

## **Preliminary Results for Year Ended 31 December 2010**

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HAMILTON, Bermuda – Catlin Group Limited ('CGL': London Stock Exchange), the international specialty property/casualty insurer and reinsurer, announces its financial results for the year ended 31 December 2010.

### **Financial Highlights**

- US\$406 million in profit before tax (2009: US\$603 million)
- 5 per cent increase in net underwriting contribution<sup>1</sup> to US\$683 million (2009: US\$651 million) despite increased catastrophe-related losses
- 16 per cent return on net tangible assets in US dollars (2009: 33 per cent)
- 16 per cent increase in net tangible assets per share in sterling to £4.24 per share (2009: £3.64)
- Non-London hubs produced 46 per cent of net underwriting contribution (2009: 39 per cent)
- 10 per cent increase in net premiums earned to US\$3.2 billion (2009: US\$2.9 billion)
- 52 per cent attritional loss ratio (2009: 54 per cent)
- 90 per cent combined ratio (2009: 89 per cent); 7.2 percentage points relate to catastrophe losses (2009: nil)
- US\$144 million release from prior year loss reserves, equal to 3 per cent of opening reserves (2009: US\$94 million; 2 per cent of opening reserves)
- 2.7 per cent total investment return produced by liquid asset portfolio (2009: 5.9 per cent)
- 6 per cent increase in annual dividend to 26.5 pence (28.8 US cents) per share (2009: 25.0 pence; 40.0 US cents)

### **Operational Highlights**

- All underwriting hubs produced meaningful net underwriting contributions
- Strict underwriting selectivity in the light of increased competition; average weighted premium rates decreased by 1 per cent across Group's underwriting portfolio (2009: 6 per cent increase)
- Global underwriting infrastructure and focus on disciplined underwriting positions Group for profitable growth in competitive market environment

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

| US\$m                                      | 2010    | 2009    |
|--|---------|---------|
| Gross premiums written                     | \$4,069 | \$3,715 |
| Net premiums written                       | \$3,318 | \$3,168 |
| Net premiums earned                        | \$3,219 | \$2,918 |
| Net underwriting contribution <sup>1</sup> | \$683   | \$651   |
| Total investment return                    | \$212   | \$419   |
| Net income before income taxes             | \$406   | \$603   |
| Net income to common stockholders          | \$337   | \$509   |
| Earnings per share (US dollars)            | \$0.98  | \$1.52  |
| Total dividend per share (pence)           | 26.5p   | 25.0p   |
| Total dividend per share (US cents)        | 28.8¢   | 40.0¢   |
| Loss ratio <sup>2</sup>                    | 57.5%   | 57.6%   |
| Expense ratio <sup>2</sup>                 | 32.3%   | 31.5%   |
| Combined ratio <sup>2</sup>                | 89.8%   | 89.1%   |
| Total investment return                    | 2.7%    | 5.9%    |
| Return on net tangible assets <sup>3</sup> | 16.3%   | 33.2%   |
| Return on equity <sup>3</sup>              | 12.5%   | 24.3%   |

|   | 31 Dec 2010 | 31 Dec 2009 | % change |
|---|-------------|-------------|----------|
| Total assets  | \$12,082    | \$11,682    | 3%       |
| Investments and cash                                    | \$8,021     | \$7,693     | 4%       |
| Stockholders' equity                                    | \$3,448     | \$3,278     | 5%       |
| Unearned premiums                                       | \$1,886     | \$1,724     | 9%       |
| Net tangible assets per share (sterling) <sup>4</sup>   | £4.24       | £3.64       | 16%      |
| Net tangible assets per share (US dollars) <sup>4</sup> | \$6.53      | \$5.90      | 11%      |
| Book value per share (sterling) <sup>4</sup>            | £5.41       | £4.74       | 14%      |
| Book value per share (US dollars) <sup>4</sup>          | \$8.34      | \$7.68      | 9%       |

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

<sup>2</sup> The expense ratio and the combined ratio include policy acquisition costs and most administrative expenses. These ratios exclude profit-related bonuses, share option scheme costs and certain other Group corporate costs.

<sup>3</sup> Returns on net tangible assets and equity exclude preferred shares and are calculated by reference to opening balances.

<sup>4</sup> Book value and net tangible book value per share exclude preferred shares and treasury shares.

**Sir Graham Hearne**, Chairman of Catlin Group Limited, said:

“Catlin continued to produce good results for shareholders in 2010, with profit before tax amounting to US\$406 million, equal to a 16.3 per cent return on net tangible assets.

“Shareholder value increased significantly during the year: net tangible assets per share in sterling rose by 16 per cent, whilst book value per share increased by 14 per cent. The total 2010 dividend of 26.5 pence per share is a 6 per cent increase over the prior year, reflecting our confidence in the Group’s prospects. Since its initial public offering in 2004, Catlin has increased its annual dividend by 145 per cent and paid more than £400 million to shareholders.”

**Stephen Catlin**, Chief Executive of Catlin Group Limited, said:

“All of Catlin’s underwriting hubs performed well during 2010, despite increasing market competition and a high incidence of natural catastrophes. The underwriting contribution from our non-London hubs continued to grow, producing 46 per cent of the Group’s total underwriting profits in 2010. These hubs provide a diverse spread of business and are demonstrating their capacity to provide profitable growth to the Group.

“We managed our portfolio carefully during 2010. Premium rates decreased by only 1 per cent in a highly competitive market. Our attritional loss ratio was 51.6 per cent, more than 2 percentage points better than in 2009. Overall, the Group’s loss ratio held steady during 2010 in spite of the significant increase in catastrophe-related losses during the year.

“Over the years, Catlin’s goal has been to build a business for the future. Our focus on underwriting discipline and investment in our non-London underwriting hubs enabled us to produce strong results in 2010 despite the catastrophe losses and the low interest rate environment. Catlin is positioned to prosper in the current competitive environment and to take full advantage when conditions improve.”