

Catlin Group Limited

2010 Interim Financial Results

Stephen Catlin, Chief Executive Officer

Benjamin Meuli, Chief Financial Officer

Paul Brand, Chief Underwriting Officer

6th August 2010

Introduction

Stephen Catlin, Chief Executive Officer

Strategic Progress

Non-London Hubs' Growth Continues

- Non-London underwriting hubs continue to grow, both in terms of premium volume and profit

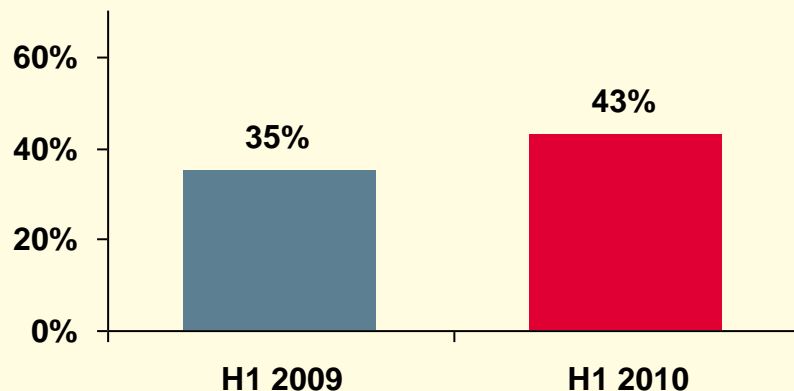
Non-London hubs' GPW increased 34% compared with H1 2009

Non-London hubs' underwriting contribution increased 42%

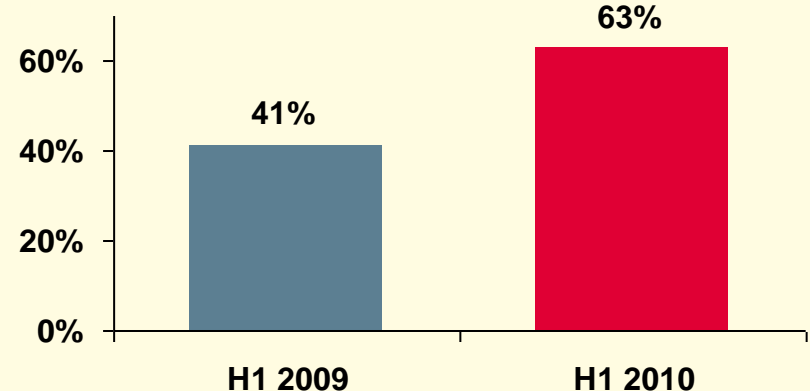
During H1 2010, 43% of GPW and 63% of underwriting contribution produced outside London

Scope for profitable growth enhanced by formation of Catlin Re Switzerland

**% of Group Gross Premiums
Written by Non-London Hubs**



**% of Group Underwriting Contribution
Produced by Non-London Hubs**



Strategic Progress

Attritional Loss Ratio Improves Despite Softening Market Conditions

- H1 attritional loss ratio of 51% is lowest in past four years

Disciplined growth in tough market conditions

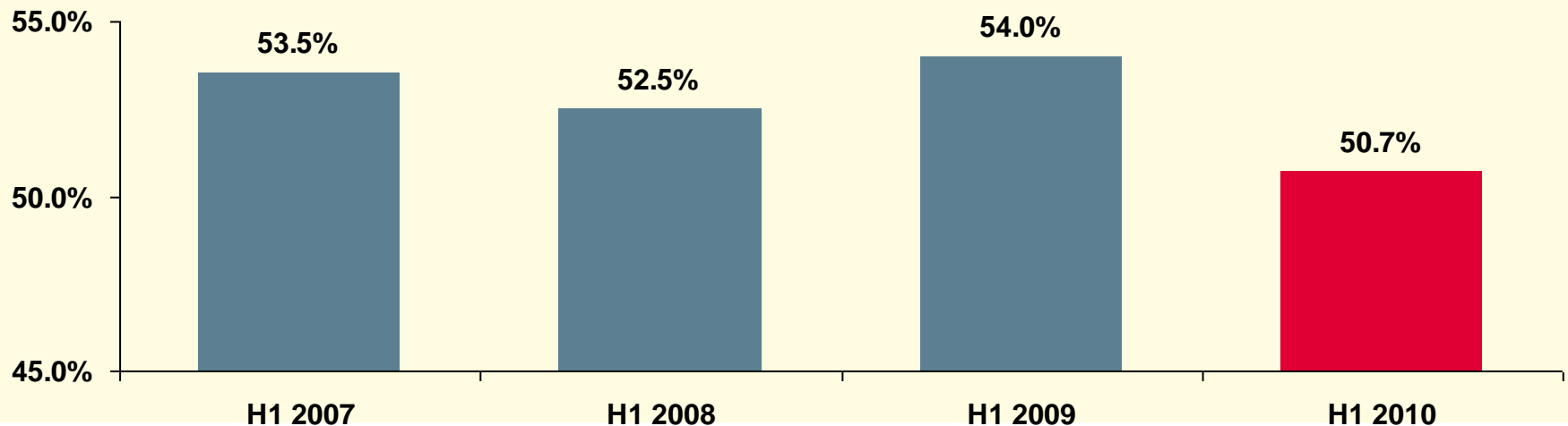
65% overall loss ratio

Chilean earthquake contributes 9 percentage points to overall loss ratio

Existing estimate of Chilean, Deepwater Horizon losses stable

Catlin's average weighted premium rates flat in H1 despite overall market deterioration

Attritional Loss Ratio (%)



Catlin Re Switzerland

- New reinsurer expected to begin underwriting for 1 January renewals (following regulatory approval)
- To write European specialty reinsurance not currently written by Catlin
 - Will build on the reinsurance portfolio developed by existing European hub
 - Initial focus on specialty business experiencing favourable conditions
 - ◆ Trade Credit, Political Risk and Surety Reinsurance
 - ◆ Organic growth in classes not currently written by Catlin where market conditions allow
- Capitalisation of at least \$1 billion from existing resources
 - c.\$900 million to be allocated to support transfer of intra-Group reinsurance to Bermuda branch of Catlin Re Switzerland from Catlin Bermuda
 - Balance to support specialty business underwritten in Zurich

Note: A chart outlining the Group's capital structure before and after the establishment of Catlin Re Switzerland appears in the Appendix

H1 2010 In Review

- 11% increase in gross premiums written to \$2.5 billion
- 21% increase in net premiums earned to \$1.6 billion
 - One-third attributable to embedded growth from Wellington acquisition
- 51% attritional loss ratio
 - Lowest in four years
 - Demonstrates success of Catlin's selective underwriting
- \$227 million in net underwriting contribution (H1 2009: \$246 million)
 - Excluding Chilean earthquake losses, underwriting contribution would have amounted to \$362 million, up 47%
- 33% expense ratio
 - Expense ratio steady compared with previous year

H1 2010 In Review

- 97% combined ratio, of which 9% represents Chilean earthquake losses
- 1.8% total investment return during H1 (H1 2009: 2.9%)
- \$86 million in profit before tax; \$57 million in net income to common stockholders

Stated after \$49 million of foreign exchange losses, of which only \$8 million is a realised loss

9% annualised return on net tangible assets excluding unrealised foreign exchange losses

5% increase in H1 dividend to 8.6 pence (13.7 cents) per share, reflecting strength of underlying business and confidence in future prospects

Financial Results

Benjamin Meuli
Chief Financial Officer

H1 2010 Income Statement

US\$m	H1 2010	H1 2009
Gross premiums written	2,461	2,217
Net premiums written	1,893	1,773
Net premiums earned	1,572	1,298
Investment & other income	87	196
Total revenues	1,659	1,494
Loss and operating expenses	(1,573)	(1,254)
Income before income tax	86	240
Income tax and preferred share dividends ¹	(29)	(44)
Net income to common stockholders	57	196
Earnings per share (US cents)	0.17	0.62

¹ H1 2010 and 2009 preferred share dividend: \$22 million

Analysis of Profit Before Tax

US\$m	H1 2010	H1 2009
Net underwriting contribution ¹	227	246
Total investment return	140	198
Foreign exchange & other income	(48)	12
Administrative expenses - controllable	(151)	(128)
Administrative expenses - non-controllable	(36)	(29)
Other expenses ²	(46)	(59)
Profit before tax	86	240

- Of total foreign exchange losses of \$49 million, approximately \$8 million is realised
- Increase in controllable administrative expenses was less than increase in net premiums earned

1 Net underwriting contribution is defined as net premiums earned less losses and loss expenses and policy acquisition costs.

2 Other expenses include profit-related bonuses, employee share schemes, certain Group corporate expenses, investment expenses and financing costs. These items are not included in the expense ratio.

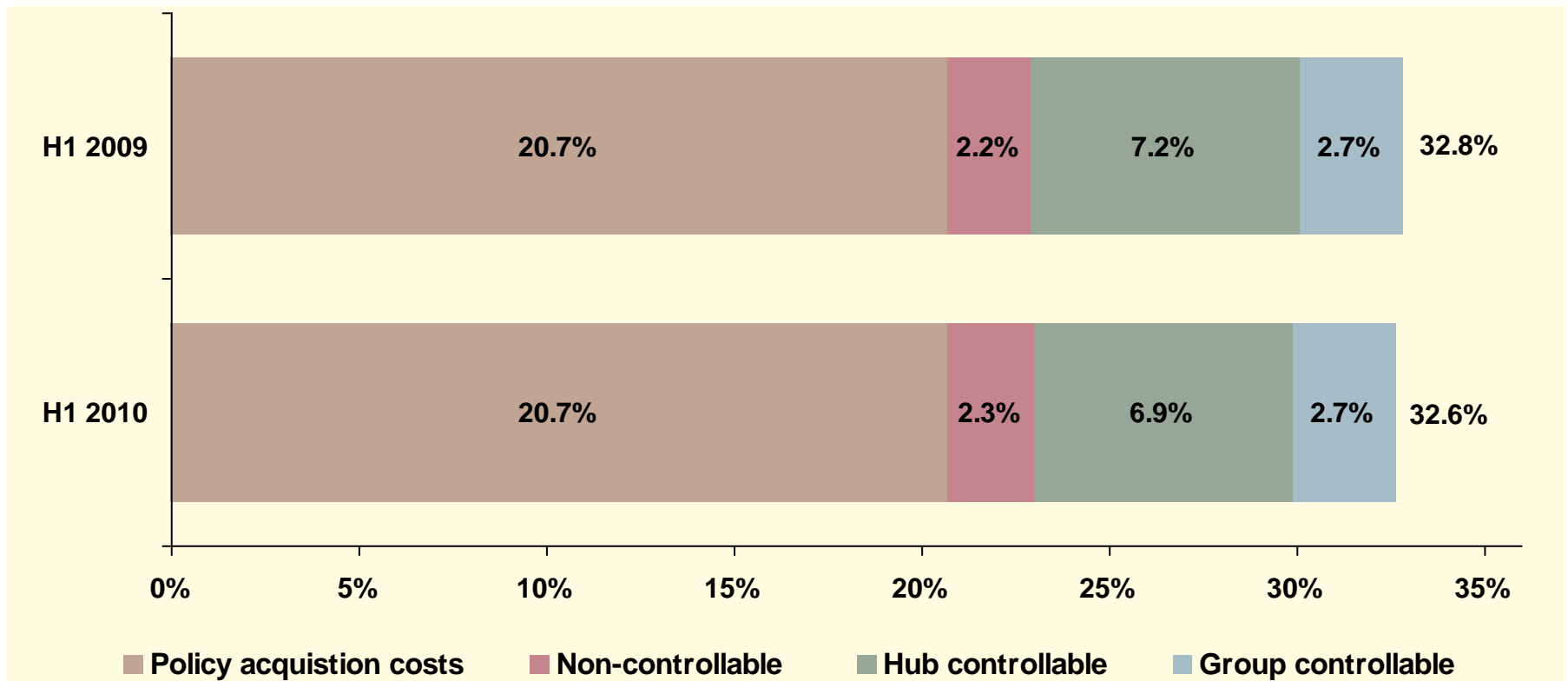
Operating Ratios

	H1 2010 constant currency	H1 2010 actual	H1 2009
Year on year GPW growth	10.5%	11.0%	6.8%
Year on year NPW growth	6.3%	6.8%	21.3%
Year on year NPE growth	20.7%	21.1%	2.7%
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Loss ratio ¹		64.9%	60.3%
Expense ratio ¹		32.6%	32.8%
Combined ratio ¹		97.5%	93.1%
Total investment return for period		1.8%	2.9%
Effective tax rate		8.0%	9.2%
Annualised return on net tangible assets ²		5.6%	28.2%
Annualised return on equity ²		4.3%	20.1%

1 Loss, expense and combined ratios are calculated with reference to net premiums earned; expense ratio excludes profit-related bonuses, employee share option schemes, certain Group corporate costs, investment costs and financing costs.

2 H1 2010 annualised RONTA and ROE excluding unrealised foreign exchange losses amounted to 9.2% and 7.1%, respectively. RONTA and ROE exclude preferred shares

Expense Ratio Analysis

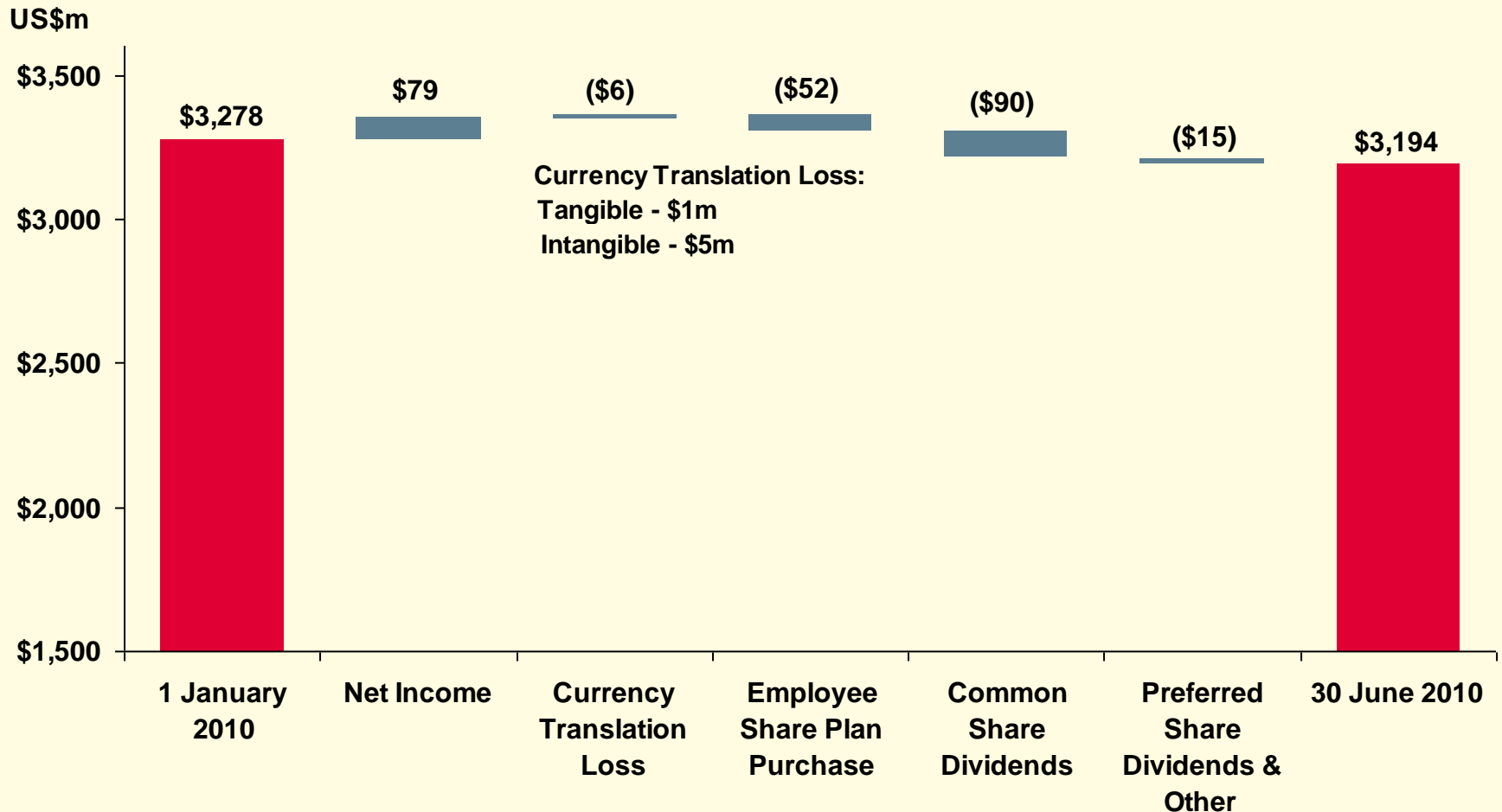


Note: Expense ratio excludes profit-related bonuses, employee share schemes, certain Group corporate expenses, investment expenses and financing costs.

H1 2010 Balance Sheet

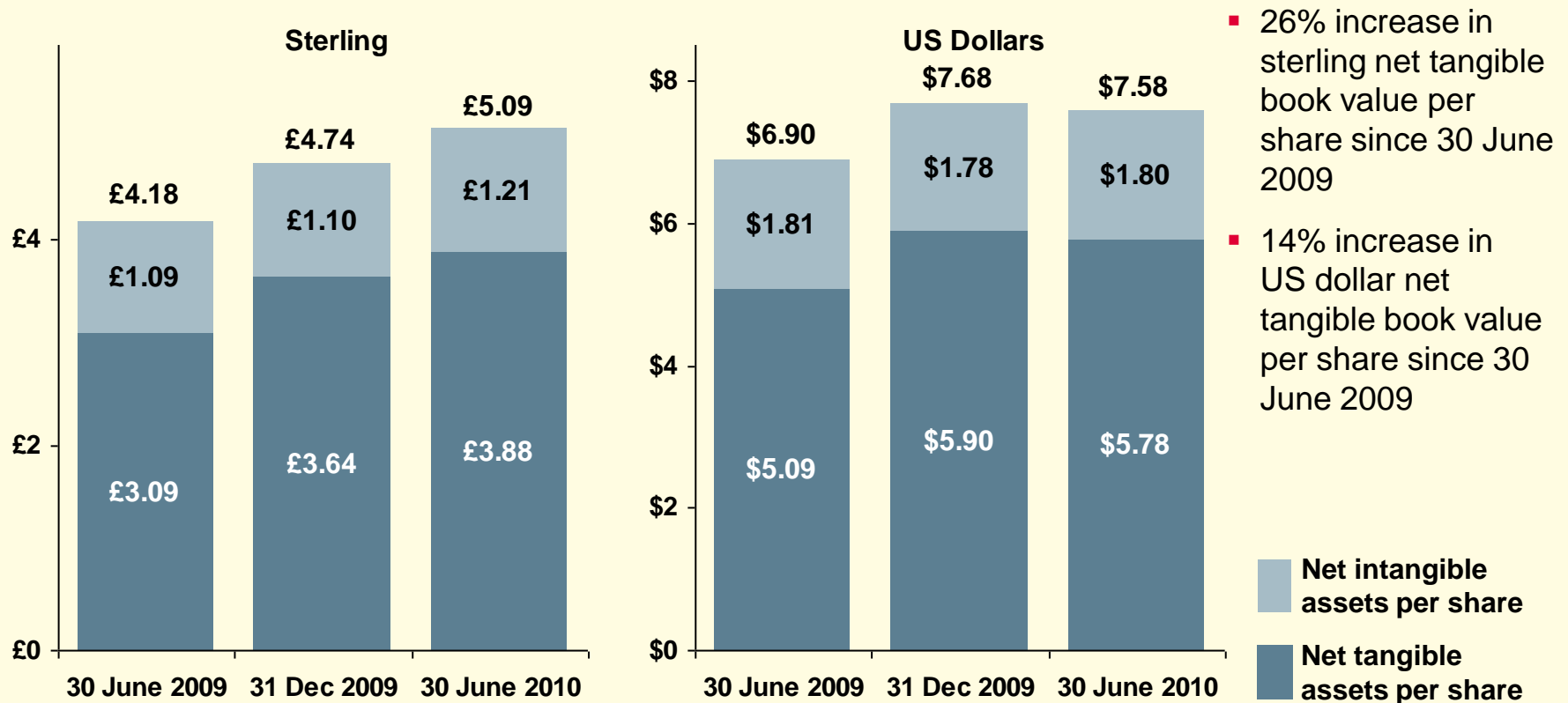
US\$m	30 June 2010	30 June 2009	31 Dec 2009
Investments and cash	7,536	7,053	7,693
Premiums receivable	1,525	1,438	1,133
Reinsurance recoverable	1,175	1,529	1,441
Deferred acquisition costs	421	364	292
Intangible assets and goodwill (net of deferred tax)	619	634	622
Other assets	691	869	405
Unpaid losses and loss adjustment expenses	(5,396)	(5,462)	(5,392)
Unearned premiums	(2,251)	(2,154)	(1,724)
Subordinated debt	(92)	(97)	(97)
Other liabilities	(1,034)	(1,168)	(1,095)
Total stockholders' equity	3,194	3,006	3,278

Change in Stockholders' Equity



Shareholder Value

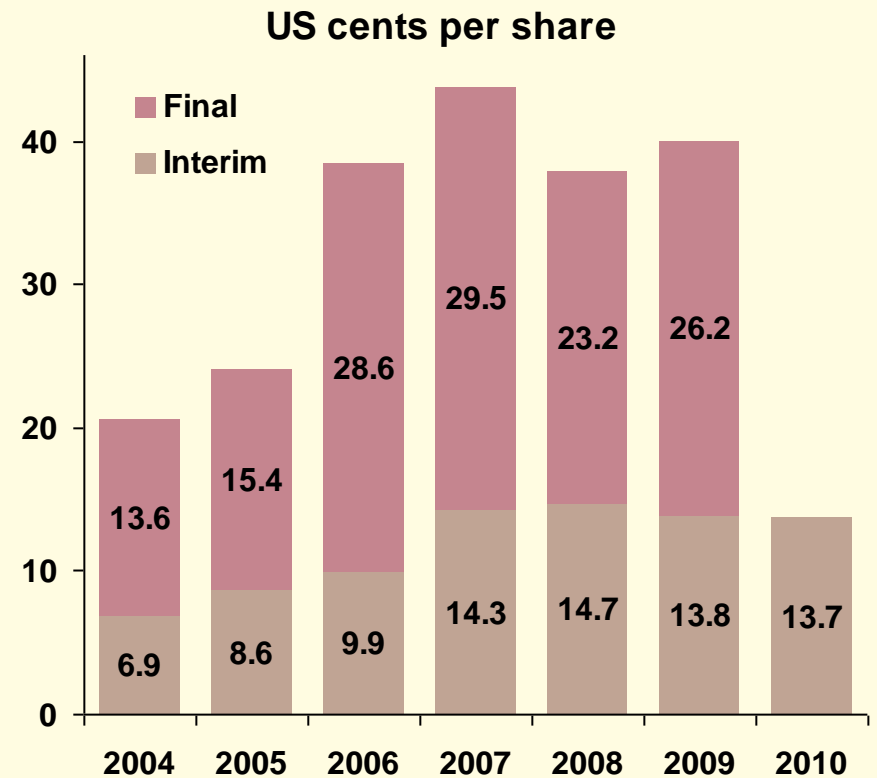
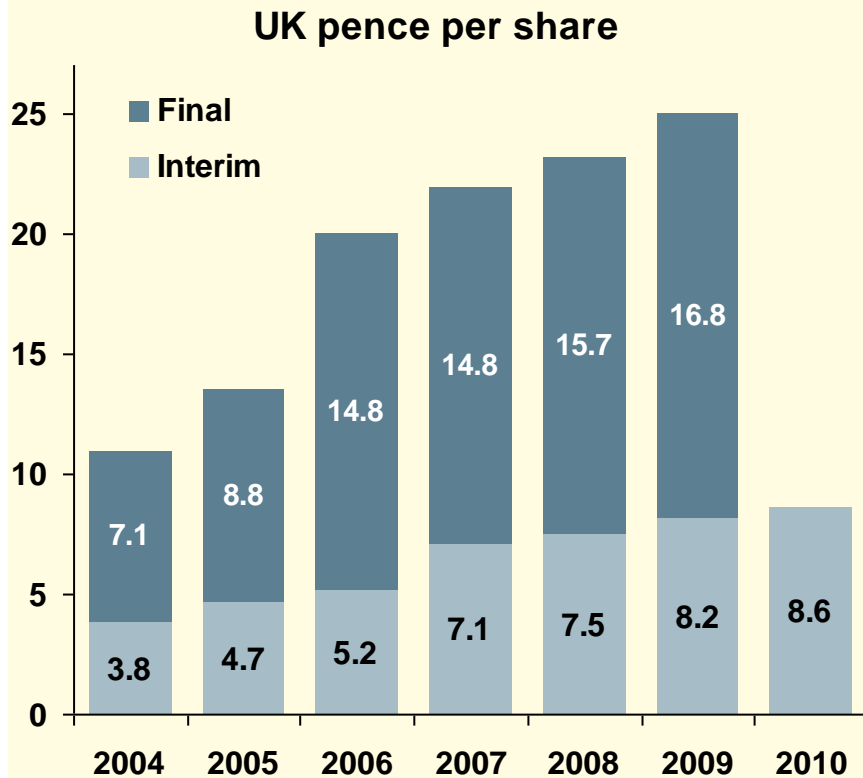
Book Value per Share¹



¹ Excludes preferred shares. Number of common shares: 343 million on 30 June 2010; 350 million on 31 December and 30 June 2009; treasury shares excluded from calculations

Steadily Growing Dividends

- Sterling-denominated H1 dividends have increased 125% since IPO



Note 2008 and prior year amounts restated for impact of Rights Issue

Consistent Reserving Philosophy

US\$m	H1 2010	H1 2009	FY 2009	FY 2008	FY 2007	FY 2006 ¹
Net loss reserves	4,404	4,159	4,220	3,536 ²	3,377	3,008
Prior period release	29	39	94	118	139	17
Release as % of opening reserves	1%	1%	2%	3%	4%	1%
Stockholders' equity	3,194	3,006	3,278	2,469	3,017	2,018
Net loss reserves as % of equity	138%	138%	129%	143%	112%	149%
Net loss reserves as % of total assets	36%	35%	36%	37%	35%	34%

- The Group sets reserves conservatively; small releases have been made in all years since the IPO

1 Catlin and Wellington combined

2 Net loss reserves at 1 January 2009 increased by an additional \$431 million following reinsurance to close from Syndicate 2020.

Results Overview

US\$m	H1 2010	H1 2009
Gross premiums written	2,461	2,217
Net premiums earned	1,572	1,298
Net underwriting contribution	227	246
Investment return	140	198
Profit before tax	86	240
Net income to common stockholders	57	196
Combined ratio	97%	93%
Annualised return on equity	4%	20%
Annualised return on net tangible assets	6%	28%
	30 June 2010	30 June 2009
Unearned premiums (US\$m)	2,251	2,154
Stockholders' equity (US\$m)	3,194	3,006
Book value per share (US\$)	\$7.58	\$6.90
Book value per share (£)	£5.09	£4.18
Net tangible assets per share (US\$)	\$5.78	\$5.09
Net tangible assets per share (£)	£3.88	£3.09

Comments

- Underlying business performing well
- Steady growth in a challenging marketplace
- Improved attritional loss ratio
- Strong underwriting contribution despite Chilean earthquake losses
- Investment return of 1.8%
- Controlled growth in expenses
- Reported profits impacted by foreign exchange charges
- 5% increase in interim sterling dividend payment

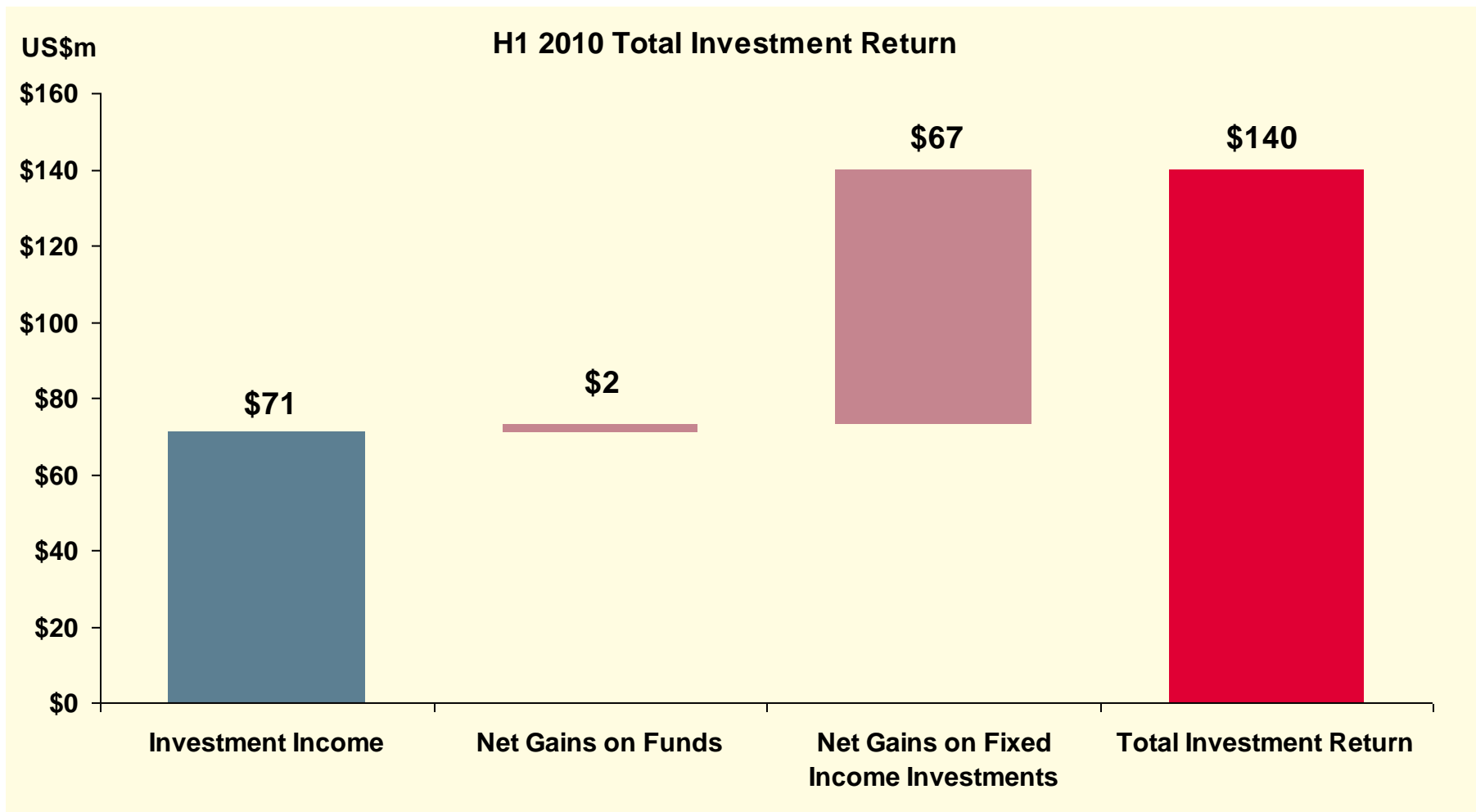
Investments

H1 2010 Investment Overview

- Investment return of 1.8% (H1 2009: 2.9%)
- Cash and investments at \$7.5 billion at 30 June 2010 (H1 2009: \$7.1 billion)
- Favourable performance from fixed income portfolio
- Investment team strengthened with new CIO, recruitment of head of investment operations and select other additions

30 June 2010	Average allocation \$m	Average allocation %	Return \$m	Return %
Fixed income	3,943	52.0%	128.3	3.3%
Cash & short-term investments	3,320	43.8%	9.8	0.3%
Global bond/hedge funds - run-off	261	3.5%	(3.0)	(1.1%)
Hedge funds - strategic	54	0.7%	4.9	9.2%
Total	7,578	100.0%	140.0	1.8%

Analysis of Investment Return



Defensively Positioned Portfolio

- Highly liquid portfolio

 - Cash, cash equivalents and short-term investments unchanged at 43%

 - Liquid assets¹ amounted to 65% of portfolio (31 December 2009: 62%)

 - Fixed income portfolio duration at 2.2 years, total investment portfolio at 1.2 years

 - 1.7% running yield on fixed income portfolio

- Defensive positioning maintained and selectively continued to reduce risk

 - Reduced exposure given rally in certain sectors, including non-agency MBS

 - Hedge fund redemptions on track with remaining NAV below \$120 million as of 30 June

 - No remaining direct sovereign exposure to PIIGS

¹ Liquid assets defined as cash, government securities and fixed income securities with less than six months to maturity

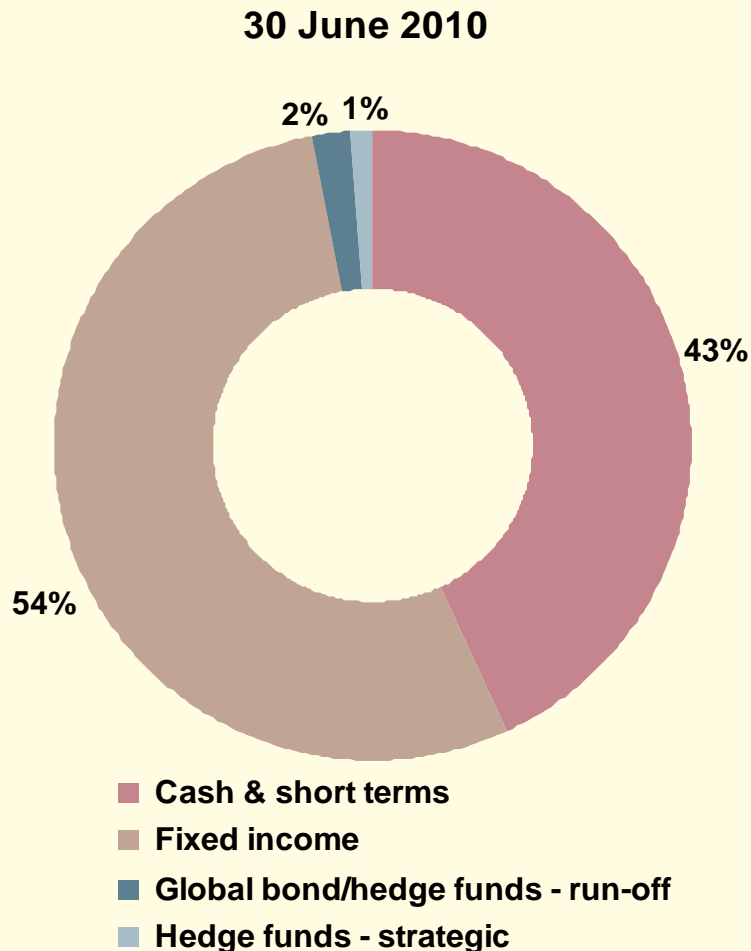
High-Quality Fixed Income Portfolio

- 98% of fixed income portfolio rated 'A' or higher (H1 2009: 96%)

30 June 2010	Govt/Agency	AAA	AA	A	BBB/ Lower	Assets US\$m
US government/agencies	19%	--	--	--	--	776
Non-US government/agencies	20%	--	--	--	--	808
Agency-backed mortgage securities	15%	--	--	--	--	590
FDIC-backed corporate bonds	9%	--	--	--	--	370
Asset-backed securities	--	6%	*	*	*	264
Non-agency mortgage-backed securities	--	*	--	--	1%	48
Commercial mortgage-backed securities	--	3%	*	*	*	175
Corporate bonds	--	1%	10%	15%	1%	1,022
Total	63%	10%	10%	15%	2%	4,053

* Less than 0.5%

Asset Allocation



- Cash and short-term holdings remained at 43%, unchanged from 31 December 2009
- Increase in fixed income assets to 54% at 30 June 2010 (31 December 2009: 50%) reflects selective additions to agency MBS and high-quality corporate bond portfolios
- Global bond/hedge funds now account for only 3% of total portfolio; hedge funds in run-off amounted to \$164 million at 30 June

Investment Outlook

- Uncertain investment outlook for H2 2010
- Portfolio positioned for uncertain economic scenarios
 - Opportunity to deploy liquidity to produce additional yield if rates rise
 - Limited downside credit exposure in portfolio; allows addition of risk opportunistically
 - Option implemented at low cost to extend asset duration by one year, providing gains from lower yields in the event of a double-dip scenario

Longer-Term Investment Strategy

- Revised investment strategy to target improved risk/reward profile

Core portfolio to minimise risk

Risk limitation framework based on capital, solvency and earnings targets

Tactical investments outside core portfolio to earn liquidity and risk premiums

Main focus on fixed income sectors or areas where Catlin can leverage in-house expertise with select group of strategic investment partners

Future use of overlays to efficiently manage portfolio

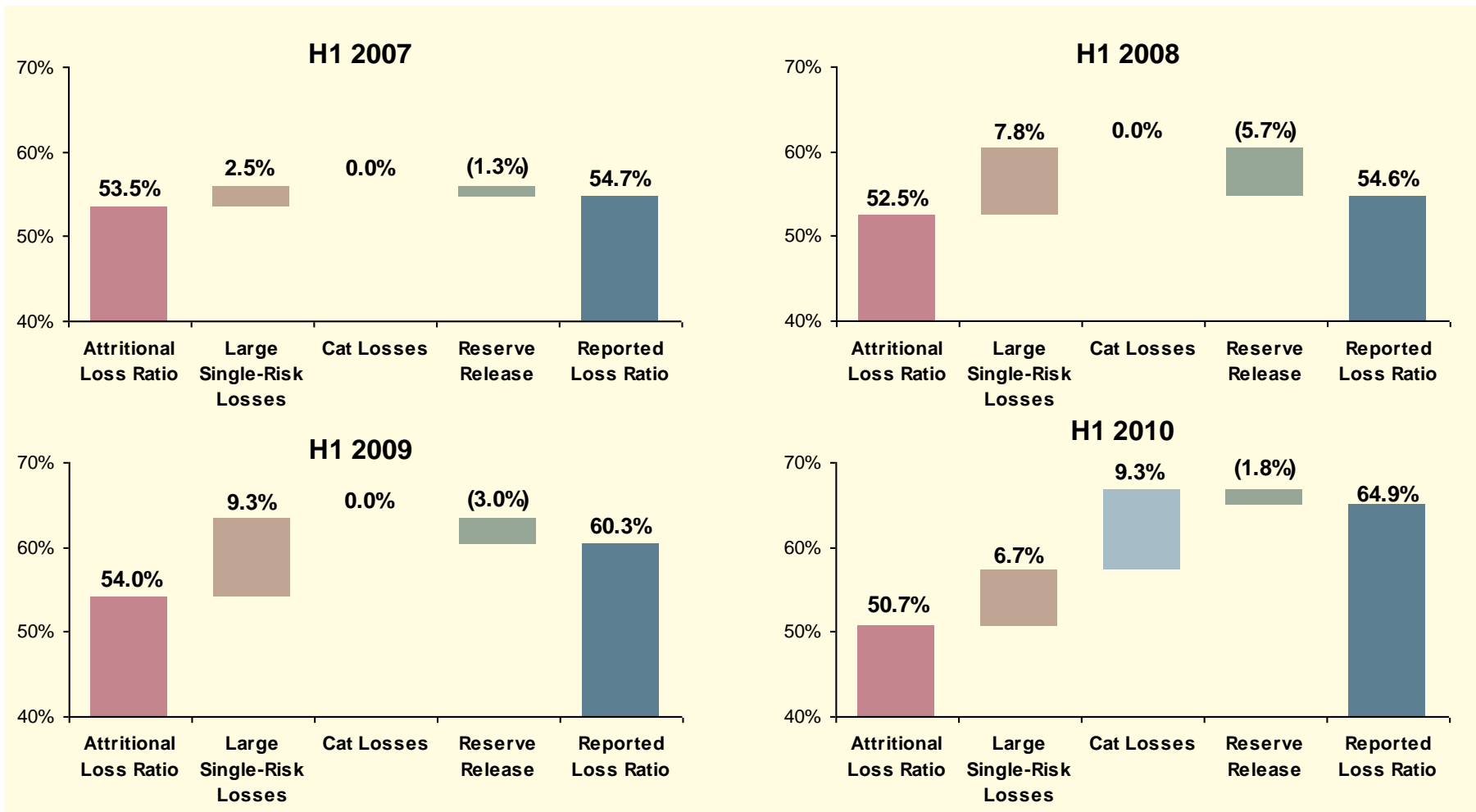
Underwriting

Paul Brand
Chief Underwriting Officer

H1 2010 Underwriting Overview

- Strong underwriting contribution: \$227 million (H1 2009: \$246 million)
Underwriting contribution excluding Chilean earthquake: +47% to \$362 million
- Combined ratio: 97% (H1 2009: 93%)
9% arises from Chilean earthquake losses
- Continued growth in underwriting contribution by non-London hubs:
+42% to \$143 million (H1 2009: \$101 million)
Non-London hubs' underwriting contribution excluding Chilean earthquake:
+104% to \$206 million
- 21% increase in net premiums earned to \$1.6 billion
- 11% increase in gross premiums written to \$2.5 billion
34% increase in GPW originating from outside of the UK

Historic Loss Ratio Breakdown

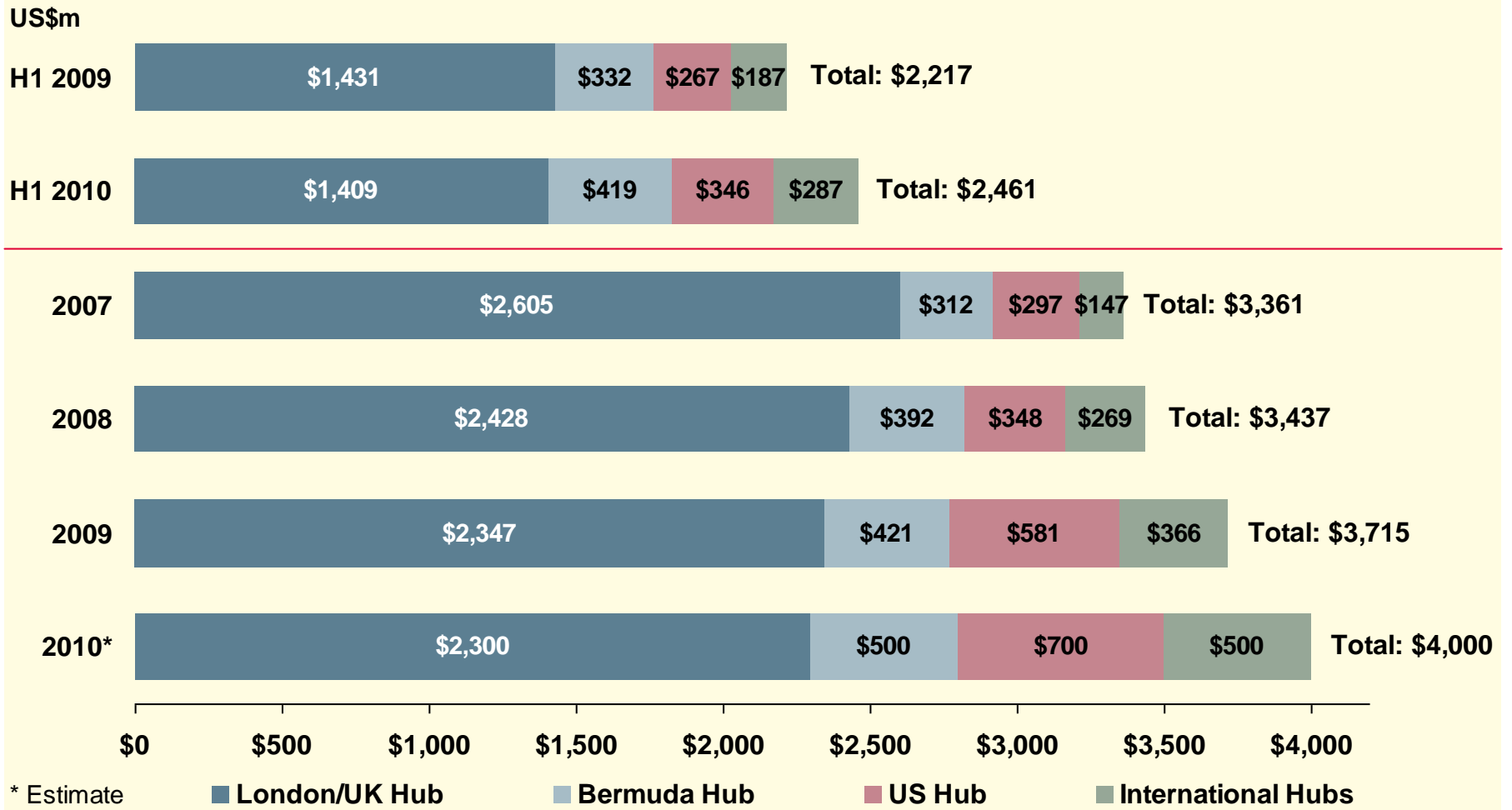


H1 2010 Loss Ratio Breakdown

- Lowest attritional loss ratio for four years
50.7% (H1 2009: 54.0%)
Earned loss ratio is benefitting from higher pricing levels during 2009
- Catastrophe loss ratio impacted by worst ever H1 for insured natural catastrophe losses*
9.3% (H1 2009: nil%)
- Reduction in large single-risk loss ratio
6.7% (H1 2009: 9.3%)
2010 large single-risk losses include Deepwater Horizon
- Estimate of Chilean earthquake, Deepwater Horizon net losses stable at c.\$180 million

* Source: Munich Re

Gross Premiums Written By Hub



Underwriting Results

By Underwriting Hub

US\$m	London	Bermuda	US	International ¹	Group
H1 2010					
Gross premiums written	1,409	419	346	287	2,461
Net premiums written	1,022	356	270	245	1,893
Net premiums earned	906	216	272	178	1,572
Underwriting contribution	84	54	40	49	227
Loss ratio	69%	55%	68%	53%	65%
Attritional loss ratio	50%	35%	61%	55%	51%
H1 2009					
Gross premiums written	1,431	332	267	187	2,217
Net premiums written	1,075	289	222	187	1,773
Net premiums earned	824	162	182	130	1,298
Underwriting contribution	145	43	68	(10)	246
Loss ratio	60%	52%	46%	93%	60%
Attritional loss ratio	54%	45%	53%	66%	54%

¹ International hub includes Asia-Pacific, Europe and Canada

Hub Performance

- Bermuda – Results ahead of prior year

 - Strong organic growth

 - Increased underwriting contribution despite impact of Chile

 - Attritional loss ratio reflects reduced loss activity

- International – Improving underwriting contribution

 - 53% increase in GPW reflects historic investment and increased traction from new teams

 - Oslo office opened specialising in Energy business

 - Melbourne office established to expand Australian distribution

 - Tangible contribution from presence in Japan, India and China

Hub Performance

- US – Continued development of niche/specialty lines

All teams and products continue to gain traction

- ◆ Environmental product launched
- ◆ New Energy team established

Increased volume and contribution from W. Brown General Aviation business

H1 attritional loss ratio impacted by Haiti earthquake and planned change in mix of business

- London – Competitive wholesale market

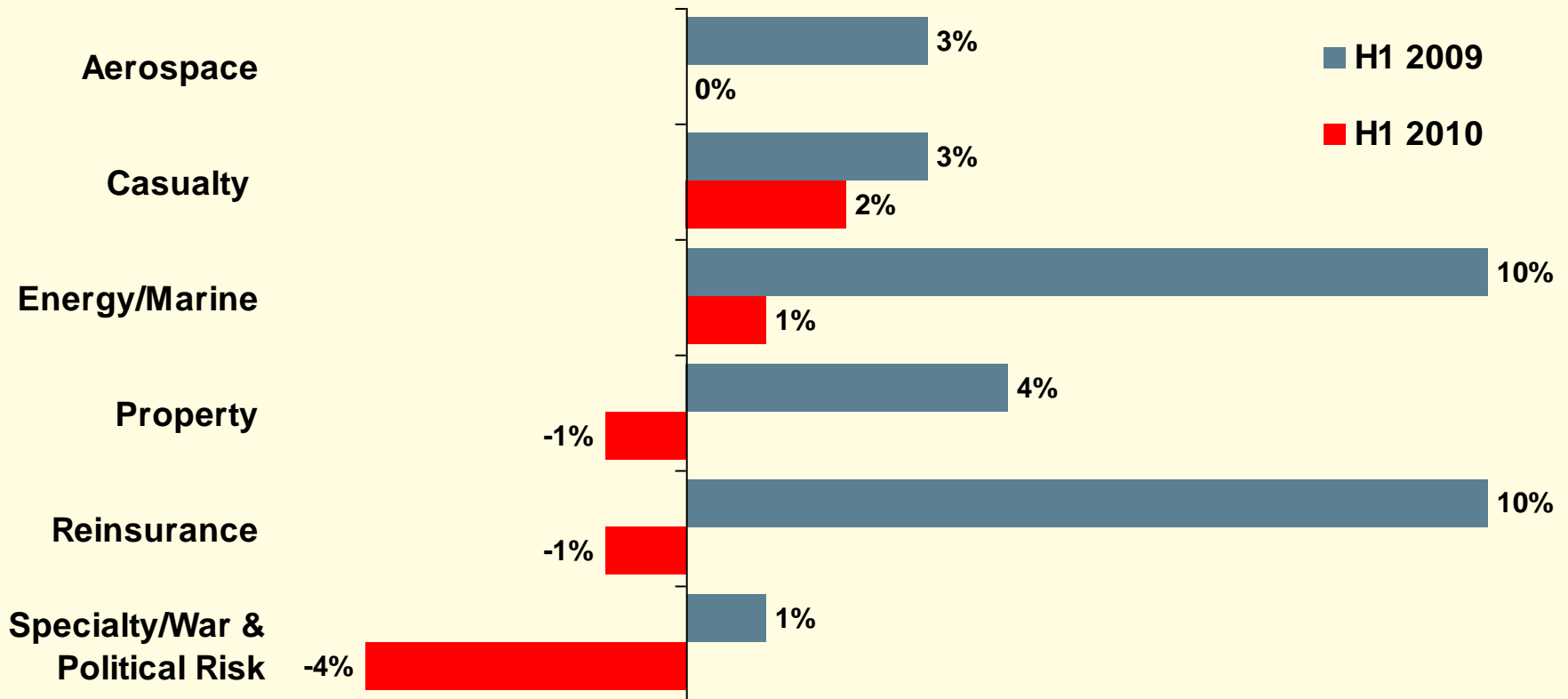
Concentrating on bottom line result

- ◆ Underlying volume reductions in Long Tail Casualty & Aviation

Property and Property Treaty ahead of prior year due to frontloading of catastrophe aggregate

H1 2010 Pricing By Product Group

- Average weighted premium rates were flat in H1 2010
 Catastrophe lines: -1%, Non-catastrophe lines: +0%



Underwriting Results

By Product Group¹

US\$m	Gross premiums written	Net premiums written	Net premiums earned	Underwriting contribution	Loss ratio
H1 2010					
Aerospace	191	134	203	30	64%
Casualty	435	345	339	13	81%
Energy/Marine	378	264	219	21	65%
Property	254	177	177	51	42%
Reinsurance	958	773	504	87	66%
Specialty/War & Political Risk	244	234	167	75	34%
H1 2009					
Aerospace	195	145	144	25	62%
Casualty	410	344	303	(8)	84%
Energy/Marine	368	268	203	38	57%
Property	193	120	120	34	38%
Reinsurance	837	718	434	138	48%
Specialty/War & Political Risk	210	194	172	27	65%

¹ Product group data excludes effects of Names' quota-share reinsurance of Syndicate 2003 and Syndicate 2020 movements

Product Group Performance

- **Aerospace:** Continued discipline

 - Challenging market place but good underwriting contribution

 - Reduction in H1 GPW

- **Casualty:** Reduction in Long-Tail business

 - Improved underwriting contribution

 - Concerns remain over Long-Tail pricing

 - ◆ Subsequent 10% reduction in NPE

 - ◆ Underlying reduction in GPW disguised by accounting treatment of multi-year contracts in 2010

 - Continued growth in Short-Tail lines

 - ◆ Focus on specialty financial and niche professional lines

Product Group Performance

■ Energy & Marine: Impacted by Deepwater Horizon

Pre-loss: Further erosion of Energy margins

- ◆ Offshore Energy volumes were reducing

Post-loss: Increased rate adequacy and new opportunities

- ◆ Weighted rate increases at 1/7; offshore renewal rate increases of c+15%
- ◆ H1 Energy volumes subsequently flat

Long-term impact of Deepwater Horizon:

- ◆ Significant regulatory changes are likely
- ◆ Likely increases in limits and coverage purchased
- ◆ A challenge for market capacity? But also an opportunity

Catlin is a lead Energy market

- ◆ Well-positioned to take advantage of pricing and terms and conditions

Product Group Performance

- **Property:** Flexibility to respond to pricing

 - Front-loading of GPW in H1, taking advantage of better pricing levels than those anticipated for H2

 - Significant contribution despite Chile

- **Reinsurance:** Good performance despite H1 Chile losses

 - H1 growth in GPW reflects front-loading of catastrophe aggregate

- **Specialty/War & Political Risk:** Converted opportunities

 - Volumes and loss ratio reflect improved pricing and conditions during 2009

Underwriting Outlook

- Increasing underwriting contribution from non-London hubs
 - Infrastructure is scalable for when market improves
- Challenging market conditions for most business classes
 - Lower overall rate reduction as a result of selective underwriting
 - Portfolio flexibility enhances returns
 - Underwriting appetite driven by margin and contribution, not volume
- Energy rates expected to increase further
 - Catlin well-positioned to take advantage of upturn
- Catlin Re Switzerland expected to begin underwriting for 1 January renewals
 - Focus on specialty business for which conditions are favourable
 - Initially will write Trade Credit, Political Risk and Surety Reinsurance

Conclusion

Stephen Catlin
Chief Executive

Catlin's Strong Position

- H1 2010: Strategic progress

Strong, profitable growth from non-London hubs

- ◆ Increased traction from existing underwriting teams
- ◆ Growth in business classes underwritten

Positive contributions produced across Group despite Chilean earthquake

Reduction in attritional loss ratio

Further diversification of underwriting portfolio

Further growth opportunities through Catlin Re Switzerland

- Well-positioned to prosper in a challenging marketplace

Infrastructure in place to accelerate growth as market conditions change

Investment portfolio positioned to perform in variety of economic scenarios

Revised investment strategy to improve rewards whilst effectively managing risk

Consistent Catlin Strategy

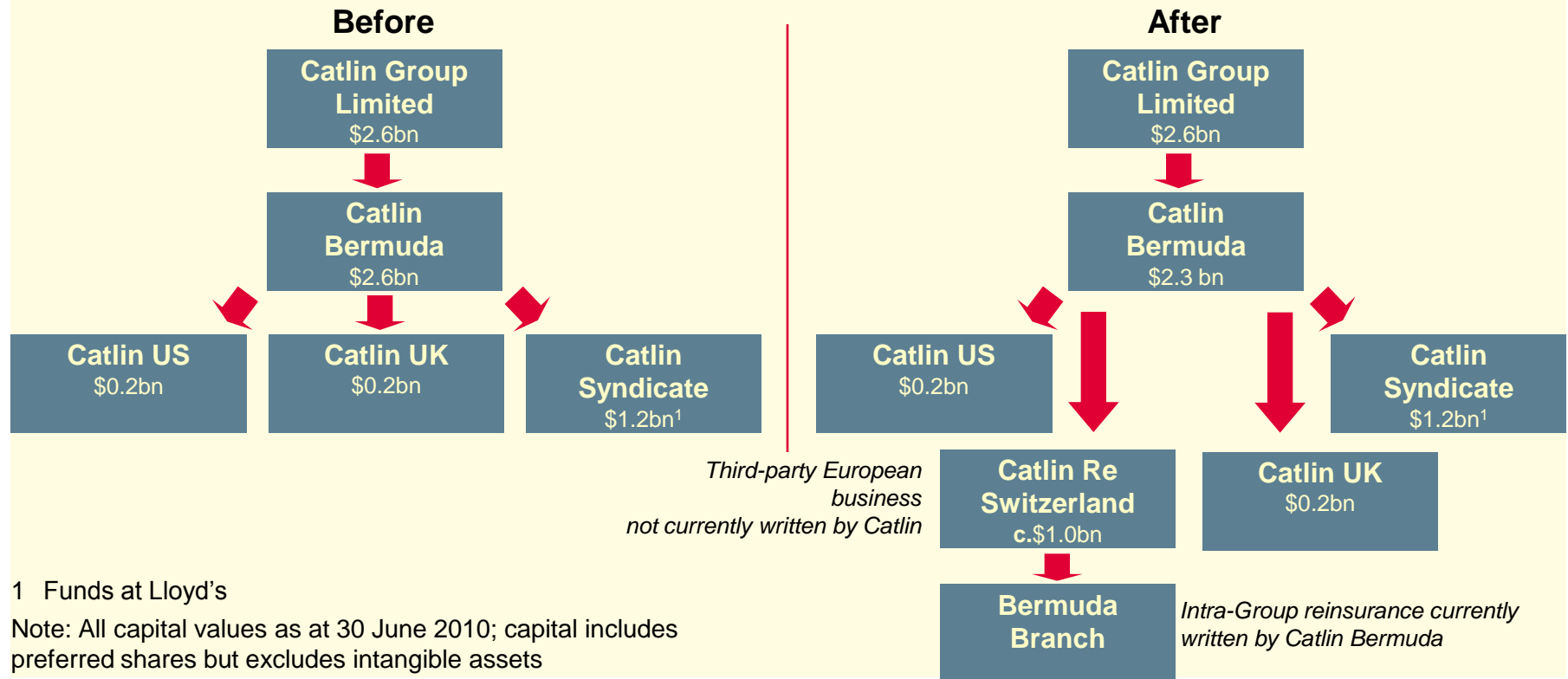
- Building a business for the future
- Disciplined underwriting
- Multiple underwriting hubs
- Benefit from investment in geographic expansion
- Building uncorrelated risk
- Focus on capital preservation
- Excellent position to take advantage of market opportunities
- Catlin looks ahead with confidence

CATLIN

Appendix

Flexible Group Capital Structure

- Capital for Catlin Re Switzerland already held by Catlin Bermuda
Majority of this capital already used to support Intra-Group reinsurance; this capital will be allocated to Bermuda branch

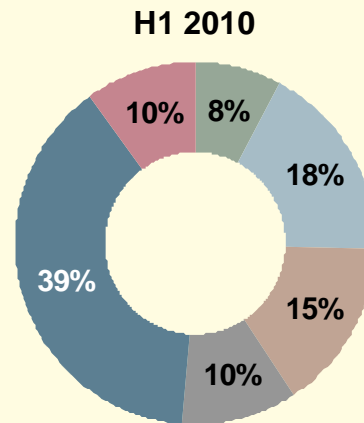
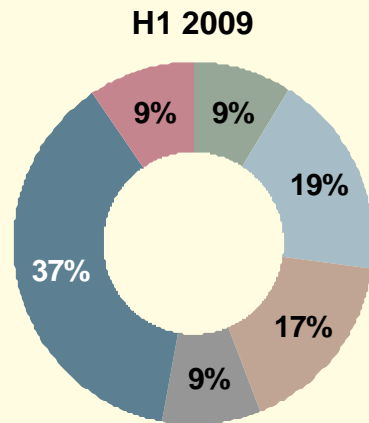


¹ Funds at Lloyd's

Note: All capital values as at 30 June 2010; capital includes preferred shares but excludes intangible assets

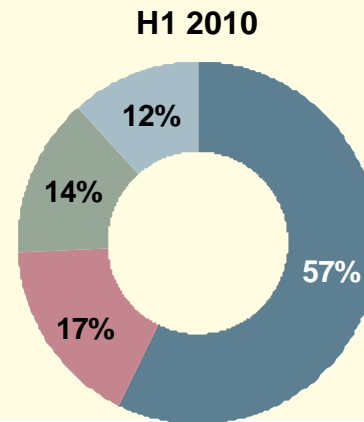
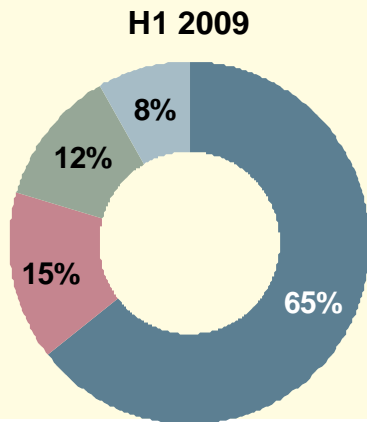
Mix of Business

By Product Group (GPW)



- Aerospace
- Casualty
- Energy/Marine
- Property
- Reinsurance
- Specialty/War & Political Risk

By Underwriting Hub (GPW)



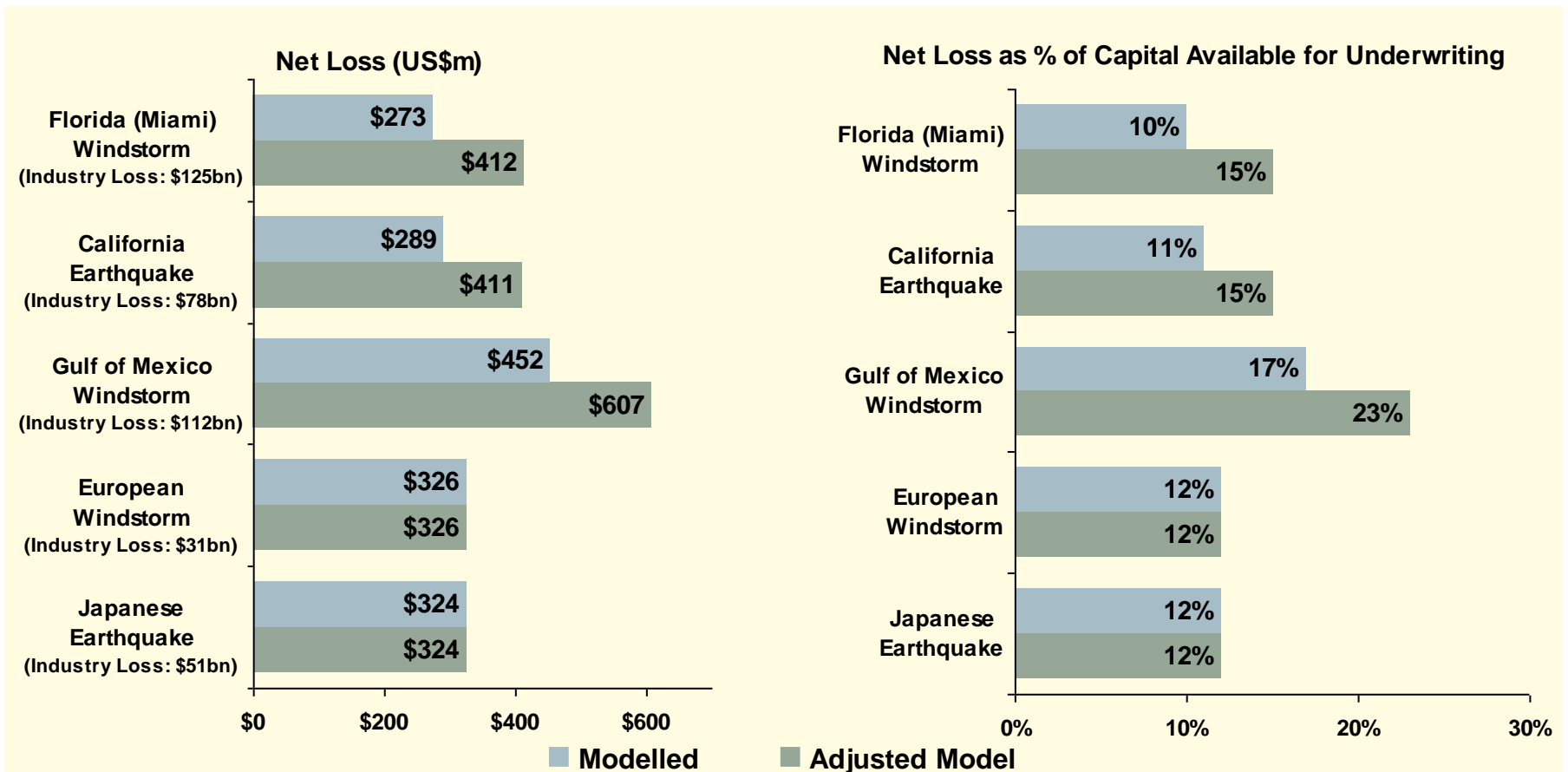
- London
- Bermuda
- US
- International

Currency Split of Net Assets

US\$m	Amount	US\$	Sterling	Other	Total
Net tangible assets ¹	1,985	88%	--	12%	100%
Intangible assets	619	89%	11%	--	100%
Net assets ¹	2,604	88%	3%	9%	100%

¹ Excludes preferred shares

Catastrophe Threat Scenarios



Outcomes derived as at 1 April 2010; capital available for underwriting amounted to US\$2.7 billion at 31 December 2009, defined as total stockholders' equity (including preferred shares), less intangible assets net of associated deferred tax