CATLIN

FOR IMMEDIATE RELEASE

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CATLIN GROUP LIMITED ANNOUNCES FINANCIAL RESULTS FOR SIX MONTHS ENDED 30 JUNE 2012

HAMILTON, Bermuda – Catlin Group Limited ('CGL': London Stock Exchange), the international specialty property/casualty insurer and reinsurer, announces its financial results for the six months ended 30 June 2012.

Highlights:

- Record US$443 million in net underwriting contribution
  - 86 per cent combined ratio
  - 50 per cent attritional loss ratio
- US$231 million in profit before tax
  - 17.5 per cent annualised return on net tangible assets
  - 13.6 per cent annualised return on equity
- 5 per cent increase in average weighted premium rates (9 per cent increase for catastrophe-exposed classes; 2 per cent increase for non-catastrophe classes)
- 6 per cent increase in interim dividend to 9.5 UK pence per share (14.7 US cents)

Continued on next page

Catlin Announces Financial Results for Six Months Ended 30 June 2012 / … Page 2

US$m	30 June 2012	30 June 2011
Gross premiums written	3,010	2,683
Net premiums written	2,258	2,269
Net premiums earned	1,711	1,763
Net underwriting contribution[1]	443	(91)
Total investment return	87	119
Net income/(loss) before income taxes	231	(201)
Net income/(loss) to common stockholders	184	(220)
Earnings per share (US dollars)	$0.53	($0.64)
Interim dividend per share (pence)	9.5p	9.0p
Interim dividend per share (US cents)	14.7¢	14.7¢
Loss ratio	51.6%	85.0%
Expense ratio[2]	34.7%	31.5%
Combined ratio[2]	86.3%	116.5%
Total investment return (annualised)	2.0%	3.0%
Return on net tangible assets (annualised)[3]	17.5%	(19.6%)
Return on equity (annualised)[3]	13.6%	(15.4%)

	30 June 2012	31 Dec 2011	30 June 2011
Total assets	$14,241	$12,959	$13,288
Investments and cash	$8,465	$8,388	$8,256
Stockholders' equity	$3,397	$3,298	$3,121
Net tangible assets (excluding preferred shares)	$2,197	$2,099	$1,906
Unearned premiums	$2,983	$2,119	$2,549
Net tangible assets per share (sterling)[4]	£4.00	£3.93	£3.44
Net tangible assets per share (US dollars)[4]	$6.28	$6.08	$5.54
Book value per share (sterling)[4]	£5.11	£5.06	£4.57
Book value per share (US dollars)[4]	$8.02	$7.85	$7.35

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

2 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.

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

4 Book value and net tangible assets per share exclude preferred shares and treasury shares.

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

> "Catlin produced excellent financial results for the first six months of 2012, including a record underwriting contribution and strong profits before tax. Our business continues to grow, with the London/UK underwriting hub producing meaningful growth for the first time in five years along with a good performance from the rest of the business.
>
> "The rating environment continues to be favourable, as average weighted premium rates across the portfolio increased by 5 per cent during the first half of 2012. Rates for catastrophe-exposed business classes continue to increase, and we are seeing positive momentum for other classes, including US Casualty business. Catlin's focus on underwriting discipline and flexible capital structure puts us in a solid position to take advantage of opportunities as they arise in the second half of the year and beyond."

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Continued on next page

Notes to editors:

1. Catlin Group Limited, headquartered in Bermuda, is an international specialist property/ casualty insurer and reinsurer that underwrites worldwide through six underwriting hubs. Catlin shares are traded on the London Stock Exchange (ticker symbol: CGL). More information about Catlin can be found at **www.catlin.com**.

2. Detailed information regarding Catlin's operations and financial results for the six months ended 30 June 2012 is attached, including management commentary and unaudited consolidated financial statements.

3. Catlin management will make a presentation to investment analysts at 10am BST today at the Group's London office. The presentation will be broadcast live on the Group's website (www.catlin.com). The webcast will also be available on demand later today.

4. Catlin's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ('US GAAP'). The Group reports in US dollars.

5. Rates of exchange at 30 June 2012 – balance sheet: £1=US$1.57 (31 December 2011: £1=US$1.55; 30 June 2011: £1=US$1.61); income statement (average rate): £1=US$1.58 (31 December 2011: £1=US$1.60; 30 June 2011: £1=US$1.61).

6. Earnings per share are based on weighted average shares outstanding of 348 million during the period ended 30 June 2012. Book value per share is based on 350 million shares outstanding at 30 June 2012. Shares outstanding exclude Treasury Shares held in trust.

7. Catlin has established operating hubs in London, Bermuda, the United States, the Asia-Pacific region, Europe and Canada. Through these hubs, Catlin works closely with policyholders and their brokers. The hubs also provide Catlin with product and geographic diversity. Altogether, Catlin operates more than 55 offices in 21 countries.

8. Catlin's underwriting units are rated 'A' by A.M. Best and Standard & Poor's.

9. Catlin is the title sponsor of the Catlin Seaview Survey, a major scientific expedition later this year that will include the first comprehensive study to document the composition and health of sections of the Great Barrier Reef across an unprecedented range of depths. The scientific data gathered by the Catlin Seaview Survey will strengthen the understanding of how climate change and other environmental changes are likely to affect ocean ecosystems. More information is available at **www.catlinseaviewsurvey.com.**

I am pleased to announce Catlin's results for the six months ended 30 June 2012. We achieved a record net underwriting contribution of US$443 million and profit before tax of US$231 million.

The table below shows Catlin's performance in the first half of 2012 compared with the corresponding periods in the previous five years.

US$m	Attritional loss ratio	Net underwriting contribution	Net income/(loss) before income taxes
2012	50.0%	443	231
2011	50.0%	(91)	(201)
2010	50.7%	227	86
2009	54.0%	246	240
2008	52.5%	310	150
2007	53.5%	277	190

Catlin's strategy is based on disciplined underwriting, so I am pleased that the Group's attritional loss ratio – which excludes the impact of catastrophe losses, large single-risk losses and prior-year reserve movements – held steady at 50.0 per cent.

Dividends and Shareholder Value
The Board of Directors has declared an interim dividend of 9.5 pence per share (14.7 US cents), payable on 21 September 2012 to shareholders of record on 24 August 2012. This represents a 6 per cent increase over the 2011 interim dividend of 9.0 pence per share (14.7 US cents).

Since the Group's initial public offering in 2004, the interim dividend per share has increased by 150 per cent (adjusted for the impact of the 2009 Rights Issue).

Net tangible assets per share increased by 16 per cent over the past 12 months to £4.00. In dollar terms, net tangible assets per share rose by 13 per cent to $6.28. However, Catlin believes that dividends paid constitute an important part of shareholder value; the total of the 28.0 pence (44.9 US cents) in dividends paid by the Group during the past 12 months plus net tangible assets per share increased by 24 per cent in sterling and 21 per cent in US dollars compared with net tangible assets at 30 June 2011.

Financial Review
Gross premiums written
Gross premiums written during the six months ended 30 June 2012 increased by 12 per cent to US$3.0 billion. During the period, the Group changed the accounting method it utilises to recognise premiums relating to quota share reinsurance treaties underwritten by the Group's US underwriting hub. This change resulted in an increase of $91 million in gross premiums written. Gross premiums written during the first half of 2011 have not been restated; the increase in gross premiums written on a like-for-like basis was 9 per cent.

The impact of this accounting change on the movement in gross premiums written during the full year is expected to be insignificant.

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Net premiums earned
Net premiums earned decreased by 3 per cent to US$1.7 billion (30 June 2011: US$1.8 billion). The decrease was attributable to several factors including:

- An increase in the amount of premiums ceded to reinsurers (30 June 2012: US$752 million written, US$435 million earned; 30 June 2011: US$414 million written, US$288 million earned). This amount includes premiums ceded to the three special purpose syndicates which have provided whole-account quota share reinsurance to the Catlin Syndicate at Lloyd's since 1 January 2012.
- Premiums paid with respect to the Adverse Development Cover ('ADC') purchased at 1 January 2012. The ADC protects against the deterioration of loss reserves relating to the 2009 and prior underwriting years, subject to limits. These premiums are also included in reinsurance premiums ceded.
- The low level of reinstatement premiums paid by cedants in the first half of 2012 compared with the US$41 million in reinstatement premiums following the large loss events in the first half of 2011.

The Group expects that net premiums earned will increase by a modest amount at 31 December 2012.

Losses and loss expenses
Losses and loss expenses decreased by 41 per cent to US$882 million. This is primarily due to the absence of any catastrophe-related losses in the first half of 2012 (30 June 2011: US$534 million, net of reinsurance and reinstatement premiums).

Releases from prior year loss reserves amounted to US$30 million, equal to 1 per cent of opening reserves. The release is in line with releases from prior year reserves during the first six months of previous years, as shown in the table below.

US$m	Reserve release in first half	Reserve release in second half	Total reserve release for year
2011	0	103	103
2010	29	115	144
2009	39	55	94
2008	72	46	118
2007	15	124	139
2006	4	13	17
2005	3	91	94
2004	16	22	38

The loss ratio for the period amounted to 51.6 per cent.

Net investment return
Total investment return, excluding investment expenses, was 2.0 per cent on an annualised basis and amounted to US$87 million. After deducting investment expenses, net investment return amounted to US$83 million.

Commentary regarding investment performance can be found in the Investment Review.

Net (losses)/gain on foreign currency
The Group sustained net losses on foreign currency amounting to US$7 million. The largest component of this loss was the translation of Australian dollar deposits and other balances relating to the Catlin Syndicate.

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Policy acquisition costs, administrative and corporate expenses
The expense ratio increased to 34.7 per cent. An analysis of the major components of the expense ratio is shown in the table below.

	30 June 2012	30 June 2011
Policy acquisition costs	22.5%	20.2%
Administrative expenses - non-controllable	1.2%	1.2%
Administrative expenses – controllable	11.0%	10.1%
	34.7%	31.5%

Approximately half of the increase in the policy acquisition cost ratio is related to the decrease in net premiums earned, as described previously, as net premiums earned is the denominator used in the calculation of the ratio. The remainder of the increase is due to a change in the mix of business written by the Group during the period.

Likewise, a significant proportion of the increase in the administrative expense ratio also relates to the decrease in net premiums earned. Overall, administrative expenses rose in line with the growth of the Group. When expressed as a percentage of gross premiums written, the administrative expense ratio decreased to 7.2 per cent (30 June 2011: 7.4 per cent), after adjusting for the accounting change relating to US quota share premiums.

Non-controllable expenses include Lloyd's charges and similar costs. Corporate expenses – which include profit-related bonuses, employee share schemes and certain Group corporate costs – are not included in the expense ratio. Corporate expenses increased to US$76 million (30 June 2011: US$36 million); the increase is due to greater provisions for profit-related bonuses and employee share schemes, in line with the Group's increased profitability during the period.

Income tax expense
The US$25 million in income tax expense relating to the period does not recognise the reduction in the UK corporation tax rate to 23 per cent, which received Royal Assent on 17 July 2012. Reductions in corporate tax rates are not recognised under US generally accepted accounting principles until the enabling legislation is enacted. The impact of this change is expected to reduce the Group's UK tax liability for 2012 by approximately US$20 million.

Net income/(loss) to common stockholders
The Group produced net income before income taxes amounting to US$231 million. Net income to common stockholders was US$184 million. The table below analyses the major components of net income/(loss) to common stockholders.

US$m	30 June 2012	30 June 2011
Net underwriting contribution	443	(91)
Total investment return	87	119
Administrative expenses – controllable	(188)	(178)
Administrative expenses - non-controllable	(21)	(21)
Corporate expenses	(76)	(36)
Financing and other	(7)	(9)
Foreign exchange	(7)	15
Profit/(loss) before tax	231	(201)
Income tax (expense)/benefit	(25)	3
Net income/(loss)	206	(198)
Preferred share dividend	(22)	(22)
Net income/(loss) to common stockholders	184	(220)

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The Group produced an annualised return on net tangible assets of 17.5 per cent. The annualised return on equity amounted to 13.6 per cent.

Stockholders' equity
Stockholders' equity increased by 3 per cent during the period to US$3.4 billion (31 December 2011: US$3.3 billion). The increase in stockholders' equity during the past 12 months was 9 per cent (30 June 2011: US$3.1 billion). Movements in stockholders' equity during the first half of 2012 are analysed in the table below:

US$m	
Stockholders' equity – 1 January 2012	3,298
Net income	206
Common share dividends	(105)
Preferred share dividends	(22)
Other	20
Stockholders' equity – 30 June 2012	3,397

Capital
At 30 June 2012, the Group maintained risk-bearing capital from three sources:

- Net tangible assets - $2.2 billion
- Preferred shares to perpetuity - $590 million
- Special purpose syndicates - $154 million

Further capital benefits arise from the ADC.

Risk-bearing capital does not include subordinated debt and unused banking facilities, nor does it include outwards reinsurance, including the Catastrophe Aggregate programme.

The special purpose syndicates were established at Lloyd's with effect from 1 January 2012 by three third-party capital providers: – China Reinsurance (Group) Corporation, Everest Reinsurance Company and Lloyd's Names. These syndicates provide whole-account quota share reinsurance to Catlin Syndicate 2003 at Lloyd's.

The Group has access to additional third-party capital if required.

Underwriting Review
Rating environment
Average weighted premium rates across the Group's portfolio of business increased by 5 per cent during the six months ending 30 June 2012 (30 June 2011: 1 per cent). Average weighted premium rates for catastrophe-exposed classes increased by 9 per cent during the period (30 June 2011: 3 per cent), whilst average rates for non-catastrophe classes increased by 2 per cent (30 June 2011: nil per cent).

The following table shows the movements in the Group's rate index for the overall portfolio as well as for catastrophe-exposed and non-catastrophe business classes from 1999 through 30 June 2012.

	H1 2012	2011	2010	2009	2008	2007	2006
Catastrophe classes	286%	261%	250%	253%	230%	251%	256%
Non-catastrophe classes	193%	189%	189%	193%	187%	190%	200%
All business classes	222%	211%	208%	211%	200%	209%	217%
	2005	2004	2003	2002	2001	2000	1999
Catastrophe classes	205%	207%	213%	193%	135%	107%	100%
Non-catastrophe classes	205%	208%	200%	175%	135%	103%	100%
All business classes	204%	206%	204%	181%	135%	105%	100%

Note: Index = 100% at 31 December 1999; index values are at 31 December except for 2012

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The table below shows changes in average weighted premium rates for each of the Group's six product groups during the first six months of 2012 and 2011.

	30 June 2012	30 June 2011
Aerospace	(4%)	(3%)
Casualty	6%	0%
Energy/Marine	3%	2%
Property	6%	1%
Reinsurance	8%	2%
Specialty/War & Political Risk	(2%)	(1%)

Premium volume

The table below shows the development of the gross premiums written by reporting segment during the first six months of 2012 and prior periods, along with an estimate of gross premiums written for the full year 2012.

US$m	London/UK	Bermuda	US	International	Group total
H1 2012	1,469	428	536	577	3,010
H1 2011	1,355	451	406	471	2,683
FY 2012[1]	2,425	575	975	950	4,925
FY 2011	2,342	549	852	770	4,513
FY 2010	2,323	502	707	537	4,069
FY 2009	2,347	421	581	366	3,715
FY 2008	2,428	392	348	269	3,437

1 Estimate

The non-London/UK operating hubs produced 51 per cent of total gross premiums written (30 June 2011: 49 per cent). If the US accounting change is excluded, these hubs produced 50 per cent of total gross premiums written.

Gross premiums written by Catlin's London/UK underwriting hub increased by 8 per cent, the first time in five years that gross premiums written by the hub have grown meaningfully as rates hardened for some business classes and the Group took advantage of profitable opportunities as they arose.

Gross premiums underwritten by the Bermuda hub decreased by 5 per cent. The decrease was due to the decrease in reinstatement premiums following catastrophe losses, compared with the first half of 2011, as well as the non-renewal of certain Property Catastrophe contracts.

The 32 per cent increase in gross premiums written by the US hub includes the impact of the accounting change related to quota share reinsurance premiums. On a like-for-like basis, gross premiums written by the US hub increased by 10 per cent; that growth is attributable to both rate increases in certain business classes as well as continued traction by the underwriting teams established by the US hub during the past several years.

Overall, gross premiums written by the International segment – which includes the Asia-Pacific, Europe and Canada underwriting hubs - increased by 23 per cent. An analysis of the gross premiums written by the three underwriting hubs is shown in the table below.

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Europe	342	253	124	92	84
Asia-Pacific	170	159	118	68	50
Canada	65	59	45	27	24
Total	577	471	287	187	158

The 35 per cent growth in gross premiums written by the Europe underwriting hub was primarily due to increased reinsurance premium volume, including business written by Catlin Re Switzerland. The gross premiums written by the Asia-Pacific hub grew by 7 per cent as growth was slowed by the re-writing of a single large reinsurance contract; excluding this contract, the gross premiums written by the Asia-Pacific hub increased by 25 per cent. The Canada hub continued to grow, with gross premiums written rising by 10 per cent.

Underwriting performance

Loss ratio

The Group reported excellent underwriting performance during the first half of 2012, as the loss ratio decreased to 51.6 per cent, the lowest in six years (30 June 2011: 85.0 per cent). The Group's underlying underwriting performance continued to be strong, as the attritional loss ratio remained at 50.0%, unchanged from the first half of 2011.

An analysis of the loss ratio is contained in the table below.

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Attritional loss ratio	50.0%	50.0%	50.7%	54.0%	52.5%
Catastrophe losses	0.0%	32.4%	9.3%	0.0%	0.0%
Large single-risk losses	3.4%	2.6%	6.7%	9.3%	7.8%
Reserve release	(1.8%)	0.0%	(1.8%)	(3.0%)	(5.7%)
Reported loss ratio	51.6%	85.0%	64.9%	60.3%	54.6%

Catlin did not incur any significant catastrophe losses in the first six months of 2012, compared with the record catastrophe claims in the corresponding period of 2011 (30 June 2011: US$534 million, net of reinsurance and reinstatement premiums).

Large single-risk losses amounted to US$52 million, net of reinsurance and reinstatement premiums, and added 3.4 percentage points to the loss ratio. The Group incurred two large-single risk losses during the period:

- The grounding of the cruise ship Costa Concordia off the Italian coast in January; and
- The explosion and fire in May at a synthetics facility in Thailand's Rayong province.

The Group defines large single-risk losses as losses arising from man-made causes that exceed expected severity for a given class of business and are typically in excess of US$10 million, gross of reinsurance.

The release of US$30 million from prior year loss reserves reduced the reported loss ratio by 1.8 percentage points.

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Hub performance
An analysis of underwriting results by underwriting hub is contained in the table below.

US$m	London/UK	Bermuda	US	International	Group total
Six months ended 30 June 2012					
Gross premiums written	1,469	428	536	577	3,010
Net premiums earned	865	198	359	289	1,711
Net underwriting contribution	288	71	65	19	443
Loss ratio	43%	39%	63%	72%	52%
Attritional loss ratio	47%	35%	55%	63%	50%
Six months ended 30 June 2011					
Gross premiums written	1,355	451	406	471	2,683
Net premiums earned	953	241	288	281	1,763
Net underwriting contribution	(26)	(145)	40	40	(91)
Loss ratio	82%	137%	69%	67%	85%
Attritional loss ratio	48%	37%	60%	57%	50%

The London/UK and Bermuda underwriting hubs performed well, both in terms of loss ratio and underwriting contribution. Whilst these hubs benefited from the absence of catastrophe losses, in contrast to the first half of 2011, underwriting contribution was supported by rate increases for certain business classes and continued excellent attritional loss ratios. The London/UK hub's performance was particularly strong: the hub produced 65 per cent of the Group's total underwriting contribution in the first half of 2012.

The US hub's net underwriting contribution increased by 63 per cent, a good performance considering the US hub sustained a disproportionately low level of catastrophe losses in the first half of 2011. Underwriting contribution was strengthened by rising rates for certain classes of US business, particularly Casualty classes, as well as the growth in premium volume produced by the hub over the past several years.

In the International segment, strong results from both the insurance and reinsurance portfolios of the Europe hub were partially offset by several factors, including the Thai large single-risk loss incurred by the Asia-Pacific hub and a series of significant attritional losses impacting the Canadian hub. These included losses arising from flooding in Montreal and a fire at an Ontario petrochemical plant.

The Group also analyses its performance by type of business written. An analysis of underwriting performance by Catlin's six product groups is shown in the table below.

US$m	Gross premiums written	Net premiums earned	Underwriting contribution	Loss ratio
Six months ended 30 June 2012[1]				
Aerospace	169	129	32	49%
Casualty	502	329	(2)	81%
Energy/Marine	458	239	28	63%
Property	298	212	45	49%
Reinsurance	1,317	634	185	51%
Specialty/War & Political Risk	263	197	123	18%
Six months ended 30 June 2011[1]				
Aerospace	172	177	47	52%
Casualty	448	345	34	73%
Energy/Marine	402	226	(10)	80%
Property	272	202	21	63%
Reinsurance	1,175	639	(236)	119%
Specialty/War & Political Risk	230	189	79	39%

1 Product group results excludes effects of Syndicate 2020 movements, special purpose syndicates, Adverse Development Cover and other items

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Conditions for many classes of Aerospace business, particularly the Airline account, remain highly competitive, and the Group is continuing to manage the Aerospace portfolio carefully. Underwriting results continue to outperform expectations, despite the competitive state of the marketplace.

The Group also continues to manage the Casualty portfolio carefully, with much of the premium growth in the first half of 2012 produced by the expansion of the UK Motor account, a class for which rates are continuing to improve. Overall, rates for Casualty business increased by 6 per cent in the first half of 2012 (30 June 2011: nil increase), with rates for US Casualty business beginning to rise after years of competition. Underwriting results for the Casualty account were impacted by the Costa Concordia loss, which increased the loss ratio by approximately 6 percentage points.

Gross premiums written for Energy/Marine classes rose by 14 per cent in the first half of 2012, attributable to both new business in the Energy sector and some rate increases. Underwriting results improved compared with the first half of 2011, even though the product group's results were negatively impacted by both large single-risk losses.

The Property product group contributed strong underwriting results due to the absence of catastrophe losses, pricing improvements and good attritional loss performance.

Likewise, the Reinsurance product group performed well in the absence of catastrophe losses in the first half of 2012. Pricing for Property Catastrophe Excess of Loss reinsurance continues to respond to losses incurred during 2011, although the rate of increase is reducing over time. The table below shows the movement in average weighted premium rates for Property Catastrophe Excess of Loss reinsurance for major renewal periods since 1 June 2011.

	US business	Non-US business	Weighted average
1 July 2012	3%	11%	6%
1 June 2012	8%	22%	8%
1 April 2012	8%	15%	13%
1 January 2012	17%	12%	14%
1 July 2011	5%	34%	17%
1 June 2011	8%	41%	9%

The growth in Reinsurance gross premiums written includes new business written by the European hub, which has increased the diversification of the Reinsurance portfolio.

Underwriting contribution produced by the Specialty/War & Political Risk product group increased by 56 per cent due to benign loss activity and careful risk selection, even though average weighted premium rates for these classes continue to decrease.

Aggregate management
Catlin underwrites classes of catastrophe-exposed business. The Group uses sophisticated modelling tools to manage its most significant potential catastrophe threats from natural or man-made events.

Accumulation of risk is monitored and controlled against risk appetite limits in compliance with policy and procedures approved by the Group Board of Directors. A selection of modelled outcomes for the Group's most significant catastrophe threat scenarios is detailed below. The modelled outcomes represent the Group's modelled net loss after allowing for all reinsurances. These modelled outcomes include adjustments for modelling deficiency and reductions in risk appetite limits for certain perils due to the increased uncertainty for losses from these sources.

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Examples of catastrophe threat scenarios
Outcomes derived as at 1 January 2012 on a single loss basis
(i.e. net losses for individual threat scenarios are not additive)

US$m	Florida (Miami) Windstorm	California Earthquake	Gulf of Mexico Windstorm	European Windstorm	Japanese Earthquake
Estimated industry loss	125,000	78,000	112,000	31,000	51,000
Catlin Group					
Gross loss	749	865	1,306	594	650
Reinsurance effect [1]	(272)	(425)	(928)	(125)	(54)
Modelled net loss	477	440	378	469	596
Modelled net loss as a percentage of capital available for underwriting [2]	17.7%	16.4%	14.1%	17.5%	22.2%

1 Reinsurance effect includes the impact of both inwards and outwards reinstatements.
2 Capital available for underwriting amounted to US$2.7 billion at 31 December 2011, defined as total stockholders' equity (including preferred shares), less intangible assets net of associated deferred tax.

Limitations
The modelled outcomes in the table above are mean losses from a range of potential outcomes. Significant variance around the mean is possible. Catlin understands that modelling is an inexact science and undertakes mitigating actions against this model uncertainty. Modelling is used to inform and complement the views of both underwriting and actuarial teams.

Investment Review
Annualised total return on Catlin's average cash and investments of US$8.4 billion during the period ended 30 June 2012 amounted to 2.0 per cent. Total investment return amounted to US$87 million.

Cash and investments increased by 1 per cent during the first half of 2012 to US$8.5 billion.

A breakdown of the Group's investment performance appears in the table below.

	30 June 2012	30 June 2011
Interest income	$63	$77
Net gains on fixed maturities and short-term investments	21	39
Net gains on other invested assets	3	3
Total investment return	87	119

The performance of the Group's major categories of assets at 30 June 2012 is analysed in the table below.

US$m	Allocation at 30 June 2012	Average allocation during period	Average allocation during period %	Total return	Annualised total return %
Fixed income	5,636	5,825	69.1%	88	3.0%
Cash & short-term investments	2,438	2,287	27.1%	11	1.0%
Other invested assets	355	279	3.4%	9	6.6%
Overlays	36	37	0.4%	(21)	--[1]
Total	8,465	8,428	100.0%	87	2.0%

1 Not meaningful.

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Total investment return during the period was largely in line with the Group's expectations. The Group's fixed income investments benefitted from lower interest rates, whilst the performance of the non-fixed income portfolio – although modest in size – was good. Overlays have been put in place to protect against significant movements in interest rates and to manage credit and equity risks actively.

The yield to maturity on the fixed income portfolio was 1.3 per cent at 30 June 2012 (31 December 2011: 1.4 per cent). The duration of the fixed income portfolio was 2.6 years at 30 June 2012 (31 December 2011: 2.5 years), which compares with a liability benchmark at that date of 2.7 years (2.8 years for insurance liabilities). The duration of the total cash and investment portfolio was 1.7 years at 30 June 2012 (31 December 2011: 1.8 years).

The Group's asset allocation at 30 June 2012 is shown in the table below.

	30 June 2012	31 Dec 2011
Fixed income	67%	72%
Cash and short-term investments	29%	26%
Other invested assets	4%	2%
Overlays	*	*
	100%	100%

* Less than 0.5 per cent

The percentage of cash and short-term instruments increased to 29 per cent of total investment assets at 30 June 2012 (31 December 2011: 26 per cent). Liquid assets – which the Group defines as cash, government securities and fixed income securities with less than six months to maturity – amounted to 57 per cent at 30 June 2012 (31 December 2011: 62 per cent).

The Group's investment portfolio remains defensively positioned given continued economic and financial market uncertainties. No new third-party tactical mandates or fund commitments were made during the period, nor was there a material increase in risk positions. The Group reduced its holdings of US Treasury securities, re-investing much of the proceeds in covered corporate bonds which performed well during the period. The Group also reduced its holdings in agency mortgage-backed securities as pre-payment risks connected with these securities increased.

Ninety-eight per cent of Catlin's fixed income investments are held in government/agency securities or instruments rated 'A' or higher (31 December 2011: 98 per cent). The ratings of the Group's fixed income investments are analysed in the table below.

30 June 2012	Government/ agency	AAA	AA	A	BBB	Non-investment grade	Assets US$m
US government/agencies	15%	--	--	--	--	--	823
Non-US government/ agencies	27%	--	--	--	--	--	1,514
Agency mortgage-backed securities	10%	--	--	--	--	--	548
FDIC-backed corporate bonds	*	--	--	--	--	--	24
Asset-backed securities	--	13%	--	--	--	--	752
Non-agency mortgage-backed securities	--	*	*	--	--	*	58
Commercial mortgage-backed securities	--	--	--	*	*	1%	78
Covered bonds	--	9%	--	--	--	--	487
Corporate bonds	--	1%	12%	10%	*	1%	1,366
Total	52%	23%	12%	11%	0%	2%	5,650

* Less than 0.5 per cent

Continued on next page

At 30 June 2012 the Group had no exposure to bonds issued by Portugal, Italy, Ireland, Greece or Spain.

The Group continued to strengthen its in-house investment capability during the first six months of 2012, a strategy that began in 2010 and continued through 2011. At 30 June 2012, 43 per cent of the fixed income portfolio was managed in-house.

Board of Directors
John Barton was appointed Chairman of the Group following the Annual General Meeting in May. He succeeded Sir Graham Hearne, who retired from the Board at the conclusion of the AGM. John has wide experience in the insurance industry, including serving as Chief Executive of insurance brokerage JIB Group for 13 years and later serving as Chairman of Jardine Lloyd Thompson Group plc, JIB's successor company. He is currently Chairman of Next plc and has served as Chairman of Wellington Underwriting plc and Brit Holdings PLC.

Fiona Luck has been appointed as a Non-Executive Director with effect from 3 August 2012. She has had nearly 30 years of experience as an executive at both insurance companies and brokerages. She most recently was an executive at XL Capital Ltd. in Bermuda where she held several roles including Special Advisor to the CEO, Executive Vice President and Chief of Staff, and Executive Vice President for Group Operations. She also was Executive Vice President of ACE Limited and Managing Director of Marsh & McLennan Inc. She is a Chartered Accountant who began her career at KPMG (Thomson McClintock).

Fiona will stand for election as a Non-Executive Director at next year's AGM.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are described on pages 40 to 43 of the Group's 2011 Annual Report and Accounts. The principal risks faced by the Group, as stated in the Annual Report, include:

- Insurance risk
  - Underwriting risk for new business in a given planning period
  - Underwriting risk for business already written but not yet earned
  - Reserving risk
- Other risk categories
  - Financial markets risk
  - Liquidity risk
  - Currency risk
  - Credit risk
  - Operational risk

These are still considered to be the most relevant risks and uncertainties at the date of this report, and further disclosure in this report is not considered necessary. Any of these risks and uncertainties could have an impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected and historic results.

Going concern
The Board is satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Company's financial statements therefore continue to be prepared on a going concern basis.

Conclusion
Catlin's strong performance in the first half of this year puts the Group in a solid position as we enter the second half of the year, which includes the Atlantic windstorm season. Overall, underwriting conditions are favourable, with rates continuing to rise for most catastrophe-exposed classes of business and the long-awaited recovery in the US Casualty portfolio starting to appear.

The Group will continue to stress the fundamentals of disciplined underwriting, portfolio diversification, and capital preservation and flexibility. Our attritional loss ratio, the best indicator of underwriting discipline, continues to be favourable. We will not sacrifice long-term profitability for increased market share.

Continued on next page

We believe that market conditions support growth opportunities in our traditional London and Bermuda markets. Over the past decade we have made significant investments in our operations in other established markets, including the United States, Europe, the Asia-Pacific region and Canada. Whilst we are still regarded as a relatively new player in these markets, our investment is being rewarded as these operations are now producing significant profits. We are now carefully expanding our operations in growth markets, such as China and Latin America. Our current positions in these markets are small, but we believe that the long-range profit potential is substantial.

I am proud that Catlin's focus on providing the best possible levels of service on underwriting and claims is increasingly recognised by brokers and clients. I would like to take this opportunity to thank our talented and energetic employees for the tremendous effort they have made to serve our clients and brokers.

Catlin continues to build a business for the future, and we look ahead with confidence.

Stephen Catlin
Chief Executive
3 August 2012

Catlin Group Limited
Consolidated Balance Sheets

As at 30 June 2012 and 2011 and 31 December 2011
(US dollars in millions)

	30 June 2012 (unaudited)	31 December 2011 (audited)	30 June 2011 (unaudited)
Assets			
Investments			
Fixed maturities, at fair value	$5,670	$6,029	$5,481
Short-term investments, at fair value	114	115	82
Other invested assets, at fair value	357	181	159
Total investments	6,141	6,325	5,722
Cash and cash equivalents	2,324	2,063	2,534
Accrued investment income	40	39	46
Premiums and other receivables	2,251	1,679	1,993
Reinsurance recoverable on unpaid losses (net of bad debts)	1,274	1,188	1,022
Reinsurance recoverable on paid losses	84	29	3
Reinsurers' share of unearned premiums	601	286	405
Deferred policy acquisition costs	563	398	483
Intangible assets and goodwill	718	717	721
Foreign exchange derivatives, at fair value	1	-	1
Unsettled trades receivable	24	55	151
Other assets	220	180	207
Total assets	$14,241	$12,959	$13,288
Liabilities and Stockholders' Equity			
Liabilities:			
Reserves for losses and loss expenses	$6,432	$6,467	$6,395
Unearned premiums	2,983	2,119	2,549
Reinsurance payable	712	415	451
Accounts payable and other liabilities	303	301	291
Subordinated debt	91	91	94
Unsettled trades payable	100	66	166
Deferred tax liability (net)	223	202	221
Total liabilities	$10,844	$9,661	$10,167

The accompanying notes are an integral part of the consolidated financial statements.

Catlin Group Limited
Consolidated Balance Sheets

As at 30 June 2012 and 2011 and 31 December 2011
(US dollars in millions)

	30 June 2012 (unaudited)	31 December 2011 (audited)	30 June 2011 (unaudited)
Stockholders' equity:			
Common stock	$4	$4	$4
Preferred stock	590	590	590
Additional paid-in capital	1,950	1,959	1,953
Treasury stock	(79)	(105)	(105)
Accumulated other comprehensive loss	(223)	(226)	(190)
Retained earnings	1,155	1,076	869
Total stockholders' equity	3,397	3,298	3,121
Total liabilities and stockholders' equity	$14,241	$12,959	$13,288

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors on 3 August 2012.

Stephen Catlin
Director

Benjamin Meuli
Director

Catlin Group Limited
Consolidated Income Statements (Unaudited)

For the six months ended 30 June 2012 and 2011
(US dollars in millions, except per share amounts)

	2012	2011
Revenues		
Gross premiums written	$3,010	$2,683
Reinsurance premiums ceded	(752)	(414)
Net premiums written	2,258	2,269
Change in net unearned premiums	(547)	(506)
Net premiums earned	1,711	1,763
Net investment return	83	115
Net (losses)/gains on foreign currency	(7)	15
Other income	4	2
Total revenues	1,791	1,895
Expenses		
Losses and loss expenses	882	1,498
Policy acquisition costs	386	356
Administrative and other expenses	285	235
Financing costs	7	7
Total expenses	1,560	2,096
Net income/(loss) before income tax	231	(201)
Income tax (expense)/benefit	(25)	3
Net income/(loss)	$206	$(198)
Preferred stock dividend	(22)	(22)
Net income/(loss) to common stockholders	$184	$(220)
Earnings per common share		
Basic	$0.53	$(0.64)
Diluted	$0.51	$(0.64)

The accompanying notes are an integral part of the consolidated financial statements.

Catlin Group Limited
Consolidated Statements of Comprehensive Income (Unaudited)
For the six months ended 30 June 2012 and 2011
(US dollars in millions)

	2012	2011
Net income to common stockholders	$184	$(220)
Other comprehensive income/(loss), net of tax		
Translation adjustments	3	(6)
Total other comprehensive income/(loss)	3	(6)
Comprehensive income/(loss) to common stockholders	$187	$(226)

The accompanying notes are an integral part of the consolidated financial statements.

Catlin Group Limited
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

For the six months ended 30 June 2012 and 2011
(US dollars in millions)

	Common stock	Preferred stock	Additional paid-in capital	Treasury stock	Accumulated other comprehensive loss	Retained earnings	Total stockholders' equity
Balance 1 January 2011	$4	$590	$1,955	$(105)	$(184)	$1,188	$3,448
Net loss to common stockholders	-	-	-	-	-	(220)	(220)
Other comprehensive loss	-	-	-	-	(6)	-	(6)
Stock compensation expense	-	-	3	-	-	-	3
Dividends	-	-	-	-	-	(99)	(99)
Treasury stock purchased	-	-	-	(5)	-	-	(5)
Distribution of treasury stock held by Employee Benefit Trust	-	-	(5)	5	-	-	-
Balance 30 June 2011	$4	$590	$1,953	$(105)	$(190)	$869	$3,121
Balance 1 January 2012	$4	$590	$1,959	$(105)	$(226)	$1,076	$3,298
Net income to common stockholders	-	-	-	-	-	184	184
Other comprehensive income	-	-	-	-	3	-	3
Stock compensation expense	-	-	15	-	-	-	15
Stock options and warrants exercised	-	-	2	-	-	-	2
Dividends	-	-	-	-	-	(105)	(105)
Distribution of treasury stock held in Employee Benefit Trust	-	-	(26)	26	-	-	-
Balance 30 June 2012	$4	$590	$1,950	$(79)	$(223)	$1,155	$3,397

The accompanying notes are an integral part of the consolidated financial statements.

Catlin Group Limited
Consolidated Statements of Cash Flows (Unaudited)
For the six months ended 30 June 2012 and 2011
(US dollars in millions)

	2012	2011
Cash flows provided by operating activities		
Net income/(loss)	$206	$(198)
Adjustments to reconcile net income to net cash provided by operations:		
Amortisation and depreciation	10	8
Amortisation of net discounts on fixed maturities	29	21
Net gains on investments	(24)	(42)
Changes in operating assets and liabilities		
Reserves for losses and loss expenses	(51)	760
Unearned premiums	862	631
Premiums and other receivables	(572)	(650)
Deferred policy acquisition costs	(165)	(125)
Reinsurance recoverable on unpaid losses	(82)	52
Reinsurance recoverable on paid losses	(55)	190
Reinsurers' share of unearned premiums	(314)	(125)
Reinsurance payable	297	(121)
Accounts payable and other liabilities	49	17
Deferred taxes	21	(39)
Other	10	(134)
Net cash flows provided by operating activities	221	245
Cash flows used in investing activities		
Purchases of fixed maturities	(3,593)	(3,565)
Proceeds from sales of fixed maturities	3,773	2,594
Proceeds from maturities of fixed maturities	173	135
Net purchases, sales and maturities of short-term investments	-	516
Purchases of other invested assets	(255)	(28)
Proceeds from the sale and redemptions of other invested assets	82	72
Net purchases and sales of property and equipment	(23)	(36)
Net cash flows provided/(used) by investing activities	$157	$(312)

The accompanying notes are an integral part of the consolidated financial statements.

Catlin Group Limited
Consolidated Statements of Cash Flows (Unaudited) (Continued)
For the six months ended 30 June 2012 and 2011
(US dollars in millions)

	2012	2011
Cash flows used in financing activities		
Dividends paid on common stock	(105)	(99)
Dividends paid on preferred stock	(22)	(22)
Purchase of treasury stock	-	(5)
Net cash flows used in financing activities	(127)	(126)
Net increase/(decrease) in cash and cash equivalents	251	(193)
Effect of exchange rate changes	10	77
Cash and cash equivalents – beginning of period	2,063	2,650
Cash and cash equivalents – end of period	$2,324	$2,534
Supplemental cash flow information		
Taxes paid	$3	$23
Interest paid	$2	$1
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	$1,144	$1,863
Cash equivalents	$1,180	$671

The accompanying notes are an integral part of the consolidated financial statements.

1 General

Basis of presentation

Catlin Group Limited ('Catlin' or the 'Company') is a holding company incorporated on 25 June 1999 under the laws of Bermuda. Through its subsidiaries, which together with the Company are referred to as the 'Group', Catlin underwrites specialty classes of insurance and reinsurance on a global basis.

The unaudited interim consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ('US GAAP') for interim financial statements.

The Group has modified the method of recognising premiums for quota share reinsurance treaties underwritten by its US segment. This change has resulted in an increase of $91 million in gross premiums written. There has been no significant impact on the Group's net financial position or results of operations.

New accounting pronouncements

Except as described below, the accounting policies applied are consistent with those set out in the consolidated financial statements for the year ended 31 December 2011. Certain insignificant reclassifications have been made to prior period amounts to conform to the 2012 presentation.

A new accounting standard update issued by the Financial Accounting Standards Board ('FASB') requires an entity to present total comprehensive income, the components of net income and the components of other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This standard has been retrospectively adopted by the Group from 1 January 2012. The Group has elected to present the components of net income and other comprehensive income in two separate, but consecutive statements. The results of this change are shown in the consolidated statements of comprehensive income. The adoption of this guidance affects presentation only and did not result in any impact on the Group's financial position or results of operations.

Effective 1 January 2012, the Group prospectively adopted FASB guidance on fair value measurements. This guidance is intended to result in common fair value measurements and disclosures between US GAAP and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements. Other amendments change particular principles or requirements for measuring fair value and disclosing information about fair value measurements. The adoption of this guidance did not result in any impact on the Group's financial position or results of operations. The additional disclosures required are contained in Note 5 – Fair value measurement.

New accounting guidance issued by the FASB specifies how costs associated with acquiring or renewing insurance contracts should be identified and capitalised. The Group has prospectively adopted this guidance from 1 January 2012. The adoption of this guidance did not result in any impact on the Group's financial position or results of operations.

2 Segmental information

The Group determines its reportable segments by underwriting hubs, consistent with the manner in which results are reviewed by management.

The four reportable segments are:

- London/UK, which comprises direct insurance and reinsurance business originating in the United Kingdom;
- Bermuda, which primarily underwrites reinsurance business;
- US, which underwrites direct insurance and reinsurance business originating in the United States; and
- International, which comprises the Group's Asia-Pacific, Europe and Canada underwriting hubs which provide a full complement of insurance and reinsurance services for their markets.

Net underwriting contribution by segment for the period ended 30 June 2012 is as follows:

(US dollars in millions)	London/ UK	Bermuda	US	International	Total
Gross premiums written	$1,469	$428	$536	$577	$3,010
Net premiums earned	865	198	359	289	1,711
Losses and loss expenses	(372)	(78)	(224)	(208)	(882)
Policy acquisition costs	(205)	(49)	(70)	(62)	(386)
Net underwriting contribution	$288	$71	$65	$19	$443

Net underwriting contribution by segment for the period ended 30 June 2011 is as follows:

(US dollars in millions)	London/ UK	Bermuda	US	International	Total
Gross premiums written	$1,355	$451	$406	$471	$2,683
Net premiums earned	953	241	288	281	1,763
Losses and loss expenses	(781)	(330)	(199)	(188)	(1,498)
Policy acquisition costs	(198)	(56)	(49)	(53)	(356)
Net underwriting contribution	$(26)	$(145)	$40	$40	$(91)

The effects of intra-Group reinsurance contracts are excluded from segmental revenue and results, as this is the basis upon which the performance of each segment is assessed.

The components of net underwriting contribution shown above are reported on the face of the Consolidated Income Statements. No other items of revenue or expense are managed on a segmental basis.

Assets are reviewed in total by management for the purpose of decision making. The Group does not allocate assets to the reporting segments.

3 Investments

Fixed maturities

The fair values of fixed maturities at 30 June 2012 and 2011 are as follows:

(US dollars in millions)	2012	2011
US government and agencies	$823	$896
Non-US governments	1,514	1,167
Corporate securities	1,877	2,089
Asset-backed securities	752	509
Mortgage-backed securities	684	809
Interest rate derivative contracts	11	8
Credit default derivative contracts	9	3
Total fixed maturities	$5,670	$5,481

Fixed maturities at 30 June 2012, by contractual maturity, are shown below. Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

(US dollars in millions)	2012	2011
Due in one year or less	$492	$458
Due after one through five years	2,804	2,903
Due after five years through ten years	854	692
Due after ten years	64	99
	4,214	4,152
Asset-backed securities	752	509
Mortgage-backed securities	684	809
Interest rate derivative contracts	11	8
Credit default derivative contracts	9	3
Total fixed maturities	$5,670	$5,481

The Group did not have an aggregate investment with a single counterparty, other than the US government, in excess of 10 per cent of total investments at 30 June 2012 and 2011.

Other invested assets

Other invested assets by category at 30 June 2012 and 2011 are as follows:

(US dollars in millions)	2012	2011
Hedge funds	$89	$131
Equity funds	32	20
Total investments in funds	121	151
Equity securities	192	3
Loan instruments	42	5
Equity market derivative contracts	2	-
Total other invested assets	$357	$159

Hedge funds are a portfolio comprising ten individual hedge funds.

Equity funds are a portfolio comprising three individual private equity funds entered into in 2011. The equity funds have initial investment periods of up to five years.

Equity securities comprise $30 million of exchange traded funds, $142 million of quoted equity securities and $20 million of private equity, $5 million of which is accounted for under the equity method. Loan instruments comprise holdings in syndicated loans and other unquoted private debt.

There are unfunded commitments of $42 million related to other investment assets as at 30 June 2012 (30 June 2011: $25 million).

Net investment return
The components of net investment return for the periods ended 30 June 2012 and 2011 are as follows:

(US dollars in millions)	2012	2011
Interest income	$63	$77
Net gains on fixed maturities and short term investments	21	39
Net gains on other invested assets	3	3
Total investment return	87	119
Investment expenses	(4)	(4)
Net investment return	$83	$115

Restricted assets
The Group is required to maintain assets on deposit with various regulatory authorities to support its insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. These funds on deposit are available to settle insurance and reinsurance liabilities. The Group also has investments in segregated portfolios primarily to provide collateral for Letters of Credit ('LOCs'), as described in Note 12. Finally, the Group also utilises trust funds set up for the benefit of certain ceding companies generally as an alternative to LOCs.

The total value of these restricted assets by category at 30 June 2012 and 2011 are as follows:

(US dollars in millions)	2012	2011
Fixed maturities	$2,894	$2,868
Short-term investments	2	6
Cash and cash equivalents	888	871
Total restricted assets	$3,784	$3,745

4 Derivative financial instruments

The Group is exposed to certain risks relating to its ongoing business operations. Risks managed by using derivative instruments include interest rate risk, foreign exchange risk, credit risk and equity risk. Derivatives are also used to gain exposure to certain investments, for example, commodities.

Interest rate risk
The investment portfolio is predominantly invested in cash and fixed income securities and so is exposed to interest rate risk. Interest rate option and swap contracts are entered into in order to manage the market risk associated with holding cash and fixed income securities.

Gains and losses on interest rate derivative contracts are included in net investment return together with related gains on fixed maturities in the Consolidated Income Statements. Interest rate derivative contracts' fair value is included in fixed maturities on the Consolidated Balance Sheets.

Foreign exchange risk
During the period, the Group held various foreign currency derivatives to manage currency risk. Gains and losses on foreign exchange contracts are included in net gains/(losses) on foreign currency in the Consolidated Income Statements.

Credit risk
Part of the investment portfolio is invested in bonds issued by corporate issuers and so is exposed to the default risk of the underlying issuers and also to mark to market fluctuations arising from the market's evaluation of this risk. Credit default option and swap contracts are entered into in order to manage the credit risk associated with holding these securities.

Gains and losses on credit default options are included in net investment return together with related gains on fixed maturities in the Consolidated Income Statements. Credit default derivative contracts' fair value is included in fixed maturities on the Consolidated Balance Sheets.

Equity risk
A portion of the investment portfolio is invested in equity securities and hedge funds. Equity market option and swap contracts are entered into to manage the market risk associated with holding these equity securities.

Gains and losses on equity market derivative contracts are included in net investment return together with related gains on other invested assets in the Consolidated Income Statements. Equity market derivative contracts' fair value is included in other invested assets on the Consolidated Balance Sheets.

Impact of derivatives
The fair values of derivatives at 30 June 2012 and 2011 are as follows:

	2012		2011	
(US dollars in millions)	Assets	Liabilities	Assets	Liabilities
Interest rate derivative contracts	$11	$-	$8	$-
Foreign exchange derivative contracts	1	-	1	-
Credit default derivative contracts	9	-	3	-
Equity market derivative contracts	2	-	-	-
Total derivatives	$23	$-	$12	$-

The notional values of exchange traded and over the counter open derivatives at 30 June 2012 and 2011 are as follows:

	Notional value	
(US dollars in millions)	2012	2011
Interest rate option contracts	$2,600	$3,600
Interest rate swap contract	500	-
Foreign exchange derivative contracts	192	97
Credit default option contracts	600	473
Credit default swap contracts	69	-
Equity market option contracts	5	-
Equity market swap contracts	70	-

The net gains/(losses) on derivatives for the period ended at 30 June 2012 and 2011 are as follows:

(US dollars in millions)	2012	2011
Interest rate derivative contracts	$(19)	$(4)
Foreign exchange derivative contracts	(4)	-
Credit default derivative contracts	(3)	(1)
Equity market derivative contracts	(6)	-
Commodity market derivative contracts	1	-
Net losses on derivatives	$(31)	$(5)

The derivatives contracts held by the Group at 30 June 2012 contain no credit risk-related contingent features.

5 Fair value measurement

The FASB accounting guidance on fair value measurements and disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date. In determining fair value, management uses various valuation approaches, including market and income approaches. The FASB accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. The three levels of the FASB accounting guideline on fair value measurements and disclosures hierarchy are described below.

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Group has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Assets utilising Level 1 inputs comprise US government securities and quoted exchange-traded instruments.

Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

Assets and liabilities utilising Level 2 inputs include: US agency securities; non-US government obligations, corporate and municipal bonds, residential mortgage-backed securities ('RMBS'), commercial mortgage-backed securities ('CMBS') and asset-backed securities ('ABS') to the extent that they are not identified as Level 3 items; over-the-counter ('OTC') derivatives (e.g. foreign exchange contracts and interest rate contracts); fixed-term cash deposits classified as short-term investments; private debt with readily available prices and investments in funds with few restrictions on redemptions or new investors.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect our own assessment of assumptions that market participants might use.

Assets utilising Level 3 inputs include: investments in funds with significant redemption restrictions; unquoted private equity and debt not qualifying as Level 2; collateralised debt obligations ('CDO'); sub-prime securities, Alt-A securities and securities rated CCC and below, where the unobservable inputs reflect individual assumptions and judgments regarding ultimate delinquency and foreclosure rates and estimates regarding the likelihood and timing of events of defaults.

The availability of observable inputs can vary from financial instrument to financial instrument and is affected by a wide variety of factors, including, for example, the type of financial instrument, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorised in Level 3. The Group uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between levels.

Assets and liabilities measured at fair value on a recurring basis
The table below shows the values at 30 June 2012 of assets measured at fair value on a recurring basis, analysed by the level of inputs used.

(US dollars in millions)	Balance at 30 June 2012	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
US government and agencies	$823	$459	$364	$-
Non-US governments	1,514	-	1,514	-
Corporate securities	1,877	-	1,858	19
RMBS	544	-	492	52
CMBS	140	-	135	5
ABS	752	-	752	-
Interest rate derivative contracts	11	-	11	-
Credit default derivative contracts	9	-	9	-
Total fixed maturities	5,670	459	5,135	76
Short-term investments	114	-	114	-
Other invested assets	352	172	67	113
Foreign exchange derivative contracts	1	-	1	-
Total assets at fair value	$6,137	$631	$5,317	$189

The table below shows the values at 30 June 2011 of assets and liabilities measured at fair value on a recurring basis, analysed by the level of inputs used.

(US dollars in millions)	Balance at 30 June 2011	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
US government and agencies	$896	$631	$265	$-
Non-US governments	1,167	-	1,167	-
Corporate securities	2,089	-	2,089	-
RMBS	690	-	646	44
CMBS	119	-	116	3
ABS	509	-	509	-
Interest rate derivative contracts	8	-	8	-
Credit default derivative contracts	3	-	3	-
Total fixed maturities	5,481	631	4,803	47
Short-term investments	82	-	82	-
Other invested assets	159	-	40	119
Foreign exchange derivative contracts	1	-	1	-
Total assets at fair value	$5,723	$631	$4,926	$166

The changes in the period in balances measured at fair value on a recurring basis using Level 3 inputs were as follows:

(US dollars in millions)	Total	RMBS	Corporate	CMBS	Other invested assets
Balance, 1 January 2012	$167	$44	$-	$3	$120
Total net gains/(losses) included in income	10	2	(2)	-	10
Acquisitions	53	21	21	4	7
Disposals	(43)	(17)	-	(2)	(24)
Transfers into Level 3	2	2	-	-	-
Balance, 30 June 2012	$189	$52	$19	$5	$113
Amount of gains/(losses) relating to balances still held at period end	$9	$2	$(2)	$-	$9

RMBS assets transferred into Level 3 were securities classified as sub-prime at 30 June 2012 but not at 31 December 2011.

The changes in the period ended 30 June 2011 in balances measured at fair value on a recurring basis using Level 3 inputs were as follows:

(US dollars in millions)	Total	RMBS	ABS	CDO	CMBS	Other invested assets
Balance, 1 January 2011	$168	$2	$3	$3	$-	$160
Total net gains included in income	8	-	-	6	-	2
Acquisitions	63	33	-	-	2	28
Disposals	(84)	-	(3)	(9)	-	(72)
Transfers into Level 3	10	9	-	-	1	-
Foreign exchange	1	-	-	-	-	1
Balance, 30 June 2011	$166	$44	$-	$-	$3	$119
Amount of gains/ relating to balances still held at period end	$3	$-	$-	$-	$-	$3

Assets transferred into Level 3 were securities classified as sub-prime at 30 June 2011 but not at 31 December 2010.

Fair value of financial instruments
The following methods and assumptions are used by the Group in estimating the fair value of its financial instruments:

Fixed maturities and short-term investments: Fair values of fixed maturities and short-term investments are based on the quoted market price of these securities provided by either independent pricing services, or, when such prices are not available, by reference to broker or underwriting bid indications.

The Group's Level 3 fixed maturities consist of RMBS, CMBS and Corporate securities, for which pricing vendors and non-binding broker quotes are the primary source of the valuations. The Group compares the price to independent valuations, which may also consist of broker quotes, to assess if the prices received represent a reasonable estimate of the fair value. Although the Group does not have access to the specific unobservable inputs that may have been used in the fair value measurements of RMBS and CMBS, we would expect that the significant inputs considered are prepayment rates, probability of default, loss severity in the event of default, recovery rates, liquidity premium and reinvestment rates. Significant increases (decreases) in any of those inputs in isolation could result in a significantly different fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Other invested assets: The fair value of investments in funds is based on either the net asset value provided by the funds' administrators or, where available, the quoted price of the funds. The fair values of holdings in equity and loan instruments are based on the market price of these securities provided by either independent pricing services, or, when such prices are not available, by reference to broker or underwriting bid indications provided by administrators and recent transactions, if any.

The Group's Level 3 other invested assets consist of investments in funds with significant redemption restrictions and unquoted private equity and debt, for which manager NAV statements are the primary source of the valuations. Although the Group does not have access to the specific unobservable inputs that may have been used in the fair value measurements, we would expect that the significant inputs for private equity and debt to be discounted cash flows and valuations of similar sized peers. Significant increases (decreases) in any of those inputs in isolation could result in a significantly different fair value measurement.

Derivatives: The fair values of interest rate, foreign exchange and credit default derivative contracts are based on prices provided by independent pricing services.

Subordinated debt: Subordinated debt is carried at amortised cost. At 30 June 2012, the fair value of the subordinated debt was $55 million, which compared to a carrying value of $91 million. The fair value of the subordinated debt is estimated by comparing Catlin Bermuda's preferred stock and other peer group instruments to determine market required yields. Market required yields were used to estimate market value.

Other assets and liabilities: The fair values of cash and cash equivalents, premiums and other receivables, and accounts payable approximate their carrying value due to the immediate or short term maturity of these financial instruments.

6 Reserves for losses and loss expenses

The Group establishes reserves for losses and loss expenses, which are estimates of future payments of reported and unreported losses and related expenses, with respect to insured events that have occurred. The process of establishing reserves is complex and imprecise, requiring the use of informed estimates and judgments. The Group's estimates and judgments may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed or as current laws change. Any such revisions could result in future changes in estimates of losses or reinsurance recoverable, and would be reflected in earnings in the period in which the estimates are changed. Management believes that it has made a reasonable estimate of the level of reserves at 30 June 2012 and 2011.

The reconciliation of unpaid losses and loss expenses for the six months ended 30 June 2012 and 2011 is as follows:

(US dollars in millions)	2012	2011
Gross unpaid losses and loss expenses, beginning of period	$6,467	$5,549
Reinsurance recoverable on unpaid loss and loss expenses	(1,188)	(1,039)
Net unpaid losses and loss expenses, beginning of period	5,279	4,510
Net incurred losses and loss expenses for claims related to:		
Current period	912	1,498
Prior periods	(30)	-
Total net incurred losses and loss expenses	882	1,498
Net paid losses and loss expenses for claims related to:		
Current period	(194)	(177)
Prior periods	(814)	(564)
Total net paid losses and loss expenses	(1,008)	(741)
Foreign exchange and other	5	106
Net unpaid losses and loss expenses, end of period	5,158	5,373
Reinsurance recoverable on unpaid loss and loss expenses	1,274	1,022
Gross unpaid losses and loss expenses, end of period	$6,432	$6,395

We have reviewed our estimates of loss reserves and loss expenses for prior period insured events. Prior-year releases for the six months ended 30 June 2012 include $30 million of out-of-period adjustments principally reflecting income on certain reinsurance commutations executed between 2009 and 2011. The impacts of these items were not material to any of the prior periods. Other changes in estimates of insured events in prior years due to movements in expected ultimate loss costs and in uncertainty surrounding the quantification of the net cost claim events had no net effect.

7 Reinsurance

The Group purchases reinsurance to limit various exposures including catastrophe risks. Although reinsurance agreements contractually obligate the Group's reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge the primary liability of the Group. The effect of reinsurance and retrocessional activity on premiums written and earned is as follows:

			2012			2011
(US dollars in millions)	Premiums written	Premiums earned	Losses incurred	Premiums written	Premiums earned	Losses Incurred
Direct	$1,614	$1,362	$679	$1,432	$1,312	$807
Assumed	1,396	784	489	1,251	739	789
Ceded	(752)	(435)	(286)	(414)	(288)	(98)
Net premiums	$2,258	$1,711	$882	$2,269	$1,763	$1,498

The Group’s reinsurance recoverable on unpaid losses as at 30 June 2012 and 2011 is as follows:

(US dollars in millions)	2012	2011
Gross reinsurance recoverable	$1,304	$1,058
Provision for uncollectible balances	(30)	(36)
Net reinsurance recoverable on unpaid losses	$1,274	$1,022

8 Taxation

Bermuda
Under current Bermuda law neither the Company nor its Bermuda subsidiaries are required to pay any taxes in Bermuda on their income or capital gains. Both the Company and its Bermuda subsidiaries have received undertakings from the Minister of Finance in Bermuda that, in the event of any taxes being imposed, they will be exempt from taxation in Bermuda until March 2035.

United Kingdom
The Group also operates in the UK through its UK subsidiaries and the income of the UK companies is subject to UK corporation taxes.

The Finance Bill 2012 introduced a reduction to the UK corporation tax rate from 25 per cent to 24 per cent from 1 April 2012 and to 23 per cent from 1 April 2013. Under US GAAP the effect of a reduction in corporation tax rates is not recognised until the bill has been enacted. The Finance Bill was not enacted at the balance sheet date of 30 June 2012; therefore the effect of the prescribed tax rate reductions on the income tax expense and carrying value of the deferred tax liability has not been recognised in the half-yearly financial statements. The Finance Bill subsequently received Royal Assent and was enacted on 17 July 2012; therefore the effect of these rate changes will be reflected in the full-year financial statements. The impact of these rate changes is expected to reduce the carrying value of the group's deferred tax liability by approximately $20 million, which is expected to reduce the full-year effective tax rate to approximately 5 per cent.

Income from the Group's operations at Lloyd's is also subject to US income taxes. Under a Closing Agreement between Lloyd's and the Internal Revenue Service (IRS), Lloyd's Members pay US income tax on US connected income written by Lloyd's syndicates. US income tax due on this US connected income is calculated by Lloyd's and remitted directly to the IRS and is charged by Lloyd's to Members in proportion to their participation on the relevant syndicates. The Group's Corporate Members are all subject to this arrangement but, as UK tax residents, will receive UK corporation tax credits for any US income tax incurred up to the value of the equivalent UK corporation income tax charge on the US income.

United States
The Group also operates in the United States through its subsidiaries, and their income is subject to both US state and federal income taxes.

Switzerland
The Group also operates in Switzerland through its subsidiaries, and their income is subject to Swiss federal and cantonal taxes.

Other international income taxes
The Group has a network of international operations, and they are also subject to income taxes imposed by the jurisdictions in which they operate, but they do not constitute a material component of the Group's tax charge.

The Group is not subject to taxation other than as stated above. There can be no assurance that there will not be changes in applicable laws, regulations or treaties, which might require the Group to change the way it operates or become subject to taxation.

The income tax expense for the six months ended 30 June 2012 and 2011 is as follows:

(US dollars in millions)	2012	2011
Current tax expense	$-	$-
Deferred tax expense/(benefit)	25	(3)
Income tax expense/(benefit)	$25	$(3)

The Group records income taxes for the period based on the estimated effective annual rates for the years ending 31 December 2012 and 2011.

Unrecognised tax benefits
As at 30 June 2012, the Group's liability amount of uncertain tax benefits was $13 million (2011: $13 million). All unrecognised tax benefits would affect the effective tax rate if recognised.

9 Stockholders' equity

The following sets out the number and par value of shares authorised, issued and outstanding as at 30 June 2012 and 2011:

	2012	2011
Common stock, par value $0.01		
Authorised	500,000,000	500,000,000
Issued	361,445,993	360,595,240
Stock held by Employee Benefit Trust	(11,483,683)	(16,149,527)
Outstanding	349,962,310	344,445,713
Preferred stock, par value $0.01		
Authorised, issued and outstanding	600,000	600,000

The following table outlines the changes in common stock issued during 2012 and 2011:

	2012	2011
Balance, 1 January	360,990,321	359,118,666
Exercise of stock options and warrants	455,672	1,476,574
Balance, 30 June	361,445,993	360,595,240

Preferred stock
On 18 January 2007, Catlin Bermuda issued 600,000 non-cumulative perpetual preferred shares, par value of $0.01 per unit, with liquidation preference of $1,000 per unit, plus declared and unpaid dividends. Dividends at a rate of 7.249 per cent on the liquidation preference are payable semi-annually on 19 January and 19 July in arrears as and when declared by the Board of Directors, commencing on 19 July 2007 up to but not including 19 January 2017. Thereafter, if the stock has not yet been redeemed, dividends will be payable quarterly at a rate equal to 2.975 per cent plus the three-month LIBOR rate of the liquidation preference. Catlin Bermuda received proceeds of approximately $590 million, net of issuance costs. The preferred shares do not have a maturity date and are not convertible into or exchangeable into any of Catlin Bermuda's or the Group's other securities.

Treasury stock
Through an Employee Benefit Trust ('EBT'), the Group holds shares that will be used to satisfy Performance Share Plan ('PSP') and/or other employee share plan awards if and when they vest and become exercisable. The EBT has not purchased shares during 2012. The cost of shares held by the EBT of $79 million is shown as a deduction to the stockholders' equity.

Warrants
In 2002 the Company issued 20,064,516 warrants to purchase common stock. Warrants may be exercised in whole or in part, at any time, until 4 July 2012 and are exercised at a price per share of $4.37. During 2009 warrants increased by 874,829 in relation to the Rights Issue pursuant to anti-dilution provisions. During 2012, 1,416,944 warrants to purchase common stock were exercised and settled net for 445,073 shares of common stock, leaving 4,041 warrants outstanding at 30 June 2012.

Dividends
Dividends on common stock
On 8 February 2012 the Board declared a dividend of 19.0 pence per share (30.2 cents per share), paid on 16 March 2012 to stockholders of record at the close of business on 17 February 2012. The total dividend paid for the 2011 financial year was 28.0 pence per share (44.9 cents per share).

Dividends on preferred stock
On 11 January 2012 Catlin Bermuda paid a dividend of $22 million to the stockholders of the non-cumulative perpetual preferred stock.

10 Employee stock compensation schemes

The Group has five employee schemes in place, of which the most significant is the Performance Share Plan ('PSP'), adopted in 2004. The Long Term Incentive Plan ('LTIP') was adopted in 2002 and the last awards were made in 2004. In addition, the Group also has three Employee Share Plans in place. The expense related to the Employee Share Plans is considered to be insignificant. These financial statements include the total cost of stock compensation for all plans, calculated using the fair value method of accounting for stock-based employee compensation.

In February 2012 a total of 8,233,860 options with $nil exercise price and 2,984,523 non-vested shares (total of 11,218,383 securities) were awarded to Group employees under the PSP. Up to half of the securities will vest in 2015 and up to half will vest in 2016, subject to certain performance conditions.

The total cost of the plans expensed in the six months ended 30 June 2012 was $15 million (2011: $3 million).

11 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share is calculated by dividing the earnings attributable to common stockholders by the weighted average number of common shares in issue adjusted to assume conversion of all dilutive potential common shares.

The Company has the following potentially dilutive instruments outstanding during the periods presented:

- PSP;
- LTIP;
- warrants ; and
- employee share plans

Income to common stockholders is arrived at after deducting preferred stock dividends of $22 million (2011: $22 million).

Reconciliations of the number of shares used in the calculations as at 30 June 2012 and 2011 are set out below.

	2012	2011
Weighted average number of shares	347,707,587	343,904,960
Dilution effect of warrants	1,418,297	-
Dilution effect of stock options and non-vested stock	14,691,203	-
Weighted average number of shares on a diluted basis	363,817,087	343,904,960

Earnings per common share		
Basic	$0.53	$(0.64)
Diluted	$0.51	$(0.64)

Potentially issuable securities that would result in a reduction in loss per share if issued are not considered to have a dilution effect. In 2011, due to the loss incurred, no potentially issuable securities were considered dilutive. As a result, there was no difference between basic and diluted amounts.

12 Commitments and contingencies

Legal proceedings
The Group is party to a number of legal proceedings arising in the ordinary course of the Group's business which have not been finally adjudicated. While the results of the litigation cannot be predicted with certainty, management believes that the outcome of these matters will not have a material impact on the results of operations or financial condition of the Group.

Concentrations of credit risk
Areas where significant concentration of risk may exist include investments, reinsurance recoverable, and cash and cash equivalent balances.

The cash balances and investment portfolio are managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single institution issue and issuers. Similar principles are followed for the purchase of reinsurance. The Group believes that there are no significant concentrations of credit risk associated with its investments or its reinsurers.

Letters of credit
The Group arranges letter of credit facilities to support its reinsurance business and for general corporate purposes.

As at 30 June 2012, the Group has access to the following letter of credit facilities:

- A three-year $650 million unsecured multi-bank facility available for utilisation by appointed members of the Group and guaranteed by the Company. As at 30 June 2012, $234 million of letters of credit were issued under this facility. The facility has a termination date of 31 December 2013.
- A bilateral facility available for utilisation by Catlin Bermuda, collateralised by pledged financial assets. As at 30 June 2012, $146 million of letters of credit were issued under this facility.
- A bilateral facility available for utilisation by Catlin Re Switzerland, collateralised by pledged financial assets. As at 30 June 2012, $8 million of letters of credit were issued under this facility.
- Two facilities available for utilisation by Catlin Bermuda for Funds at Lloyd's purposes. As at 30 June 2012, $200 million of letters of credit were issued under these facilities. The facilities have an expiry date of 31 December 2015 and 31 December 2016, respectively.
- An Australian$50 million unsecured bilateral facility, available for utilisation by appointed members of the Group and guaranteed by the Company, for the purpose of providing collateral to Australian beneficiaries. As at 30 June 2012, Australian$43 million of letters of credit were issued under this facility. The facility has an expiry date of 30 June 2013.
- A facility managed by Lloyd's, acting for the Syndicates. As at 30 June 2012, $7 million of letters of credit were issued under this facility.

In addition, Catlin US has letters of credit amounting to $6 million issued for the benefit of state regulators and other parties.

13 Subsequent events

The Board of Catlin Bermuda approved a dividend of $22 million to the stockholders of the non-cumulative perpetual preferred stock. This dividend was paid on 19 July 2012.

The Board of Directors, on 3 August 2012, declared an interim dividend of 9.5 pence per share (14.7 cents) payable on 21 September 2012 to shareholders of record on 24 August 2012. The 2012 interim dividend represents a 6 per cent increase over the 2011 interim dividend of 9.0 pence per share (14.7 cents).

Management has evaluated subsequent events until 3 August 2012, the date of issuance of the financial statements.

Independent Review Report to Catlin Group Limited

Introduction
We have been engaged by Catlin Group Limited ('the Company') to review the interim financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012, which comprises the Consolidated Balance Sheets, Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Stockholders' Equity, Consolidated Statements of Cash Flows and related notes. We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Directors' responsibilities
The Half-Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the interim financial statements included in this Half-Yearly Financial Report have been prepared in accordance with accounting principles generally accepted in the United States of America.

Our responsibility
Our responsibility is to express to the Company a conclusion on the interim financial statements in the Half-Yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012 are not prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers
Bermuda
3 August 2012

Catlin Group Limited
Statement of Responsibility

The Directors confirm that to the best of our knowledge:

- The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements;
- The Half-yearly Report includes a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board.

Stephen Catlin
Chief Executive

Benjamin Meuli
Chief Financial Officer

3 August 2012