

AXIS CAPITAL HOLDINGS LTD

Form 10-Q

October 27, 2016

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-31721

AXIS CAPITAL HOLDINGS LIMITED

(Exact name of registrant as specified in its charter)

BERMUDA

(State or other jurisdiction of incorporation or organization)

98-0395986

(I.R.S. Employer Identification No.)

92 Pitts Bay Road, Pembroke, Bermuda HM 08

(Address of principal executive offices and zip code)

(441) 496-2600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 19, 2016, there were 88,445,095 Common Shares, \$0.0125 par value per share, of the registrant outstanding.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
INDEX TO FORM 10-Q

	Page
PART I	
<u>Financial Information</u>	<u>3</u>
Item 1. <u>Consolidated Financial Statements</u>	<u>4</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>42</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>74</u>
Item 4. <u>Controls and Procedures</u>	<u>74</u>
PART II	
<u>Other Information</u>	<u>75</u>
Item 1. <u>Legal Proceedings</u>	<u>75</u>
Item 1A. <u>Risk Factors</u>	<u>75</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>76</u>
Item 5. <u>Other Information</u>	<u>76</u>
Item 6. <u>Exhibits</u>	<u>77</u>
<u>Signatures</u>	<u>78</u>

Table of Contents

PART I FINANCIAL INFORMATION

This quarterly report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the United States securities laws. In some cases, these statements can be identified by the use of forward-looking words such as “may”, “should”, “could”, “anticipate”, “estimate”, “expect”, “plan”, “believe”, “predict”, “potential” and “intend”. Forward-looking statements contained in this report may include information regarding our estimates of losses related to catastrophes and other large losses, measurements of potential losses in the fair value of our investment portfolio and derivative contracts, our expectations regarding pricing and other market conditions, our growth prospects, and valuations of the potential impact of movements in interest rates, equity prices, credit spreads and foreign currency rates. Forward-looking statements only reflect our expectations and are not guarantees of performance.

These statements involve risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements. We believe that these factors include, but are not limited to, the following:

- the occurrence and magnitude of natural and man-made disasters,
- actual claims exceeding our loss reserves,
- general economic, capital and credit market conditions,
- the failure of any of the loss limitation methods we employ,
- the effects of emerging claims, coverage and regulatory issues, including uncertainty related to coverage definitions, limits, terms and conditions,
- the failure of our cedants to adequately evaluate risks,
- inability to obtain additional capital on favorable terms, or at all,
- the loss of one or more key executives,
- a decline in our ratings with rating agencies,
- loss of business provided to us by our major brokers,
- changes in accounting policies or practices,
- the use of industry catastrophe models and changes to these models,
- changes in governmental regulations,
- increased competition,
- changes in the political environment of certain countries in which we operate or underwrite business including the United Kingdom’s expected withdrawal from the European Union,
- fluctuations in interest rates, credit spreads, equity prices and/or currency values, and
- the other matters set forth under Item 1A, ‘Risk Factors’ and Item 7, ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ included in our Annual Report on Form 10-K for the year ended December 31, 2015.

We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

	Page
Consolidated Balance Sheets at September 30, 2016 (Unaudited) and December 31, 2015	<u>5</u>
Consolidated Statements of Operations for the three and nine months ended September 30, 2016 and 2015 (Unaudited)	<u>6</u>
Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2016 and 2015 (Unaudited)	<u>7</u>
Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2016 and 2015 (Unaudited)	<u>8</u>
Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015 (Unaudited)	<u>9</u>
Notes to Consolidated Financial Statements (Unaudited)	<u>10</u>
Note 1 - Basis of Presentation and Accounting Policies	<u>10</u>
Note 2 - Segment Information	<u>12</u>
Note 3 - Investments	<u>14</u>
Note 4 - Fair Value Measurements	<u>22</u>
Note 5 - Derivative Instruments	<u>32</u>
Note 6 - Reserve for Losses and Loss Expenses	<u>35</u>
Note 7 - Share-Based Compensation	<u>36</u>
Note 8 - Earnings Per Common Share	<u>38</u>
Note 9 - Shareholders' Equity	<u>39</u>
Note 10 - Commitments and Contingencies	<u>40</u>
Note 11 - Other Comprehensive Income (Loss)	<u>41</u>
Note 12 - Subsequent Event	<u>42</u>

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016 (UNAUDITED) AND DECEMBER 31, 2015

	2016	2015
	(in thousands)	
Assets		
Investments:		
Fixed maturities, available for sale, at fair value (Amortized cost 2016: \$11,462,399; 2015: \$11,897,639)	\$11,566,860	\$11,719,749
Equity securities, available for sale, at fair value (Cost 2016: \$600,604; 2015: \$575,776)	644,344	597,998
Mortgage loans, held for investment, at amortized cost and fair value	332,753	206,277
Other investments, at fair value	847,262	816,756
Equity method investments	111,295	10,932
Short-term investments, at amortized cost and fair value	39,877	34,406
Total investments	13,542,391	13,386,118
Cash and cash equivalents	848,200	988,133
Restricted cash and cash equivalents	229,063	186,618
Accrued interest receivable	71,096	73,729
Insurance and reinsurance premium balances receivable	2,694,976	1,967,535
Reinsurance recoverable on unpaid and paid losses	2,336,741	2,096,104
Deferred acquisition costs	545,618	471,782
Prepaid reinsurance premiums	582,551	396,201
Receivable for investments sold	2,285	26,478
Goodwill and intangible assets	85,501	86,858
Other assets	283,969	302,335
Total assets	\$21,222,391	\$19,981,891
Liabilities		
Reserve for losses and loss expenses	\$9,874,807	\$9,646,285
Unearned premiums	3,453,655	2,760,889
Insurance and reinsurance balances payable	461,519	356,417
Senior notes	992,633	991,825
Payable for investments purchased	141,245	9,356
Other liabilities	272,874	350,237
Total liabilities	15,196,733	14,115,009
Shareholders' equity		
Preferred shares	625,000	627,843
Common shares (2016: 176,575; 2015: 176,240 shares issued and 2016: 88,439; 2015: 96,066 shares outstanding)	2,206	2,202
Additional paid-in capital	2,307,866	2,241,388
Accumulated other comprehensive income (loss)	98,505	(188,465)
Retained earnings	6,430,573	6,194,353
Treasury shares, at cost (2016: 88,136; 2015: 80,174 shares)	(3,438,492)	(3,010,439)
Total shareholders' equity	6,025,658	5,866,882

Total liabilities and shareholders' equity	\$21,222,391	\$19,981,891
--	--------------	--------------

See accompanying notes to Consolidated Financial Statements.

5

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Three months ended		Nine months ended	
	2016	2015	2016	2015
	(in thousands, except for per share amounts)			
Revenues				
Net premiums earned	\$934,415	\$919,341	\$2,783,746	\$2,764,605
Net investment income	116,923	45,685	257,818	226,336
Other insurance related income	5,944	1,158	4,850	12,319
Termination fee received	—	280,000	—	280,000
Net realized investment gains (losses):				
Other-than-temporary impairment ("OTTI") losses	(4,247)	(32,301)	(20,346)	(62,762)
Other realized investment gains (losses)	9,452	(37,656)	(19,949)	(60,856)
Total net realized investment gains (losses)	5,205	(69,957)	(40,295)	(123,618)
Total revenues	1,062,487	1,176,227	3,006,119	3,159,642
Expenses				
Net losses and loss expenses	532,328	560,387	1,663,584	1,652,868
Acquisition costs	189,810	182,744	559,570	537,549
General and administrative expenses	142,906	144,727	439,554	456,451
Foreign exchange gains	(13,795)	(28,088)	(69,781)	(69,200)
Interest expense and financing costs	12,839	12,918	38,586	38,114
Reorganization and related expenses	—	45,867	—	45,867
Total expenses	864,088	918,555	2,631,513	2,661,649
Income before income taxes and interest in income (loss) of equity method investments	198,399	257,672	374,606	497,993
Income tax expense	9,352	30	7,712	1,155
Interest in loss of equity method investments	(2,434)	—	(2,434)	—
Net income	186,613	257,642	364,460	496,838
Preferred share dividends	9,969	10,022	29,906	30,066
Net income available to common shareholders	\$176,644	\$247,620	\$334,554	\$466,772
Per share data				
Net income per common share:				
Basic net income	\$1.97	\$2.52	\$3.64	\$4.69
Diluted net income	\$1.96	\$2.50	\$3.61	\$4.65
Weighted average number of common shares outstanding - basic	89,621	98,226	91,852	99,464
Weighted average number of common shares outstanding - diluted	90,351	99,124	92,579	100,468
Cash dividends declared per common share	\$0.35	\$0.29	\$1.05	\$0.87

See accompanying notes to Consolidated Financial Statements.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Three months ended		Nine months ended	
	2016	2015	2016	2015
	(in thousands)			
Net income	\$186,613	\$257,642	\$364,460	\$496,838
Other comprehensive income (loss), net of tax:				
Available for sale investments:				
Unrealized investment gains (losses) arising during the period	36,336	(99,711)	238,656	(176,938)
Adjustment for reclassification of net realized investment gains (losses) and OTTI losses recognized in net income	(2,642)	74,810	42,620	128,770
Unrealized investment gains (losses) arising during the period, net of reclassification adjustment	33,694	(24,901)	281,276	(48,168)
Foreign currency translation adjustment	1,722	(14,626)	5,694	(23,851)
Total other comprehensive income (loss), net of tax	35,416	(39,527)	286,970	(72,019)
Comprehensive income	\$222,029	\$218,115	\$651,430	\$424,819

See accompanying notes to Consolidated Financial Statements.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
	(in thousands)	
Preferred shares		
Balance at beginning of period	\$627,843	\$627,843
Shares repurchased	(2,843)) —
Balance at end of period	625,000	627,843
Common shares (par value)		
Balance at beginning of period	2,202	2,191
Shares issued	4	11
Balance at end of period	2,206	2,202
Additional paid-in capital		
Balance at beginning of period	2,241,388	2,285,016
Shares issued - common shares	(4)	) 2,472
Cost of treasury shares reissued	(19,647)	) (17,674)
Settlement of accelerated share repurchase	60,000	(60,000)
Stock options exercised	—	558
Share-based compensation expense	26,129	19,906
Balance at end of period	2,307,866	2,230,278
Accumulated other comprehensive income (loss)		
Balance at beginning of period	(188,465)	(45,574)
Unrealized gains (losses) on available for sale investments, net of tax:		
Balance at beginning of period	(149,585)	(28,192)
Unrealized gains (losses) arising during the period, net of reclassification adjustment	281,276	(48,168)
Non-credit portion of OTTI losses	—	—
Balance at end of period	131,691	(76,360)
Cumulative foreign currency translation adjustments, net of tax:		
Balance at beginning of period	(38,880)	(17,382)
Foreign currency translation adjustments	5,694	(23,851)
Balance at end of period	(33,186)	(41,233)
Balance at end of period	98,505	(117,593)
Retained earnings		
Balance at beginning of period	6,194,353	5,715,504
Net income	364,460	496,838
Preferred share dividends	(29,906)	(30,066)
Common share dividends	(98,334)	(88,379)
Balance at end of period	6,430,573	6,093,897
Treasury shares, at cost		
Balance at beginning of period	(3,010,439)	(2,763,859)
Shares repurchased for treasury	(449,086)	(264,076)

Edgar Filing: AXIS CAPITAL HOLDINGS LTD - Form 10-Q

Cost of treasury shares reissued	21,033	17,674
Balance at end of period	(3,438,492)	(3,010,261)
Total shareholders' equity	\$6,025,658	\$5,826,366

See accompanying notes to Consolidated Financial Statements.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	2016		2015
	(in thousands)		
Cash flows from operating activities:			
Net income	\$ 364,460		\$ 496,838
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized investment losses	40,295		123,618
Net realized and unrealized gains on other investments	(23,117)	)	(17,616)
Amortization of fixed maturities	51,660		75,645
Interest in loss of equity method investments	2,434		—
Other amortization and depreciation	17,370		26,219
Share-based compensation expense, net of cash payments	28,580		25,435
Changes in:			
Accrued interest receivable	3,286		7,128
Reinsurance recoverable balances	(163,212)	)	(158,362)
Deferred acquisition costs	(73,759)	)	(77,348)
Prepaid reinsurance premiums	(184,648)	)	(69,016)
Reserve for loss and loss expenses	216,828		212,066
Unearned premiums	682,686		380,610
Insurance and reinsurance balances, net	(623,170)	)	(330,128)
Other items	(74,383)	)	7,841
Net cash provided by operating activities	265,310		702,930

Edgar Filing: AXIS CAPITAL HOLDINGS LTD - Form 10-Q

Cash flows from
investing activities:

Purchases of:

Fixed maturities	(6,624,573	)	(8,110,841)
Equity securities	(295,827	)	(240,415)
Mortgage loans	(131,087	)	(129,431)
Other investments	(177,500	)	(61,591)
Equity method investments	(103,548)	—	
Short-term investments	(81,479	)	(34,147)

Proceeds from the sale
of:

Fixed maturities	6,067,663		6,797,585	
Equity securities	296,182		112,794	
Other investments	170,111		244,353	
Short-term investments	67,408		112,694	

Proceeds from redemption of fixed maturities	977,852		1,107,175	
--	---------	--	-----------	--

Proceeds from redemption of short-term investments	8,185		22,337	
--	-------	--	--------	--

Proceeds from the repayment of mortgage loans	4,808		—	
---	-------	--	---	--

Purchase of other assets	(19,055)	(18,401)
--------------------------	---------	---	---------	---

Change in restricted cash and cash equivalents	(42,445)	27,996	
--	---------	---	--------	--

Net cash provided by (used in) investing activities	116,695		(169,892)
---	---------	--	----------	---

Cash flows from
financing activities:

Repurchase of common shares	(389,086)	(332,097)
-----------------------------	----------	---	----------	---

Dividends paid - common shares	(100,670)	(89,611)
--------------------------------	----------	---	---------	---

Dividends paid - preferred shares	(29,940)	(30,066)
-----------------------------------	---------	---	---------	---

Repurchase of preferred shares	(2,843)	—	
--------------------------------	--------	---	---	--

Proceeds from issuance of common shares	8		3,042	
	(522,531	)	(448,732)

Net cash used in
financing activities

Effect of exchange rate changes on foreign currency cash and cash equivalents	593	(13,883)
Increase (decrease) in cash and cash equivalents	(139,933	)	70,423
Cash and cash equivalents - beginning of period	988,133		921,830
Cash and cash equivalents - end of period	\$ 848,200	\$	992,253

Supplemental disclosures of cash flow information: Total consideration paid for a quota share and adverse development reinsurance cover was \$170 million of which \$92 million was settled by transfer of securities and was treated as a non cash activity on the Consolidated Statement of Cash Flows.

See accompanying notes to Consolidated Financial Statements.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Presentation

These interim consolidated financial statements include the accounts of AXIS Capital Holdings Limited (“AXIS Capital”) and its subsidiaries (herein referred to as “we,” “us,” “our,” or the “Company”).

The consolidated balance sheet at September 30, 2016 and the consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the periods ended September 30, 2016 and 2015 have not been audited. The balance sheet at December 31, 2015 is derived from our audited financial statements.

These financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) for interim financial information and with the Securities and Exchange Commission's (“SEC”) instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of our financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. All inter-company accounts and transactions have been eliminated.

The following information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015. Tabular dollar and share amounts are in thousands, except per share amounts. All amounts are reported in U.S. dollars. To facilitate comparison of information across periods, certain reclassifications have been made to prior year amounts to conform to the current year's presentation. These reclassifications did not impact our results of operations, financial condition or liquidity.

Significant Accounting Policies

There were no notable changes in our significant accounting policies subsequent to our Annual Report on Form 10-K for the year ended December 31, 2015, with the exception of the addition of accounting policies for equity method investments and retroactive accounting noted below.

Equity Method Investments

Investments in which the Company has significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting. In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of net income or loss of the investee. Adjustments are based on the most recently available financial information from the investee. Changes in the carrying value of such investments are recorded in net income as interest in income (loss) of equity method investments.

Retroactive Reinsurance

Retroactive reinsurance reimburses a ceding company for liabilities incurred as a result of past insurable events covered under contracts subject to the reinsurance. In certain instances, reinsurance contracts cover losses both on a

prospective basis and on a retroactive basis and where practical the Company bifurcates the prospective and retrospective elements of these reinsurance contracts and accounts for each element separately. Initial gains in connection with retroactive reinsurance contracts are deferred and amortized into income over the settlement period while losses are recognized immediately. When changes in the estimated amount recoverable from the reinsurer or in the timing of receipts related to that amount occur, a cumulative amortization adjustment is recognized in earnings in the period of the change so that the deferred gain reflects the balance that would have existed had the revised estimate been available at the inception of the reinsurance transaction.

New Accounting Standards Adopted in 2016

Share-Based Compensation

Effective January 1, 2016, the Company adopted the Accounting Standards Update ("ASU") 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period" issued by the Financial Accounting Standards Board (the "FASB"). This guidance requires that compensation costs be recognized in the period in which it becomes probable that the performance target will be achieved and to represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. This guidance was issued to clarify treatment where there was a divergence in accounting practice and its adoption did not impact our results of operations, financial condition or liquidity.

Debt Issuance Costs

Effective January 1, 2016, the Company adopted ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" issued by the FASB. This guidance requires the debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. This guidance was issued to simplify the presentation of debt issuance costs and to resolve conflicting guidance. This guidance did not impact our results of operations, financial condition or liquidity.

Investments Measured Using The Net Asset Value Per Share ("NAV") Practical Expedient

Effective January 1, 2016, the Company adopted ASU 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)" issued by the FASB. This guidance eliminated the requirement to categorize investments measured using the net asset value ("NAV") practical expedient in the fair value hierarchy table. As this new guidance related solely to disclosures, the adoption did not impact our results of operations, financial condition or liquidity. The updated disclosures have been provided in Note 4 'Fair Value Measurements'.

Recently Issued Accounting Standards Not Yet Adopted

Leases

In February 2016, the FASB issued guidance that provides a new comprehensive model for lease accounting. The guidance will require most leases to be recognized on the balance sheet by recording a right-of-use asset and a corresponding lease liability. This guidance is effective for reporting periods beginning after December 15, 2018, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of this guidance on our results of operations, financial condition and liquidity.

Transition To Equity Method Of Accounting

In March 2016, the FASB issued new guidance eliminating the requirement that an investor retrospectively apply equity method accounting when an existing investment qualifies for equity method accounting. The guidance is

effective for annual periods beginning after December 15, 2016, and interim periods within those fiscal years with early adoption permitted. The guidance will be adopted on a prospective basis. The adoption of this guidance is not expected to materially impact our results of operations, financial condition or liquidity.

Share-Based Compensation Accounting

In March 2016, the FASB issued new guidance that will change the accounting for certain aspects of share-based compensation payments to employees. The guidance will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. The guidance will also allow employers to increase the amounts withheld to cover income taxes on

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

share-based compensation awards without requiring liability classification. Additionally, companies will be required to elect whether they will account for award forfeitures by recognizing forfeitures only as they occur or by estimating the number of awards expected to be forfeited. This guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of this guidance on our results of operations, financial condition and liquidity.

Credit Losses

In June 2016, the FASB issued a new credit loss standard that changes the impairment model for most financial assets and certain other instruments. The guidance will replace the current "incurred loss" approach with a more forward looking "expected loss" model for instruments measured at amortized cost and will require entities to record allowances for available-for-sale debt securities rather than reduce the carrying amount. This guidance is effective for annual periods beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for annual periods beginning after December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance on our results of operations, financial condition and liquidity.

Cash Flows

In August 2016, the FASB issued new guidance to clarify how certain cash receipts and cash payments should be classified on the statement of cash flows. This guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years with early adoption permitted. The adoption of this guidance is not expected to impact our results of operations, financial condition or liquidity.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2.SEGMENT INFORMATION

Our underwriting operations are organized around our global underwriting platforms, AXIS Insurance and AXIS Re. Therefore we have determined that we have two reportable segments, insurance and reinsurance. We do not allocate our assets by segment, with the exception of goodwill and intangible assets, as we evaluate the underwriting results of each segment separately from the results of our investment portfolio.

The following tables summarize the underwriting results of our reportable segments, as well as the carrying values of allocated goodwill and intangible assets:

	2016			2015			
Three months ended and at September 30,	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total	
Gross premiums written	\$675,430	\$284,532	\$959,962	\$606,704	\$329,879	\$936,583	
Net premiums written	433,131	162,300	595,431	381,118	296,099	677,217	
Net premiums earned	444,691	489,724	934,415	444,550	474,791	919,341	
Other insurance related income	39	5,905	5,944	542	616	1,158	
Net losses and loss expenses	(273,226)	(259,102)	(532,328)	(283,272)	(277,115)	(560,387)	
Acquisition costs	(61,755)	(128,055)	(189,810)	(69,118)	(113,626)	(182,744)	
General and administrative expenses	(84,588)	(29,635)	(114,223)	(85,814)	(35,309)	(121,123)	
Underwriting income	\$25,161	\$78,837	103,998	\$6,888	\$49,357	56,245	
Corporate expenses			(28,683)			(23,604)	
Net investment income			116,923			45,685	
Net realized investment gains (losses)			5,205			(69,957)	
Foreign exchange gains			13,795			28,088	
Interest expense and financing costs			(12,839)			(12,918)	
Termination fee received			—			280,000	
Reorganization and related expenses			—			(45,867)	
Income before income taxes and interest in income (loss) of equity method investments			\$198,399			\$257,672	
Net loss and loss expense ratio	61.4	% 52.9	% 57.0	% 63.7	% 58.4	% 61.0	%
Acquisition cost ratio	13.9	% 26.1	% 20.3	% 15.5	% 23.9	% 19.9	%
General and administrative expense ratio	19.1	% 6.1	% 15.3	% 19.4	% 7.4	% 15.7	%
Combined ratio	94.4	% 85.1	% 92.6	% 98.6	% 89.7	% 96.6	%
Goodwill and intangible assets	\$85,501	\$—	\$85,501	\$87,329	\$—	\$87,329	

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2.SEGMENT INFORMATION (CONTINUED)

Nine months ended and at September 30,	2016			2015			
	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total	
Gross premiums written	\$2,112,796	\$2,126,762	\$4,239,558	\$1,970,554	\$1,833,374	\$3,803,928	
Net premiums written	1,433,058	1,855,529	3,288,587	1,352,122	1,727,185	3,079,307	
Net premiums earned	1,322,649	1,461,097	2,783,746	1,344,339	1,420,266	2,764,605	
Other insurance related income (loss)	(57)	4,907	4,850	811	11,508	12,319	
Net losses and loss expenses	(853,771)	(809,813)	(1,663,584)	(866,580)	(786,288)	(1,652,868)	
Acquisition costs	(184,982)	(374,588)	(559,570)	(200,493)	(337,056)	(537,549)	
General and administrative expenses	(252,652)	(99,980)	(352,632)	(261,924)	(110,701)	(372,625)	
Underwriting income	\$31,187	\$181,623	212,810	\$16,153	\$197,729	213,882	
Corporate expenses			(86,922)			(83,826)	
Net investment income			257,818			226,336	
Net realized investment losses			(40,295)			(123,618)	
Foreign exchange gains			69,781			69,200	
Interest expense and financing costs			(38,586)			(38,114)	
Termination fee received			—			280,000	
Reorganization and related expenses			—			(45,867)	
Income before income taxes and interest in income (loss) of equity method investments			\$374,606			\$497,993	
Net loss and loss expense ratio	64.6	% 55.4	% 59.8	% 64.5	% 55.4	% 59.8	%
Acquisition cost ratio	14.0	% 25.6	% 20.1	% 14.9	% 23.7	% 19.4	%
General and administrative expense ratio	19.0	% 6.9	% 15.8	% 19.5	% 7.8	% 16.5	%
Combined ratio	97.6	% 87.9	% 95.7	% 98.9	% 86.9	% 95.7	%
Goodwill and intangible assets	\$85,501	\$—	\$85,501	\$87,329	\$—	\$87,329	

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS

a) Fixed Maturities and Equities

The amortized cost or cost and fair values of our fixed maturities and equities were as follows:

	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-credit OTTI in AOCI ⁽⁵⁾
At September 30, 2016					
Fixed maturities					
U.S. government and agency	\$ 1,542,943	\$ 22,349	\$ (2,415)	\$ 1,562,877	\$ —
Non-U.S. government	620,601	4,799	(43,344)	582,056	—
Corporate debt	4,516,290	87,184	(34,974)	4,568,500	—
Agency RMBS ⁽¹⁾	2,473,832	49,661	(762)	2,522,731	—
CMBS ⁽²⁾	877,732	18,546	(2,003)	894,275	—
Non-Agency RMBS	71,842	1,636	(1,648)	71,830	(870)
ABS ⁽³⁾	1,234,292	4,028	(2,724)	1,235,596	—
Municipals ⁽⁴⁾	124,867	4,215	(87)	128,995	—
Total fixed maturities	\$ 11,462,399	\$ 192,418	\$ (87,957)	\$ 11,566,860	\$ (870)
Equity securities					
Common stocks	\$ 379	\$ 38	\$ (348)	\$ 69	
Exchange-traded funds	463,655	41,611	(1,060)	504,206	
Bond mutual funds	136,570	3,499	—	140,069	
Total equity securities	\$ 600,604	\$ 45,148	\$ (1,408)	\$ 644,344	
At December 31, 2015					
Fixed maturities					
U.S. government and agency	\$ 1,673,617	\$ 1,545	\$ (23,213)	\$ 1,651,949	\$ —
Non-U.S. government	809,025	2,312	(72,332)	739,005	—
Corporate debt	4,442,315	16,740	(96,286)	4,362,769	—
Agency RMBS ⁽¹⁾	2,236,138	22,773	(9,675)	2,249,236	—
CMBS ⁽²⁾	1,088,595	3,885	(9,182)	1,083,298	—
Non-Agency RMBS	99,989	1,992	(973)	101,008	(875)
ABS ⁽³⁾	1,387,919	952	(17,601)	1,371,270	—
Municipals ⁽⁴⁾	160,041	2,319	(1,146)	161,214	—
Total fixed maturities	\$ 11,897,639	\$ 52,518	\$ (230,408)	\$ 11,719,749	\$ (875)
Equity securities					
Common stocks	\$ —	\$ —	\$ —	\$ —	
Exchange-traded funds	447,524	31,211	(4,762)	473,973	
Bond mutual funds	128,252	—	(4,227)	124,025	
Total equity securities	\$ 575,776	\$ 31,211	\$ (8,989)	\$ 597,998	

(1) Residential mortgage-backed securities (RMBS) originated by U.S. agencies.

(2) Commercial mortgage-backed securities (CMBS).

Asset-backed securities (ABS) include debt tranching securities collateralized primarily by auto loans, student
(3) loans, credit cards, and other asset types. This asset class also includes collateralized loan obligations (CLOs) and
collateralized debt obligations (CDOs).

(4) Municipals include bonds issued by states, municipalities and political
subdivisions.

Represents the non-credit component of the other-than-temporary impairment (OTTI) losses, adjusted for
(5) subsequent sales, maturities and redemptions. It does not include the change in fair value subsequent to the
impairment measurement date.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

In the normal course of investing activities, we actively manage allocations to non-controlling tranches of structured securities (variable interests) issued by VIEs. These structured securities include RMBS, CMBS and ABS and are included in the above table. Additionally, within our other investments portfolio, we also invest in limited partnerships (hedge funds, direct lending funds, real estate funds and private equity funds) and CLO equity tranch securities, which are all variable interests issued by VIEs (see Note 3(c)). For these variable interests, we do not have the power to direct the activities that are most significant to the economic performance of the VIEs therefore we are not the primary beneficiary of any of these VIEs. Our maximum exposure to loss on these interests is limited to the amount of our investment. We have not provided financial or other support with respect to these structured securities other than our original investment.

Contractual Maturities

The contractual maturities of fixed maturities are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

penalties:

	Amortized Cost	Fair Value	% of Total Fair Value	
At September 30, 2016				
Maturity				
Due in one year or less	\$363,821	\$356,706	3.0	%
Due after one year through five years	3,809,515	3,801,104	32.9	%
Due after five years through ten years	2,286,970	2,330,895	20.2	%
Due after ten years	344,395	353,723	3.1	%
	6,804,701	6,842,428	59.2	%
Agency RMBS	2,473,832	2,522,731	21.8	%
CMBS	877,732	894,275	7.7	%
Non-Agency RMBS	71,842	71,830	0.6	%
ABS	1,234,292	1,235,596	10.7	%
Total	\$11,462,399	\$11,566,860	100.0	%
At December 31, 2015				
Maturity				
Due in one year or less	\$291,368	\$289,571	2.5	%
Due after one year through five years	4,217,515	4,142,802	35.3	%
Due after five years through ten years	2,263,684	2,181,525	18.6	%
Due after ten years	312,431	301,039	2.6	%
	7,084,998	6,914,937	59.0	%
Agency RMBS	2,236,138	2,249,236	19.2	%
CMBS	1,088,595	1,083,298	9.2	%
Non-Agency RMBS	99,989	101,008	0.9	%
ABS	1,387,919	1,371,270	11.7	%
Total	\$11,897,639	\$11,719,749	100.0	%

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

Gross Unrealized Losses

The following table summarizes fixed maturities and equities in an unrealized loss position and the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

	12 months or greater		Less than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At September 30, 2016						
Fixed maturities						
U.S. government and agency	\$55,000	\$(1,635)	\$422,681	\$(780)	\$477,681	\$(2,415)
Non-U.S. government	104,441	(24,061)	254,694	(19,283)	359,135	(43,344)
Corporate debt	285,848	(26,202)	639,722	(8,772)	925,570	(34,974)
Agency RMBS	80,375	(556)	121,203	(206)	201,578	(762)
CMBS	99,004	(1,260)	173,795	(743)	272,799	(2,003)
Non-Agency RMBS	10,184	(1,306)	5,187	(342)	15,371	(1,648)
ABS	518,647	(2,253)	50,402	(471)	569,049	(2,724)
Municipals	2,384	(18)	15,567	(69)	17,951	(87)
Total fixed maturities	\$1,155,883	\$(57,291)	\$1,683,251	\$(30,666)	\$2,839,134	\$(87,957)
Equity securities						
Common stocks	\$—	\$—	\$31	\$(348)	\$31	\$(348)
Exchange-traded funds	6,153	(425)	39,097	(635)	45,250	(1,060)
Bond mutual funds	—	—	—	—	—	—
Total equity securities	\$6,153	\$(425)	\$39,128	\$(983)	\$45,281	\$(1,408)
At December 31, 2015						
Fixed maturities						
U.S. government and agency	\$84,179	\$(7,622)	\$1,474,202	\$(15,591)	\$1,558,381	\$(23,213)
Non-U.S. government	170,269	(50,841)	317,693	(21,491)	487,962	(72,332)
Corporate debt	340,831	(33,441)	2,845,375	(62,845)	3,186,206	(96,286)
Agency RMBS	64,792	(1,609)	1,073,566	(8,066)	1,138,358	(9,675)
CMBS	75,627	(1,579)	659,480	(7,603)	735,107	(9,182)
Non-Agency RMBS	5,283	(210)	43,199	(763)	48,482	(973)
ABS	562,599	(11,158)	667,448	(6,443)	1,230,047	(17,601)
Municipals	14,214	(310)	64,104	(836)	78,318	(1,146)
Total fixed maturities	\$1,317,794	\$(106,770)	\$7,145,067	\$(123,638)	\$8,462,861	\$(230,408)
Equity securities						
Common stocks	\$—	\$—	\$—	\$—	\$—	\$—
Exchange-traded funds	2,331	(313)	110,972	(4,449)	113,303	(4,762)
Bond mutual funds	—	—	124,025	(4,227)	124,025	(4,227)
Total equity securities	\$2,331	\$(313)	\$234,997	\$(8,676)	\$237,328	\$(8,989)

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

Fixed Maturities

At September 30, 2016, 935 fixed maturities (2015: 2,314) were in an unrealized loss position of \$88 million (2015: \$230 million), of which \$13 million (2015: \$39 million) was related to securities below investment grade or not rated.

At September 30, 2016, 399 (2015: 383) securities had been in a continuous unrealized loss position for 12 months or greater and had a fair value of \$1,156 million (2015: \$1,318 million). Following our credit impairment review, we concluded that these securities as well as the remaining securities in an unrealized loss position in the above table were temporarily impaired at September 30, 2016, and were expected to recover in value as the securities approach maturity. Further, at September 30, 2016, we did not intend to sell these securities in an unrealized loss position and it is more likely than not that we will not be required to sell these securities before the anticipated recovery of their amortized costs.

Equity Securities

At September 30, 2016, 20 securities (2015: 35) were in an unrealized loss position of \$1 million (2015: \$9 million).

At September 30, 2016, 5 securities (2015: 1) were in a continuous unrealized loss position for 12 months or greater. Based on our impairment review process and our ability and intent to hold these securities for a reasonable period of time sufficient for a full recovery, we concluded that the above equities in an unrealized loss position were temporarily impaired at September 30, 2016.

b) Mortgage Loans

The following table provides a breakdown of our mortgage loans held-for-investment:

	September 30, 2016		December 31, 2015	
	Carrying Value	% of Total	Carrying Value	% of Total
Mortgage Loans held-for-investment:				
Commercial	\$332,753	100%	\$206,277	100%
	332,753	100%	206,277	100%
Valuation allowances	—	— %	—	— %
Total Mortgage Loans held-for-investment	\$332,753	100%	\$206,277	100%

For commercial mortgage loans, the primary credit quality indicator is the debt service coverage ratio (which compares a property's net operating income to amounts needed to service the principal and interest due under the loan, generally, the lower the debt service coverage ratio, the higher the risk of experiencing a credit loss) and the loan-to-value ratio (loan-to-value ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral, generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss). The debt service coverage ratio and loan-to-value ratio, as well as the values utilized in calculating these ratios, are updated annually, on a rolling basis.

We have a high quality mortgage portfolio with debt service coverage ratios in excess of 1.1x and loan-to-value ratios of less than 70%; there are no credit losses associated with the commercial mortgage loans that we hold at September 30, 2016.

There are no past due amounts at September 30, 2016.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

c) Other Investments

The following table provides a breakdown of our investments in hedge funds, direct lending funds, private equity funds, real estate funds, CLO Equities and other privately held investments, together with additional information relating to the liquidity of each category:

	Fair Value		Redemption Frequency (if currently eligible)	Redemption Notice Period
At September 30, 2016				
Long/short equity funds	\$139,460	16 %	Quarterly, Semi-annually, Annually	45-60 days
Multi-strategy funds	281,153	33 %	Quarterly, Semi-annually	60-95 days
Event-driven funds	94,012	11 %	Quarterly, Annually	45-60 days
Leveraged bank loan funds	—	— %	n/a	n/a
Direct lending funds	125,002	15 %	n/a	n/a
Private equity funds	89,170	11 %	n/a	n/a
Real estate funds	11,782	1 %	n/a	n/a
CLO - Equities	63,783	8 %	n/a	n/a
Other privately held investments	42,900	5 %	n/a	n/a
Total other investments	\$847,262	100 %		
At December 31, 2015				
Long/short equity funds	\$154,348	19 %	Quarterly, Semi-annually, Annually	45-60 days
Multi-strategy funds	355,073	43 %	Quarterly, Semi-annually	60-95 days
Event-driven funds	147,287	18 %	Quarterly, Annually	45-60 days
Leveraged bank loan funds	65	— %	n/a	n/a
Direct lending funds	90,120	11 %	n/a	n/a
Private equity funds	—	— %	n/a	n/a
Real estate funds	4,929	1 %	n/a	n/a
CLO - Equities	64,934	8 %	n/a	n/a
Other privately held investments	—	— %	n/a	n/a
Total other investments	\$816,756	100 %		

n/a - not applicable

The investment strategies for the above funds are as follows:

• Long/short equity funds: Seek to achieve attractive returns primarily by executing an equity trading strategy involving both long and short investments in publicly-traded equities.

• Multi-strategy funds: Seek to achieve above-market returns by pursuing multiple investment strategies to diversify risks and reduce volatility. This category includes funds of hedge funds which invest in a large pool of hedge funds across a diversified range of hedge fund strategies.

•

Event-driven funds: Seek to achieve attractive returns by exploiting situations where announced or anticipated events create opportunities.

• Leveraged bank loan funds: Seek to achieve attractive returns by investing primarily in bank loan collateral that has limited interest rate risk exposure.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

• Direct lending funds: Seek to achieve attractive risk-adjusted returns, including current income generation, by investing in funds which provide financing directly to borrowers.

• Real estate funds: Seek to achieve attractive risk-adjusted returns by making and managing investments in real estate and real estate securities and businesses.

• Private equity funds: Seek to achieve attractive risk-adjusted returns by investing in private transactions over the course of several years.

Two common redemption restrictions which may impact our ability to redeem our hedge funds are gates and lockups. A gate is a suspension of redemptions which may be implemented by the general partner or investment manager of the fund in order to defer, in whole or in part, the redemption request in the event the aggregate amount of redemption requests exceeds a predetermined percentage of the fund's net assets which may otherwise hinder the general partner or investment manager's ability to liquidate holdings in an orderly fashion in order to generate the cash necessary to fund extraordinarily large redemption payouts. A lockup period is the initial amount of time an investor is contractually required to hold the security before having the ability to redeem. During 2016 and 2015, neither of these restrictions impacted our redemption requests. At September 30, 2016, \$87 million (2015: \$66 million), representing 17% (2015: 10%) of our total hedge funds, relate to holdings where we are still within the lockup period. The expiration of these lockup periods range from September 2016 to March 2019.

At September 30, 2016, we have \$189 million (2015: \$222 million) of unfunded commitments within our other investments portfolio relating to our future investments in direct lending funds. Once the full amount of committed capital has been called by the General Partner of each of these funds, the assets will not be fully returned until the completion of the fund's investment term. These funds have investment terms ranging from 5-10 years and the General Partners of certain funds have the option to extend the term by up to three years.

At September 30, 2016, we have \$12 million (2015: \$12 million) of unfunded commitments as a limited partner in a multi-strategy hedge fund. Once the full amount of committed capital has been called by the General Partner, the assets will not be fully returned until the completion of the fund's investment term which ends in March, 2019. The General Partner then has the option to extend the term by up to three years.

At September 30, 2016, we have \$90 million (2015: \$95 million) of unfunded commitments as a limited partner in a fund which invests in real estate and real estate securities and businesses. The fund is subject to a three year commitment period and a total fund life of eight years during which time we are not eligible to redeem our investment.

During 2016, we made a \$135 million commitment as a limited partner in a private equity fund. At September 30, 2016, \$40 million of our commitment remains unfunded and the current fair value of the funds called to date are included in the private equity funds line of the table above. The fund invests in underlying private equity funds and the life of the fund is subject to the dissolution of the underlying funds. We expect the overall holding period to be over ten years.

During 2015, we made a \$50 million commitment as a limited partner of a bank revolver opportunity fund. The fund is subject to an investment term of seven years and the General Partners have the option to extend the term by up to two years. At September 30, 2016, this commitment remains unfunded. It is not anticipated that the full amount of this fund will be drawn.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

d) Equity Method Investments

During 2016, we paid \$104 million including direct transaction costs to acquire 18% of the common equity of Harrington Reinsurance Holdings Limited ("Harrington"), the parent company of Harrington Re Ltd. ("Harrington Re"), an independent reinsurance company jointly sponsored by AXIS Capital and The Blackstone Group L.P. ("Blackstone"). Through long-term service agreements, AXIS Capital will serve as Harrington Re's reinsurance underwriting manager and Blackstone will serve as exclusive investment management service provider. As an investor, we expect to benefit from underwriting profit generated by Harrington Re and the income and capital appreciation Blackstone seeks to deliver through its investment management services. In addition, we have entered into an arrangement with Blackstone under which underwriting and investment related fees will be shared equally. Harrington is not a variable interest entity and given that we exercise significant influence over this investee we account for our ownership in Harrington under the equity method of accounting. The Company's proportionate share of the underlying equity in net assets resulted in a basis difference of \$5 million which represents initial transactions costs.

The Company also has investments in other equity method investments with a carrying value of \$9 million.

e) Net Investment Income

Net investment income was derived from the following sources:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Fixed maturities	\$75,827	\$75,980	\$229,423	\$220,066
Other investments	38,248	(27,421)	25,770	17,616
Equity securities	4,633	3,445	12,843	7,795
Mortgage loans	2,191	482	5,683	776
Cash and cash equivalents	3,768	993	7,071	3,770
Short-term investments	337	83	708	277
Gross investment income	125,004	53,562	281,498	250,300
Investment expenses	(8,081)	(7,877)	(23,680)	(23,964)
Net investment income	\$116,923	\$45,685	\$257,818	\$226,336

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

f) Net Realized Investment Gains (Losses)

The following table provides an analysis of net realized investment gains (losses):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Gross realized gains				
Fixed maturities and short-term investments	\$26,211	\$12,126	\$67,833	\$44,853
Equities	5,570	232	18,804	447
Gross realized gains	31,781	12,358	86,637	45,300
Gross realized losses				
Fixed maturities and short-term investments	(21,908)	(54,867)	(90,702)	(111,432)
Equities	(576)	(1,559)	(15,923)	(1,952)
Gross realized losses	(22,484)	(56,426)	(106,625)	(113,384)
Net OTTI recognized in earnings	(4,247)	(32,301)	(20,346)	(62,762)
Change in fair value of investment derivatives ⁽¹⁾	155	6,412	39	7,228
Net realized investment gains (losses)	\$5,205	\$(69,957)	\$(40,295)	\$(123,618)

(1) Refer to Note 5 – Derivative Instruments

The following table summarizes the OTTI recognized in earnings by asset class:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Fixed maturities:				
Non-U.S. government	\$2,456	\$1,295	\$2,953	\$2,717
Corporate debt	1,791	20,587	14,833	38,396
Non-Agency RMBS	—	—	—	4
ABS	—	84	—	124
	4,247	21,966	17,786	41,241
Equity Securities				
Exchange-traded funds	—	10,335	2,560	10,335
Bond mutual funds	—	—	—	11,186
	—	10,335	2,560	21,521
Total OTTI recognized in earnings	\$4,247	\$32,301	\$20,346	\$62,762

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. INVESTMENTS (CONTINUED)

The following table provides a roll forward of the credit losses, before income taxes, for which a portion of the OTTI was recognized in AOCI:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Balance at beginning of period	\$1,513	\$1,564	\$1,506	\$1,531
Credit impairments recognized on securities not previously impaired	—	—	—	—
Additional credit impairments recognized on securities previously impaired	—	—	7	33
Change in timing of future cash flows on securities previously impaired	—	—	—	—
Intent to sell of securities previously impaired	—	—	—	—
Securities sold/redeemed/matured	(33)	(43)	(33)	(43)
Balance at end of period	\$1,480	\$1,521	\$1,480	\$1,521

g) Reverse Repurchase Agreements

At September 30, 2016, we held \$160 million (December 31, 2015: \$30 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of cash and cash equivalents on our consolidated balance sheet. The required collateral for these loans is either cash or U.S. Treasuries at a minimum rate of 102% of the loan principal. Upon maturity, we receive principal and interest income. We monitor the estimated fair value of the securities loaned and borrowed on a daily basis with additional collateral obtained as necessary throughout the duration of the transaction.

Fair Value Hierarchy

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement. The hierarchy is broken down into three levels as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access.

Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect our own judgments about assumptions that market participants might use.

The availability of observable inputs can vary from financial instrument to financial instrument and is affected by a wide variety of factors including, for example, the type of financial instrument, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment.

Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This may lead us to change the selection of our valuation technique (from market to cash flow approach) or may cause us to use multiple valuation techniques to estimate the fair value of a financial instrument. This circumstance could cause an instrument to be reclassified between levels within the fair value hierarchy.

We used the following valuation techniques including significant inputs and assumptions in estimating the fair value of our financial instruments as well as the general classification of such financial instruments pursuant to the above fair value hierarchy.

Fixed Maturities

At each valuation date, we use the market approach valuation technique to estimate the fair value of our fixed maturities portfolio, when possible. This market approach includes, but is not limited to, prices obtained from third party pricing services for identical or comparable securities and the use of “pricing matrix models” using observable market inputs such as yield curves, credit risks and spreads, measures of volatility, and prepayment speeds. Pricing from third party pricing services is sourced from multiple vendors, when available, and we maintain a vendor hierarchy by asset type based on historical pricing experience and vendor expertise. When prices are unavailable from pricing services, we obtain non-binding quotes from broker-dealers who are active in the corresponding markets.

The valuation techniques including significant inputs generally used to determine the fair value of our fixed maturities by asset class as well as the classification in the fair value hierarchy are described in detail below.

U.S. government and agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. As the fair values of U.S. Treasury securities are based on unadjusted market prices in active markets, these securities are classified within Level 1. The fair values of U.S. government agency securities are priced using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are classified within Level 2.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS

Non-U.S. government

Non-U.S. government securities comprise bonds issued by non-U.S. governments and their agencies along with supranational organizations (collectively also known as sovereign debt securities). The fair values of these securities are based on prices obtained from international indices or a valuation model which uses inputs including interest rate yield curves, cross-currency basis index spreads, and country credit spreads for structures similar to the sovereign bond in terms of issuer, maturity and seniority. As the significant inputs are observable market inputs, the fair value of non-U.S. government securities are classified within Level 2.

Corporate debt

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are generally determined using the spread above the risk-free yield curve. These spreads are generally obtained from the new issue market, secondary trading and broker-dealer quotes. As these spreads and the yields for the risk-free yield curve are observable market inputs, the fair values of corporate debt securities are classified within Level 2. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3.

Agency RMBS

Agency RMBS securities consist of bonds issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. The fair values of these securities are priced using a mortgage pool specific model which uses daily inputs from the active to be announced market and the spread associated with each mortgage pool based on vintage. As the significant inputs are observable market inputs, the fair values of Agency RMBS securities are classified within Level 2.

CMBS

CMBS include mostly investment-grade bonds originated by non-agencies. The fair values of these securities are determined using a pricing model which uses dealer quotes and other available trade information along with security level characteristics to determine deal specific spreads. As the significant inputs are observable market inputs, the fair values of CMBS securities are classified within Level 2. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3.

Non-Agency RMBS

Non-Agency RMBS include mostly investment-grade bonds originated by non-agencies. The fair values of these securities are determined using an option adjusted spread model or other relevant models, which use inputs including available trade information or broker quotes, prepayment and default projections based on historical statistics of the underlying collateral and current market data. As the significant inputs are observable market inputs, the fair values of Non-Agency RMBS securities are classified within Level 2.

ABS

ABS include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, student loans, credit card receivables, and CLO Debt originated by a variety of financial institutions. The fair values of ABS are priced using a model which uses prepayment speeds and spreads sourced primarily from the new issue market. As the significant inputs used to price ABS are observable market inputs, the fair values of ABS are classified within Level 2. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Municipals

Municipals comprise revenue and general obligation bonds issued by U.S. domiciled state and municipal entities. The fair values of these securities are determined using spreads obtained from broker-dealers, trade prices and the new issue market. As the significant inputs used to price the municipals are observable market inputs, municipals are classified within Level 2.

Equity Securities

Equity securities include common stocks, exchange-traded funds and bond mutual funds. As the fair values of common stocks and exchange-traded funds are based on unadjusted quoted market prices in active markets, these securities are classified within Level 1.

As bond mutual funds have daily liquidity with redemption based on the NAV of the funds, the fair values of these securities are classified within Level 2.

Other Investments

At September 30, 2016, our investments in CLO - Equities were classified within Level 3 as we estimated the fair value for these securities using an income approach valuation technique (discounted cash flow model) due to the lack of observable and relevant trades in the secondary markets.

Other privately held securities include convertible preferred shares, convertible notes and notes payable. In the reporting period of investment, the cost of these investments approximates fair value. In subsequent measurement periods, a discounted cash flow model is used to determine the fair value of these securities. These securities are classified within Level 3.

Short-Term Investments

Short-term investments primarily comprise highly liquid securities with maturities greater than three months but less than one year from the date of purchase. These securities are classified within Level 2 because these securities are typically not actively traded due to their approaching maturity and, as such, their amortized cost approximates fair value.

Derivative Instruments

Our foreign currency forward contracts, interest rate swaps and commodity contracts are customized to our economic hedging strategies and trade in the over-the-counter derivative market. We use the market approach valuation technique to estimate the fair value for these derivatives based on significant observable market inputs from third party pricing vendors, non-binding broker-dealer quotes and/or recent trading activity. Accordingly, we classified these derivatives within Level 2.

We also participate in non-exchange traded derivative-based risk management products addressing weather risks. We use observable market inputs and unobservable inputs in combination with industry or internally-developed valuation and forecasting techniques to determine fair value. We classify these instruments within Level 3.

Insurance-linked Securities

Insurance-linked securities comprise an investment in a catastrophe bond. We obtain non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. These securities are classified within Level 3.

Cash Settled Awards

Cash settled awards comprise restricted stock units that form part of our compensation program. Although the fair value of these awards is determined using observable quoted market prices in active markets, the stock units themselves are not actively traded. Accordingly, we have classified these liabilities within Level 2.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

The tables below present the financial instruments measured at fair value on a recurring basis for the periods indicated:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair value based on NAV practical expedient	Total Fair Value
At September 30, 2016					
Assets					
Fixed maturities					
U.S. government and agency	\$ 1,522,246	\$ 40,631	\$ —	\$—	\$ 1,562,877
Non-U.S. government	—	582,056	—	—	582,056
Corporate debt	—	4,499,408	69,092	—	4,568,500
Agency RMBS	—	2,522,731	—	—	2,522,731
CMBS	—	885,355	8,920	—	894,275
Non-Agency RMBS	—	71,830	—	—	71,830
ABS	—	1,235,596	—	—	1,235,596
Municipals	—	128,995	—	—	128,995
	1,522,246	9,966,602	78,012	—	11,566,860
Equity securities					
Common stocks	69	—	—	—	69
Exchange-traded funds	504,206	—	—	—	504,206
Bond mutual funds	—	140,069	—	—	140,069
	504,275	140,069	—	—	644,344
Other investments					
Hedge funds	—	—	—	514,625	514,625
Direct lending funds	—	—	—	125,002	125,002
Private equity funds	—	—	—	89,170	89,170
Real estate funds	—	—	—	11,782	11,782
Other privately held investments	—	—	42,900	—	42,900
CLO - Equities	—	—	63,783	—	63,783
	—	—	106,683	740,579	847,262
Short-term investments	—	39,877	—	—	39,877
Other assets					
Derivative instruments (see Note 5)	—	4,469	2,488	—	6,957
Insurance-linked securities	—	—	25,283	—	25,283
Total Assets	\$ 2,026,521	\$ 10,151,017	\$ 212,466	\$ 740,579	\$ 13,130,583
Liabilities					
Derivative instruments (see Note 5)	\$ —	\$ 4,411	\$ 8,184	\$—	\$ 12,595
Cash settled awards (see Note 7)	—	34,288	—	—	34,288
Total Liabilities	\$ —	\$ 38,699	\$ 8,184	\$—	\$ 46,883

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair value based on NAV practical expedient	Total Fair Value
At December 31, 2015					
Assets					
Fixed maturities					
U.S. government and agency	\$ 1,632,355	\$ 19,594	\$ —	\$—	\$1,651,949
Non-U.S. government	—	739,005	—	—	739,005
Corporate debt	—	4,324,251	38,518	—	4,362,769
Agency RMBS	—	2,249,236	—	—	2,249,236
CMBS	—	1,072,376	10,922	—	1,083,298
Non-Agency RMBS	—	101,008	—	—	101,008
ABS	—	1,371,270	—	—	1,371,270
Municipals	—	161,214	—	—	161,214
	1,632,355	10,037,954	49,440	—	11,719,749
Equity securities					
Common stocks	—	—	—	—	—
Exchange-traded funds	473,973	—	—	—	473,973
Bond mutual funds	—	124,025	—	—	124,025
	473,973	124,025	—	—	597,998
Other investments					
Hedge funds	—	—	—	656,773	656,773
Direct lending funds	—	—	—	90,120	90,120
Private equity funds	—	—	—	—	—
Real estate funds	—	—	—	4,929	4,929
Other privately held investments	—	—	—	—	—
CLO - Equities	—	—	27,257	37,677	64,934
	—	—	27,257	789,499	816,756
Short-term investments	—	34,406	—	—	34,406
Other assets					
Derivative instruments (see Note 5)	—	2,072	4,395	—	6,467
Insurance-linked securities	—	—	24,925	—	24,925
Total Assets	\$ 2,106,328	\$ 10,198,457	\$ 106,017	\$ 789,499	\$13,200,301
Liabilities					
Derivative instruments (see Note 5)	\$ —	\$ 7,692	\$ 10,937	\$—	\$18,629
Cash settled awards (see Note 7)	—	33,215	—	—	33,215
Total Liabilities	\$ —	\$ 40,907	\$ 10,937	\$—	\$51,844

During 2016 and 2015, there were no transfers between Levels 1 and 2.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Except certain fixed maturities and insurance-linked securities priced using broker-dealer quotes (underlying inputs are not available), the following table quantifies the significant unobservable inputs we have used in estimating fair value at September 30, 2016 for our investments classified as Level 3 in the fair value hierarchy.

	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
Other investments - CLO - Equities	\$ 35,594	Discounted cash flow	Default rates	4.0%	4.0%
			Loss severity rate	35.0% - 53.5%	35.4%
			Collateral spreads	3.6% - 4.0%	4.0%
			Estimated maturity dates	2 - 6 years	6 years
	28,189	Liquidation value	Fair value of collateral	100%	100%
			Discount margin	0.1% - 19.1%	2.4%
Other investments - Other privately held investments	42,900	Discounted cash flow	Discount rate	5.0% - 8.0%	7.2%
Derivatives - Weather derivatives, net \$ (5,696)		Simulation model	Weather curve	1 - 2294 ⁽¹⁾	n/a ⁽²⁾
			Weather standard deviation	1 - 1029 ⁽¹⁾	n/a ⁽²⁾

(1) Measured in Heating Degree Days ("HDD") which is the number of degrees the daily temperature is below a reference temperature. The cumulative HDD for the duration of the derivatives contract is compared to the strike value to determine the necessary settlement.

Due to the diversity of the portfolio, the range of unobservable inputs can be widespread; therefore, presentation of (2) a weighted average is not useful. Weather parameters may include various temperature and/or precipitation measures that will naturally vary by geographic location of each counterparty's operations.

The CLO - Equities market continues to be mostly inactive with only a small number of transactions being observed and fewer still involving transactions in our CLO - Equities. Accordingly, we use models to estimate the fair value of our investments in CLO - Equities. Given that all of our direct investments in CLO - Equities are past their reinvestment period, there is uncertainty over the remaining time to maturity. As such our direct investments in CLO - Equities are valued at the lower of the liquidation value and fair value based on an internally developed discounted cash flow model.

The liquidation valuation is based on the fair value of the net underlying collateral which is determined by applying market discount margins by credit quality bucket. An increase (decrease) in the market discount margin would result in a decrease (increase) in value of our CLO - Equities. Regarding the discounted cash flow model, the default and loss severity rates are the most judgmental unobservable market inputs to which the valuation of CLO - Equities is most sensitive. A significant increase (decrease) in either of these significant inputs in isolation would result in lower (higher) fair value estimates for direct investments in our CLO - Equities and, in general, a change in default rate

assumptions will be accompanied by a directionally similar change in loss severity rate assumptions. Collateral spreads and estimated maturity dates are less judgmental inputs as they are based on the historical average of actual spreads and the weighted average life of the current underlying portfolios, respectively. A significant increase (decrease) in either of these significant inputs in isolation would result in higher (lower) fair value estimates for direct investments in our CLO - Equities. In general, these inputs have no significant interrelationship with each other or with default and loss severity rates.

On a quarterly basis, our valuation process for CLO - Equities includes a review of the underlying collateral along with related discount margins by credit quality bucket used in the liquidation valuation and a review of the underlying cash flows and key assumptions used in the discounted cash flow model. We review and update the above significant unobservable inputs based on information obtained from secondary markets, including information received from the managers of our CLO - Equities portfolio.

In order to assess the reasonableness of the inputs we use in our models, we maintain an understanding of current market conditions, historical results, as well as emerging trends that may impact future cash flows. In addition, we update the assumptions we use in our models through regular communication with industry participants and ongoing monitoring of the deals in which we participate (e.g. default and loss severity rate trends).

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Other privately held securities are initially valued at cost which approximates fair value. In subsequent measurement periods, a discounted cash flow model is used to determine the fair value of these securities. These models include inputs specific to each investment. The inputs used in the fair value measurement include dividend or interest rates and a discount rate. The discount rate is judgmental and the most significant unobservable input used in the valuation of the other privately held securities. Significant increases (decreases) in this input in isolation could result in a significantly higher (lower) fair value measurement. In order to assess the reasonableness of the inputs we use in our models, we maintain an understanding of current market conditions, historical results, as well as investee specific information that may impact future cash flows.

Weather derivatives relate to non-exchange traded risk management products addressing weather risks. We use observable market inputs and unobservable inputs in combination with industry or internally-developed valuation and forecasting techniques to determine fair value. The models may reference market price information for similar instruments. The pricing models are internally reviewed by Risk Management personnel prior to implementation and are reviewed periodically thereafter.

Observable and unobservable inputs to these models vary by contract type but would typically include the following:

- Observable inputs: market prices for similar instruments, notional price, option strike price, term to expiry, contractual limits;

- Unobservable inputs: correlation; and

- Both observable and unobservable inputs: weather curves, weather standard deviation.

In general, weather curves are the most significant contributing input to fair value determination. Changes in this variable can result in higher or lower fair value depending on the underlying position. In addition, changes in any or all of the unobservable inputs identified above may contribute positively or negatively to overall portfolio value. The correlation input will quantify the interrelationship, if any, amongst the other variables.

Table of Contents

AXIS CAPITAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present changes in Level 3 for financial instruments measured at fair value on a recurring basis for the periods indicated:

	Opening Balance	Transfers into Level 3	Transfers out of Level 3	Included in earnings	Included in OCI ⁽²⁾	Purchases	Sales	Settlements Distributions	Closing Balance	Change in unrealized investment gain/(loss) ⁽³⁾
Three months ended September 30, 2016										
Fixed maturities										
Corporate debt	\$62,022	\$—	\$—	\$(9)	\$100	\$7,563	\$—	\$(584)	\$69,092	\$—
CMBS	10,210	—	—	—	(48)	—	—	(1,242)	8,920	—
ABS	—	—	—	—	—	—	—	—	—	—
	72,232	—	—	(9)	52	7,563	—	(1,826)	78,012	—
Other investments										
Other privately held investments	41,755	—	—	(355)	—	1,500	—	—	42,900	(355)
CLO - Equities	65,883	—	—	8,419	—	—	—	(10,519)	63,783	8,419
	107,638	—	—	8,064	—	1,500	—	(10,519)	106,683	8,064
Other assets										
Derivative instruments	5	—	—	665	—	1,818	—	—	2,488	665
Insurance-linked securities	25,025	—	—	258	—	—	—	—	25,283	258
	25,030	—	—	923	—	1,818	—	—	27,771	923
Total assets	\$204,900	\$—	\$—	\$8,978	\$52	\$10,881	\$—	\$(12,345)	\$212,466	\$8,987
Other liabilities										
Derivative instruments	\$1,978	\$—	\$—	\$(169)	\$—	\$6,384	\$—	\$(9)	\$8,184	\$335
Total liabilities	\$1,978	\$—	\$—	\$(169)	\$—	\$6,384	\$—	\$(9)	\$8,184	\$335
Nine months ended September 30, 2016										
Fixed maturities										
Corporate debt	\$38,518	\$20,412	\$(1,955)	\$(988)	\$1,188	\$17,107	\$(4,015)	\$(1,175)	\$69,092	\$—
CMBS	10,922	—	—	—	(134)	—	—	(1,868)	8,920	—
ABS	—	—	—	—	—	—	—	—	—	—
	49,440	20,412	(1,955)	(988)	1,054	17,107	(4,015)	(3,043)	78,012	—
Other investments										