Chief Executives Statement

This is the first time we have published our results so I have included an explanation of our history and business model.

History

Catalina's business was started in Bermuda in 2005 when my business partner, Dean Dwonczyk, and I bought Overseas Partners Reinsurance Ltd. ("OP Re") with financing from two Private Equity funds and Barclays Bank. OP Re was the last remaining subsidiary of Overseas Partners Ltd. ("OPL") and our acquisition allowed OPL to be liquidated. During the course of running off OP Re we realised that to acquire other companies in run-off we needed permanent capital so we raised $400m of new equity commitments from five institutional shareholders in 2007. The equity was raised in a new company, Catalina Holdings (Bermuda) Ltd., our existing holding company.

Our shareholders have changed over the intervening nine years as some have needed to sell their holdings. Today Catalina is owned by its management, Caisse de Depot et Placement du Quebec, Ontario Teachers Pension Plan and funds managed by Apollo Global Management. Our institutional shareholders are all either pension funds or similar institutions and they have committed $300m of additional equity capital to help Catalina finance future transactions.

Our business model

Catalina's business model is to acquire non-life insurance and re-insurance companies and portfolios in run-off. Over the past 11 years we have bought publicly listed companies, private companies from financial sponsors and subsidiaries from large insurance corporates and banks who are restructuring. We do not write new premiums other than where the commitment was made prior to our acquisition. In some cases we may acquire a company which is writing live business but where more value exists for that business as a run-off with renewal rights being sold to another live writer, although this is uncommon.

We are a Bermuda domiciled and resident business and our group regulator is the Bermuda Monetary Authority. We have built a platform across the developed insurance markets where legacy liabilities are prevalent. We own and operate regulated subsidiaries in Bermuda, the United States, Switzerland, Ireland and the United Kingdom. This allows us to transfer portfolios into the most appropriate jurisdiction in turn maximising what we can pay to vendors.

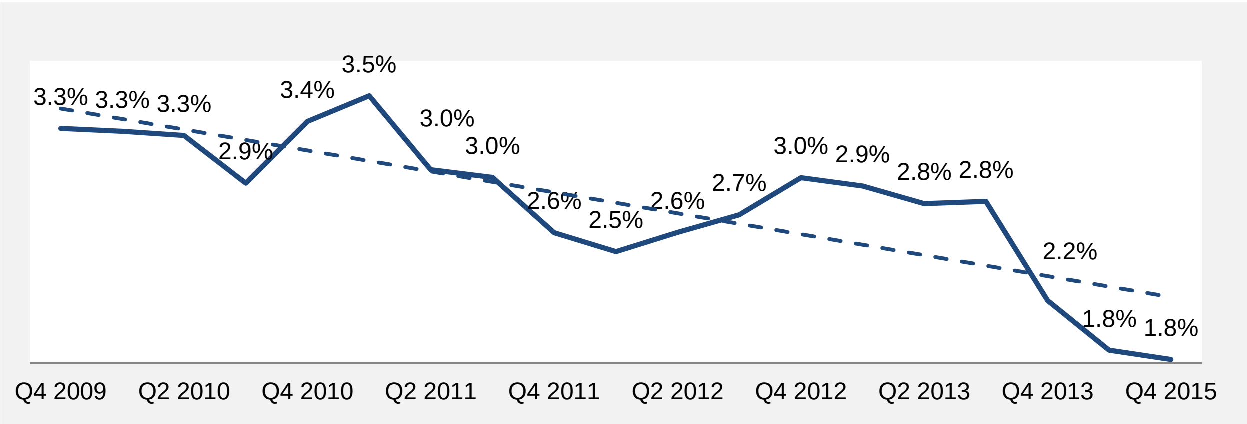
We employed 140 people in 9 offices in 2015 and we expect that to rise to 200 over the course of 2016. We actively target key staff in acquisitions seeking to retain and motivate them, providing them with long term career opportunities which do not exist in most run-off companies.

We are active managers of our assets and liabilities. Our asset management strategy has generated consistently good risk adjusted returns since inception and, although the higher returns available immediately following the financial crises in 2008/9 are no longer so readily available, we continue to generate very healthy returns despite wider market volatility.

Our active claims management and commutation strategies have consistently generated income equivalent to the income generated from the asset side of the balance sheet. Understanding the opportunity to settle claims below carried reserves is a critical part of our model and a key focus of our diligence of potential acquisitions. Our reserves are carried at actuarial best estimates and so embed significant future profitability.

We are a low cost operator and as our business has grown we have been able to reduce our General & Administrative expenses as a percentage of our total assets. The chart below shows LTM G&A expenses as a percentage of Average Total Assets falling from 3.3% at Q4 2009 to 1.8% at Q4 2015.

LTM G&A expenses as a percentage of Total Assets



Our balance sheet has both operational and financial leverage. Financial leverage is provided by a combination of a $400m revolving credit facility provided by a group of seven banks and Tier II subordinated debt. Combined with our equity, this results in a low weighted average cost of capital.

The combined benefits of good risk adjusted assets returns, active low cost management of liabilities, and a low weighted average cost of capital enables Catalina to acquire companies or portfolios in run-off at prices that are attractive to vendors.

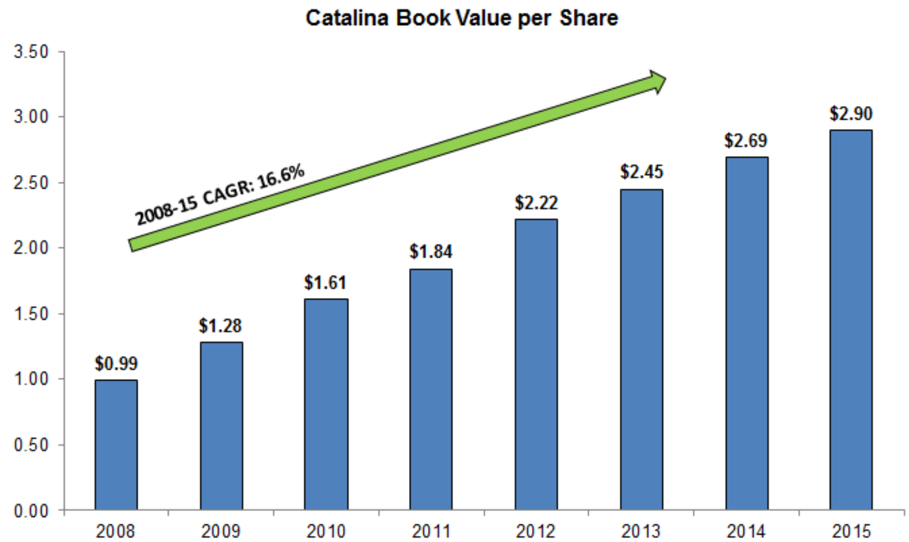
Our Track Record

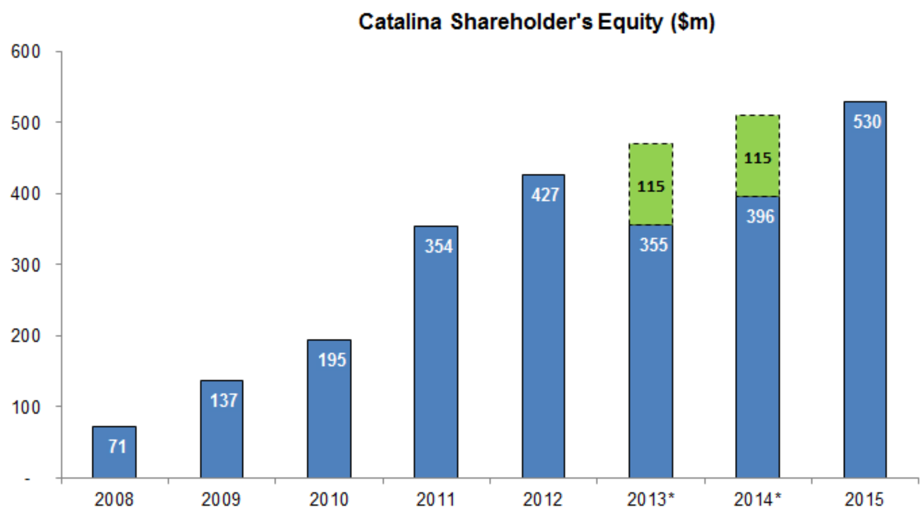
Our first acquisition in Catalina Holdings (Bermuda) Ltd. was Quanta Capital Holdings Ltd. in 2008, a Bermuda company listed on NASDAQ. Most recently, in July this year, we signed a definitive agreement to acquire Hartford Financial Products International Limited ("HFPI") from The Hartford. At the time of writing we have made 20 acquisitions with total shareholders' equity of acquired companies of $1.9bn, total gross reserves, including from transferred portfolios, of $4.3bn, and total assets of $6.3bn.

Our flexible business model allows us to acquire all types of non-life insurance and reinsurance companies and portfolios. We have acquired and successfully run-off short tail catastrophe reinsurance writers (such as Glacier Reinsurance AG in Switzerland) as well as long tail casualty companies (such as

KX Reinsurance Company Limited in the UK) and portfolios. We are also active acquirers of direct insurance companies and portfolios. A full list of our transactions is included on our website.

The business has delivered a compound annual growth of 16.6% in book value per share between 2008 and 2015, with an average return on tangible net assets of 15.5%.





*$115m reduction in shareholder's equity reflects the conversion of Nomura's equity stake into a loan made which was repaid in 2014

Catalina is the second largest standalone consolidator of non-life run-off insurance and reinsurance, in the world with an estimated $4bn of total assets pro forma for the deals signed and not yet closed.

The market for non-life run-off acquisitions

The non life run-off market has been estimated by professional services firms as having liabilities in excess of $400bn worldwide. This is not a static figure and it is growing as live insurance and reinsurance companies reassess their business models, place in the distribution chain and use of capital. As well as the old legacy liabilities this results in increasing opportunities for a innovative company like Catalina to grow its business in liability classes it understands and is experienced in, whilst providing a valued service to sellers.

We continue to see opportunities in Bermuda, the US, across Europe and increasingly in the Far East and some less well developed markets. We are also seeing a trend towards larger transactions with an increasing number of sellers being multinational insurers with substantial balance sheets.

Catalina's ability to transfer substantial portfolios in excess of $1bn has opened up a broader range of opportunities. As well as acquisitions and portfolio transfers of legacy liabilities we are also starting to find that some large potential sellers are interested in partnering with Catalina to benefit from our focussed experience and track record in the run-off sector.

2015 Results

2015 was another successful year for Catalina and one in which the business continued to grow profitably.

We announced and closed two acquisitions in 2015, Allianz Suisse Re in Switzerland (subsequently re-named Catalina Reinsurance (Switzerland) Ltd.) and the Loss Portfolio Transfer of the legacy Quinn business in Ireland. Shareholders' equity grew from $398m to $534m and total assets to $2.7bn. Our institutional investors provided $86m of equity funding to support the two aforementioned acquisitions.

	2015 $'millions	2014 $'millions
Net run-off income	83.3	51.4
Net investment income	32.5	49.7
Gain on acquisition	7.3	7.8
General and administrative expenses	- 52.1	- 51.5
Foreign exchange gains (losses)	6.5	- 0.6
Operating profit	77.5	56.8
Interest expense	- 21.1	- 16.8
Change in subordinated debt fair value	8.3	3.9
Income before income taxes	64.7	43.9
Income tax expense	- 7.5	- 0.7
Net income	57.2	43.3

Over time we have generated around half of our income from the liability side of our balance sheet and half from the asset side. In 2015 that was skewed to the liability side with net run-off income rising 62% to $83.3m. Net investment income was lower in 2015 at $32.5m which represented a return of 1.8% on average invested assets, compared to 3.7% in 2014, and an annualised return of 4.9% in the first six months of 2016. General & Administrative expenses were broadly flat on 2014 resulting in a 36% increase in operating profit to $77.5m.

Net income pre tax rose 47% to $64.7m. Income tax expense rose as brought forward tax losses in some jurisdictions were eroded. Net income rose 32% to $57.2m, representing a 14.3% return on average net tangible assets.

Since the 2015 year end we have signed two more acquisitions. In March 2016, Catalina agreed to acquire AGF Insurance Limited ("AGF") from Allianz. At 31 December 2015 AGF had total assets of £270m ($389m), undiscounted gross reserves of £185m ($266m), and shareholder's equity of £79m ($113m). In July 2016, we agreed to acquire Hartford Financial Products International Limited and Downlands Liability Management ("DLM") from The Hartford. At 31 March 2016 HFPI and DLM had combined total assets of £712m ($1,023m), undiscounted gross reserves of £477m ($686m) and shareholders' equity of £223m ($321m). Pro forma for these acquisitions we expect our balance sheet to have total assets of circa $4bn.

We continue to see multiple transactions across the globe and our M&A, actuarial, claims and diligence teams remain as busy as they have ever been reviewing new opportunities.

Chris Fagan
Chairman & Chief Executive
September 2016