
| | USD '000 | USD '000 |
| Profit before tax | 198 | 76 |
| Profit multiplied by the standard rate of UK corporation tax of 19% (2021: 19%) | 38 | 14 |
| Effects of: | | |
| Adjustment to tax charge in respect of previous financial years | 223 | (165) |
| Current tax | 261 | (151) |

From 1 April 2023 corporate tax rate increased to 25%, this rate has been applied to deferred tax calculations.

At 31 December 2022, there are no unrecognised deferred tax assets.

6. OTHER DEBTORS

| | 2022 | 2021 |
|---|---------------|---------------|
| | USD '000 | USD '000 |
| Amounts receivable within one year | | |
| Amounts owed by group undertakings | 44,048 | 32,044 |
| Other debtors | 241 | 80 |
| | 44,289 | 32,124 |

AXIS MANAGING AGENCY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INTANGIBLE ASSETS

Included in intangible assets are capitalised project costs that are work in progress as at 31 December 2022. The capitalised costs are driven by invoices and labour costs allocated to the Company. The project costs relate to the Syndicate and will be recharged to the Syndicate as they are expensed to the profit and loss account.

| Software projects | 2022 | 2021 |
|--|----------------|----------------|
| | USD'000 | USD'000 |
| Cost | | |
| At beginning of financial year | 1,318 | 515 |
| Additions | 6,062 | 803 |
| Disposals | — | — |
| At end of financial year | 7,380 | 1,318 |
| Amortisation | | |
| At beginning of financial year | 407 | 260 |
| Charge | 2,857 | 147 |
| Disposals | — | — |
| At end of financial year | 3,264 | 407 |
| Net Book Value at end of financial year | 4,116 | 911 |
| Work in progress | 2022 | 2021 |
| | USD'000 | USD'000 |
| Cost | | |
| At beginning of financial year | 4,183 | 478 |
| Additions | 3,011 | 3,705 |
| Disposals | — | — |
| At end of financial year | 7,194 | 4,183 |
| Net Book Value at end of financial year | 7,194 | 4,183 |

8. TANGIBLE ASSETS

| Computer equipment | 2022 | 2021 |
|--|----------------|----------------|
| | USD'000 | USD'000 |
| Cost | | |
| At beginning of financial year | 1,840 | 1,461 |
| Additions | 382 | 379 |
| Disposals | — | — |
| At end of financial year | 2,222 | 1,840 |
| Accumulated depreciation | | |
| At beginning of financial year | 859 | 336 |
| Charge | 735 | 523 |
| Disposals | — | — |
| At end of financial year | 1,594 | 859 |
| Net Book Value at end of financial year | 628 | 981 |

AXIS MANAGING AGENCY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. CALLED UP SHARE CAPITAL AND CAPITAL CONTRIBUTION

| | 2022 USD '000 | 2021 USD '000 |
|---|------------------|------------------|
| Authorised | | |
| Ordinary shares of USD 1 each | <u>1,000</u> | <u>1,000</u> |
| Called up, allotted and fully paid | | |
| Ordinary shares of USD 1 each | <u>1,000</u> | <u>1,000</u> |

On 7 January 2014, the Company received USD 0.1m from AXIS Specialty UK Holdings Limited (ASUKHL) in return for 100,000 ordinary shares at USD 1 each.

On 24 April 2017, the Company received USD 0.9m from ASUKHL in return for an additional 900,000 ordinary shares at USD 1 each, thus increasing the paid up share capital to USD 1.0m. On the same date, the Company received a capital contribution of USD 9.1m from ASUKHL.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 USD '000 | 2021 USD '000 |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Amounts owed to Group undertakings | 28,413 | 24,673 |
| Corporation tax | 80 | 33 |
| Other creditors | <u>319</u> | <u>244</u> |
| | <u>28,812</u> | <u>24,950</u> |

11. FINANCIAL COMMITMENTS

The Company had no operating lease commitments or other relevant financial commitments as at 31 December 2022 (2021: nil).

12. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the financial year end other than those highlighted in the Strategic Report.

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemption available in FRS 102 Section 33. All related party transactions are with entities that are wholly owned by the ultimate parent.

14. ULTIMATE PARENT COMPANY

The directors regard AXIS Capital Holdings Limited (ACHL), a company incorporated in Bermuda, as the ultimate parent company and ultimate controlling party. The smallest and largest group into which the financial statements of AXIS Managing Agency Ltd are consolidated is ACHL. Copies of the group financial statements may be obtained from ACHL, AXIS House, 92 Pitts Bay Road, Pembroke, HM08, Bermuda.