



**AXIS Capital Holdings Limited**

**INVESTOR FINANCIAL SUPPLEMENT**

**FOURTH QUARTER 2003**

AXIS Capital Holdings Limited  
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This report is for informational purposes only. It should be read in conjunction with our documents filed with the Securities and Exchange Commission, including our prospectus dated July 1, 2003 and our Form 10-Q for the quarter ended September 30, 2003.

# 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, 2002 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.
- 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
- Acquisition costs include underwriters' personnel expenses.

**AXIS Capital Holdings Limited**  
**FINANCIAL HIGHLIGHTS - INCOME STATEMENTS**

	Quarter ended December 31,		Previous Year Qtr Change	Year ended December 31,		Previous Year Period change	
	2003	2002		2003	2002		
<b>HIGHLIGHTS</b>							
	Gross written premiums	\$479,666	\$329,343	45.6%	\$2,273,645	\$1,108,003	105.2%
	Net written premiums	384,044	323,718	18.6%	1,908,387	1,018,277	87.4%
	Net premiums earned	400,744	219,074	82.9%	1,436,230	536,850	167.5%
	Net income	160,495	111,271	44.2%	532,351	265,118	100.8%
	Total assets	5,172,273	2,938,228	76.0%	5,172,273	2,938,228	76.0%
	Total cash and invested assets [a]	4,023,652	2,362,411	70.3%	4,023,652	2,362,411	70.3%
	Total shareholders' equity	2,817,148	1,961,033	43.7%	2,817,148	1,961,033	43.7%
<b>PER SHARE AND SHARE DATA</b>							
<b>As Reported</b>	Basic earnings per share	\$1.05	\$0.82	28.6%	\$3.69	\$1.96	88.5%
	Diluted earnings per share	\$0.97	\$0.80	21.3%	\$3.42	\$1.91	78.6%
	Weighted average common shares outstanding	152,464,156	135,975,617	12.1%	144,262,881	135,442,240	6.5%
	Diluted weighted average common shares outstanding	166,213,948	139,796,025	18.9%	155,690,763	138,480,623	12.4%
	Book value per share	\$18.48	NR	-	\$18.48	NR	-
	Diluted book value per share (as-if converted)*	\$17.48	NR	-	\$17.48	NR	-
<b>FINANCIAL RATIOS</b>	ROAE, net income	5.8%	3.9%	49.7%	22.3%	14.7%	51.7%
	Pro forma ROAE, net income [b]	5.8%	NM	-	20.9%	NM	-
	Total return on investment portfolio	0.4%	1.5%	(72.5)%	3.5%	7.5%	(53.3)%
	Annualized effective investment yield	3.2%	3.4%	(7.3)%	2.6%	4.0%	(34.0)%
	Net loss and loss expense ratio	51.9%	36.8%	41.0%	51.1%	42.7%	19.7%
	Acquisition cost ratio	13.7%	20.0%	(31.4)%	16.0%	19.3%	(17.1)%
	General and administrative expense ratio	6.5%	7.8%	(17.0)%	6.6%	8.7%	(24.3)%
	Combined ratio	<u>72.1%</u>	<u>64.6%</u>	11.6%	<u>73.7%</u>	<u>70.7%</u>	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 the Company's third party asset managers.

[b] Pro forma ROAE calculations assume that the net proceeds from the AXIS Capital IPO, which closed on July 7, 2003, were received at the beginning of each period.

# AXIS Capital Holdings Limited

## CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended							
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002
<b>UNDERWRITING REVENUES</b>								
Gross premiums written	\$479,666	\$633,942	\$551,450	\$608,587	\$329,343	\$252,260	\$260,721	\$265,679
Premiums ceded	(95,622)	(99,567)	(101,626)	(68,443)	(5,625)	(52,289)	(26,758)	(5,054)
Net premiums written	384,044	534,375	449,824	540,144	323,718	199,971	233,963	260,625
Gross premiums earned	489,432	481,913	398,032	331,639	232,093	180,085	107,859	56,867
Ceded premiums amortized	(88,687)	(84,447)	(62,440)	(29,211)	(13,017)	(12,382)	(13,389)	(1,265)
Net premiums earned	400,745	397,466	335,592	302,428	219,076	167,703	94,470	55,602
Other insurance related income	5,263	8,548	10,102	1,106	(639)	---	---	---
Total underwriting revenues	406,008	406,014	345,694	303,534	218,437	167,703	94,470	55,602
<b>UNDERWRITING EXPENSES</b>								
Net losses and loss expenses	\$207,884	\$184,180	\$195,620	\$146,335	\$80,637	\$63,841	\$55,437	\$29,350
Acquisition costs	54,963	65,770	55,945	53,035	43,778	31,025	20,008	8,892
General and administrative expenses	26,118	25,174	21,719	21,578	17,195	11,274	11,860	6,192
Total underwriting expenses	288,965	275,124	273,284	220,948	141,610	106,140	87,305	44,434
Underwriting income	117,043	130,890	72,410	82,586	76,827	61,563	7,165	11,168
<b>OTHER OPERATING REVENUE (EXPENSES)</b>								
Net investment income	\$27,363	\$19,342	\$15,904	\$11,352	\$15,974	\$21,476	\$14,055	\$19,782
Net realized gains on investments	1,377	(5,713)	15,705	11,198	9,738	6,868	8,690	774
Interest expense	---	---	---	---	---	---	---	---
Total other operating revenue (expenses)	28,740	13,629	31,609	22,550	25,712	28,344	22,745	20,556
<b>OTHER</b>								
Net foreign exchange gains (losses)	\$12,899	\$4,574	\$12,855	\$1,887	\$7,014	\$2,487	\$115	(\$7)
Total other revenue (expenses)	12,899	4,574	12,855	1,887	7,014	2,487	115	(7)
<b>INCOME BEFORE INCOME TAXES</b>	<b>\$158,682</b>	<b>\$149,093</b>	<b>\$116,874</b>	<b>\$107,023</b>	<b>\$109,553</b>	<b>\$92,394</b>	<b>\$30,025</b>	<b>\$31,717</b>
Income tax recovery (expense)	1,813	(2,111)	880	97	1,719	(271)	(19)	---
<b>NET INCOME</b>	<b>\$160,495</b>	<b>\$146,982</b>	<b>\$117,754</b>	<b>\$107,120</b>	<b>\$111,272</b>	<b>\$92,123</b>	<b>\$30,006</b>	<b>\$31,717</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$146,070</b>	<b>\$148,851</b>	<b>\$124,595</b>	<b>\$112,514</b>	<b>\$109,860</b>	<b>\$115,187</b>	<b>\$51,903</b>	<b>\$14,109</b>
<b>KEY RATIOS/PER SHARE DATA</b>								
Net loss and loss expense ratio	51.9%	46.3%	58.3%	48.4%	36.8%	38.1%	58.7%	52.8%
Acquisition cost ratio	13.7%	16.6%	16.7%	17.5%	20.0%	18.5%	21.2%	16.0%
General and administrative expense ratio	6.5%	6.3%	6.5%	7.2%	7.8%	6.7%	12.5%	11.1%
Combined ratio	72.1%	69.2%	81.5%	73.1%	64.6%	63.3%	92.4%	79.9%
Weighted average basic shares outstanding	152,464,156	151,453,213	136,509,891	136,370,025	135,975,617	135,281,608	135,181,081	135,135,294
Weighted average diluted shares outstanding	166,213,948	163,232,232	145,701,443	142,751,536	139,581,029	136,246,828	135,311,032	135,135,294
Basic earnings per share	\$1.05	\$0.97	\$0.86	\$0.79	\$0.82	\$0.68	\$0.22	\$0.23
Diluted earnings per share	\$0.97	\$0.90	\$0.81	\$0.75	\$0.80	\$0.68	\$0.22	\$0.23
Annualized Quarterly ROAE	23.4%	24.0%	22.0%	21.2%	23.4%	20.7%	7.1%	7.7%

# AXIS Capital Holdings Limited

## CONSOLIDATED STATEMENTS OF INCOME

	Year ended	
	December 31, 2003	December 31, 2002
<b>UNDERWRITING REVENUES</b>		
Gross premiums written	\$2,273,645	\$1,108,003
Premiums ceded	(365,258)	(89,726)
Net premiums written	1,908,387	1,018,277
Gross premiums earned	1,701,015	576,904
Ceded premiums amortized	(264,785)	(40,054)
Net premiums earned	1,436,230	536,850
Other insurance related income	25,019	(639)
Total underwriting revenues	1,461,249	536,211
<b>UNDERWRITING EXPENSES</b>		
Net losses and loss expenses	\$734,019	\$229,265
Acquisition costs	229,712	103,703
General and administrative expenses	94,589	46,521
Total underwriting expenses	1,058,320	379,489
Underwriting income	402,929	156,722
<b>OTHER OPERATING REVENUE (EXPENSES)</b>		
Net investment income	\$73,961	\$71,287
Net realized gains on investments	22,567	26,070
Interest expense	---	---
Total other operating revenue (expenses)	96,528	97,357
<b>OTHER</b>		
Net foreign exchange gains (losses)	\$32,215	\$9,610
Total other revenue (expenses)	32,215	9,610
<b>INCOME BEFORE INCOME TAXES</b>		
Income tax recovery (expense)	678	1,430
<b>NET INCOME</b>		
	\$532,350	\$265,119
<b>COMPREHENSIVE INCOME</b>		
	\$532,030	\$291,059
<b>KEY RATIOS/PER SHARE DATA</b>		
Net loss and loss expense ratio	51.1%	42.7%
Acquisition cost ratio	16.0%	19.3%
General and administrative expense ratio	6.6%	8.7%
Combined ratio	73.7%	70.7%
Weighted average basic shares outstanding	144,262,881	135,442,240
Weighted average diluted shares outstanding	155,690,763	138,480,623
Basic earnings per share	\$3.69	\$1.96
Diluted earnings per share	\$3.42	\$1.91
ROAE	22.3%	14.7%

# AXIS Capital Holdings Limited

## CONSOLIDATED SEGMENT DATA

	Quarter ended December 31, 2003					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
<b>UNDERWRITING REVENUES</b>										
Gross premiums written	\$280,049	\$16,709	\$174,812	\$8,096	\$479,666	\$980,661	\$462,938	\$625,898	\$204,148	\$2,273,645
Net premiums written	264,661	16,709	95,691	6,983	384,044	939,910	453,567	314,100	200,811	1,908,388
Gross premiums earned	213,792	111,541	132,813	31,286	489,432	832,023	426,252	354,649	88,091	1,701,015
Ceded premiums amortized	(18,400)	(1,464)	(68,064)	(759)	(88,687)	(68,684)	(8,017)	(186,397)	(1,687)	(264,785)
Net premiums earned	195,392	110,077	64,749	30,527	400,745	763,339	418,235	168,252	86,404	1,436,230
Other insurance related income	5,135	128	---	---	5,263	24,467	552	---	---	25,019
Total underwriting revenues	<u>200,527</u>	<u>110,205</u>	<u>64,749</u>	<u>30,527</u>	<u>406,008</u>	<u>787,806</u>	<u>418,787</u>	<u>168,252</u>	<u>86,404</u>	<u>1,461,249</u>
<b>UNDERWRITING EXPENSES</b>										
Net losses and loss expenses	101,995	41,719	41,754	22,416	207,884	387,953	174,391	108,497	63,178	734,019
Acquisition costs	24,231	14,366	8,780	7,586	54,963	115,359	71,091	21,130	22,133	229,713
General and administrative expenses	---	---	---	---	26,118	---	---	---	---	94,589
Total underwriting expenses	<u>126,226</u>	<u>56,085</u>	<u>50,534</u>	<u>30,002</u>	<u>288,965</u>	<u>503,312</u>	<u>245,482</u>	<u>129,627</u>	<u>85,311</u>	<u>1,058,321</u>
<b>UNDERWRITING INCOME</b>	<u>\$74,301</u>	<u>\$54,120</u>	<u>\$14,215</u>	<u>\$525</u>	<u>\$117,043</u>	<u>\$284,494</u>	<u>\$173,305</u>	<u>\$38,625</u>	<u>\$1,093</u>	<u>\$402,928</u>
<b>GAAP RATIOS</b>										
Net loss and loss expense ratio	52.2%	37.9%	64.5%	73.4%	51.9%	50.8%	41.7%	64.5%	73.1%	51.1%
Acquisition cost ratio	12.4%	13.0%	13.6%	24.9%	13.7%	15.1%	17.0%	12.6%	25.6%	16.0%
Combined ratio before general and administrative expenses	64.6%	50.8%	78.1%	98.3%	65.6%	65.8%	58.7%	77.0%	98.7%	67.1%
General and administrative expense ratio					6.5%					6.6%
Combined ratio					<u>72.1%</u>					<u>73.7%</u>



# AXIS Capital Holdings Limited

## GROSS PREMIUM WRITTEN BY SEGMENT BY LINE OF BUSINESS

	Quarter ended		Year ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
<b>GLOBAL INSURANCE</b>				
Specialty risks [a] [b]	\$ 146,021	\$ 164,071	\$ 377,336	\$ 355,141
Onshore and offshore energy	45,762	34,724	219,386	168,432
Aviation and aerospace	93,430	72,006	178,442	114,708
Commercial property [b] [c]	(11,301)	35,715	124,135	104,927
Marine	6,137	3,383	81,362	50,551
Total global insurance	<u>280,049</u>	<u>309,899</u>	<u>980,661</u>	<u>793,759</u>
<b>GLOBAL REINSURANCE</b>				
Catastrophe	17,606	7,223	339,137	230,741
Property pro rata	(5,561)	9,536	61,003	53,916
Property per risk	4,682	414	50,681	16,721
Other [b]	(17)	2,271	12,117	12,866
Total global reinsurance	<u>16,710</u>	<u>19,444</u>	<u>462,938</u>	<u>314,244</u>
<b>U.S. INSURANCE</b>				
Commercial property	68,576	-	225,509	-
Professional lines	61,533	-	242,581	-
Commercial liability	44,702	-	157,808	-
Total U.S. insurance	<u>174,811</u>	<u>-</u>	<u>625,898</u>	<u>-</u>
<b>U.S. REINSURANCE</b>				
Professional lines	4,892	-	132,148	-
Casualty	2,227	-	46,035	-
Property	-	-	19,535	-
Auto, marine & aviation	977	-	6,430	-
Total U.S. reinsurance	<u>8,096</u>	<u>-</u>	<u>204,148</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 479,666</u>	<u>\$ 329,343</u>	<u>\$ 2,273,645</u>	<u>\$ 1,108,003</u>

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

[b] Quarter ended December 31, 2002 includes business now reported in U.S. insurance and reinsurance segments.

[c] Reflective of change in accounting from an estimated premium income basis to an as reported basis.

**AXIS Capital Holdings Limited**  
GLOBAL INSURANCE SEGMENT DATA

	Quarter ended							
	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2002	Sept. 30, 2002	June 30, 2002	March 31, 2002
<b>UNDERWRITING REVENUES</b>								
Gross premiums written [a]	\$280,049	\$249,313	\$207,652	\$243,647	\$309,899	\$179,060	\$163,494	\$141,306
Net premiums written	264,661	245,659	203,775	225,814	304,274	126,771	136,736	136,252
Gross premiums earned	213,792	217,578	202,650	198,003	156,948	112,422	55,996	29,301
Ceded premiums amortized	(18,400)	(19,002)	(15,143)	(16,139)	(13,020)	(12,382)	(13,389)	(1,263)
Net premiums earned	195,392	198,576	187,507	181,864	143,928	100,040	42,607	28,038
Other insurance related income	5,135	8,124	10,102	1,106	(639)	---	---	---
Total underwriting revenues	200,527	206,700	197,609	182,970	143,289	100,040	42,607	28,038
<b>UNDERWRITING EXPENSES</b>								
Net losses and loss expenses	101,995	85,415	114,651	85,892	40,164	49,094	31,644	16,946
Acquisition costs	24,231	33,793	30,528	26,807	25,285	17,198	9,995	4,205
General and administrative expenses	---	---	---	---	---	---	---	---
Total underwriting expenses	126,226	119,208	145,179	112,699	65,449	66,292	41,639	21,151
<b>UNDERWRITING INCOME</b>	<b>\$74,301</b>	<b>\$87,492</b>	<b>\$52,430</b>	<b>\$70,271</b>	<b>\$77,840</b>	<b>\$33,748</b>	<b>\$968</b>	<b>\$6,887</b>
<b>GAAP RATIOS</b>								
Net loss and loss expense ratio	52.2%	43.0%	61.1%	47.2%	27.9%	49.1%	74.3%	60.4%
Acquisition cost ratio	12.4%	17.0%	16.3%	14.7%	17.6%	17.2%	23.5%	15.0%
Combined ratio before general and administrative expenses	64.6%	60.0%	77.4%	61.9%	45.5%	66.3%	97.8%	75.4%

[a] Quarter ended December 31, 2002 includes business now reported in U.S. insurance and reinsurance segments.

**AXIS Capital Holdings Limited**  
GLOBAL REINSURANCE SEGMENT DATA

	Quarter ended							
	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2002	Sept. 30, 2002	June 30, 2002	March 31, 2002
<b>UNDERWRITING REVENUES</b>								
Gross premiums written [a]	\$16,710	\$114,586	\$120,144	\$211,499	\$19,443	\$73,200	\$97,227	\$124,374
Net premiums written	16,710	114,586	115,606	206,666	19,443	73,200	97,227	124,374
Gross premiums earned	111,541	120,235	100,382	94,094	75,146	67,663	51,863	27,565
Ceded premiums amortized	(1,464)	(2,790)	(3,354)	(409)	---	---	---	---
Net premiums earned	110,077	117,445	97,028	93,685	75,146	67,663	51,863	27,565
Other insurance related income	128	424	---	---	---	---	---	---
Total underwriting revenues	110,205	117,869	97,028	93,685	75,146	67,663	51,863	27,565
<b>UNDERWRITING EXPENSES</b>								
Net losses and loss expenses	41,719	44,100	44,134	44,438	40,473	14,747	23,793	12,404
Acquisition costs	14,366	19,975	18,260	18,490	18,493	13,827	10,013	4,687
General and administrative expenses	---	---	---	---	---	---	---	---
Total underwriting expenses	56,085	64,075	62,394	62,928	58,966	28,574	33,806	17,091
<b>UNDERWRITING INCOME</b>	<b>\$54,120</b>	<b>\$53,794</b>	<b>\$34,634</b>	<b>\$30,757</b>	<b>\$16,180</b>	<b>\$39,089</b>	<b>\$18,057</b>	<b>\$10,474</b>
<b>GAAP RATIOS</b>								
Net loss and loss expense ratio	37.9%	37.5%	45.5%	47.4%	53.9%	21.8%	45.9%	23.9%
Acquisition cost ratio	13.0%	17.0%	18.8%	19.7%	24.6%	20.4%	19.3%	9.0%
Combined ratio before general and administrative expenses	50.9%	54.5%	64.3%	67.2%	78.5%	42.2%	65.2%	33.0%

[a] Quarter ended December 31, 2002 includes business now reported in U.S. insurance and reinsurance segments.

# AXIS Capital Holdings Limited

## U.S. INSURANCE SEGMENT DATA

	Quarter ended							
	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2002	Sept. 30, 2002	June 30, 2002	March 31, 2002
<b>UNDERWRITING REVENUES</b>								
Gross premiums written	\$174,811	\$188,041	\$171,133	\$91,912	---	---	---	---
Net premiums written	95,691	92,850	79,424	46,135	---	---	---	---
Gross premiums earned	132,813	112,588	80,538	28,710	---	---	---	---
Ceded premiums amortized	(68,064)	(62,130)	(43,539)	(12,664)	---	---	---	---
Net premiums earned	64,749	50,458	36,999	16,046	---	---	---	---
Other insurance related income	---	---	---	---	---	---	---	---
Total underwriting revenues	64,749	50,458	36,999	16,046	---	---	---	---
<b>UNDERWRITING EXPENSES</b>								
Net losses and loss expenses	41,754	33,621	23,505	9,617	---	---	---	---
Acquisition costs	8,780	5,359	2,873	4,118	---	---	---	---
General and administrative expenses	---	---	---	---	---	---	---	---
Total underwriting expenses	50,534	38,980	26,378	13,735	---	---	---	---
<b>UNDERWRITING INCOME</b>	<b>\$14,215</b>	<b>\$11,478</b>	<b>\$10,621</b>	<b>\$2,311</b>	---	---	---	---
<b>GAAP RATIOS</b>								
Net loss and loss expense ratio	64.5%	66.6%	63.5%	59.9%	---	---	---	---
Acquisition cost ratio	13.6%	10.6%	7.8%	25.7%	---	---	---	---
Combined ratio before general and administrative expenses	78.1%	77.2%	71.3%	85.6%	---	---	---	---

# AXIS Capital Holdings Limited

## U.S. REINSURANCE SEGMENT DATA

	Quarter ended							
	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2002	Sept. 30, 2002	June 30, 2002	March 31, 2002
<b>UNDERWRITING REVENUES</b>								
Gross premiums written	\$8,096	\$82,002	\$52,521	\$61,529	---	---	---	---
Net premiums written	6,983	81,280	51,019	61,529	---	---	---	---
Gross premiums earned	31,286	31,512	14,461	10,832	---	---	---	---
Ceded premiums amortized	(759)	(525)	(403)	---	---	---	---	---
Net premiums earned	30,527	30,987	14,058	10,832	---	---	---	---
Other insurance related income	---	---	---	---	---	---	---	---
Total underwriting revenues	30,527	30,987	14,058	10,832	---	---	---	---
<b>UNDERWRITING EXPENSES</b>								
Net losses and loss expenses	22,416	21,044	13,330	6,388	---	---	---	---
Acquisition costs	7,586	6,643	4,284	3,620	---	---	---	---
General and administrative expenses	---	---	---	---	---	---	---	---
Total expenses	30,002	27,687	17,614	10,008	---	---	---	---
<b>UNDERWRITING INCOME</b>								
	\$525	\$3,300	(\$3,556)	\$824	---	---	---	---
<b>GAAP RATIOS</b>								
Net loss and loss expense ratio	73.4%	67.9%	94.8%	59.0%	---	---	---	---
Acquisition cost ratio	24.9%	21.4%	30.5%	33.4%	---	---	---	---
Combined ratio before general and administrative expenses	98.3%	89.3%	125.3%	92.4%	---	---	---	---

# AXIS Capital Holdings Limited

## CONSOLIDATED BALANCE SHEETS

	Dec. 31, 2003	Sept. 30, 2003	June 30, 2003	March 31, 2003	Dec. 31, 2002	Sept. 30, 2002	June 30, 2002	March 31, 2002	Dec. 31, 2001
<b>ASSETS</b>									
Cash and cash equivalents	\$605,175	\$790,604	\$927,087	\$882,548	\$729,296	\$571,009	\$619,139	\$429,023	\$761,670
Investments at fair market value	3,385,576	3,277,783	2,394,606	2,055,494	1,702,990	1,789,344	1,524,151	1,547,976	1,079,686
Accrued interest receivable	29,530	21,612	15,236	14,583	16,502	13,851	11,210	10,385	8,466
Net receivable for investments sold	3,371	-	-	-	-	-	-	-	-
Insurance and reinsurance premium balances receivable	660,530	690,907	663,758	572,244	327,615	249,484	273,819	190,334	23,696
Deferred acquisition costs	136,281	152,842	139,445	118,325	77,166	76,533	63,114	26,548	2,215
Prepaid reinsurance premiums	164,999	162,486	145,704	103,504	49,673	57,065	17,158	3,791	-
Reinsurance recoverable	124,899	100,152	51,841	19,065	1,703	-	-	-	-
Intangible assets	24,579	27,204	27,579	27,954	14,079	-	-	-	-
Other assets	37,333	29,930	20,973	19,760	19,204	9,996	9,090	3,925	2,040
<b>TOTAL ASSETS</b>	<b>\$5,172,273</b>	<b>\$5,253,520</b>	<b>\$4,386,229</b>	<b>\$3,813,477</b>	<b>\$2,938,228</b>	<b>\$2,767,282</b>	<b>\$2,517,681</b>	<b>\$2,211,982</b>	<b>\$1,877,773</b>
<b>LIABILITIES</b>									
Reserve for losses and loss expenses	\$992,846	\$785,041	\$569,253	\$351,376	\$215,934	\$149,591	\$85,750	\$30,313	\$963
Unearned premiums	1,143,447	1,153,296	1,001,225	847,511	555,962	458,711	386,536	233,676	24,862
Insurance and reinsurance balances payable	151,381	174,832	214,739	180,681	94,803	97,372	47,057	5,000	-
Accounts payable and accrued expenses	67,451	60,043	54,375	36,124	24,119	14,328	10,722	6,275	4,132
Net payable for investments purchased	-	399,506	334,082	319,846	86,377	211,181	268,990	270,856	198,264
<b>TOTAL LIABILITIES</b>	<b>\$2,355,125</b>	<b>\$2,572,718</b>	<b>\$2,173,674</b>	<b>\$1,735,538</b>	<b>\$977,195</b>	<b>\$931,183</b>	<b>\$799,055</b>	<b>\$546,120</b>	<b>\$228,221</b>
<b>SHAREHOLDERS' EQUITY</b>									
Common shares	\$1,906	\$1,929	\$1,737	\$1,729	\$1,727	\$1,706	\$1,699	\$1,694	\$1,689
Additional paid-in capital	2,000,731	2,015,236	1,697,824	1,689,938	1,686,599	1,664,075	1,656,827	1,651,681	1,646,950
Deferred compensation	0	(15,605)	(17,397)	(19,525)	(20,576)	(13,104)	(8,135)	(3,846)	(1,311)
Accumulated other comprehensive income	25,164	39,589	37,720	30,879	25,484	26,894	3,831	(18,065)	(456)
Retained earnings	789,347	639,653	492,671	374,918	267,799	156,528	64,404	34,398	2,680
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$2,817,148</b>	<b>\$2,680,802</b>	<b>\$2,212,555</b>	<b>\$2,077,939</b>	<b>\$1,961,033</b>	<b>\$1,836,099</b>	<b>\$1,718,626</b>	<b>\$1,665,862</b>	<b>\$1,649,552</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$5,172,273</b>	<b>\$5,253,520</b>	<b>\$4,386,229</b>	<b>\$3,813,477</b>	<b>\$2,938,228</b>	<b>\$2,767,282</b>	<b>\$2,517,681</b>	<b>\$2,211,982</b>	<b>\$1,877,773</b>
Book value per share	\$18.48	\$17.37	\$15.93	\$15.02	\$14.19	\$13.45	\$12.65	\$12.29	\$12.21

# AXIS Capital Holdings Limited

## INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2003

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,248,941	\$5,828	(\$2,120)	\$1,252,649	31.4%
Corporate debt securities	706,383	13,516	(2,023)	\$717,876	18.0%
Non U.S. government securities	16,777	555	(5)	\$17,327	0.4%
Mortgage-backed securities	1,005,164	10,429	(2,661)	\$1,012,932	25.4%
Asset-backed securities	187,775	2,244	(284)	\$189,735	4.7%
Municipals	194,062	1,608	(613)	\$195,057	4.9%
Total Fixed Maturities	\$3,359,102	\$34,180	(\$7,706)	\$3,385,576	84.8%
Cash, net of unsettled trades	205,480	-	-	205,480	5.1%
Total Invested Assets	\$3,564,582	\$34,180	(\$7,706)	\$3,591,056	89.9%
Operating Cash Balances	403,066	-	-	403,066	10.1%
Total Cash and Investments	\$3,967,648	\$34,180	(\$7,706)	\$3,994,122	100.0%

### CREDIT QUALITY

	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$2,617,526	77.9%	\$2,632,844	77.8%
AA	130,573	3.9%	131,371	3.9%
A	384,773	11.5%	388,987	11.4%
BBB	226,230	6.7%	232,374	6.9%
Total	\$3,359,102	100.0%	\$3,385,576	100.0%

### MATURITY

	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$117,353	3.5%	\$117,684	3.5%
From one to five years	1,282,267	38.2%	1,288,981	38.1%
From five to ten years	614,990	18.3%	623,757	18.4%
Above ten years	151,553	4.5%	152,486	4.5%
Asset-backed and mortgage-backed securities	1,192,939	35.5%	1,202,668	35.5%
Total	\$3,359,102	100.0%	\$3,385,576	100.0%

### PORTFOLIO CHARACTERISTICS

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

# AXIS Capital Holdings Limited

## INVESTMENT PERFORMANCE BENCHMARKS

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

[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

[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 DECEMBER 31, 2003

<b>Issuer</b>	<b>Rating</b>	<b>Fair Value at December 31, 2003</b>	<b>% of Total Fair Value</b>
General Electric Company	Aaa/AAA	\$ 39,150	1.09%
General Motors Corporation	A3/BBB	29,306	0.83
HSBC Holdings PLC	A1/A	23,373	0.65
Ford Motor Company	A3/BBB-	22,743	0.64
Citigroup Inc.	Aa1/AA-	22,744	0.64
Verizon Communications Inc.	Aa3/A+	17,488	0.49
Lehman Brothers Holdings	A1/A	17,413	0.49
Westpac Banking Corporation	A2/A-	16,591	0.46
Merrill Lynch & Co. Inc.	Aa3/A+	13,594	0.38
CIT Group Inc.	A2/A	13,070	0.36
Total		<u>\$ 215,472</u>	<u>6.03%</u>

# AXIS Capital Holdings Limited

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

	Quarter ended December 31, 2003			Year ended December 31, 2003		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$785,041	(\$100,152)	\$684,889	\$215,934	(\$1,703)	\$214,231
Total incurred losses and loss expenses	233,785	(25,901)	207,884	853,228	(119,209)	734,019
Net loss reserves acquired	---	---	---	20,901	(15,034)	5,867
Total paid losses and loss expenses	(27,571)	1,154	(26,417)	(100,457)	11,047	(89,410)
Foreign exchange losses (gains)	1,591	---	1,591	3,240	---	3,240
Reserve for losses and loss expenses, end of period	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>
Paid to incurred percentage	<u>11.8%</u>	<u>NM</u>	<u>12.7%</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 December 31, 2003				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	\$11,073	\$10,295	\$1,864	\$4,338	\$50,530	\$32,308	\$13,281	\$4,338
Change in unpaid loss and loss expense reserves:								
Change in outstanding	9,072	9,059	7,798	2,857	75,032	16,437	10,675	3,520
Change in IBNR	76,803	22,364	62,517	15,743	272,165	125,646	192,815	56,481
Change in unpaid loss and loss expense reserves	85,875	31,423	70,315	18,600	347,197	142,083	203,490	60,001
Reinsurance recoveries	5,047	-	(30,425)	(521)	(9,774)	-	(108,274)	(1,161)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$101,995</b>	<b>\$41,718</b>	<b>\$41,754</b>	<b>\$22,417</b>	<b>\$387,953</b>	<b>\$174,391</b>	<b>\$108,497</b>	<b>\$63,178</b>
Paid to net incurred percentage	10.9%	24.7%	4.5%	19.4%	13.0%	18.5%	12.2%	6.9%
Paid losses / Net premiums earned	5.7%	9.4%	2.9%	14.2%	6.6%	7.7%	7.9%	5.0%
Increase in Net loss and loss expense reserves / Net premiums earned	46.5%	28.5%	61.6%	59.2%	44.2%	34.0%	56.6%	68.1%
Net incurred losses and loss expenses / Net premiums earned	52.2%	37.9%	64.5%	73.4%	50.8%	41.7%	64.5%	73.1%
Prior years (favorable) adverse reserve development	(\$4,084)	-	-	-	(\$27,720)	(\$28,068)	-	-

# AXIS Capital Holdings Limited

## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at December 31, 2003			As at September 30, 2003		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Case reserves	\$179,881	(\$11,966)	\$167,915	\$149,504	(\$14,947)	\$134,557
IBNR	812,965	(112,933)	700,032	635,537	(85,205)	550,332
Reserve for losses and loss expenses, end of period	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>	<u>\$785,041</u>	<u>(\$100,152)</u>	<u>\$684,889</u>
IBNR as a % of reserve for losses and loss expenses	81.9%	90.4%	80.7%	81.0%	85.1%	80.4%

  

	As at June 30, 2003			As at March 31, 2003		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Case reserves	\$120,133	(\$13,471)	\$106,662	\$55,878	(\$6,876)	\$49,002
IBNR	449,120	(38,370)	410,750	295,498	(12,189)	283,309
Reserve for losses and loss expenses, end of period	<u>\$569,253</u>	<u>(\$51,841)</u>	<u>\$517,412</u>	<u>\$351,376</u>	<u>(\$19,065)</u>	<u>\$332,311</u>
IBNR as a % of reserve for losses and loss expenses	78.9%	74.0%	79.4%	84.1%	63.9%	85.3%

# AXIS Capital Holdings Limited

## EARNINGS PER SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended December 31,		Twelve months ended December 31,	
	2003	2002	2003	2002
Net income	\$160,495	\$111,272	\$532,350	\$265,119
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic weighted average common shares outstanding [a]	152,464,156	135,975,617	144,262,881	135,442,240
Shares equivalents				
Warrants	10,662,063	3,079,847	8,936,847	2,537,387
Options	2,248,648	525,565	1,847,187	395,510
Restricted stock	839,081	214,996	643,848	105,486
Diluted weighted average common shares outstanding [a]	166,213,948	139,796,025	155,690,763	138,480,623
<b>EARNINGS PER SHARE</b>				
Basic	\$1.05	\$0.82	\$3.69	\$1.96
Diluted	\$0.97	\$0.80	\$3.42	\$1.91

[a] Basic and diluted shares outstanding, including share equivalents, have been calculated reflecting the 8-for-1 stock split that took effect on June 30, 2003.

# AXIS Capital Holdings Limited

## DILUTED BOOK VALUE PER SHARE

	As at	
	December 31, 2003	December 31, 2002
<b>AS-IF CONVERTED METHOD</b>		
Basic common shares outstanding	152,474,011	138,168,520
Add: warrants outstanding	19,690,692	19,453,304
Weighted average exercise price per share	\$12.43	\$12.50
Add: options outstanding	4,695,512	4,475,512
Weighted average exercise price per share	\$13.34	\$13.03
Add: restricted stock	1,884,696	---
Diluted shares outstanding	178,744,911	162,097,336
Shareholders' equity	\$2,817,148	\$1,961,033
Add: proceeds from converted warrants	244,811	243,166
Add: proceeds from converted options	62,630	58,323
As if converted shareholders' equity	\$3,124,589	\$2,262,522
Book value per share	\$18.48	\$14.19
Diluted book value per share	\$17.48	\$13.96

### TREASURY STOCK METHOD

Closing price	\$29.28	---
Basic common shares outstanding	152,474,011	---
Add: warrants outstanding	19,690,692	---
Weighted average exercise price per share	\$12.43	---
Less: warrants bought back via treasury method	8,361,039	---
Add: options outstanding	4,695,512	---
Weighted average exercise price per share	\$13.34	---
Less: options bought back via treasury method	2,139,003	---
Add: restricted stock outstanding	1,884,696	---
Diluted shares outstanding	168,244,869	---
Book value per share	\$18.48	NM
Diluted book value per share	\$16.74	NM

In the fourth quarter of 2003, the Company 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.

In addition, with respect to unvested restricted stock awards, the amount of deferred compensation is eliminated from share capital 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".

# AXIS Capital Holdings Limited

## DILUTED BOOK VALUE PER SHARE - PRO FORMA

	Quarter ended	
	December 31, 2003	December 31, 2002
<b>AS-IF CONVERTED METHOD</b>		
Basic common shares outstanding	152,474,011	138,168,520
Add: shares issued in conjunction with the IPO	---	15,410,000
Pro-forma common shares outstanding	152,474,011	153,578,520
Add: warrants outstanding	19,690,692	19,453,304
Weighted average exercise price per share	\$12.43	\$12.50
Add: options outstanding	4,695,512	4,475,512
Weighted average exercise price per share	\$13.34	\$13.03
Add: restricted stock	1,884,696	---
Shareholders' equity	\$2,817,148	1,961,033
Add: net proceeds from IPO	---	316,000
Add: proceeds from converted warrants	244,811	243,770
Add: proceeds from converted options	62,630	61,541
Pro forma shareholders' equity	\$3,124,589	\$2,582,344
Pro forma diluted shares outstanding	178,744,911	177,507,336
Pro forma book value per share [a]	\$18.48	\$14.83
Pro forma diluted book value per share	\$17.48	\$14.55
<b>TREASURY STOCK METHOD</b>		
Share Price [b]	\$29.28	\$22.00
Basic common shares outstanding	152,474,011	138,168,520
Add: shares issued in conjunction with the IPO	---	15,410,000
Pro-forma common shares outstanding	152,474,011	153,578,520
Shareholders' equity	2,817,148	1,961,033
Add: net proceeds from IPO	---	316,000
Pro forma shareholders' equity	2,817,148	2,277,033
Add: warrants outstanding	19,690,692	19,453,304
Weighted average exercise price per share	\$12.43	\$12.50
Less: warrants bought back via treasury method	8,361,039	11,053,014
Add: options outstanding	4,695,512	4,475,512
Weighted average exercise price per share	\$13.34	\$13.17
Less: options bought back via treasury method	2,139,003	2,678,794
Add: restricted stock outstanding	1,884,696	---
Pro forma diluted shares outstanding	168,244,869	163,775,529
Pro forma book value per share [a]	\$18.48	\$14.83
Pro forma diluted book value per share	\$16.74	\$13.90

[a] Pro forma book value per share for December 31, 2002 is calculated by adjusting shareholders' equity for the net proceeds of the AXIS Capital IPO and dividing by the pro forma common shares outstanding.

[b] Share price utilized for December 31, 2003 calculation was the closing market price. As there was no observable market price at December 31, 2002, we have utilized the IPO price of \$22.00.