

# AXIS Capital Holdings Limited



Investment Portfolio  
Supplemental Information and Data

June 30, 2009





# Cautionary Note on Forward Looking Statements

Statements in this presentation that are not historical facts, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections, may be “forward-looking statements” within the meaning of the U.S. federal securities laws, including the Private Securities Litigation Reform Act of 1995. 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,” “intend” or similar expressions. Our expectations are not guarantees and are based on currently available competitive, financial and economic data along with our operating plans. Forward-looking statements contained in this presentation may include, but are not limited to, information regarding measurements of potential losses in the fair value of our investment portfolio, our expectations regarding pricing and other market conditions 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. 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 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 and coverage issues,
- the failure of our cedants to adequately evaluate risks,
- 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,
- changes in governmental regulations,
- increased competition,
- changes in the political environment of certain countries in which we operate or underwrite business, and
- fluctuations in interest rates, credit spreads, equity prices and/or currency values.

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

This report is for informational purposes only. It should be read in conjunction with the documents that we file with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934.

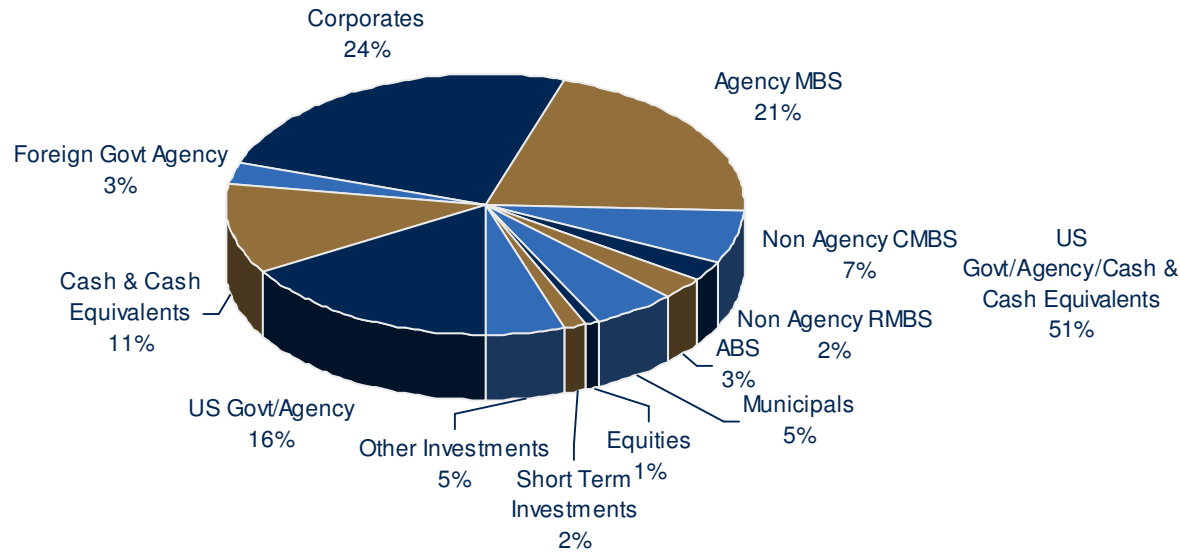


# Total Cash and Investments

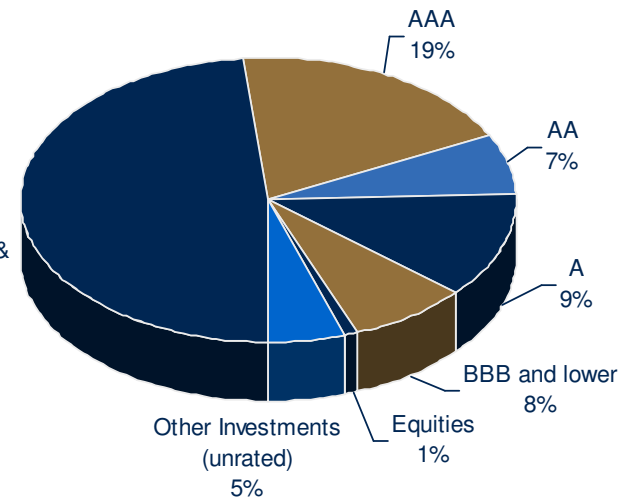
(As of June 30, 2009)

**Total Cash and Investments: \$10.9 Billion**

**Total Portfolio Allocation**



**Total Portfolio Ratings Allocation**



Note: Other investments include hedge funds, CLO equity tranches, credit funds and short duration high yield funds

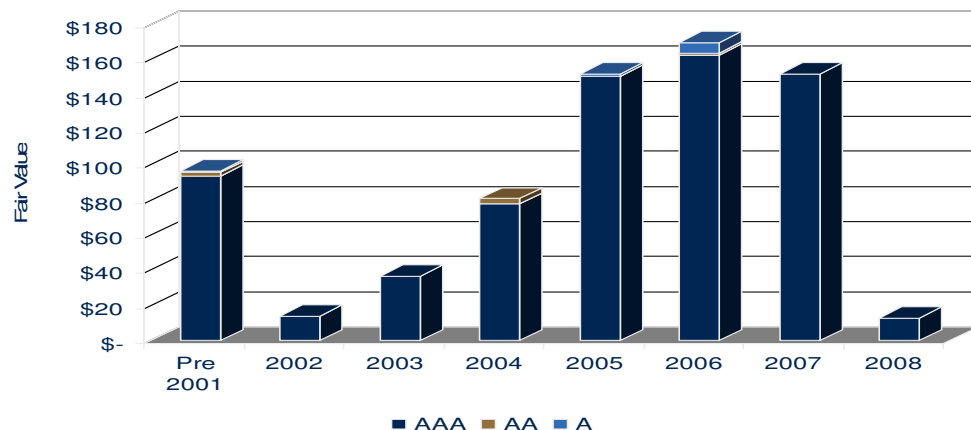


# Non-Agency CMBS: Detail

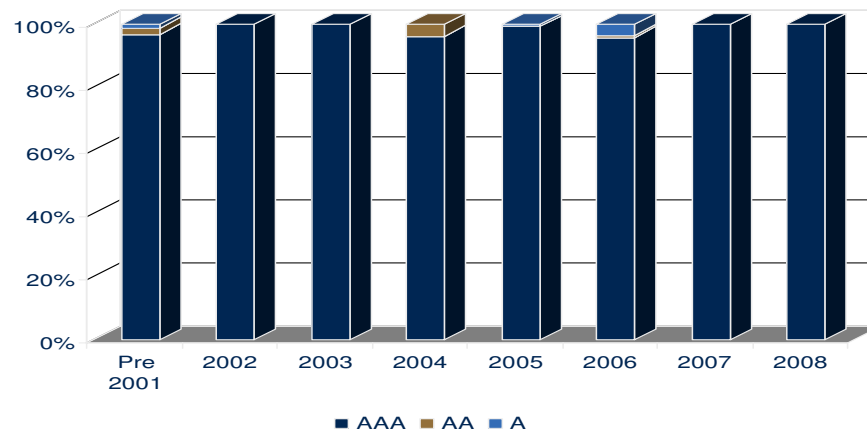
(As of June 30, 2009)

**Total Non Agency CMBS: \$716 Million  
(7% of total portfolio)**

Rating by Vintage (\$ in millions)



Rating by Vintage (%)



Fair Value (\$ in millions)

Vintage	AAA	AA	A	Total
2008	\$13	\$-	\$-	\$13
2007	152	-	-	152
2006	163	1	6	169
2005	151	-	1	152
Other	224	5	1	230
<b>Total</b>	<b>\$704</b>	<b>\$5</b>	<b>\$7</b>	<b>\$716</b>

Net Unrealized Loss (\$ in millions)

Net Unrealized Loss	\$(103)	\$(6)	\$(2)	\$(110)
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## Key Characteristics

- 98.3% AAA, 96.1% senior/super senior tranches
- 163 securities
- Weighted average life of 4.5 years
- Duration of 3.62
- Book yield is 5.53%
- Average price of 85% of par



# Non-Agency CMBS: Detail (Continued)

(As of June 30, 2009)

## Collateral Property Type (\$ in millions)

Asset Class	Amortized Cost	Net Unrealized Loss	Fair Value
Office	\$266	\$(38)	\$228
Retail	256	(33)	223
Multifamily	135	(16)	119
Hotel	64	(9)	55
Industrial	39	(5)	34
Mixed use	15	(2)	13
Self storage	16	(2)	14
Mobile home	13	(2)	11
Healthcare	4	(1)	3
Other	18	(1)	17
<b>Total</b>	<b>\$826</b>	<b>\$(110)</b>	<b>\$716</b>

## Maturity Detail (\$ in millions)

Years to Maturity	Amortized Cost	Net Unrealized Loss	Fair Value
< 2	\$197	\$(4)	\$193
2.1 – 3	54	(5)	50
3.1 – 4	70	(6)	65
4.1 – 5	83	(6)	77
5.1 – 7	259	(52)	207
7.1 – 10	161	(38)	123
>10	1	-	1
<b>Total</b>	<b>\$826</b>	<b>\$(110)</b>	<b>\$716</b>

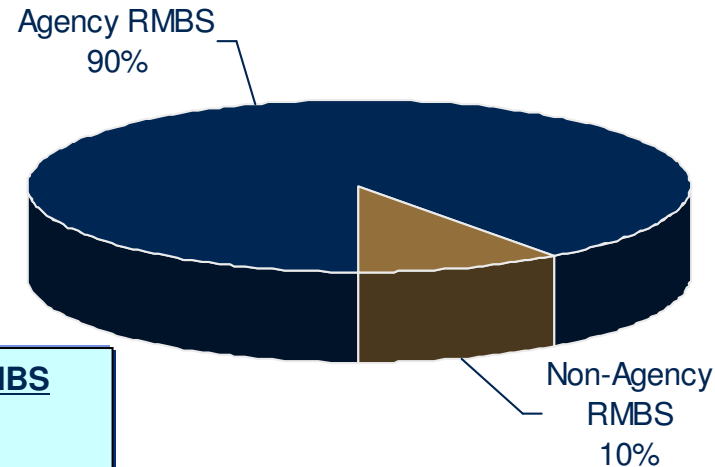
- Average loan to value of the underlying collateral is 69.9
- Average subordination has improved to 27.5% from 25.3% at origination
- Current percentage of defeased collateral is 9.22%
- Average current collateral delinquency is 4.02%



# Investment Grade Fixed Income: RMBS

(As of June 30, 2009)

**Total Agency and Non-Agency RMBS: \$2.5 Billion  
(23% of total portfolio)**



## Key Characteristics – Agency RMBS

- Primarily pass-through securities issued by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and the Government National Mortgage Association
- These securities have an amortized cost of \$2.2 billion with a net unrealized gain of \$42 million
- Duration of 2.83
- Book yield is 4.64%

## Key Characteristics – Non Agency RMBS

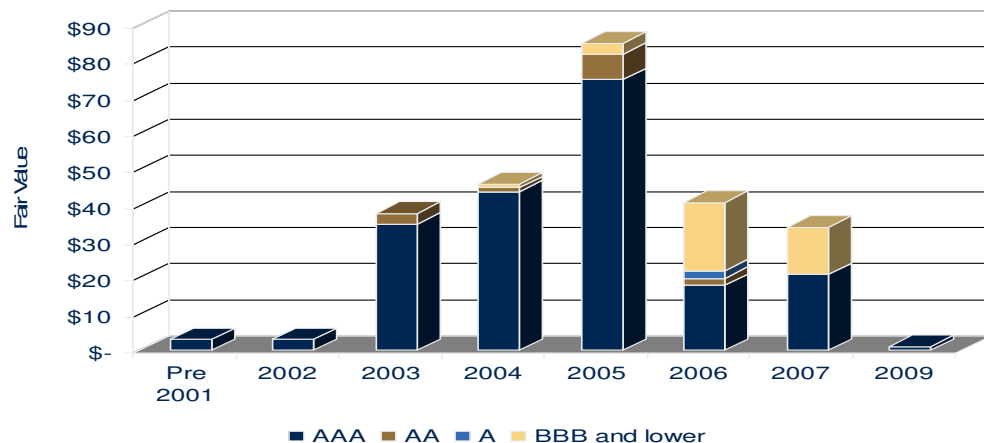
- Non-Agency RMBS have an amortized cost of \$319 million with net unrealized loss of \$68 million
- This sector includes prime, Alt-A and subprime collateral
- Non-Agency RMBS is 79.7% AAA-rated as detailed on the following slides



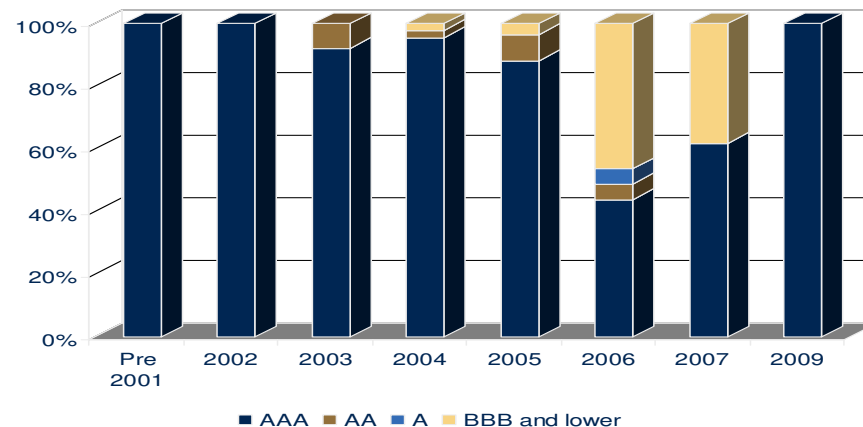
# Non-Agency RMBS: Detail

(As of June 30, 2009)

Rating by Vintage (\$ in millions)



Rating by Vintage (%)



Fair Value (\$ in millions)

Vintage	AAA	AA	A	BBB and lower	Total
2009	\$1	\$-	\$-	\$-	\$1
2007	21	-	-	13	34
2006	18	2	2	19	41
2005	75	7	-	3	85
2004	44	1	-	1	46
Other	41	3	-	-	44
<b>Total</b>	<b>\$200</b>	<b>\$13</b>	<b>\$2</b>	<b>\$36</b>	<b>\$251</b>

## Key Characteristics

- 79.7% AAA
- 145 securities
- Weighted average life of 4.4 years
- Book yield is 6.03%
- Average price of 80% of par
- Duration of 0.05

Net Unrealized Loss (\$ in millions)

Net Unrealized	\$(47)	\$(4)	\$ -	\$(16)	\$(68)
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# Non-Agency RMBS: Detail (Continued)

(As of June 30, 2009)

## Maturity Detail (\$ in millions)

Years to Maturity	Amortized Cost	Net Unrealized Loss	Fair Value
< 2	\$56	\$(5)	\$51
2.1 – 3	51	(11)	40
3.1 – 4	55	(12)	43
4.1 – 5	76	(18)	58
5.1 – 7	35	(11)	24
7.1 – 10	31	(8)	23
>10	15	(3)	12
<b>Total</b>	<b>\$319</b>	<b>\$(68)</b>	<b>\$251</b>

- The fair value of securities with Subprime content is \$17 million (Non-Agency RMBS \$0.9 million and ABS \$16 million)
- The fair value of securities with Alt-A content is \$81 million (Non-Agency RMBS \$80 million and ABS \$0.9 million)

Note: Our Alt-A and Subprime classification is determined by the underlying collateral. A security with any level of Alt-A or Subprime collateral is classified as such even if the collateral is majority prime.

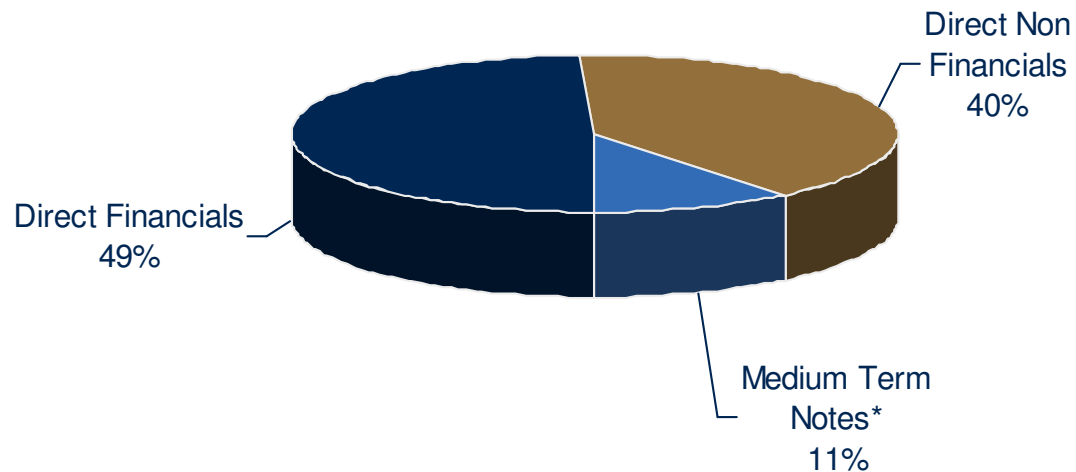




# Investment Grade Fixed Income: Corporate Debt

(As of June 30, 2009)

**Total Corporate Debt: \$2.7 Billion**  
**(24% of total portfolio)**



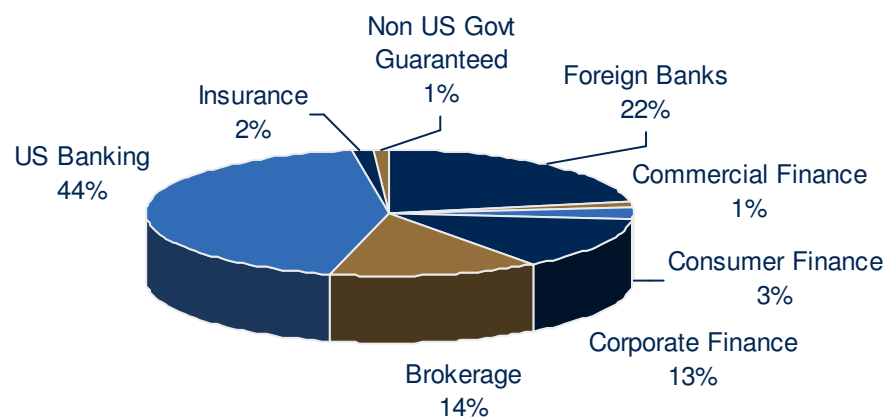
- Average corporate debt rating A
- Weighted average life of 4.3 years
- Duration of 2.91
- Book Yield is 4.19%



# Investment Grade Corporate Debt: Financials

(As of June 30, 2009)

**Financials by Subsector: \$1.3 Billion  
(12% of total portfolio)**



	Amortized Cost	Net Unrealized Gain/(Loss)	Fair Value
US Banking	\$586	\$(13)	\$573
Brokerage	184	2	186
Commercial Finance	19	-	19
Consumer Finance	40	1	41
Corporate Finance	180	(6)	174
Foreign Banks	311	(18)	292
Insurance	20	-	20
Non US Govt Guaranteed	14	-	14
<b>Total</b>	<b>\$1,353</b>	<b>\$(35)</b>	<b>\$1,318</b>

- Included in Investment Grade Corporate Debt for Financials are \$279 million of FDIC guaranteed bonds



# Corporate Debt - Financials: Detail

(As of June 30, 2009)

## Top 10 Direct Financial Holdings (\$ in millions)

	Amortized Cost	Net Unrealized Gain/(Loss)	Fair Value
JP Morgan Chase & Co	\$139	\$1	\$140
Citigroup Inc	137	(3)	134
Bank of America	130	(5)	126
General Electric	109	1	110
Wells Fargo & Co	94	(2)	92
Morgan Stanley	84	1	85
Goldman Sachs	63	1	64
Credit Suisse Group AG	39	-	39
HSBC Holdings PLC	38	(1)	36
American Express	31	1	31

## Financials by Rating (\$ in millions)

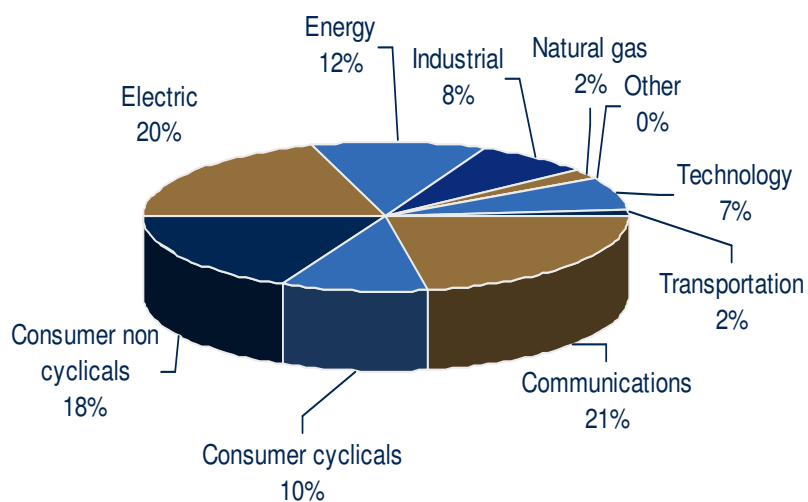
	Amortized Cost	Net Unrealized Loss	Fair Value
AAA	\$384	\$-	\$384
AA	329	(11)	318
A	527	(12)	515
BBB and lower	113	(13)	101
<b>Total</b>	<b>\$1,353</b>	<b>\$(35)</b>	<b>\$1,318</b>



# Investment Grade Corporate Debt: Non-Financials

(As of June 30, 2009)

## Non-Financials By Subsector: \$1.0 Billion (10% of total portfolio)



### Subsector Detail (\$ in millions)

	Amortized Cost	Net Unrealized Gain	Fair Value
Communications	\$231	\$6	\$237
Consumer cyclicals	106	-	106
Consumer non-cyclicals	191	5	196
Electric	210	4	214
Energy	121	4	125
Industrial	82	1	84
Natural gas	24	-	24
Other	1	-	1
Technology	69	2	71
Transportation	18	-	18
<b>Total</b>	<b>\$1,054</b>	<b>\$22</b>	<b>\$1,076</b>



# Corporate Debt - Non-Financials: Detail

(As of June 30, 2009)

## Top 10 Direct Non-Financial Holdings (\$ in millions)

	Amortized Cost	Net Unrealized Gain	Fair Value
Verizon Communications	\$68	\$4	\$72
AT&T	52	1	53
Duke Energy Corp	32	1	33
Procter & Gamble	27	1	28
Dominion Resources Inc	24	1	25
IBM	23	1	24
Comcast Corporation	23	-	23
Kraft Foods Inc	22	-	22
Conocophillips	21	-	21
Consolidated Edison Inc	20	-	20

## Non Financials by Rating (\$ in millions)

	Amortized Cost	Net Unrealized Gain	Fair Value
AAA	\$9	\$1	\$10
AA	104	2	106
A	556	15	571
BBB	385	4	389
<b>Total</b>	<b>\$1,054</b>	<b>\$ 22</b>	<b>\$1,076</b>



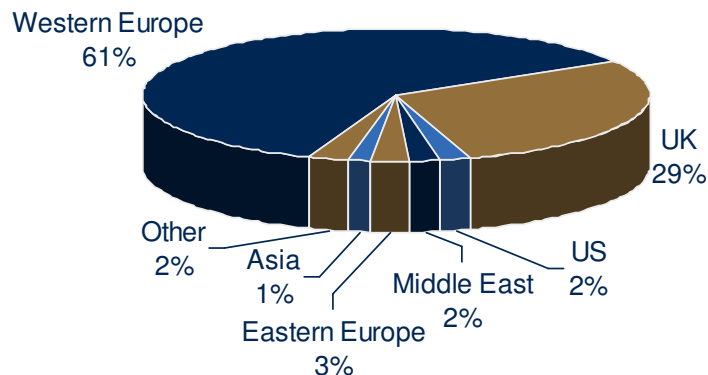
# Investment Grade Corporate Debt: Medium-Term Notes

(As of June 30, 2009)

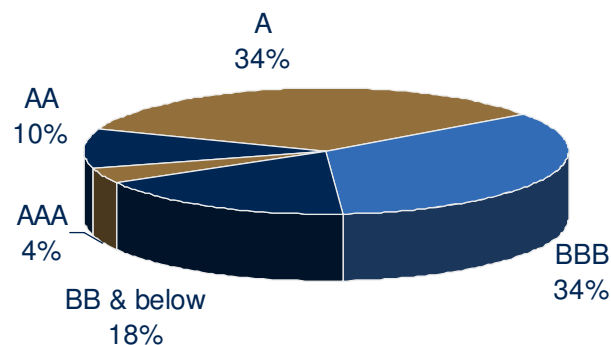
Medium-Term Notes (\$ in millions)

	Amortized Cost	Net Unrealized Loss	Fair Value	% of Total Portfolio
Medium-Term Notes	\$627	\$(336)	\$291	2.7

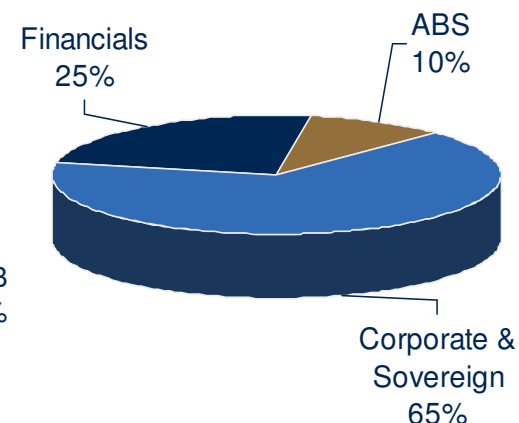
Fair Value by Region



Fair Value by Rating



Fair Value by Sector



- Credit issuances accessed via medium-term notes which employ leverage
- Current leverage 0.44 (for each unit of client capital an additional 0.44 of borrowed capital is employed)
- Investment results driven by changes in credit spreads and the yield based on LIBOR plus the credit spread
- Average yield of medium-term notes is LIBOR + 255bps

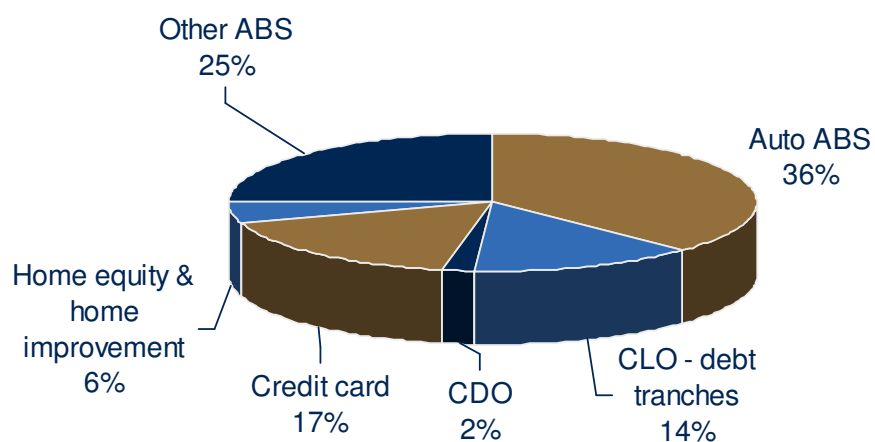


# Investment Grade Fixed Income: ABS

(As of June 30, 2009)

**ABS by Subsector: \$310 Million  
(3% of total portfolio)**

Subsector Detail (\$ in millions)



	Amortized Cost	Net Unrealized Gain/(Loss)	Fair Value
Auto ABS	\$114	\$2	\$116
CLO – debt tranches	57	(14)	43
CDO	11	(5)	6
Credit card	51	1	52
Home equity & home improvement	31	(13)	17
Other ABS	78	(1)	76
<b>Total</b>	<b>\$342</b>	<b>\$(31)</b>	<b>\$310</b>



# ABS: Detail

(As of June 30, 2009)

## Maturity Detail (\$ in millions)

Years to Maturity	Amortized Cost	Net Unrealized Loss	Fair Value
< 2	\$171	\$(6)	\$165
2.1 – 3	23	(2)	21
3.1 – 4	21	(5)	16
4.1 – 5	60	(8)	52
5.1 – 7	21	(6)	15
7.1 – 10	37	(1)	35
>10	9	(4)	5
<b>Total</b>	<b>\$342</b>	<b>\$(31)</b>	<b>\$310</b>

## Rating Detail (\$ in millions)

	Amortized Cost	Net Unrealized Loss	Fair Value
AAA	\$264	\$(8)	\$256
AA	1	-	1
A	34	(7)	27
BBB and lower	43	(16)	27
<b>Total</b>	<b>\$342</b>	<b>\$(31)</b>	<b>\$310</b>

## Vintage Detail (\$ in millions)

Vintage	AAA	AA	A	BBB and lower	Total
2009	\$40	-	-	-	\$40
2008	90	-	-	-	90
2007	48	-	-	5	53
2006	47	-	-	5	52
Other	31	-	27	17	75
<b>Total</b>	<b>\$256</b>	<b>\$-</b>	<b>\$27</b>	<b>\$27</b>	<b>\$310</b>
Net Unrealized Loss	\$(8)	\$-	\$(7)	\$(16)	\$(31)

## Key Characteristics

- 82% AAA
- 142 securities
- Weighted average life of 4.1 years
- Duration of 0.70
- Book yield is 4.36%
- Average price of 90% of par





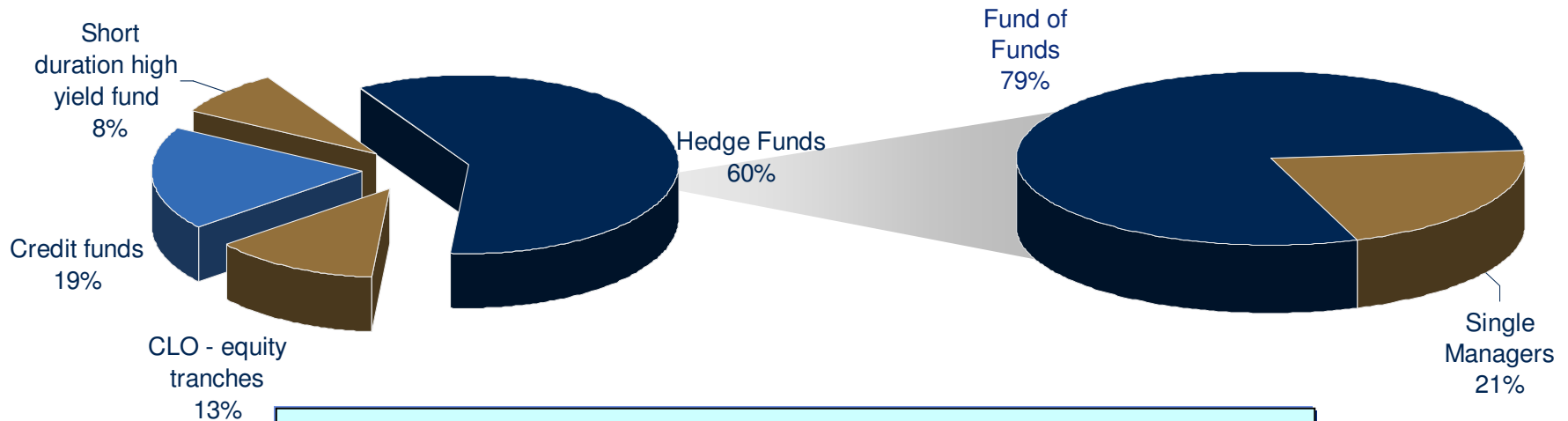
# Other Investments Overview

(As of June 30, 2009)

**Total Other Investments: \$539 million  
(5% of total portfolio)**

**Total Other Investments**

**Hedge Funds**



## Key Characteristics

- Short duration high yield fund – invests mainly in high yield bonds with an average maturity of 2.4 years and average rating of B+
- Credit Funds –invest in non-investment grade credit and are currently comprised of 75% bank loans and 25% distressed debt
- CLO equity tranches – equity tranches of cash flow collateralized loan obligations that invest primarily in first-lien bank loans
- Single Managers – invest in event driven, equity long short, and energy MLP strategies

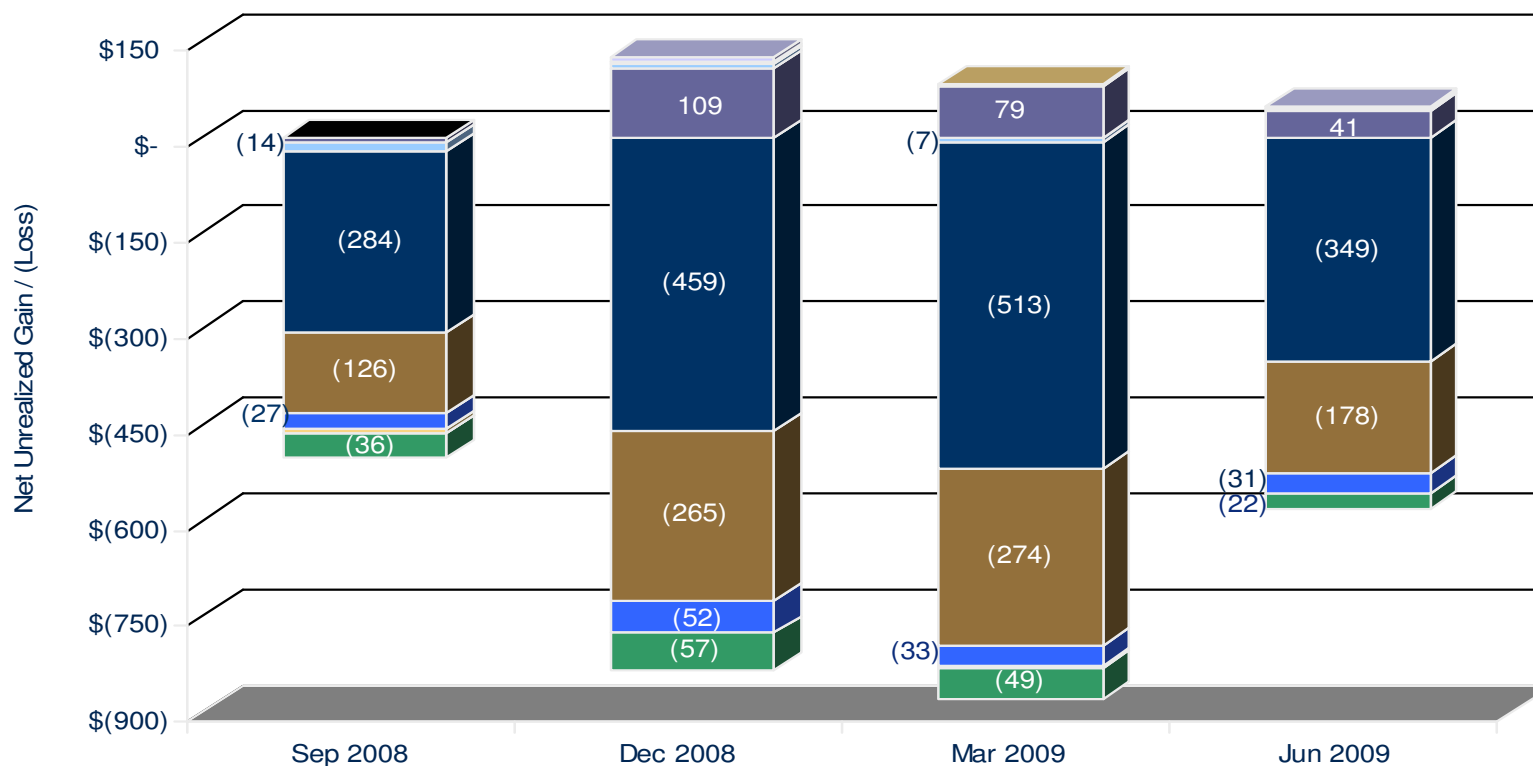


# Net Unrealized Gain / (Loss) Summary

(As of June 30, 2009)

Invested Assets (\$ in millions)

	Amortized Cost	Net Unrealized Loss	Fair Value
Fixed maturities	\$9,380	\$(507)	\$8,873
Equities	119	(22)	97
Short-term investments	165	-	165
<b>Total</b>	<b>\$9,665</b>	<b>\$(530)</b>	<b>\$9,135</b>



- US Govt/Agency
- Foreign Govt
- Corporates
- Non Agency CMBS/RMBS
- Asset-backed securities
- Municipals
- Short-term investments
- Equities

