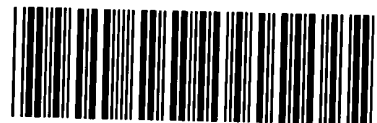


Registered number: 02966836

CATLIN UNDERWRITING

**ANNUAL REPORT
YEAR ENDED
31 DECEMBER 2016**

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CATLIN UNDERWRITING

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CATLIN UNDERWRITING
COMPANY INFORMATION

Director and officers at the date that the report is signed:

DIRECTORS	P R Bradbrook P A Jardine
COMPANY SECRETARY	M L Rees
REGISTERED NUMBER	2966836
REGISTERED OFFICE	20 Gracechurch Street London EC3V 0BG
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

CATLIN UNDERWRITING
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

Catlin Underwriting ("the Company") holds land and buildings lease commitments on behalf of XL Group Ltd and its subsidiaries (the "Group", or "XL Group"), the costs of which are borne by another group company.

DIRECTORS

Company directors who hold office at the date of this report are listed on page 1.

COMPANY SECRETARY

The company secretary in office at the date of this report is shown on page 1.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of policies, procedures and internal controls. The company has developed a risk and control framework in line with the wider XL Group which is built on an Enterprise Risk Management Model that aims to integrate existing risk programs into a more holistic embedded Group-wide risk and capital management framework.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed.

CATLIN UNDERWRITING

DIRECTORS' REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company's financial statements in accordance with United Kingdom accounting standards including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), issued by the Financial Reporting Council and other requirements of the Companies Act 2006.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:



P R Bradbrook
Director
22 Sep 2017

CATLIN UNDERWRITING

Independent auditors' report to the members of Catlin Underwriting

Report on the financial statements

Our opinion

In our opinion, Catlin Underwriting's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of Profit or Loss for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Financial Position as at 31 December 2016; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CATLIN UNDERWRITING

Independent auditors' report (Continued) to the members of Catlin Underwriting

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Matthew Nichols

Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2017

CATLIN UNDERWRITING

STATEMENT OF PROFIT OR LOSS YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover		905,986	788,835
Administrative expenses		(551,439)	(774,045)
OPERATING PROFIT	2	354,547	14,790
Interest receivable and similar income	4	8,366	1,854,945
Interest payable and similar expenses	5	—	(1,840,158)
PROFIT BEFORE TAXATION		362,913	29,577
Tax on profit	6	(78,571)	—
PROFIT FOR THE FINANCIAL YEAR		284,342	29,577

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 January 2015	100	1,115,137	5,467,074	6,582,311
Profit for the financial year	—	—	29,577	29,577
Balance as at 31 December 2015	100	1,115,137	5,496,651	6,611,888
Profit for the financial year	—	—	284,342	284,342
Balance as at 31 December 2016	100	1,115,137	5,780,993	6,896,230

CATLIN UNDERWRITING
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		2016	2015
	Note	£	£
CURRENT ASSETS			
Debtors	7	6,848,675	6,474,333
Cash and cash equivalents		126,126	137,555
Creditors: amounts falling due within one year	8	(78,571)	—
NET CURRENT ASSETS		6,896,230	6,611,888
			—
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,896,230</u>	<u>6,611,888</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Share premium account		1,115,137	1,115,137
Profit and loss account		5,780,993	5,496,651
TOTAL SHAREHOLDERS' FUNDS		<u>6,896,230</u>	<u>6,611,888</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors and signed on its behalf by:



P R Bradbrook
Director
22 Sep 2017

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements have been prepared on the going concern basis, in accordance with applicable UK accounting standards including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") issued by the Financial Reporting Council and in compliance with the other requirements of the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the previous years presented, unless otherwise stated.

1.2 Exemption from preparing cash flow statement

The Company has availed itself of the exemption under FRS 102 section 1 on 'Reduced disclosures for subsidiaries' on the grounds that it is a wholly-owned subsidiary whose ultimate parent is XL Group Ltd (registered in Bermuda) which prepares a group consolidated cash flow statement in its group consolidated financial statements that are publicly available.

1.3 Exemption from disclosing related party transactions

As the Company is a wholly-owned subsidiary whose ultimate parent XL Group Ltd (registered in Bermuda), the Company has taken advantage of the exemption contained in FRS 102 section 33 'Related Party Disclosures' from disclosing related party transactions with entities which form part of the XL Group.

1.4 Interest

Interest income and charges are accrued up to the financial position date.

1.5 Foreign currencies

The Company's financial statements are presented in pound sterling which is the same as its functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the time of the original transactions and are not re-translated at each year end. Transactions in foreign currencies are translated into sterling at the previous month's closing rates as a proxy for the transactional rates. Exchange gains and losses are recognised in the Statement of profit or loss.

1.6 Intercompany loan

The Intercompany loan payable and receivable are initially measured at fair value representing the transaction price and is subsequently measured at amortised cost using the effective interest method.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

1 ACCOUNTING POLICIES (CONTINUED)

1.7 Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months' maturity from the date of acquisition. Cash and cash equivalents are measured at fair value through the statement of profit or loss account.

1.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the year. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

1.9 Turnover

Expenses that are contractually the obligation of the Company but borne by other XL Group entities are reported as administrative expenses, with an equal and opposite amount reported as turnover

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED 31 DECEMBER 2016**

2 OPERATING PROFIT

The operating profit is stated after charging/(crediting) the following:

	2016	2015
	£	£
Rent Exp	410,600	774,045
Local Business Taxes	53,832	—
Foreign Exchange on Revaluation/Translation	(410,747)	(28,262)
Bank Charges	1,165	13,471

The auditors' remuneration for the year of £2,758 (2015: £2,844) has been borne by another group Company.

3 STAFF COSTS

The Company has no employees (2015: nil)

The Company incurred no staff costs during the year (2015: £nil).

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Interest receivable from group companies	—	1,840,159
Other interest receivable	8,366	14,786
	<u>8,366</u>	<u>1,854,945</u>

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
On Subordinated debt	<u>—</u>	<u>1,840,158</u>

CATLIN UNDERWRITING
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2016

6 TAX ON PROFIT

	2016 £	2015 £
UK corporation tax charge on profit for the year	<u>(78,571)</u>	<u>—</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
Profit before taxation	<u>362,913</u>	<u>29,577</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	72,583	5,989
Effects of:		
Adjustment in respect of prior years	5,988	
Utilisation of tax losses		(5,989)
Total tax charge for the year (see note above)	<u>78,571</u>	<u>—</u>

The Company has an unrecognised deferred tax asset of £202,575 as at 31 December 2016 (2015: £275,428) in respect of carried forward tax losses. This asset has not been recognised due to the uncertainty of the company having suitable taxable profits in the foreseeable future against which these losses can be utilised.

CATLIN UNDERWRITING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2016

7 DEBTORS

	2016	2015
	£	£
Amounts owed by group undertakings	6,886,250	6,478,205
Other debtors	(37,638)	(3,872)
VAT recoverable	63	—
	<u>6,848,675</u>	<u>6,474,333</u>

Group relief claimed in respect of prior years has been transferred to amounts owed by group undertakings as these claims are deemed to have been finalised between the entities concerned.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 CREDITORS : Amounts falling due within a year

	2016	2015
	£	£
Amounts owed to group undertakings	(5,988)	—
Corporation Tax	(72,583)	—
	<u>(78,571)</u>	<u>—</u>

9 CALLED UP SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
1,000 (2015 :1000) : Ordinary shares of £0.10 each	<u>100</u>	<u>100</u>

CATLIN UNDERWRITING
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2016

10 OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Between 2 and 5 years	774,045	774,045
After more than 5 years	-	-

The Company holds land and buildings lease commitments on behalf of the group.

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly-owned subsidiary of Catlin Holdings Limited, a company registered in Bermuda.

The company's immediate parent undertaking is Catlin (WUPLC) Holdings Limited, a company registered in Bermuda. As at the balance sheet date the ultimate parent undertaking and controlling party was XL Group Ltd, a company registered in Bermuda.

The results of the Company are consolidated within the financial statements of XL Group Ltd. Copies of the audited financial statements of both parent undertakings can be obtained from the Company Secretary, 20 Gracechurch Street, London, EC3V 0BG.