



**AXIS Capital Holdings Limited**

**INVESTOR FINANCIAL SUPPLEMENT**

**THIRD QUARTER 2005**

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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.

# AXIS Capital Holdings Limited

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# AXIS Capital Holdings Limited

## BASIS OF PRESENTATION

### DEFINITIONS AND PRESENTATION

- All financial information contained herein is unaudited, except for the financial data relating to the years ended December 31, 2004 and December 31, 2003.
- Unless otherwise noted, dollar amounts are in thousands, except for share and per share amounts and ratio information.
- Return on average equity ("ROAE") is calculated by dividing the net income for the period by the average shareholders' equity determined using the shareholders' equity balances at the beginning and the end of the period.
- The debt to capitalization ratio is calculated by dividing the company's debt by the total capital. Total capital represents equity plus debt.
- Annualized effective investment yield is calculated by dividing the investment income generated from invested assets by the average balance of the assets managed by our portfolio managers.
- Total return is calculated using the beginning and ending market portfolio values, adjusted for external cash flows.
- NM - Not meaningful
- NR - Not reported
- NA - Not Applicable
- With effect from January 1, 2004, we included the personnel expenses of our underwriters in general and administrative expenses; prior to that date, we had included them in acquisition costs. Disclosures relating to prior periods have been restated to reflect this change. In addition, with effect from January 1, 2004 we allocated all of our general and administrative costs, except for our corporate expenses, to each of our underwriting segments. Our corporate expenses include holding company costs necessary to support our worldwide insurance and reinsurance operations and costs associated with operating as a publicly-traded company. Prior periods have not been restated to reflect the full allocation of general and administrative costs, as our business segments were not fully operational throughout 2003.
- Underwriting income (loss) is a measure of profitability that takes into account net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income (loss) is the difference between revenues and expense items.

# AXIS Capital Holdings Limited

## BASIS OF PRESENTATION

### **BUSINESS DESCRIPTIONS**

#### **INSURANCE SEGMENT**

##### **Global Insurance**

Global insurance provides specialty lines coverage predominantly through the London broker network with product lines comprising property, marine, terrorism and war risk, aviation and aerospace, political risk and professional lines and other specialty risks.

The property line of business provides physical damage and business interruption coverage for industrial properties and physical damage, business interruption and liability coverage for onshore energy property and operations. Coverage relates to both catastrophic and non-catastrophic events.

The marine line of business provides coverage for hull, liability, cargo and specie and recreational marine risks. These risks include property damage to ships, pollution damage caused by vessels on a sudden and accidental basis and protection for general cargo and the contents of armored cars, vaults, exhibitions and museums. This line of business also provides physical damage, business interruption and liability coverage for offshore energy property and operations.

The terrorism and war risk line of business includes coverage for physical damage and associated business interruption of an insured following an act of terrorism and specific war coverage for the interests otherwise covered in our aviation and marine hull and liability business.

The aviation and aerospace line of business includes hull and liability coverage for passenger and cargo airlines and privately owned aircraft, select aviation product liability coverage, physical damage coverage on satellite launches and satellite liability.

The political risk line of business generally provides protection against sovereign default or other sovereign actions resulting in impairment of cross border investments for banks and major corporations in industries such as energy and mining.

The professional lines and other specialty line of business primarily consists of directors' and officers' liability coverage.

##### **U.S. Insurance**

U.S. insurance provides coverage through a variety of channels in the U.S. and covers exposures predominantly in the U.S. The product lines are property, professional lines, liability and other specialty and are offered through wholesale brokers, retail brokers and managing general underwriters. Many of its property and casualty insurance products are for nonstandard and complex risks. U.S. insurance also writes risks that are unique and difficult to place in the standard market, but must remain with an admitted insurance company for marketing and regulatory purposes.

The property line of business provides coverage for physical damage and business interruption primarily with respect to commercial properties. The book consists of both primary and excess risks, some of which are catastrophe-exposed.

The professional lines book primarily consists of coverage for directors' and officers' liability, errors and omission liability and employment practices liability.

The liability line of business primarily targets casualty risks in the US excess and surplus lines markets. Target classes include mercantile, manufacturing and building/premises, with particular emphasis on commercial and consumer products, commercial construction and miscellaneous general liability.

The other specialty book currently consists of a product that indemnifies self-insured, small and medium sized employers for losses in excess of a retention associated with employee medical coverage.

# AXIS Capital Holdings Limited

## BASIS OF PRESENTATION

### BUSINESS DESCRIPTIONS (CONTINUED)

#### REINSURANCE SEGMENT

Our reinsurance segment provides treaty property and casualty reinsurance to insurance companies on a worldwide basis. Treaty reinsurance contracts are contractual arrangements that provide for automatic reinsuring of a type or category of risk underwritten by our clients. Contracts can be written on an excess of loss basis or a pro rata basis, also known as proportional. The product lines in this segment are catastrophe, property, professional liability, credit and bond, motor, liability and other.

The catastrophe reinsurance line of business provides protection for most catastrophic losses that are covered in the underlying insurance policies written by our ceding company clients. The underlying insurance policies in the catastrophe reinsurance line of business primarily cover property exposures. This business also consists of contracts covering non-property exposures, including workers compensation, personal accident and life. The principal perils in this portfolio are hurricane and windstorm, earthquake, flood, tornado, hail and fire. In some instances, terrorism may be a covered peril or the only peril.

The property reinsurance line of business includes treaty reinsurance written on both a pro rata and a per risk basis and covers underlying personal lines and commercial property exposures. Property pro rata treaty reinsurance covers a cedent's aggregate losses from all events in the covered period on a proportional basis. Property per risk treaty reinsurance business reinsures a portfolio of particular property risks of ceding companies on an excess of loss basis.

The professional liability treaty reinsurance book covers directors' and officers', employment practices liability, medical malpractice and miscellaneous errors and omissions insurance risks.

The credit and bond treaty reinsurance book consists principally of reinsurance of trade credit insurance products and includes both proportional and excess-of-loss structures. The underlying insurance indemnifies sellers of goods and services against a payment default by the buyer of those goods and services. Also included in this book is coverage for ceding insurers against losses arising from a broad array of surety bonds issued by bond insurers principally to satisfy regulatory demands in a variety of jurisdictions around the world, but predominantly in Europe.

The motor liability reinsurance line of business provides coverage to insurers for motor liability losses arising out of any one occurrence. The occurrence can involve one or many claimants where the ceding insurer aggregates the claims from the occurrence.

The liability reinsurance line of business provides coverage to insurers of standard casualty lines, including auto liability, general liability, personal and commercial umbrella and workers compensation.

The other reinsurance line of business currently covers claims arising from aviation, marine and crop reinsurance.

## AXIS Capital Holdings Limited

### FINANCIAL HIGHLIGHTS

HIGHLIGHTS	Quarter ended September 30,		Previous Period Change	Nine months ended September 30,		Previous Period Change
	2005	2004		2005	2004	
Gross premiums written	794,571	687,700	15.5%	2,760,563	2,361,142	16.9%
<i>Gross premiums written - Insurance</i>	58.0%	64.2%	(6.2)%	50.8%	56.2%	(5.4)%
<i>Gross premiums written- Reinsurance</i>	42.0%	35.8%	6.2%	49.2%	43.8%	5.4%
Net premiums written	517,717	562,012	(7.9)%	2,195,584	1,949,079	12.6%
Net premiums earned	616,814	521,798	18.2%	1,866,817	1,479,449	26.2%
<i>Net premiums earned - Insurance</i>	40.3%	55.5%	(15.2)%	47.4%	57.0%	(9.6)%
<i>Net premiums earned - Reinsurance</i>	59.7%	44.5%	15.2%	52.6%	43.0%	9.6%
Net (loss) / income available to common shareholders	(468,075)	6,279	NM	(143,431)	313,923	(145.7)%
Reserve for losses and loss expenses	4,514,277	2,223,234	103.1%	4,514,277	2,223,234	103.1%
Total shareholders' equity	2,871,612	3,084,992	(6.9)%	2,871,612	3,084,992	(6.9)%
<b>PER SHARE AND SHARE DATA</b>						
<b>As Reported</b>						
Basic earnings per common share	(\$3.32)	\$0.04	NM	(\$1.01)	\$2.06	(148.8)%
Diluted earnings per common share	(\$3.32)	\$0.04	NM	(\$1.01)	\$1.89	(153.3)%
Weighted average common shares outstanding	140,995,298	152,534,495	(7.6)%	142,711,852	152,523,144	(6.4)%
Diluted weighted average common shares outstanding	140,995,298	166,128,928	(15.1)%	142,711,852	166,401,498	(14.2)%
Book value per common share	\$18.52	\$20.22	(8.4)%	\$18.52	\$20.22	(8.4)%
Diluted book value per common share (as-if converted) [a]	\$17.59	\$19.00	(7.4)%	\$17.59	\$19.00	(7.4)%
<b>FINANCIAL RATIOS</b>						
ROAE, net (loss) income available to common shareholders [b]	(64.7)%	0.8%	(65.5)%	(6.5)%	14.2%	(20.7)%
Net loss and loss expense ratio	167.8%	85.4%	82.4%	91.2%	63.9%	27.2%
Acquisition cost ratio	10.4%	15.2%	(4.8)%	12.9%	13.6%	(0.7)%
General and administrative expense ratio	7.2%	9.0%	(1.8)%	8.3%	8.9%	(0.6)%
Combined ratio	185.4%	109.6%	75.8%	112.4%	86.4%	26.1%
<b>INVESTMENT DATA</b>						
Total assets	11,440,546	8,203,132	39.5%	11,440,546	8,203,132	39.5%
Total cash and investments [c]	6,893,530	5,215,282	32.2%	6,893,530	5,215,282	32.2%
Total return on investment portfolio	(0.2)%	2.4%	(2.6)%	1.7%	2.7%	(1.0)%
Annualized effective investment yield	4.3%	3.5%	0.8%	4.0%	3.3%	0.7%

[a] This is a non-GAAP financial measure. See the reconciliation at the end of this financial supplement.

[b] Percentages presented are annualized for the period.

[c] Cash and investments represents the total cash, fixed maturity investments and other investments, including accrued interest.

**AXIS Capital Holdings Limited**  
**CONSOLIDATED STATEMENTS OF INCOME**

Quarter ended

	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	September 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$794,571	\$767,293	\$1,198,699	\$651,169	\$687,700	\$633,942
Premiums ceded	(276,854)	(151,497)	(136,628)	(176,575)	(125,688)	(99,567)
Net premiums written	517,717	615,796	1,062,071	474,594	562,012	534,375
Gross premiums earned	862,459	778,597	761,092	689,748	652,273	481,913
Ceded premiums amortized	(245,645)	(154,184)	(135,502)	(140,800)	(130,475)	(84,447)
Net premiums earned	616,814	624,413	625,590	548,948	521,798	397,466
Other insurance related income (loss)	236	(5,451)	(68)	3,603	7,206	8,548
Total underwriting revenues	617,050	618,962	625,522	552,551	529,004	406,014
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	1,035,270	322,853	344,290	300,219	445,575	184,180
Acquisition costs	64,436	85,471	91,301	78,894	79,222	56,101
General and administrative expenses	40,942	42,739	42,464	45,164	37,344	9,669
Total underwriting expenses	1,140,648	451,063	478,055	424,277	562,141	249,950
<b>UNDERWRITING (LOSS) INCOME</b>	<b>(523,598)</b>	<b>167,899</b>	<b>147,467</b>	<b>128,274</b>	<b>(33,137)</b>	<b>156,064</b>
<b>OTHER OPERATING REVENUE (EXPENSES)</b>						
Net investment income	67,015	58,001	52,758	47,451	40,017	19,342
Net realized (losses) gains on investments	(6,435)	1,831	(1,393)	4,216	3,732	(5,713)
Interest expense	(8,360)	(7,818)	(8,078)	(4,597)	(4,669)	(192)
Total other operating revenue (expenses)	52,220	52,014	43,287	47,070	43,280	13,437
<b>OTHER (EXPENSES) REVENUE</b>						
Net foreign exchange (losses) gains	(1,727)	(27,226)	(23,418)	18,583	3,459	4,574
Corporate expenses [a]	(3,295)	(14,057)	(11,838)	(10,781)	(9,724)	(24,982)
Total other (expenses) revenue	(5,022)	(41,283)	(35,256)	7,802	(6,265)	(20,408)
<b>INCOME BEFORE INCOME TAXES</b>	<b>(476,400)</b>	<b>178,630</b>	<b>155,498</b>	<b>183,146</b>	<b>3,878</b>	<b>149,093</b>
Income tax (expense) recovery	8,325	(5,785)	(3,699)	(2,071)	2,401	(2,111)
<b>NET (LOSS) INCOME</b>	<b>(\$468,075)</b>	<b>\$172,845</b>	<b>\$151,799</b>	<b>\$181,075</b>	<b>\$6,279</b>	<b>\$146,982</b>
<b>COMPREHENSIVE (LOSS) INCOME</b>	<b>(\$522,626)</b>	<b>\$221,984</b>	<b>\$89,490</b>	<b>\$170,995</b>	<b>\$60,469</b>	<b>\$148,851</b>
<b>KEY RATIOS/PER COMMON SHARE DATA</b>						
Net loss and loss expense ratio	167.8%	51.7%	55.0%	54.7%	85.4%	46.3%
Acquisition cost ratio	10.4%	13.7%	14.6%	14.4%	15.2%	14.2%
General and administrative expense ratio [a]	7.2%	9.1%	8.7%	10.2%	9.0%	8.7%
Combined ratio	185.4%	74.5%	78.3%	79.3%	109.6%	69.2%
Weighted average basic shares outstanding	140,995,298	140,566,523	146,635,717	152,662,584	152,534,495	151,453,213
Weighted average diluted shares outstanding	140,995,298	153,637,750	160,429,657	165,397,980	166,128,928	163,232,232
Basic earnings per common share	(\$3.32)	\$1.23	\$1.04	\$1.19	\$0.04	\$0.97
Diluted earnings per common share	(\$3.32)	\$1.13	\$0.95	\$1.09	\$0.04	\$0.90
ROAE, net (loss) income available to common shareholders [b]	(64.7)%	22.6%	19.6%	22.9%	0.8%	24.0%

[a] Corporate expenses are included in the calculation of the general and administrative expense ratio.

[b] Percentages presented are annualized for the period.



# AXIS Capital Holdings Limited

## CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended			Year ended	
	September 30, 2005	September 30, 2004	September 30, 2003	December 31, 2004	December 31, 2003
<b>UNDERWRITING REVENUES</b>					
Gross premiums written	\$2,760,563	\$2,361,142	\$1,793,979	\$3,012,311	\$2,273,645
Premiums ceded	(564,979)	(412,063)	(269,636)	(588,628)	(365,258)
Net premiums written	2,195,584	1,949,079	1,524,343	2,423,683	1,908,387
Gross premiums earned	2,402,149	1,821,099	1,211,584	2,510,847	1,701,015
Ceded premiums amortized	(535,332)	(341,650)	(176,099)	(482,450)	(264,785)
Net premiums earned	1,866,817	1,479,449	1,035,485	2,028,397	1,436,230
Other insurance related (loss) income	(5,283)	7,650	19,756	11,253	25,019
Total underwriting revenues	1,861,534	1,487,099	1,055,241	2,039,650	1,461,249
<b>UNDERWRITING EXPENSES</b>					
Net losses and loss expenses	1,702,413	946,025	526,135	1,246,244	734,019
Acquisition costs	241,208	201,674	146,770	280,568	186,297
General and administrative expenses	126,145	103,032	27,980	148,196	43,415
Total underwriting expenses	2,069,766	1,250,731	700,885	1,675,008	963,731
<b>UNDERWRITING (LOSS) INCOME</b>	(208,232)	236,368	354,356	364,642	497,518
<b>OTHER OPERATING REVENUE (EXPENSES)</b>					
Net investment income	177,774	104,621	46,598	152,072	73,961
Net realized (losses) gains on investments	(5,997)	9,418	21,190	13,634	22,567
Interest expense	(24,257)	(688)	(1,310)	(5,285)	(1,478)
Total other operating revenue (expenses)	147,520	113,351	66,478	160,421	95,050
<b>OTHER (EXPENSES) REVENUE</b>					
Net foreign exchange (losses) gains	(52,371)	(4,099)	19,316	14,484	32,215
Corporate expenses [a]	(29,190)	(28,328)	(67,161)	(39,109)	(93,111)
Total other (expenses) revenue	(81,561)	(32,427)	(47,845)	(24,625)	(60,896)
<b>INCOME BEFORE INCOME TAXES</b>	(142,273)	317,292	372,989	500,438	531,672
Income tax (expense) recovery	(1,158)	(3,369)	(1,135)	(5,440)	678
<b>NET (LOSS) INCOME</b>	(\$143,431)	\$313,923	\$371,854	\$494,998	\$532,350
<b>COMPREHENSIVE (LOSS) INCOME</b>	(\$211,152)	\$311,756	\$385,959	\$482,749	\$532,030
<b>KEY RATIOS/PER COMMON SHARE DATA</b>					
Net loss and loss expense ratio	91.2%	63.9%	50.8%	61.4%	51.1%
Acquisition cost ratio	12.9%	13.6%	14.2%	13.8%	13.0%
General and administrative expense ratio [a]	8.3%	8.9%	9.2%	9.2%	9.5%
Combined ratio	112.4%	86.4%	74.2%	84.4%	73.6%
Weighted average basic shares outstanding	142,711,852	152,523,144	141,499,081	152,553,677	144,262,881
Weighted average diluted shares outstanding	142,711,852	166,401,498	151,322,233	165,875,823	155,690,763
Basic earnings per common share	(\$1.01)	\$2.06	\$2.63	\$3.24	\$3.69
Diluted earnings per common share	(\$1.01)	\$1.89	\$2.46	\$2.98	\$3.42
ROAE, net (loss) income available to common shareholders [b]	(6.5)%	14.2%	21.4%	16.3%	22.3%

[a] Corporate expenses are included in the calculation of the general and administrative expense ratio.

[b] Percentages presented are annualized for the period.

# AXIS Capital Holdings Limited

## CONSOLIDATED SEGMENT DATA

	Quarter ended September 30, 2005			Nine Months ended September 30, 2005		
	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$460,583	\$333,988	\$794,571	\$1,402,814	\$1,357,749	\$2,760,563
Net premiums written	187,874	329,843	517,717	847,639	1,347,945	2,195,584
Gross premiums earned	486,194	376,265	862,459	1,403,868	998,281	2,402,149
Ceded premiums amortized	(237,661)	(7,984)	(245,645)	(518,938)	(16,394)	(535,332)
Net premiums earned	248,533	368,281	616,814	884,930	981,887	1,866,817
Other insurance related income (loss)	236	---	236	(5,283)	---	(5,283)
Total underwriting revenues	248,769	368,281	617,050	879,647	981,887	1,861,534
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	438,524	596,746	1,035,270	724,834	977,579	1,702,413
Acquisition costs	11,571	52,865	64,436	77,847	163,361	241,208
General and administrative expenses	28,755	12,187	40,942	89,327	36,818	126,145
Total underwriting expenses	478,850	661,798	1,140,648	892,008	1,177,758	2,069,766
<b>UNDERWRITING (LOSS) INCOME</b>	<b>(\$230,081)</b>	<b>(\$293,517)</b>	<b>(\$523,598)</b>	<b>(\$12,361)</b>	<b>(\$195,871)</b>	<b>(\$208,232)</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	176.4%	162.0%	167.8%	81.9%	99.6%	91.2%
Acquisition cost ratio	4.7%	14.4%	10.4%	8.8%	16.6%	12.9%
General and administrative expense ratio	11.6%	3.3%	6.6%	10.1%	3.7%	6.8%
Corporate expense ratio			0.6%			1.5%
Combined ratio	192.7%	179.7%	185.4%	100.8%	119.9%	112.4%

# AXIS Capital Holdings Limited

## INSURANCE - SUB-SEGMENT DATA

	Quarter ended September 30, 2005			Nine Months ended September 30, 2005		
	Global Insurance	U.S. Insurance	Total Insurance	Global Insurance	U.S. Insurance	Total Insurance
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$191,616	\$268,967	\$460,583	\$671,451	\$731,363	\$1,402,814
Net premiums written	63,813	124,061	187,874	481,248	366,391	847,639
Gross premiums earned	246,941	239,253	486,194	739,747	664,121	1,403,868
Ceded premiums amortized	(105,582)	(132,079)	(237,661)	(176,813)	(342,125)	(518,938)
Net premiums earned	141,359	107,174	248,533	562,934	321,996	884,930
Other insurance related income (loss)	---	236	236	(5,865)	582	(5,283)
Total underwriting revenues	<u>141,359</u>	<u>107,410</u>	<u>248,769</u>	<u>557,069</u>	<u>322,578</u>	<u>879,647</u>
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	308,024	130,500	438,524	451,958	272,876	724,834
Acquisition costs	13,293	(1,722)	11,571	72,830	5,017	77,847
General and administrative expenses	9,039	19,716	28,755	28,523	60,804	89,327
Total underwriting expenses	<u>330,356</u>	<u>148,494</u>	<u>478,850</u>	<u>553,311</u>	<u>338,697</u>	<u>892,008</u>
<b>UNDERWRITING (LOSS) INCOME</b>	<u>(\$188,997)</u>	<u>(\$41,084)</u>	<u>(\$230,081)</u>	<u>\$3,758</u>	<u>(\$16,119)</u>	<u>(\$12,361)</u>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	217.9%	121.8%	176.4%	80.3%	84.7%	81.9%
Acquisition cost ratio	9.4%	(1.6)%	4.7%	12.9%	1.6%	8.8%
General and administrative expense ratio	6.4%	18.4%	11.6%	5.1%	18.9%	10.1%
Combined ratio	<u>233.7%</u>	<u>138.6%</u>	<u>192.7%</u>	<u>98.3%</u>	<u>105.2%</u>	<u>100.8%</u>

**AXIS Capital Holdings Limited**  
**GROSS PREMIUM WRITTEN BY SEGMENT BY LINE OF BUSINESS**

	Quarter ended				Year ended			
	Sept. 30, 2005	Jun. 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003	Dec. 31, 2004	Dec. 31, 2003
<b>INSURANCE SEGMENT</b>								
<b>GLOBAL INSURANCE</b>								
Property	\$49,136	\$65,827	\$45,377	\$56,688	\$57,960	\$102,006	\$249,200	\$238,955
Marine	23,671	44,102	75,663	20,099	39,732	45,087	177,592	185,928
Terrorism and war risk	23,919	28,797	75,734	162,099	34,026	38,756	318,887	279,431
Aviation and aerospace	28,037	29,474	14,898	82,611	38,645	32,162	175,829	178,442
Political risk	45,743	36,505	25,284	21,316	31,018	28,827	125,448	90,302
Professional lines and other specialty	21,110	22,807	15,367	21,637	12,901	2,475	48,372	7,603
Total global insurance	191,616	227,512	252,323	364,450	214,282	249,313	1,095,328	980,661
<b>U.S. INSURANCE</b>								
Property	\$116,250	\$97,429	\$61,931	\$80,631	\$103,517	\$77,070	\$322,302	\$225,508
Liability	64,977	79,509	63,022	64,745	58,962	43,475	229,562	157,808
Professional lines	84,665	106,572	50,958	83,075	64,901	67,496	272,224	242,582
Other specialty	3,075	1,960	1,015	147	---	---	147	---
Total U.S. insurance	268,967	285,470	176,926	228,598	227,380	188,041	824,235	625,898
<b>TOTAL INSURANCE SEGMENT</b>	<b>\$460,583</b>	<b>\$512,982</b>	<b>\$429,249</b>	<b>\$593,048</b>	<b>\$441,662</b>	<b>\$437,354</b>	<b>\$1,919,563</b>	<b>\$1,606,559</b>
<b>REINSURANCE SEGMENT</b>								
Catastrophe	\$106,627	\$94,277	\$267,798	\$34,481	\$56,209	\$62,401	\$425,573	\$339,137
Property	121,962	76,914	149,843	6,713	108,234	50,394	246,838	131,219
Professional lines	50,238	38,779	87,336	13,966	45,363	52,533	204,637	132,148
Credit and bond	1,865	7,420	94,630	692	4,820	---	73,352	---
Motor	1,809	1,576	72,041	1,737	5,788	---	39,415	6,560
Liability	50,344	24,691	86,625	(391)	20,007	22,070	81,369	39,475
Other	1,143	10,654	11,177	923	5,617	9,190	21,564	18,547
<b>TOTAL REINSURANCE SEGMENT</b>	<b>\$333,988</b>	<b>\$254,311</b>	<b>\$769,450</b>	<b>\$58,121</b>	<b>\$246,038</b>	<b>\$196,588</b>	<b>\$1,092,748</b>	<b>\$667,086</b>
<b>TOTAL</b>	<b>\$794,571</b>	<b>\$767,293</b>	<b>\$1,198,699</b>	<b>\$651,169</b>	<b>\$687,700</b>	<b>\$633,942</b>	<b>\$3,012,311</b>	<b>\$2,273,645</b>

# AXIS Capital Holdings Limited

## INSURANCE SEGMENT GLOBAL INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$191,616	\$227,512	\$252,323	\$364,450	\$214,282	\$249,313
Net premiums written	63,813	214,005	203,430	313,950	203,469	245,659
Gross premiums earned	246,941	241,210	251,595	241,200	225,026	217,578
Ceded premiums amortized	(105,582)	(36,493)	(34,737)	(40,395)	(25,549)	(19,002)
Net premiums earned	141,359	204,717	216,858	200,805	199,477	198,576
Other insurance related (loss) income	---	(5,627)	(238)	3,377	7,106	8,124
Total underwriting revenues	141,359	199,090	216,620	204,182	206,583	206,700
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	308,024	78,039	65,895	83,248	152,333	85,415
Acquisition costs [a]	13,293	26,455	33,082	35,423	33,067	30,146
General and administrative expenses [a]	9,039	9,632	9,852	11,005	8,592	3,647
Total underwriting expenses	330,356	114,126	108,829	129,676	193,992	119,208
<b>UNDERWRITING (LOSS) INCOME</b>	<b>(\$188,997)</b>	<b>\$84,964</b>	<b>\$107,791</b>	<b>\$74,506</b>	<b>\$12,591</b>	<b>\$87,492</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	217.9%	38.1%	30.4%	41.5%	76.4%	43.0%
Acquisition cost ratio	9.4%	12.9%	15.3%	17.6%	16.5%	15.2%
General and administrative expense ratio	6.4%	4.7%	4.5%	5.5%	4.3%	1.8%
Combined ratio	233.7%	55.7%	50.2%	64.6%	97.2%	60.0%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have been restated with previously allocated underwriters expenses reallocated to general and administrative expenses.

# AXIS Capital Holdings Limited

## INSURANCE SEGMENT

### U.S. INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$268,967	\$285,470	\$176,926	\$228,598	\$227,380	\$188,041
Net premiums written	124,061	151,098	91,232	106,846	124,812	92,850
Gross premiums earned	239,253	222,410	202,458	197,811	179,714	112,588
Ceded premiums amortized	(132,079)	(114,089)	(95,957)	(96,361)	(89,448)	(62,130)
Net premiums earned	107,174	108,321	106,501	101,450	90,266	50,458
Other insurance related income	236	326	20	---	---	---
Total underwriting revenues	107,410	108,647	106,521	101,450	90,266	50,458
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	130,500	70,658	71,718	52,475	85,531	33,621
Acquisition costs [a]	(1,722)	3,695	3,044	3,302	4,941	1,613
General and administrative expenses [a]	19,716	20,777	20,311	21,555	18,222	3,746
Total underwriting expenses	148,494	95,130	95,073	77,332	108,694	38,980
<b>UNDERWRITING (LOSS) INCOME</b>	<b>(\$41,084)</b>	<b>\$13,517</b>	<b>\$11,448</b>	<b>\$24,118</b>	<b>(\$18,428)</b>	<b>\$11,478</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	121.8%	65.2%	67.3%	51.6%	94.7%	66.6%
Acquisition cost ratio	(1.6)%	3.4%	2.9%	3.3%	5.5%	3.2%
General and administrative expense ratio	18.4%	19.2%	19.1%	21.2%	20.2%	7.4%
Combined ratio	138.6%	87.8%	89.3%	76.2%	120.4%	77.2%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have been restated with previously allocated underwriters expenses reallocated to general and administrative expenses.

# AXIS Capital Holdings Limited

## REINSURANCE SEGMENT DATA

	Quarter ended					
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$333,988	\$254,311	\$769,450	\$58,121	\$246,038	\$196,588
Net premiums written	329,843	250,693	767,409	53,798	233,731	195,866
Gross premiums earned	376,265	314,977	307,039	250,737	247,533	151,747
Ceded premiums amortized	(7,984)	(3,602)	(4,808)	(4,044)	(15,478)	(3,315)
Net premiums earned	368,281	311,375	302,231	246,693	232,055	148,432
Other insurance related (loss) income	---	(150)	150	226	100	424
Total underwriting revenues	368,281	311,225	302,381	246,919	232,155	148,856
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	596,746	174,156	206,677	164,496	207,711	65,144
Acquisition costs [a]	52,865	55,321	55,175	40,169	41,214	24,343
General and administrative expenses [a]	12,187	12,330	12,301	12,604	10,530	2,275
Total underwriting expenses	661,798	241,807	274,153	217,269	259,455	91,762
<b>UNDERWRITING (LOSS) INCOME</b>	<b>(\$293,517)</b>	<b>\$69,418</b>	<b>\$28,228</b>	<b>\$29,650</b>	<b>(\$27,300)</b>	<b>\$57,094</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	162.0%	55.9%	68.4%	66.7%	89.5%	43.9%
Acquisition cost ratio	14.4%	17.8%	18.3%	16.3%	17.8%	16.4%
General and administrative expense ratio	3.3%	4.0%	4.1%	5.1%	4.5%	1.5%
Combined ratio	179.7%	77.7%	90.8%	88.1%	111.8%	61.8%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have been restated with previously allocated underwriters expenses reallocated to general and administrative expenses.

## AXIS Capital Holdings Limited

### CONSOLIDATED BALANCE SHEETS

	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003
<b>ASSETS</b>						
Cash and cash equivalents	\$862,184	\$793,304	\$746,065	\$632,329	\$935,331	\$790,604
Fixed maturity investments at fair market value	5,562,593	5,298,519	5,088,487	5,128,345	4,360,522	3,277,783
Other investments	514,221	441,650	329,514	271,344	83,143	---
Accrued interest receivable	47,800	54,571	41,361	47,487	33,588	21,612
Securities lending collateral	1,045,144	998,196	963,411	865,311	765,273	---
Insurance and reinsurance premium balances receivable	1,145,471	1,230,321	1,309,636	914,562	924,575	690,907
Deferred acquisition costs	242,478	263,491	277,469	211,082	229,102	152,842
Prepaid reinsurance premiums	300,872	269,625	272,313	271,187	234,182	162,486
Reinsurance recoverable balances	1,337,020	648,025	641,103	596,299	551,164	100,152
Intangible assets	37,969	29,947	30,847	31,734	23,536	27,204
Other assets	344,794	89,307	90,294	68,605	62,716	29,930
<b>TOTAL ASSETS</b>	<b>\$11,440,546</b>	<b>\$10,116,956</b>	<b>\$9,790,500</b>	<b>\$9,038,285</b>	<b>\$8,203,132</b>	<b>\$5,253,520</b>
<b>LIABILITIES</b>						
Reserve for losses and loss expenses	\$4,514,277	\$2,929,699	\$2,719,247	\$2,404,560	\$2,223,234	\$785,041
Unearned premiums	2,003,223	2,071,073	2,082,377	1,644,771	1,682,119	1,153,296
Insurance and reinsurance balances payable	325,924	251,753	287,094	247,940	190,195	174,832
Accounts payable and accrued expenses	92,099	91,982	94,859	89,804	59,957	60,043
Securities lending payable	1,041,124	994,346	960,581	864,354	765,333	---
Net payable for investments purchased	93,268	112,515	185,355	49,854	197,302	399,506
Debt	499,019	498,992	498,965	498,938	---	---
<b>TOTAL LIABILITIES</b>	<b>8,568,934</b>	<b>6,950,360</b>	<b>6,828,478</b>	<b>5,800,221</b>	<b>5,118,140</b>	<b>2,572,718</b>
<b>SHAREHOLDERS' EQUITY</b>						
Series A preferred shares	125	---	---	---	---	---
Common shares	1,769	1,758	1,752	1,910	1,906	1,929
Additional paid-in capital	1,931,807	1,680,148	1,673,409	2,017,144	2,013,325	2,015,236
Deferred compensation	---	---	---	---	---	(15,605)
Accumulated other comprehensive (loss) income	(54,806)	(255)	(49,394)	12,915	22,997	39,589
Retained earnings	992,717	1,484,945	1,336,255	1,206,095	1,046,764	639,653
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,871,612</b>	<b>3,166,596</b>	<b>2,962,022</b>	<b>3,238,064</b>	<b>3,084,992</b>	<b>2,680,802</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$11,440,546</b>	<b>\$10,116,956</b>	<b>\$9,790,500</b>	<b>\$9,038,285</b>	<b>\$8,203,132</b>	<b>\$5,253,520</b>
Book value per common share	<b>\$18.52</b>	<b>\$22.51</b>	<b>\$21.14</b>	<b>\$21.20</b>	<b>\$20.22</b>	<b>\$17.37</b>
Debt to total capitalization	14.8%	13.6%	14.4%	13.4%	N/A	N/A
Debt plus preferred equity to total capitalization [a]	22.2%	N/A	N/A	N/A	N/A	N/A

[a] Total preferred equity is \$250 million.



# AXIS Capital Holdings Limited

## INVESTMENT PORTFOLIO

As of September 30, 2005

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,572,693	\$3,062	(\$21,093)	\$1,554,662	24.6%
Non U.S. government securities	150,660	1,811	(6,280)	146,191	2.3%
Corporate debt securities	969,723	5,133	(14,349)	960,507	15.2%
Mortgage-backed securities	2,206,150	2,518	(24,392)	2,184,276	34.5%
Asset-backed securities	309,491	389	(3,104)	306,776	4.8%
Municipals	355,442	799	(2,494)	353,747	5.6%
Mortgage derivatives [a]	56,763	---	(329)	56,434	0.9%
Total Fixed Maturities	\$5,620,922	\$13,712	(\$72,041)	\$5,562,593	87.9%
Cash, net of unsettled trades	191,525	---	---	191,525	3.0%
Total Invested Assets	\$5,812,447	\$13,712	(\$72,041)	\$5,754,118	90.9%
Operating Cash Balances	577,391	---	---	577,391	9.1%
Total Cash and Fixed Maturities	\$6,389,838	\$13,712	(\$72,041)	\$6,331,509	100.0%

### CREDIT QUALITY OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$4,588,041	81.6%	\$4,537,814	81.6%
AA	219,582	3.9%	217,141	3.9%
A	519,826	9.3%	514,718	9.2%
BBB	293,473	5.2%	292,920	5.3%
Total	\$5,620,922	100.0%	\$5,562,593	100.0%

### MATURITY PROFILE OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$533,157	9.5%	\$526,202	9.4%
From one to five years	1,449,112	25.8%	1,424,480	25.6%
From five to ten years	842,434	15.0%	837,460	15.1%
Above ten years	223,816	4.0%	226,965	4.1%
Asset-backed and mortgage-backed securities	2,572,403	45.7%	2,547,486	45.8%
Total	\$5,620,922	100.0%	\$5,562,593	100.0%

### OTHER INVESTMENTS

	Amortized Cost	Fair Value
Collateralized Loan Obligations	\$190,188	\$190,405
Medium Term Notes	175,000	173,718
Investment Funds	145,000	150,098
Total Other Investments	\$510,188	\$514,221

[a] Reflects securities classified as mortgage derivatives due to adoption of FAS 149, effective July 1, 2003. These securities were previously classified as mortgage-backed securities. Unrealized gains/losses on these securities are now classified as realized gains/losses on the statement of operations.

# AXIS Capital Holdings Limited

## INVESTMENT PORTFOLIO COMPOSITION

	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2003
<b>TYPE OF INVESTMENT</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
U.S. government and agency securities	24.6%	27.6%	28.9%	30.2%	28.5%	33.0%
Non U.S. government securities	2.3%	2.6%	2.8%	2.1%	1.6%	0.6%
Corporate debt securities	15.2%	15.0%	16.9%	16.9%	17.1%	15.9%
Mortgage-backed securities	34.5%	31.3%	28.7%	30.0%	26.7%	26.5%
Asset-backed securities	4.8%	5.6%	6.1%	6.1%	4.6%	3.7%
Municipals	5.6%	5.2%	4.3%	4.5%	4.9%	4.7%
Mortgage derivatives [a]	0.9%	1.3%	2.4%	---	2.1%	4.9%
Total Fixed Maturities	87.9%	88.6%	90.1%	89.8%	85.5%	89.3%
Cash, net of unsettled trades	3.0%	3.8%	2.3%	4.1%	3.3%	1.7%
Total Invested Assets	90.9%	92.4%	92.4%	93.9%	88.8%	91.0%
Operating Cash Balances	9.1%	7.6%	7.6%	6.1%	11.2%	9.0%
Total Cash and Fixed Maturities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>CREDIT QUALITY OF INVESTED ASSETS</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
AAA	81.6%	82.0%	80.5%	80.0%	78.4%	80.4%
AA	3.9%	3.5%	4.0%	3.9%	4.3%	3.7%
A	9.2%	9.1%	10.0%	10.0%	11.1%	10.1%
BBB	5.3%	5.4%	5.5%	6.1%	6.2%	5.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>MATURITY PROFILE OF INVESTED ASSETS</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
Within one year	9.4%	8.1%	9.0%	6.3%	2.5%	8.8%
From one to five years	25.6%	29.2%	32.9%	35.5%	37.7%	29.7%
From five to ten years	15.1%	15.8%	14.2%	15.3%	16.7%	18.5%
Above ten years	4.1%	3.7%	2.6%	2.7%	4.0%	3.7%
Asset-backed and mortgage-backed securities	45.8%	43.2%	41.3%	40.2%	39.1%	39.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>PORTFOLIO CHARACTERISTICS</b>	<b>As of or for the quarter ended</b>					
	<b>Sept. 30, 2005</b>	<b>June 30, 2005</b>	<b>Mar. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Sept. 30, 2004</b>	<b>Sept. 30, 2003</b>
Annualized effective yield	4.3%	4.0%	3.8%	3.7%	3.5%	2.6%
Yield to maturity of invested assets	4.6%	4.1%	4.3%	3.8%	3.6%	3.7%
Average duration of invested assets	3.1 yrs	2.8 yrs	3.0 yrs	2.8 yrs	3.1 yrs	3.1 yrs
Average credit quality of invested assets	AAA	AAA	AA+	AA+	AA+	AAA

[a] Reflects securities classified as mortgage derivatives due to adoption of FAS 149, effective July 1, 2003. These securities were previously classified as mortgage-backed securities. Unrealized gains/losses on these securities are now classified as realized gains/losses on the statement of operations.

**AXIS Capital Holdings Limited**  
**INVESTMENT PERFORMANCE**

	Quarter ended					Nine months ended	
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
Aggregate AXIS Capital portfolio	(0.18%)	2.21%	(0.31%)	0.74%	2.40%	1.71%	2.67%
Composite Benchmark [a]	(0.33%)	2.27%	(0.50%)	0.65%	2.45%	1.42%	2.61%
	0.15%	(0.06%)	0.19%	0.09%	(0.05%)	0.29%	0.06%
<b>Individual portfolios</b>							
Total return liquidity portfolio	0.34%	1.16%	(0.15%)	0.20%	1.14%	1.35%	1.23%
Merrill Lynch 1-3 year Treasury Index	0.09%	1.13%	(0.25%)	0.13%	0.96%	0.97%	0.88%
	0.25%	0.03%	0.10%	0.07%	0.18%	0.38%	0.35%
Total return intermediate duration portfolios	(0.19%)	2.32%	(0.28%)	0.87%	2.55%	1.84%	3.06%
Customized benchmark [b]	(0.39%)	2.42%	(0.56%)	0.78%	2.67%	1.44%	2.95%
	0.20%	(0.10%)	0.28%	0.09%	(0.12%)	0.40%	0.11%
Total return long duration portfolios	(0.66%)	2.91%	(0.36%)	1.02%	3.19%	1.88%	3.34%
Customized benchmark [b]	(0.68%)	3.00%	(0.45%)	0.93%	3.16%	1.84%	3.35%
	0.02%	(0.09%)	0.09%	0.09%	0.03%	0.04%	(0.01%)
Total return U.S. combined portfolios	(0.32%)	2.38%	(0.58%)	0.76%	2.62%	1.47%	2.57%
Customized benchmark [b]	(0.34%)	2.37%	(0.62%)	0.75%	2.75%	1.39%	2.87%
	0.02%	0.01%	0.04%	0.01%	(0.13%)	0.08%	(0.24%)
Total return Euro portfolio	0.30%	2.14%	0.92%	N/A	N/A	3.39%	N/A
Merrill Lynch 1-7 year EMU Gov't Index	(0.04%)	2.37%	0.82%	N/A	N/A	3.17%	N/A
	0.34%	(0.23%)	0.10%	N/A	N/A	0.22%	N/A

[a] The return for the composite benchmark is calculated using the market value weighted average of each individual portfolio's benchmark.

[b] The benchmarks are customized to reflect the desired duration and composition of the portfolio. Benchmarks may be adjusted frequently.

# AXIS Capital Holdings Limited

## INVESTMENT PORTFOLIO LARGEST CORPORATE HOLDINGS

As of September 30, 2005

<b>Issuer</b>	<b>Lowest Rating</b>	<b>Fair Value at Sept. 30, 2005</b>	<b>% of Total Fair Value</b>
HSBC Holdings PLC	A1/A	\$47,529	0.82%
General Electric Company	Aaa/AAA	46,517	0.80%
Citigroup Inc.	Aa1/AA-	37,327	0.65%
Morgan Stanley	A+/Aa3	28,184	0.49%
Goldman Sachs Group, Inc.	Aa3/A+	27,775	0.48%
Bank of America Corp	Aa2/AA-	23,270	0.40%
Lehman Brothers Holdings, Inc.	A1/A	21,701	0.38%
Nordea Bank	A-1/P-1	21,564	0.37%
Verizon Communications Inc.	A2/A+	19,996	0.35%
Wells Fargo & Company	Aa1/AA-	18,069	0.31%
Total		<u>\$291,932</u>	<u>5.05%</u>

# AXIS Capital Holdings Limited

## RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended September 30, 2005			For the nine months ended September 30, 2005		
	Gross	Recoveries [b]	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$2,929,699	(\$640,196)	\$2,289,503	\$2,404,560	(\$588,649)	\$1,815,911
Total incurred losses and loss expenses	1,739,881	(704,611)	1,035,270	2,568,118	(865,705)	1,702,413
Net loss reserves acquired [a]	22,916	(22,916)	---	22,916	(22,916)	---
Total paid losses and loss expenses	(178,747)	59,470	(119,277)	(471,102)	169,017	(302,085)
Foreign exchange losses (gains)	528	---	528	(10,215)	---	(10,215)
Reserve for losses and loss expenses, end of period	<u>\$4,514,277</u>	<u>(\$1,308,253)</u>	<u>\$3,206,024</u>	<u>\$4,514,277</u>	<u>(\$1,308,253)</u>	<u>\$3,206,024</u>
Paid to incurred percentage	<u>10.3%</u>	<u>8.4%</u>	<u>11.5%</u>	<u>18.3%</u>	<u>19.5%</u>	<u>17.7%</u>

**[a]** On August 1, 2005, the Company completed the purchase of Fireman's Fund Insurance Company of Wisconsin. At the date of acquisition, Fireman's Fund Insurance Company assumed all known, unknown and contingent liabilities relating to events occurring on or before the acquisition date. Fireman's Fund Insurance Company entered into a reinsurance agreement to fully assume \$22.9 million of outstanding loss reserves on the date of acquisition. These loss reserves and a reinsurance recoverable of the same amount were recorded on the date of acquisition.

**[b]** At September 30, 2005, reinsurance recoverables of \$28,767 were due on paid losses. Including this amount, the total reinsurance recoverable was \$1,337,020.

## AXIS Capital Holdings Limited

### RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS BY SEGMENT

	Quarter ended September 30, 2005					Nine months ended September 30, 2005				
	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
<i>Gross losses paid</i>	\$65,460	\$60,039	\$125,499	\$53,248	\$178,747	\$161,288	\$165,383	\$326,671	\$144,431	\$471,102
<i>Reinsurance recoveries received</i>	(2,965)	(40,872)	(43,837)	(15,633)	(59,470)	(5,858)	(105,652)	(111,511)	(57,507)	(169,017)
Net losses paid	\$62,495	\$19,167	\$81,662	37,615	119,277	\$155,430	\$59,731	215,161	86,924	302,085
Change in:										
<i>Reported case reserves</i>	247,790	187,480	435,270	97,455	532,725	249,405	201,022	450,427	145,926	596,353
<i>IBNR</i>	314,117	237,936	552,053	476,357	1,028,410	387,122	394,605	781,727	718,937	1,500,664
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(316,378)	(314,083)	(630,461)	(14,681)	(645,142)	(339,999)	(382,482)	(722,481)	25,793	(696,688)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$308,024</b>	<b>\$130,500</b>	<b>\$438,524</b>	<b>\$596,746</b>	<b>\$1,035,270</b>	<b>\$451,958</b>	<b>\$272,876</b>	<b>\$724,834</b>	<b>\$977,579</b>	<b>\$1,702,413</b>
Reserve for losses and loss expenses	\$1,513,221	\$1,379,010	\$2,892,231	\$1,622,046	\$4,514,277	\$1,513,221	\$1,379,010	\$2,892,231	\$1,622,046	\$4,514,277
Prior years favorable (adverse) reserve development	\$59,217	\$6,891	\$66,108	\$29,707	\$95,815	\$165,196	\$7,437	\$172,633	\$63,887	\$236,520
<b>Key Ratios</b>										
Net paid to net incurred percentage	20.3%	14.7%	18.6%	6.3%	11.5%	34.4%	21.9%	29.7%	8.9%	17.7%
Net paid losses / Net premiums earned	44.2%	17.9%	32.9%	10.2%	19.3%	27.6%	18.6%	24.3%	8.9%	16.2%
Increase in net loss and loss expense reserves / Net premiums earned	173.7%	103.9%	143.6%	151.8%	148.5%	52.7%	66.2%	57.6%	90.7%	75.0%
Net loss and loss expense ratio	217.9%	121.8%	176.4%	162.0%	167.8%	80.3%	84.7%	81.9%	99.6%	91.2%

## AXIS Capital Holdings Limited

### RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

#### GLOBAL INSURANCE

	Quarter ended					Nine months ended	
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>Gross losses paid</i>	\$65,460	\$63,535	\$32,293	\$41,748	\$30,003	\$161,288	\$68,858
<i>Reinsurance recoveries received</i>	(2,965)	(1,252)	(1,641)	(9,571)	---	(5,858)	(1,198)
Net losses paid	62,495	62,283	30,652	32,177	\$30,003	\$155,430	\$67,660
Change in:							
<i>Reported case reserves</i>	247,790	(22,047)	23,663	63,465	3,043	249,405	46,521
<i>IBNR</i>	314,117	51,673	21,333	9,042	124,027	387,122	277,710
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(316,378)	(13,870)	(9,753)	(21,436)	(4,740)	(339,999)	(23,415)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$308,024</b>	<b>\$78,039</b>	<b>\$65,895</b>	<b>\$83,248</b>	<b>\$152,333</b>	<b>\$451,958</b>	<b>\$368,476</b>
Reserve for losses and loss expenses	\$1,513,221	\$951,874	\$924,888	\$881,897	\$805,364	\$1,513,221	\$805,364
Prior years favorable reserve development	\$59,217	\$42,779	\$63,200	\$23,916	\$16,622	\$165,196	\$68,581
<b>Key Ratios</b>							
Net paid to net incurred percentage	20.3%	79.8%	46.5%	38.7%	19.7%	34.4%	18.4%
Net paid losses / Net premiums earned	44.2%	30.4%	14.1%	16.0%	15.0%	27.6%	11.4%
Increase in Net loss and loss expense reserves / Net premiums earned	173.7%	7.7%	16.3%	25.4%	61.3%	52.7%	50.5%
Net loss and loss expense ratio	217.9%	38.1%	30.4%	41.5%	76.4%	80.3%	61.8%

## AXIS Capital Holdings Limited

### RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS U.S. INSURANCE

	Quarter ended					Nine months ended	
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>Gross losses paid</i>	\$60,039	\$67,589	\$37,755	\$36,843	\$14,031	\$165,383	\$27,690
<i>Reinsurance recoveries received</i>	(40,872)	(43,993)	(20,787)	(17,272)	(3,894)	(105,652)	(5,012)
Net losses paid	19,167	23,596	16,968	19,571	10,137	59,731	\$22,678
Change in:							
<i>Reported case reserves</i>	187,480	(36,958)	50,499	56,097	117,217	201,022	125,203
<i>IBNR</i>	237,936	108,770	47,899	(6,090)	185,260	394,605	362,238
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(314,083)	(24,750)	(43,648)	(17,103)	(227,083)	(382,482)	(327,848)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$130,500</b>	<b>\$70,658</b>	<b>\$71,718</b>	<b>\$52,475</b>	<b>\$85,531</b>	<b>\$272,876</b>	<b>\$182,271</b>
Reserve for losses and loss expenses	\$1,379,010	\$930,807	\$858,994	\$760,596	\$711,181	\$1,379,010	\$711,181
Prior years (adverse) favorable reserve development	\$6,891	\$1,646	(\$1,100)	\$3,472	\$4,553	\$7,437	\$10,830
<b>Key Ratios</b>							
Net paid to net incurred percentage	14.7%	33.4%	23.7%	37.3%	11.9%	21.9%	12.4%
Net paid losses / Net premiums earned	17.9%	21.8%	15.9%	19.3%	11.2%	18.6%	9.2%
Increase in Net loss and loss expense reserves / Net premiums earned	103.9%	43.4%	51.4%	32.3%	83.5%	66.2%	64.3%
Net loss and loss expense ratio	121.8%	65.2%	67.3%	51.6%	94.7%	84.7%	73.5%



## AXIS Capital Holdings Limited

### RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS REINSURANCE

	Quarter ended					Nine months ended	
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>Gross losses paid</i>	\$53,248	\$58,921	\$32,261	\$111,929	\$29,895	\$144,431	\$51,354
<i>Reinsurance recoveries received</i>	(15,633)	(32,343)	(9,531)	(2,000)	---	(57,507)	---
Net losses paid	37,615	26,578	22,730	109,929	29,895	86,924	\$51,354
Change in:							
<i>Reported case reserves</i>	97,455	(5,590)	54,062	43,621	62,734	145,926	65,675
<i>IBNR</i>	476,357	121,407	121,172	9,885	188,477	718,937	352,983
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(14,681)	31,762	8,713	1,061	(73,395)	25,793	(74,734)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$596,746</b>	<b>\$174,156</b>	<b>\$206,677</b>	<b>\$164,496</b>	<b>\$207,711</b>	<b>\$977,579</b>	<b>\$395,278</b>
Reserve for losses and loss expenses	\$1,622,046	\$1,047,018	\$935,365	\$762,067	\$706,689	\$1,622,046	\$706,689
Prior years favorable reserve development	\$29,707	\$29,580	\$4,600	\$12,990	\$28,432	\$63,887	\$61,923
<b>Key Ratios</b>							
Net paid to net incurred percentage	6.3%	15.3%	11.0%	66.8%	14.4%	8.9%	13.0%
Net paid losses / Net premiums earned	10.2%	8.5%	7.5%	44.6%	12.9%	8.9%	8.1%
Increase in Net loss and loss expense reserves / Net premiums earned	151.8%	47.4%	60.9%	22.1%	76.6%	90.7%	54.0%
Net loss and loss expense ratio	162.0%	55.9%	68.4%	66.7%	89.5%	99.6%	62.1%

# AXIS Capital Holdings Limited

## CATASTROPHE IMPACT ANALYSIS

<b>Quarter ended September 30, 2005</b>	<b>Global Insurance</b>	<b>U.S. Insurance</b>	<b>Insurance</b>	<b>Reinsurance</b>	<b>Total Company</b>
Gross loss and loss expenses:					
<i>Hurricane Katrina</i>	\$428,200	\$350,000	\$778,200	\$495,000	\$1,273,200
<i>Hurricane Rita</i>	134,200	10,000	144,200	30,000	174,200
<i>Other [a]</i>	1,943	5,005	6,948	1,500	8,448
Total gross loss and loss expenses	<u>\$564,343</u>	<u>\$365,005</u>	<u>\$929,348</u>	<u>\$526,500</u>	<u>\$1,455,848</u>
Net loss and loss expenses:					
<i>Hurricane Katrina</i>	190,843	56,000	246,843	476,750	723,593
<i>Hurricane Rita</i>	57,648	5,000	62,648	18,250	80,898
<i>Other [a]</i>	1,943	5,005	6,948	1,500	8,448
Total net loss and loss expenses	<u>250,434</u>	<u>66,005</u>	<u>316,439</u>	<u>496,500</u>	<u>812,939</u>
<i>Gross premiums earned</i>	---	---	---	(58,696)	(58,696)
<i>Ceded premiums expensed</i>	72,117	21,365	93,482	4,500	97,982
Net premium expensed (earned)	<u>72,117</u>	<u>21,365</u>	<u>93,482</u>	<u>(54,196)</u>	<u>39,286</u>
Net acquisitions costs	---	(319)	(319)	2,635	2,316
Net impact before income tax	322,551	87,051	409,602	444,939	854,541
Income tax recovery	(9,412)	(11,530)	(20,942)	(2,951)	(23,893)
Net impact after income tax	<u>\$313,139</u>	<u>\$75,521</u>	<u>\$388,660</u>	<u>\$441,988</u>	<u>\$830,648</u>
<b>Quarter ended September 30, 2004</b>					
Gross loss and loss expenses:					
<i>Hurricane Charley</i>	\$9,000	\$95,793	\$104,793	\$71,560	\$176,353
<i>Hurricane Frances</i>	9,500	33,200	42,700	32,419	75,119
<i>Hurricane Ivan</i>	30,500	43,200	73,700	44,230	117,930
<i>Hurricane Jeanne</i>	16,000	46,800	62,800	42,956	105,756
Total gross loss and loss expenses	<u>\$65,000</u>	<u>\$218,993</u>	<u>\$283,993</u>	<u>\$191,165</u>	<u>\$475,158</u>
Net loss and loss expenses					
<i>Hurricane Charley</i>	9,000	12,630	21,630	71,560	93,190
<i>Hurricane Frances</i>	9,500	11,493	20,993	2,169	23,162
<i>Hurricane Ivan</i>	26,586	10,287	36,873	1,980	38,853
<i>Hurricane Jeanne</i>	16,075	13,164	29,239	42,956	72,195
Total net loss and loss expenses	<u>61,161</u>	<u>47,574</u>	<u>108,735</u>	<u>118,665</u>	<u>227,400</u>
<i>Gross premiums earned</i>	-	---	---	(10,000)	(10,000)
<i>Ceded premiums expensed</i>	---	6,870	6,870	10,466	17,336
Net premium expensed	---	<u>6,870</u>	<u>6,870</u>	<u>466</u>	<u>7,336</u>
Net acquisitions costs	---	---	---	---	---
Net impact before income tax	61,161	40,704	101,865	119,131	220,996
Income tax recovery	(1,145)	(9,773)	(10,918)	---	(10,918)
Net impact after income tax	<u>\$60,016</u>	<u>\$30,931</u>	<u>\$90,947</u>	<u>\$119,131</u>	<u>\$210,078</u>

[a] Includes Hurricanes Dennis and Emily and European floods.

# AXIS Capital Holdings Limited

## CATASTROPHE IMPACT ANALYSIS

<u>Quarter ended September 30, 2005</u>	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
Net premiums written - as reported	\$63,813	\$124,061	\$187,874	\$329,843	\$517,717
Q3 catastrophe impact	69,030	27,638	96,668	(55,217)	41,451
Net premiums written excluding Q3 catastrophes	<u>\$132,843</u>	<u>\$151,699</u>	<u>\$284,542</u>	<u>\$274,626</u>	<u>\$559,168</u>
Net premiums earned - as reported	\$141,359	\$107,174	\$248,533	\$368,281	\$616,814
Q3 catastrophe impact	72,117	21,365	93,482	(54,196)	39,286
Net premiums earned excluding Q3 catastrophes	<u>\$213,476</u>	<u>\$128,539</u>	<u>\$342,015</u>	<u>\$314,085</u>	<u>\$656,100</u>
<b>KEY RATIOS</b>					
Net loss and loss expense ratio - as reported	217.9%	121.8%	176.4%	162.0%	167.8%
Net loss and loss expense ratio excluding impact of Q3 catastrophes [a]	27.0%	50.2%	35.7%	31.9%	33.9%
Acquisition cost ratio - as reported	9.4%	(1.6)%	4.7%	14.4%	10.4%
Acquisition cost ratio excluding impact of Q3 catastrophes [a]	6.2%	(1.1)%	3.5%	16.0%	9.5%
 <u>Quarter ended September 30, 2004</u>					
Net premiums written - as reported	\$203,469	\$124,812	\$328,281	\$233,731	\$562,012
Q3 catastrophe impact	---	6,870	6,870	(3,950)	2,920
Net premiums written excluding Q3 catastrophes	<u>\$203,469</u>	<u>\$131,682</u>	<u>\$335,151</u>	<u>\$229,781</u>	<u>\$564,932</u>
Net premiums earned - as reported	\$199,477	\$90,266	\$289,743	\$232,055	\$521,798
Q3 catastrophe impact	---	6,870	6,870	466	7,336
Net premiums earned excluding Q3 catastrophes	<u>\$199,477</u>	<u>\$97,136</u>	<u>\$296,613</u>	<u>\$232,521</u>	<u>\$529,134</u>
<b>KEY RATIOS</b>					
Net loss and loss expense ratio - as reported	76.4%	94.7%	82.1%	89.5%	85.4%
Net loss and loss expense ratio excluding impact of Q3 catastrophes [a]	45.7%	39.1%	43.5%	38.3%	41.2%
Acquisition cost ratio - as reported	16.5%	5.5%	13.1%	17.8%	15.2%
Acquisition cost ratio excluding impact of Q3 catastrophes [a]	16.5%	5.1%	12.8%	17.7%	15.0%

[a] Represents the ratios for the quarter excluding the impact of catastrophes from net premiums earned, loss expenses and acquisition costs.

# AXIS Capital Holdings Limited

## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at September 30, 2005			As at December 31, 2004		
	Gross	Recoveries [a] [b]	Net	Gross	Recoveries [b]	Net
Case reserves	\$1,191,977	(\$657,160)	\$534,817	\$585,827	(\$233,102)	\$352,725
Incurred but not reported reserves (IBNR)	3,322,300	(651,093)	2,671,207	1,818,733	(355,547)	1,463,186
Reserve for losses and loss expenses, end of period	<u>\$4,514,277</u>	<u>(\$1,308,253)</u>	<u>\$3,206,024</u>	<u>\$2,404,560</u>	<u>(\$588,649)</u>	<u>\$1,815,911</u>
IBNR as a % of reserve for losses and loss expenses	73.6%	49.8%	83.3%	75.6%	60.4%	80.6%

**[a]** At September 30, 2005, 90.7% of the reinsurers were rated the equivalent of A- or better and 74.4% were rated the equivalent of A or better by internationally recognized rating agencies.

**[b]** At September 30, 2005, reinsurance recoverables of \$28,767 were due on paid losses. Including this amount, the total reinsurance recoverable was \$1,337,020.  
At December 31, 2004, reinsurance recoverables of \$7,650 were due on paid losses. Including this amount, the total reinsurance recoverable was \$596,299.

# AXIS Capital Holdings Limited

## EARNINGS PER COMMON SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net (loss) income available to common shareholders	(\$468,075)	\$6,279	(\$143,431)	\$313,923
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic weighted average common shares outstanding	140,995,298	152,534,495	142,711,852	152,523,144
Shares equivalents [a]				
Warrants	---	10,545,184	---	10,755,132
Options	---	2,220,416	---	2,270,654
Restricted stock	---	828,833	---	852,568
Diluted weighted average common shares outstanding	140,995,298	166,128,928	142,711,852	166,401,498
<b>NET INCOME PER COMMON SHARE</b>				
Basic	(\$3.32)	\$0.04	(\$1.01)	\$2.06
Diluted	(\$3.32)	\$0.04	(\$1.01)	\$1.89

[a] Securities that will result in the issuance of common shares of 16,570,771 and 1,671,875 were outstanding for the quarters ended September 30, 2005 and 2004 respectively. Securities that will result in the issuance of common shares of 17,186,868 and 1,735,875 were outstanding for the nine months ended September 30, 2005 and 2004 respectively. These securities were not included in the computation of diluted earnings per share because the effect would be antidilutive.

# AXIS Capital Holdings Limited

## DILUTED BOOK VALUE PER COMMON SHARE - AS-IF CONVERTED METHOD

AS-IF CONVERTED METHOD	As at	
	September 30, 2005	December 31, 2004
Basic common shares outstanding	141,553,736	152,764,917
Add: warrants outstanding	19,643,171	19,619,152
Weighted average exercise price per share	\$12.46	\$12.48
Add: options outstanding	6,405,681	5,694,181
Weighted average exercise price per share	\$18.98	\$16.64
Add: restricted stock	2,288,218	2,182,700
Diluted shares outstanding	169,890,806	180,260,950
Shareholders' equity	\$2,871,612	\$3,238,064
Less: preferred equity	(250,000)	
Common shareholders' equity	\$2,621,612	\$3,238,064
Add: proceeds from converted warrants	244,812	244,812
Add: proceeds from converted options	121,569	94,724
As if converted common shareholders' equity	\$2,987,993	\$6,815,664
Book value per common share	\$18.52	\$21.20
Diluted book value per common share	\$17.59	\$19.85
<b>Diluted book value, excluding other comprehensive (loss) income</b>		
As if converted common shareholders' equity	\$2,987,993	\$6,815,664
Accumulated other comprehensive (loss) income	(54,806)	12,915
As if converted shareholders' equity excluding other comprehensive (loss) income	\$3,042,799	\$6,802,749
Diluted common shares outstanding	169,890,806	180,260,950
Diluted book value excluding other comprehensive income (loss) - "as if converted method"	\$17.91	\$37.74

# AXIS Capital Holdings Limited

## DILUTED BOOK VALUE PER COMMON SHARE - TREASURY STOCK METHOD

	As at	
	September 30, 2005	December 31, 2004
<b>TREASURY STOCK METHOD</b>		
Closing price	\$28.51	\$27.36
Basic common shares outstanding	141,553,736	152,764,917
Add: warrants outstanding	19,643,171	19,619,152
Weighted average exercise price per share	\$12.46	\$12.48
Less: warrants bought back via treasury method	8,586,865	8,947,790
Add: options outstanding	6,405,681	5,694,181
Weighted average exercise price per share	\$18.98	\$16.64
Less: options bought back via treasury method	4,264,100	3,462,140
Add: restricted stock outstanding	2,288,218	2,182,700
Diluted common shares outstanding	157,039,841	167,851,020
Book value per common share	\$18.52	\$21.20
Diluted book value per common share	\$16.69	\$19.29
<b>Diluted book value, excluding other comprehensive (loss) income</b>		
Shareholders' equity	\$2,871,612	\$3,238,064
Less: preferred equity	(\$250,000)	---
Common shareholders' equity	\$2,621,612	\$3,238,064
Accumulated other comprehensive (loss) income	(54,806)	12,915
Shareholders' equity excluding other comprehensive (loss) income	\$2,676,418	\$3,225,149
Diluted shares outstanding - "treasury stock method"	157,039,841	167,851,020
Diluted book value excluding other comprehensive income (loss) - "treasury stock method"	\$17.04	\$19.21