AXIS Capital Reports Third Quarter Net Income Available to Common Shareholders of $181 Million, or $2.10 Per Diluted Common Share and Operating Income of $202 Million, or $2.34 Per Diluted Common Share

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For the third quarter of 2023, the Company reports:

- **Annualized return on average common equity ("ROACE") of 16.1% and annualized operating ROACE of 18.0%**
- **Improvement of 11.6 points in the combined ratio to 92.7%**
- **Catastrophe and weather-related losses ratio of 3.2%, a decrease of 13.4 points**

For the nine months ended September 30, 2023, the Company reports:

- **Net income available to common shareholders of $496 million, or $5.77 per diluted common share and operating income of $593 million, or $6.90 per diluted common share**
- **Annualized return on average common equity ("ROACE") of 15.4% and annualized operating ROACE of 18.4%**
- **Improvement of 4.7 points in the combined ratio to 91.7%**
- **Catastrophe and weather-related losses ratio of 2.9%, a decrease of 6.0 points**
- **Book value per diluted common share of $51.17, an increase of $4.22, or 9.0%, compared to December 31, 2022**

PEMBROKE, Bermuda--(BUSINESS WIRE)-- AXIS Capital Holdings Limited ("AXIS Capital" or "AXIS" or "the Company") (NYSE: AXS) today announced financial results for the third quarter ended September 30, 2023.

Commenting on the third quarter 2023 financial results, Vince Tizzio, President and CEO of AXIS Capital said:

"AXIS delivered another strong quarter as we produced excellent results across multiple measures. The quarter was highlighted by record operating earnings per share on both a third quarter and year-to-date basis. The continued positive momentum in our performance reflects the progress we've made in enhancing our integrated underwriting strategy to drive outstanding cycle management, deliver consistent profitable results and generate increased book value per share.

"During the quarter, we continued to grow in our chosen markets across both our insurance and reinsurance businesses, while capitalizing on favorable market conditions across nearly all our lines. This included achieving our highest-ever third quarter production on record for our specialty insurance business, coupled with an 88.2% combined ratio in the quarter. The repositioning of AXIS Re as a more focused and less volatile specialist continues to take hold as evidenced by a 92.7% combined ratio and solid new business growth in our key areas.

"Through our 'How We Work' initiative we've continued to enhance our operating model to increase our agility and efficiency. We're energized for the future and see exciting upside potential for our business as we lean further into our markets to unlock new revenue opportunities, maximize our strong distribution relationships, and fully leverage our global platform to deliver value to our customers."

Third Quarter Consolidated Results*

- Net income available to common shareholders for the third quarter of 2023 was $181 million, or $2.10 per diluted common share, compared to net loss attributable to common shareholders of $(17) million, or $(0.20) per diluted common share, for the third quarter of 2022.
- Net income available to common shareholders for the nine months ended September 30, 2023 was $496 million, or $5.77 per diluted common share, compared to net income available to common shareholders of $152 million, or $1.77 per diluted common share, for the same period in 2022.
- Operating income[1] for the third quarter of 2023 was $202 million, or $2.34 per diluted common share[1], compared to operating income of $3 million, or $0.03 per diluted common share, for the third quarter of 2022.
- Operating income for the nine months ended September 30, 2023 was $593 million, or $6.90 per diluted common share, compared to operating income of $331 million, or $3.86 per diluted common share, for the same period in 2022.
- On September 22, 2023 we entered into a quota share retrocession agreement, with an effective date of January 1, 2023, to retrocede reinsurance business to Monarch Point Re. With regard to the retroactive element of the agreement, we recognized a loss expense of $7 million in the third quarter. With regard to the prospective element of the agreement, we ceded premiums of $244 million to Monarch Point Re in the third quarter.
- Corporate expenses of $41 million, an increase of $15 million, compared to September 30, 2022, mainly due to performance-related compensation costs and executive-related compensation costs associated with the transition in our senior leadership.
- Reorganization expenses of $29 million include impairments of computer software assets and severance costs associated with the departures of certain employees mainly attributable to our "How We Work" program which focuses on simplifying our operating structure. Reorganization expenses are excluded from operating income.
- Book yield of fixed maturities was 4.1% at September 30, 2023, compared to 2.9% at September 30, 2022. The market yield was 6.2% at September 30, 2023.
- Net investment income for the third quarter of 2023 was $154 million, compared to $88 million, for the third quarter of 2022, attributable to an increase in income from our fixed maturities portfolio due to increased yields.
- Book value per diluted common share was $51.17 at September 30, 2023, an increase of $0.19, or 0.4%, compared to June 30, 2023, driven by net income, partially offset by net unrealized investment losses reported in accumulated other comprehensive income (loss), and common share dividends declared.
- Adjusted for dividends declared, book value per diluted common share increased by $0.63, or 1.2%, compared to June 30, 2023.
- Adjusted for dividends declared, book value per diluted common share increased by $9.43, or 21.7%, over the past twelve months.
- Adjusted for net unrealized investment losses, after-tax, reported in accumulated other comprehensive income (loss), book value per diluted common share was $59.78 at September 30, 2023, compared to $58.01 at June 30, 2023 and $55.21 at September 30, 2022.

* Amounts may not reconcile due to rounding differences.

[1] Operating income (loss) and operating income (loss) per diluted common share are non-GAAP financial measures as defined in SEC Regulation G. The reconciliations to the most comparable GAAP financial measures, net income (loss) available (attributable) to common shareholders and earnings (loss) per diluted common share, respectively, and a discussion of the rationale for the presentation of these items are provided later in this press release.

Third Quarter Consolidated Underwriting Highlights[2]

- Gross premiums written increased by $198 million, or 12%, to $1.9 billion with an increase of $140 million, or 11% in the insurance segment, and an increase of $58 million, or 15% in the reinsurance segment.
- Net premiums written decreased by $61 million, or 6%, to $1.0 billion with a decrease of $169 million, or 65% in the reinsurance segment, partially offset by an increase of $107 million, or 14% in the insurance segment.

	Three months ended September 30,		
KEY RATIOS	**2023**	**2022**	**Change**
Current accident year loss ratio, excluding catastrophe and weather-related losses[3]	**56.3 %**	57.1 %	(0.8 pts)
Catastrophe and weather-related losses ratio	**3.2 %**	16.6 %	(13.4 pts)
Current accident year loss ratio	**59.5 %**	73.7 %	(14.2 pts)
Prior year reserve development ratio	**(0.2 %)**	(0.4 %)	0.2 pts
Net losses and loss expenses ratio	**59.3 %**	73.3 %	(14.0 pts)
Acquisition cost ratio	**19.9 %**	18.7 %	1.2 pts
General and administrative expense ratio	**13.5 %**	12.3 %	1.2 pts
Combined ratio	**92.7 %**	104.3 %	(11.6 pts)
Current accident year combined ratio, excluding catastrophe and weather-related losses	**89.7 %**	88.1 %	1.6 pts

- Pre-tax catastrophe and weather-related losses, net of reinsurance, were $42 million ($36 million, after-tax), (Insurance: $37 million; Reinsurance: $5 million), or 3.2 points, primarily attributable to Maui wildfires, Hurricane Idalia, and other weather-related events. Comparatively, pre-tax catastrophe and weather-related losses, net of reinsurance and reinstatement premiums, were $212 million, (Insurance: $113 million; Reinsurance: $99 million), or 16.6 points in 2022.
- Net favorable prior year reserve development was $3 million (Insurance: $2 million; Reinsurance: $1 million), compared to $5 million (Insurance: $3 million; Reinsurance: $2 million) in 2022.

[2] All comparisons are with the same period of the prior year, unless otherwise stated.

[3] The current accident year loss ratio, excluding catastrophe and weather-related losses is calculated by dividing the current accident year losses less pre-tax catastrophe and weather-related losses, net of reinsurance, by net premiums earned less reinstatement premiums.

Year to Date Consolidated Underwriting Highlights

- Gross premiums written increased by $116 million, or 2% ($183 million, or 3%, on a constant currency basis[4]), to $6.6 billion with an increase of $443 million, or 11% in the insurance segment, partially offset by a decrease of $326 million, or 14% in the reinsurance segment.
- Net premiums written decreased by $136 million, or 3% ($71 million, or 2%, on a constant currency basis), to $4.0 billion with a decrease of $434 million, or 26% in the reinsurance segment, partially offset by an increase of $298 million, or 12% in the insurance segment.

	Nine months ended September 30,		
KEY RATIOS	**2023**	**2022**	**Change**
Current accident year loss ratio, excluding catastrophe and weather-related losses	**56.1 %**	55.5 %	0.6 pts
Catastrophe and weather-related losses ratio	**2.9 %**	8.9 %	(6.0 pts)
Current accident year loss ratio	**59.0 %**	64.4 %	(5.4 pts)
Prior year reserve development ratio	**(0.3 %)**	(0.4 %)	0.1 pts
Net losses and loss expenses ratio	**58.7 %**	64.0 %	(5.3 pts)
Acquisition cost ratio	**19.6 %**	19.5 %	0.1 pts
General and administrative expense ratio	[illegible]	[illegible]	[illegible]