



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

FIRST QUARTER 2004

AXIS Capital Holdings Limited
106 Pitts Bay Road
Hamilton HM 08 Bermuda

Contact Information:

Linda Ventresca
Investor Relations
441 297 9513

Website Information:

www.axiscapital.com

This report is for informational purposes only. It should be read in conjunction with the documents that we filed 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, 2003 and December 31, 2002.
- 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.
- 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.
- As our U.S. insurance and U.S. reinsurance segments were established at the beginning of 2003, there are no 2002 comparatives.
- NM - Not meaningful
- NR - Not reported
- 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 costs include some 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.

AXIS Capital Holdings Limited
FINANCIAL HIGHLIGHTS - INCOME STATEMENTS

		Quarter ended		Previous Year Qtr Change	Year ended		Previous Year Period change
		March 31,			December 31,		
		2004	2003		2003	2002	
HIGHLIGHTS	Gross written premiums	\$1,044,123	\$608,587	71.6%	\$2,273,645	\$1,108,003	105.2%
	Net written premiums	899,190	540,144	66.5%	1,908,387	1,018,277	87.4%
	Net premiums earned	471,248	302,427	55.8%	1,436,230	536,850	167.5%
	Net income	166,786	107,119	55.7%	532,350	265,119	100.8%
	Total assets	6,746,988	3,813,477	76.9%	5,172,273	2,948,321	75.4%
	Total cash and invested assets [a]	4,412,971	2,632,779	67.6%	4,023,652	2,362,411	70.3%
	Total shareholders' equity	3,006,563	2,077,939	44.7%	2,817,148	1,961,033	43.7%
PER SHARE AND SHARE DATA							
As Reported	Basic earnings per share	\$1.09	\$0.79	38.5%	\$3.69	\$1.96	88.5%
	Diluted earnings per share	\$1.00	\$0.75	33.0%	\$3.42	\$1.91	78.6%
	Weighted average common shares outstanding	152,480,904	136,381,025	11.8%	144,262,881	135,442,240	6.5%
	Diluted weighted average common shares outstanding	167,252,826	142,785,514	17.1%	155,690,763	138,480,623	12.4%
	Book value per share	\$19.72	\$15.02	31.3%	\$18.48	NR	-
	Diluted book value per share (as-if converted)*	\$18.54	\$14.67	26.4%	\$17.48	NR	-
FINANCIAL RATIOS	ROAE, net income	5.7%	5.3%	8.0%	22.3%	14.7%	51.7%
	Total return on investment portfolio	2.0%	1.2%	60.2%	3.5%	7.5%	(53.3)%
	Annualized effective investment yield	3.3%	2.0%	62.5%	2.6%	4.0%	(34.0)%
	Net loss and loss expense ratio	51.5%	48.4%	6.4%	51.1%	42.7%	19.7%
	Acquisition cost ratio	12.1%	14.7%	(17.9)%	13.0%	17.0%	(23.7)%
	General and administrative expense ratio	8.9%	10.0%	(11.5)%	9.6%	11.0%	(12.7)%
	Combined ratio	72.5%	73.1%	(0.8)%	73.7%	70.7%	4.2%

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

[a] Invested assets represents the total cash and investments, including accrued interest, managed by our third party asset managers.

AXIS Capital Holdings Limited

CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended					
	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	
UNDERWRITING REVENUES						
Gross premiums written	\$1,044,123	\$479,666	\$633,942	\$551,450	\$608,587	\$265,680
Premiums ceded	(144,933)	(95,622)	(99,567)	(101,626)	(68,443)	(5,054)
Net premiums written	899,190	384,044	534,375	449,824	540,144	260,626
Gross premiums earned	567,187	489,432	481,913	398,032	331,639	56,868
Ceded premiums amortized	(95,939)	(88,687)	(84,447)	(62,440)	(29,212)	(1,265)
Net premiums earned	471,248	400,745	397,466	335,592	302,427	55,603
Other insurance related income	288	5,263	8,548	10,102	1,106	---
Total underwriting revenues	471,536	406,008	406,014	345,694	303,533	55,603
UNDERWRITING EXPENSES						
Net losses and loss expenses	\$242,600	\$207,884	\$184,180	\$195,620	\$146,335	\$29,350
Acquisition costs	56,963	39,527	56,101	46,418	44,251	7,170
General and administrative expenses	41,888	41,553	34,843	31,246	30,362	7,914
Total underwriting expenses	341,451	288,964	275,124	273,284	220,948	44,434
Underwriting income	130,085	117,044	130,890	72,410	82,585	11,169
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	\$31,259	\$27,363	\$19,342	\$15,904	\$11,352	\$19,782
Net realized gains on investments	10,097	1,377	(5,713)	15,705	11,198	774
Interest expense	-	---	---	---	---	---
Total other operating revenue (expenses)	41,356	28,740	13,629	31,609	22,550	20,556
OTHER						
Net foreign exchange (losses) gains	(\$1,145)	\$12,899	\$4,574	\$12,855	\$1,887	(\$7)
Total other (expenses) revenue	(1,145)	12,899	4,574	12,855	1,887	(7)
INCOME BEFORE INCOME TAXES						
	\$170,296	\$158,683	\$149,093	\$116,874	\$107,022	\$31,718
Income tax (expense) recovery	(3,510)	1,813	(2,111)	880	97	---
NET INCOME	\$166,786	\$160,496	\$146,982	\$117,754	\$107,119	\$31,718
COMPREHENSIVE INCOME						
	\$192,478	\$146,070	\$148,851	\$124,595	\$112,514	\$14,109
KEY RATIOS/PER SHARE DATA						
Net loss and loss expense ratio	51.5%	51.9%	46.3%	58.3%	48.4%	52.8%
Acquisition cost ratio	12.1%	9.8%	14.2%	13.8%	14.7%	12.9%
General and administrative expense ratio	8.9%	10.4%	8.8%	9.3%	10.0%	14.2%
Combined ratio	72.5%	72.1%	69.2%	81.5%	73.1%	79.9%
Weighted average basic shares outstanding	152,480,904	152,464,156	151,453,213	136,509,891	136,381,025	135,135,294
Weighted average diluted shares outstanding	167,252,826	166,213,948	163,232,232	145,701,443	142,785,514	135,135,294
Basic earnings per share	\$1.09	\$1.05	\$0.97	\$0.86	\$0.79	\$0.23
Diluted earnings per share	\$1.00	\$0.97	\$0.90	\$0.81	\$0.75	\$0.23
Annualized Quarterly ROAE	22.9%	23.4%	24.0%	22.0%	21.2%	7.7%

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CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended			Year ended	
	March 31, 2004	March 31, 2003	March 31, 2002	December 31, 2003	December 31, 2002
UNDERWRITING REVENUES					
Gross premiums written	\$1,044,123	\$608,587	\$265,680	\$2,273,645	\$1,108,003
Premiums ceded	(144,933)	(68,443)	(5,054)	(365,258)	(89,726)
Net premiums written	899,190	540,144	260,626	1,908,387	1,018,277
Gross premiums earned	567,187	331,639	56,868	1,701,015	576,904
Ceded premiums amortized	(95,939)	(29,212)	(1,265)	(264,785)	(40,054)
Net premiums earned	471,248	302,427	55,603	1,436,230	536,850
Other insurance related income	288	1,106	---	25,019	(639)
Total underwriting revenues	471,536	303,533	55,603	1,461,249	536,211
UNDERWRITING EXPENSES					
Net losses and loss expenses	\$242,600	\$146,335	\$29,350	\$734,019	\$229,265
Acquisition costs	56,963	44,251	7,170	186,296	91,200
General and administrative expenses	41,888	30,362	7,914	138,005	59,024
Total underwriting expenses	341,451	220,948	44,434	1,058,320	379,489
Underwriting income	130,085	82,585	11,169	402,929	156,722
OTHER OPERATING REVENUE (EXPENSES)					
Net investment income	\$31,259	\$11,352	\$19,782	\$73,961	\$71,287
Net realized gains on investments	10,097	11,198	774	22,567	26,070
Interest expense	---	---	---	---	---
Total other operating revenue (expenses)	41,356	22,550	20,556	96,528	97,357
OTHER					
Net foreign exchange gains (losses)	(\$1,145)	\$1,887	(\$7)	\$32,215	\$9,610
Total other revenue (expenses)	(1,145)	1,887	(7)	32,215	9,610
INCOME BEFORE INCOME TAXES	\$170,296	\$107,022	\$31,718	\$531,672	\$263,689
Income tax recovery (expense)	(3,510)	97	---	678	1,430
NET INCOME	\$166,786	\$107,119	\$31,718	\$532,350	\$265,119
COMPREHENSIVE INCOME	\$192,478	\$112,514	\$14,109	\$532,030	\$291,059
KEY RATIOS/PER SHARE DATA					
Net loss and loss expense ratio	51.5%	48.4%	52.8%	51.1%	42.7%
Acquisition cost ratio	12.1%	14.7%	12.9%	13.0%	17.0%
General and administrative expense ratio	8.9%	10.0%	14.2%	9.6%	11.0%
Combined ratio	72.5%	73.1%	79.9%	73.7%	70.7%
Weighted average basic shares outstanding	152,480,904	136,381,025	135,135,294	144,262,881	135,442,240
Weighted average diluted shares outstanding	167,252,826	142,785,514	135,135,294	155,690,763	138,480,623
Basic earnings per share	1.09	\$0.79	\$0.23	\$3.69	\$1.96
Diluted earnings per share	1.00	\$0.75	\$0.23	\$3.42	\$1.91
ROAE	22.9%	21.2%	7.7%	22.3%	14.7%

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CONSOLIDATED SEGMENT DATA

	Quarter ended March 31, 2004					Year ended December 31, 2003				
	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total Company	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total Company
UNDERWRITING REVENUES										
Gross premiums written	\$300,408	\$429,075	\$148,343	\$166,297	\$1,044,123	\$980,661	\$462,938	\$625,898	\$204,148	\$2,273,645
Net premiums written	232,539	420,175	80,824	165,652	899,190	939,908	453,568	314,100	200,811	1,908,389
Gross premiums earned	219,341	147,103	147,302	53,441	567,187	832,023	426,252	354,649	88,091	1,701,015
Ceded premiums amortized	(19,625)	(2,109)	(73,398)	(807)	(95,939)	(68,684)	(8,017)	(186,397)	(1,687)	(264,785)
Net premiums earned	199,716	144,994	73,904	52,634	471,248	763,339	418,235	168,252	86,404	1,436,230
Other insurance related income	179	109	---	---	288	24,467	552	---	---	25,019
Total underwriting revenues	199,895	145,103	73,904	52,634	471,536	787,806	418,787	168,252	86,404	1,461,249
UNDERWRITING EXPENSES										
Net losses and loss expenses	98,527	55,141	49,617	39,315	242,600	387,953	174,391	108,497	63,178	734,019
Acquisition costs [a]	26,041	20,791	173	9,958	56,963	99,458	65,773	2,645	18,420	186,296
General and administrative expenses [a]	8,190	6,507	15,593	2,595	32,885	---	---	---	---	---
Total underwriting expenses	132,758	82,439	65,383	51,868	332,448	487,411	240,164	111,142	81,598	920,315
UNDERWRITING INCOME	\$67,137	\$62,664	\$8,521	\$766	\$139,088	\$300,395	\$178,623	\$57,110	\$4,806	\$540,934
GAAP RATIOS										
Net loss and loss expense ratio	49.3%	38.0%	67.1%	74.7%	51.5%	50.8%	41.7%	64.5%	73.1%	51.1%
Acquisition cost ratio	13.0%	14.3%	0.2%	18.9%	12.1%	13.0%	15.7%	1.6%	21.3%	13.0%
General and administrative expense ratio	4.1%	4.5%	21.1%	4.9%	7.0%	-	-	-	-	9.6%
Corporate ratio					1.9%					-
Combined ratio	66.4%	56.8%	88.4%	98.5%	72.5%	63.8%	57.4%	66.1%	94.4%	73.7%

[a] Prior to the current quarter we did not allocate any of our administrative expenses, 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.

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GROSS PREMIUM WRITTEN BY SEGMENT BY LINE OF BUSINESS

	Quarter ended		Year ended	
	March 31, 2004	March 31, 2003	December 31, 2003	December 31, 2002
GLOBAL INSURANCE				
Specialty risks [a]	\$ 143,917	\$ 86,003	\$ 377,336	\$ 355,141
Onshore and offshore energy	55,145	63,324	219,386	168,432
Aviation and aerospace	23,188	23,724	178,442	114,708
Commercial property	34,537	25,141	124,135	104,927
Marine	43,621	45,455	81,362	50,551
Total global insurance	<u>300,408</u>	<u>243,647</u>	<u>980,661</u>	<u>793,759</u>
	-	-		
GLOBAL REINSURANCE				
Catastrophe	238,037	186,017	339,137	230,741
Property pro rata	52,649	14,582	61,003	53,916
Property per risk	24,560	10,181	50,681	16,721
Credit and bond	67,582	-	-	-
Motor and general liability	40,635	-	-	-
Other	5,612	719	12,117	12,866
Total global reinsurance	<u>429,075</u>	<u>211,499</u>	<u>462,938</u>	<u>314,244</u>
	-	-		
U.S. INSURANCE				
Property	51,742	31,862	225,508	-
Professional lines	45,542	30,928	242,582	-
Liability	51,059	29,122	157,808	-
Total U.S. insurance	<u>148,343</u>	<u>91,912</u>	<u>625,898</u>	<u>-</u>
	-	-		
U.S. REINSURANCE				
Professional lines	115,085	50,371	132,148	-
Liability	37,822	9,491	46,035	-
Property	10,500	-	19,535	-
Marine & aviation	2,890	1,667	6,430	-
Total U.S. reinsurance	<u>166,297</u>	<u>61,529</u>	<u>204,148</u>	<u>-</u>
TOTAL	<u>\$ 1,044,123</u>	<u>\$ 608,587</u>	<u>\$ 2,273,645</u>	<u>\$ 1,108,003</u>

[a] Including terrorism, marine and aviation war risk, political risk and D&O.

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GLOBAL INSURANCE SEGMENT DATA

	Quarter ended					
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	March 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$300,408	\$280,049	\$249,313	\$207,652	\$243,647	\$141,306
Net premiums written	232,539	264,661	245,659	203,775	225,814	136,252
Gross premiums earned	219,341	213,792	217,578	202,650	198,003	29,301
Ceded premiums amortized	(19,625)	(18,400)	(19,002)	(15,143)	(16,139)	(1,263)
Net premiums earned	199,716	195,392	198,576	187,507	181,864	28,038
Other insurance related income	179	5,135	8,124	10,102	1,106	---
Total underwriting revenues	199,895	200,527	206,700	197,609	182,970	28,038
UNDERWRITING EXPENSES						
Net losses and loss expenses	98,527	101,995	85,415	114,651	85,892	16,946
Acquisition costs [a]	26,041	18,405	30,146	27,056	23,851	3,470
General and administrative expenses [a]	8,190	---	---	---	---	---
Total underwriting expenses	132,758	120,400	115,561	141,707	109,743	20,416
UNDERWRITING INCOME	\$67,137	\$80,127	\$91,139	\$55,902	\$73,227	\$7,622
GAAP RATIOS						
Net loss and loss expense ratio	49.3%	52.2%	43.0%	61.1%	47.2%	60.4%
Acquisition cost ratio	13.0%	9.4%	15.2%	14.4%	13.1%	12.4%
General and administrative expense ratio	4.1%	-	-	-	-	-
Combined ratio	66.4%	61.6%	58.2%	75.5%	60.3%	72.8%

[a] Prior to the current quarter we did not allocate any of our administrative expenses, 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.

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GLOBAL REINSURANCE SEGMENT DATA

	Quarter ended					March 31, 2002
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	
UNDERWRITING REVENUES						
Gross premiums written	\$429,075	\$16,710	\$114,586	\$120,144	\$211,499	\$124,374
Net premiums written	420,175	16,710	114,586	115,606	206,666	124,374
Gross premiums earned	147,103	111,541	120,235	100,382	94,094	27,565
Ceded premiums amortized	(2,109)	(1,464)	(2,790)	(3,354)	(409)	---
Net premiums earned	144,994	110,077	117,445	97,028	93,685	27,565
Other insurance related income	109	128	424	---	---	---
Total underwriting revenues	145,103	110,205	117,869	97,028	93,685	27,565
UNDERWRITING EXPENSES						
Net losses and loss expenses	55,141	41,719	44,100	44,134	44,438	12,404
Acquisition costs [a]	20,791	13,195	18,546	17,021	17,012	3,700
General and administrative expenses [a]	6,507	---	---	---	---	---
Total underwriting expenses	82,439	54,914	62,646	61,155	61,450	16,104
UNDERWRITING INCOME						
	\$62,664	\$55,291	\$55,223	\$35,873	\$32,235	\$11,461
GAAP RATIOS						
Net loss and loss expense ratio	38.0%	37.9%	37.5%	45.5%	47.4%	45.0%
Acquisition cost ratio	14.3%	11.9%	15.8%	17.5%	18.2%	13.4%
General and administrative expense ratio	4.5%	-	-	-	-	-
Combined ratio	56.8%	49.8%	53.3%	63.0%	65.6%	58.4%

[a] Prior to the current quarter we did not allocate any of our administrative expenses, 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

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U.S. INSURANCE SEGMENT DATA

	Quarter ended					March 31, 2002
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	
UNDERWRITING REVENUES						
Gross premiums written	\$148,343	\$174,811	\$188,041	\$171,133	\$91,912	---
Net premiums written	80,824	95,691	92,850	79,424	46,135	---
Gross premiums earned	147,302	132,813	112,588	80,538	28,710	---
Ceded premiums amortized	(73,398)	(68,064)	(62,130)	(43,539)	(12,664)	---
Net premiums earned	73,904	64,749	50,458	36,999	16,046	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	73,904	64,749	50,458	36,999	16,046	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	49,617	41,754	33,621	23,505	9,617	---
Acquisition costs [a]	173	2,007	1,613	(1,443)	469	---
General and administrative expenses [a]	15,593	---	---	---	---	---
Total underwriting expenses	65,383	43,761	35,234	22,062	10,086	---
UNDERWRITING INCOME	\$8,521	\$20,988	\$15,224	\$14,937	\$5,960	---
GAAP RATIOS						
Net loss and loss expense ratio	67.1%	64.5%	66.6%	63.5%	59.9%	---
Acquisition cost ratio	0.2%	3.1%	3.2%	(3.9)%	2.9%	---
General and administrative expense ratio	21.1%	-	-	-	-	-
Combined ratio	88.4%	67.6%	69.8%	59.6%	62.8%	---

[a] Prior to the current quarter we did not allocate any of our administrative expenses, 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.

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U.S. REINSURANCE SEGMENT DATA

	Quarter ended					March 31, 2002
	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	
UNDERWRITING REVENUES						
Gross premiums written	\$166,297	\$8,096	\$82,002	\$52,521	\$61,529	---
Net premiums written	165,652	6,983	81,280	51,019	61,529	---
Gross premiums earned	53,441	31,286	31,512	14,461	10,832	---
Ceded premiums amortized	(807)	(759)	(525)	(403)	---	---
Net premiums earned	52,634	30,527	30,987	14,058	10,832	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	52,634	30,527	30,987	14,058	10,832	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	39,315	22,416	21,044	13,330	6,388	---
Acquisition costs [a]	9,958	5,920	5,797	3,785	2,919	---
General and administrative expenses [a]	2,595	---	---	---	---	---
Total expenses	51,868	28,336	26,841	17,115	9,307	---
UNDERWRITING INCOME	\$766	\$2,191	\$4,146	(\$3,057)	\$1,525	---
GAAP RATIOS						
Net loss and loss expense ratio	74.7%	73.4%	67.9%	94.8%	59.0%	---
Acquisition cost ratio	18.9%	19.4%	18.7%	26.9%	26.9%	---
General and administrative expense ratio	4.9%	-	-	-	-	-
Combined ratio	98.5%	92.8%	86.6%	121.7%	85.9%	---

[a] Prior to the current quarter we did not allocate any of our administrative expenses, 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

	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	March 31, 2002
ASSETS						
Cash and cash equivalents	\$802,129	\$605,175	\$790,604	\$927,087	\$882,548	\$429,023
Investments at fair market value	3,692,455	3,385,576	3,277,783	2,394,606	2,055,494	1,547,976
Other investments	9,332	-	-	-	-	-
Accrued interest receivable	30,564	29,530	21,612	15,236	14,583	10,385
Net receivable for investments sold	-	3,371	-	-	-	-
Securities lending collateral	505,186	-	-	-	-	-
Insurance and reinsurance premium balances receivable	1,019,195	660,530	690,907	663,758	572,244	190,334
Deferred acquisition costs	219,113	136,281	152,842	139,445	118,325	26,548
Prepaid reinsurance premiums	213,994	164,999	162,486	145,704	103,504	3,791
Reinsurance recoverable	190,917	124,899	100,152	51,841	19,065	-
Intangible assets	24,204	24,579	27,204	27,579	27,954	-
Other assets	39,899	37,333	29,930	20,973	19,760	3,925
TOTAL ASSETS	6,746,988	\$5,172,273	\$5,253,520	\$4,386,229	\$3,813,477	\$2,211,982
LIABILITIES						
Reserve for losses and loss expenses	\$1,261,094	\$992,846	\$785,041	\$569,253	\$351,376	\$30,313
Unearned premiums	1,620,384	1,143,447	1,153,296	1,001,225	847,511	233,676
Insurance and reinsurance balances payable	193,252	151,381	174,832	214,739	180,681	5,000
Accounts payable and accrued expenses	39,456	67,451	60,043	54,375	36,124	6,275
Security lending payable	504,730	-	-	-	-	-
Net payable for investments purchased	121,509	-	399,506	334,082	319,846	270,856
TOTAL LIABILITIES	3,740,425	\$2,355,125	\$2,572,718	\$2,173,674	\$1,735,538	\$546,120
SHAREHOLDERS' EQUITY						
Common shares	1,906	\$1,906	\$1,929	\$1,737	\$1,729	\$1,694
Additional paid-in capital	2,005,425	2,000,731	2,015,236	1,697,824	1,689,938	1,651,681
Deferred compensation	-	-	(15,605)	(17,397)	(19,525)	(3,846)
Accumulated other comprehensive income	53,906	25,164	39,589	37,720	30,879	(18,065)
Retained earnings	945,326	789,347	639,653	492,671	374,918	34,398
TOTAL SHAREHOLDERS' EQUITY	3,006,563	\$2,817,148	\$2,680,802	\$2,212,555	\$2,077,939	\$1,665,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,746,988	\$5,172,273	\$5,253,520	\$4,386,229	\$3,813,477	\$2,211,982
Book value per share	\$19.72	\$18.48	\$17.37	\$15.93	\$15.02	\$12.29

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO

AS OF MARCH 31, 2004

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,251,738	\$15,681	(\$492)	\$1,266,927	29.0%
Corporate debt securities	817,106	22,384	(578)	\$838,912	19.2%
Non U.S. government securities	70,549	1,153	(80)	\$71,622	1.6%
Mortgage-backed securities	1,038,188	16,424	(852)	\$1,053,760	24.1%
Asset-backed securities	193,998	3,117	(35)	\$197,080	4.5%
Municipals	204,084	2,113	(313)	\$205,884	4.7%
Mortgage derivatives [a]	58,294	35	(59)	\$58,270	1.3%
Total Fixed Maturities	\$3,633,957	\$60,907	(\$2,409)	\$3,692,455	84.4%
Cash, net of unsettled trades	174,613	-	-	174,613	4.0%
Total Invested Assets	\$3,808,570	\$60,907	(\$2,409)	\$3,867,068	88.4%
Operating Cash Balances	506,007	-	-	506,007	11.6%
Total Cash and Investments	\$4,314,577	\$60,907	(\$2,409)	\$4,373,075	100.0%

CREDIT QUALITY	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$2,771,986	76.3%	\$2,809,058	76.1%
AA	150,101	4.1%	152,747	4.1%
A	483,469	13.3%	493,314	13.4%
BBB	228,401	6.3%	237,336	6.4%
Total	\$3,633,957	100.0%	\$3,692,455	100.0%

MATURITY	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$180,868	5.0%	\$181,278	4.9%
From one to five years	1,392,159	38.4%	1,408,381	38.1%
From five to ten years	621,955	17.1%	640,456	17.3%
Above ten years	148,494	4.0%	153,230	4.2%
Asset-backed and mortgage-backed securities	1,290,481	35.5%	1,309,110	35.5%
Total	\$3,633,957	100.0%	\$3,692,455	100.0%

PORTFOLIO CHARACTERISTICS	As of or for the quarter ended				
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003
Annualized effective yield	3.3%	3.2%	2.6%	2.5%	2.0%
Yield to maturity	3.3%	3.3%	3.7%	3.2%	3.6%
Average duration of invested assets	2.9 yrs	3.0 yrs	3.1 yrs	2.4 yrs	2.3 yrs
Average credit quality	AA+	AA+	AAA	AAA	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 BENCHMARKS

	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Year ended	
	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2003	Dec. 31, 2002
Aggregate AXIS Capital portfolio	1.97%	0.41%	0.29%	1.54%	1.23%	3.50%	7.50%
Composite Benchmark [a]	2.03%	0.48%	0.29%	1.47%	1.13%	3.40%	7.60%
	-0.06%	-0.07%	0.00%	0.07%	0.10%	0.10%	-0.10%
Total return liquidity portfolio	1.11%	0.02%	0.03%	0.99%	0.93%	1.98%	3.06%
Merrill Lynch 1-3 year Treasury Index [b]	0.99%	0.16%	0.43%	0.71%	0.59%	1.91%	1.89%
	0.12%	-0.14%	-0.40%	0.28%	0.34%	0.07%	1.17%
Total return intermediate duration portfolios	2.15%	0.50%	0.38%	1.93%	1.35%	4.21%	9.00%
Lehman Intermediate Aggregate Index	2.27%	0.42%	0.18%	1.89%	1.27%	3.80%	9.49%
	-0.12%	0.08%	0.20%	0.04%	0.08%	0.41%	-0.49%
Total return long duration portfolios [c]	2.60%	0.23%	-0.06%	2.45%	1.14%	3.79%	3.21%
Lehman Aggregate Index	2.65%	0.32%	-0.14%	2.50%	1.39%	4.11%	3.22%
	-0.05%	-0.09%	0.08%	-0.05%	-0.25%	-0.32%	-0.01%
Total return U.S. combined portfolios [d]	1.94%	0.27%	0.04%	1.89%	N/A	2.26%	N/A
Custom Benchmark Index [e]	2.05%	0.46%	0.25%	1.93%	N/A	2.63%	N/A
	-0.11%	-0.19%	-0.21%	-0.04%	N/A	-0.37%	N/A

[a] The Composite Benchmark is the weighted average of each portfolio's opening market values for the following indices:

- Lehman Intermediate Aggregate Index
- Lehman Aggregate Index
- Merrill Lynch 1-3 yr Treasury Index
- Custom benchmark Index (see [e])

[b] Prior to January 1, 2003, this index was three month US\$ LIBOR.

[c] The year ended December 31, 2002 represents actual return for the four months ended December 31, 2002, the period during which these portfolios existed.

[d] The year ended December 31, 2003 represents actual return for the nine months ended December 31, 2003, the period during which these portfolios existed.

[e] The Custom Benchmark Index is 20% Lehman 1-10 year Municipal index plus 80% Lehman Intermediate Aggregate Index.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO LARGEST CORPORATE HOLDINGS AS OF MARCH 31, 2004

Issuer	Rating	Fair Value at March 31, 2004	% of Total Fair Value
GENERAL ELECTRIC COMPANY	Aaa/AAA	32,755	0.84%
HSBC HOLDINGS	A1/A	31,717	0.81%
FORD MOTOR COMPANY	A3/BBB-	28,750	0.74%
GENERAL MOTORS CORPORATION	A3/BBB	27,894	0.72%
HBOS PLC	Aa2/AA	24,890	0.64%
CITIGROUP INC.	Aa1/AA-	23,508	0.60%
BEAR STEARNS COMPANIES	A1/A	21,423	0.55%
MORGAN STANLEY	Aa3/A+	21,282	0.55%
VERIZON COMMUNICATIONS INC.	Aa3/A+	20,519	0.53%
AMERICAN INTERNATIONAL GROUP	Aaa/AAA	18,348	0.47%
Total		<u>251,086</u>	<u>6.45%</u>

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended March 31, 2004			Year ended December 31, 2003		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$992,846	(\$124,899)	\$867,947	\$215,934	(\$1,703)	\$214,231
Total incurred losses and loss expenses	309,937	(67,337)	242,600	853,228	(119,209)	734,019
Net loss reserves acquired	---	---	---	20,901	(15,034)	5,867
Total paid losses and loss expenses	(42,781)	1,319	(41,462)	(100,457)	11,047	(89,410)
Foreign exchange losses	1,092	---	1,092	3,240	---	3,240
Reserve for losses and loss expenses, end of period	<u>\$1,261,094</u>	<u>(\$190,917)</u>	<u>\$1,070,177</u>	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>
Paid to incurred percentage	<u>13.8%</u>	<u>2.0%</u>	<u>17.1%</u>	<u>11.8%</u>	<u>NM</u>	<u>12.2%</u>

AXIS Capital Holdings Limited

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

	Quarter ended March 31, 2004				Year ended December 31, 2003			
	Global	Global	U.S.	U.S.	Global	Global	U.S.	U.S.
	Insurance	Reinsurance	Insurance	Reinsurance	Insurance	Reinsurance	Insurance	Reinsurance
Paid losses	\$26,650	\$7,875	\$7,786	\$470	\$50,530	\$32,308	\$13,281	\$4,338
Change in unpaid loss and loss expense reserves:								
Change in outstanding	45,313	5,918	2,331	1,295	75,032	16,437	10,675	3,520
Change in IBNR	43,729	41,348	89,117	38,105	272,165	125,646	192,815	56,481
Change in unpaid loss and loss expense reserves	89,042	47,266	91,448	39,400	347,197	142,083	203,490	60,001
Reinsurance recoveries	(17,165)	-	(49,617)	(555)	(9,774)	-	(108,274)	(1,161)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$98,527	\$55,141	\$49,617	\$39,315	\$387,953	\$174,391	\$108,497	\$63,178
Paid to net incurred percentage	27.0%	14.3%	15.7%	1.2%	13.0%	18.5%	12.2%	6.9%
Paid losses / Net premiums earned	13.3%	5.4%	10.5%	0.9%	6.6%	7.7%	7.9%	5.0%
Increase in Net loss and loss expense reserves / Net premiums earned	36.0%	32.6%	56.6%	73.8%	44.2%	34.0%	56.6%	68.1%
Net incurred losses and loss expenses / Net premiums earned	49.3%	38.0%	67.1%	74.7%	50.8%	41.7%	64.5%	73.1%
Prior years favorable reserve development	\$33,826	\$14,744	-	-	\$27,720	\$28,068	-	-

AXIS Capital Holdings Limited

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at March 31, 2004			As at December 31, 2003		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Case reserves	\$235,832	(\$28,588)	\$207,244	\$179,881	(\$11,966)	\$167,915
IBNR	1,025,262	(162,329)	862,933	812,965	(112,933)	700,032
Reserve for losses and loss expenses, end of period	<u>\$1,261,094</u>	<u>(\$190,917)</u>	<u>\$1,070,177</u>	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>
IBNR as a % of reserve for losses and loss expenses	81.3%	85.0%	80.6%	81.9%	90.4%	80.7%

AXIS Capital Holdings Limited

EARNINGS PER SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended March 31,		Twelve months ended December 31,	
	2004	2003	2003	2002
Net income	\$166,786	\$107,119	\$532,350	\$265,119
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	152,480,904	136,381,025	144,262,881	135,442,240
Shares equivalents				
Warrants	11,451,811	5,098,395	8,936,847	2,537,387
Options	2,405,306	1,037,145	1,847,187	395,510
Restricted stock	914,805	268,949	643,848	105,486
Diluted weighted average common shares outstanding	167,252,826	142,785,514	155,690,763	138,480,623
NET INCOME PER SHARE				
Basic	\$1.09	\$0.79	\$3.69	\$1.96
Diluted	\$1.00	\$0.75	\$3.42	\$1.91

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER SHARE

	As at	
	March 31, 2004	December 31, 2003
AS-IF CONVERTED METHOD		
Basic common shares outstanding	152,480,904	152,474,011
Add: warrants outstanding	19,774,584	19,690,692
Weighted average exercise price per share	\$12.38	\$12.43
Add: options outstanding	5,766,012	4,695,512
Weighted average exercise price per share	\$16.46	\$13.34
Add: restricted stock	2,430,175	1,884,696
Diluted shares outstanding	180,451,675	178,744,911
Shareholders' equity	\$3,006,563	\$2,817,148
Add: proceeds from converted warrants	244,814	244,811
Add: proceeds from converted options	94,885	62,630
As if converted shareholders' equity	\$3,346,262	\$3,124,589
Book value per share	\$19.72	\$18.48
Diluted book value per share	\$18.54	\$17.48
TREASURY STOCK METHOD		
Closing price	\$29.55	\$29.28
Basic common shares outstanding	152,480,904	152,474,011
Add: warrants outstanding	19,774,584	19,690,692
Weighted average exercise price per share	\$12.38	\$12.43
Less: warrants bought back via treasury method	8,284,580	8,361,039
Add: options outstanding	5,766,012	4,695,512
Weighted average exercise price per share	\$16.46	\$13.34
Less: options bought back via treasury method	3,211,796	2,139,003
Add: restricted stock outstanding	2,430,175	1,884,696
Diluted shares outstanding	168,955,299	168,244,869
Book value per share	\$19.72	\$18.48
Diluted book value per share	\$17.80	\$16.74

In the fourth quarter of 2003, we adopted, prospectively, the fair value recognition provisions of SFAS 123 "Accounting for Stock-Based Compensation", for all stock-based employee compensation granted, modified or settled after January 1, 2003. As a result with respect to unvested restricted stock awards, the amount of deferred compensation is eliminated share and additional paid-in-capital. This charge impacts the calculation of "Book value per share" but has no impact on the calculation of "Diluted book value per share".