



Investor Presentation: Q3 2023 Trading Statement

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS PRESENTATION OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “AIMS”, “ANTICIPATES”, “PLANS”, “PROJECTS”, “FORECASTS”, “GUIDANCE”, “INTENDS”, “EXPECTS”, “ESTIMATES”, “PREDICTS”, “MAY”, “CAN”, “LIKELY”, “WILL”, “SEEKS”, “SHOULD”, OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP’S 2022 ANNUAL REPORT AND ACCOUNTS AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PRESENTATION MAY BE AFFECTED BY: THE IMPACT OF THE ONGOING CONFLICTS IN UKRAINE AND THE MIDDLE EAST, INCLUDING ANY ESCALATION OR EXPANSION THEREOF, ON THE GROUP’S BUSINESS, RESERVES OR CLIENTS, THE CONTINUED UNCERTAINTY OF THE SITUATION IN RUSSIA, INCLUDING ISSUES RELATING TO POLICY COVERAGE AND THE IMPACT OF GOVERNMENT SANCTIONS, THE IMPACT ON SECURITIES IN OUR INVESTMENT PORTFOLIO AND ON GLOBAL FINANCIAL MARKETS GENERALLY, AS WELL AS ANY GOVERNMENTAL OR REGULATORY CHANGES, ARISING THEREFROM; THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR MAY WRITE; THE GROUP’S ABILITY TO SUCCESSFULLY IMPLEMENT ITS BUSINESS STRATEGY DURING ‘SOFT’ AS WELL AS ‘HARD’ MARKETS; THE CONTINUATION OF INCREASED PREMIUM RATES THAT ARE AVAILABLE AT POLICY INCEPTION FOR LINES WITHIN ITS TARGETED BUSINESS; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR RELATED FACTORS; AND CYCLICAL DOWNTURNS OF THE INDUSTRY. ALL FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP’S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS PRESENTATION AND THE REPORT AND ACCOUNTS AND THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

NOTE REGARDING RPI METHODOLOGY:

THE RENEWAL PRICE INDEX (“RPI”) IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI IN THE RESPECTIVE SEGMENTS IS CALCULATED ON A PER CONTRACT BASIS AND REFLECTS MANAGEMENT’S ASSESSMENT OF RELATIVE CHANGES IN PRICE, TERMS, CONDITIONS AND LIMITS AND IS WEIGHTED BY PREMIUM VOLUME. THE RPI DOES NOT INCLUDE NEW BUSINESS, TO OFFER A CONSISTENT BASIS FOR ANALYSIS. THE CALCULATION INVOLVES A DEGREE OF JUDGEMENT IN RELATION TO COMPARABILITY OF CONTRACTS AND THE ASSESSMENT NOTED ABOVE. TO ENHANCE THE RPI METHODOLOGY, MANAGEMENT MAY REVISE THE METHODOLOGY AND ASSUMPTIONS UNDERLYING THE RPI, SO THE TRENDS IN PREMIUM RATES REFLECTED IN THE RPI MAY NOT BE COMPARABLE OVER TIME. CONSIDERATION IS ONLY GIVEN TO RENEWALS OF A COMPARABLE NATURE SO IT DOES NOT REFLECT EVERY CONTRACT IN THE PORTFOLIO OF CONTRACTS. THE FUTURE PROFITABILITY OF THE PORTFOLIO OF CONTRACTS WITHIN THE RPI IS DEPENDENT UPON MANY FACTORS BESIDES THE TRENDS IN PREMIUM RATES.

NOTE REGARDING ALTERNATIVE PERFORMANCE MEASURES:

THE GROUP USES ALTERNATIVE PERFORMANCE MEASURES TO HELP EXPLAIN BUSINESS PERFORMANCE AND FINANCIAL POSITION. THESE MEASURES HAVE BEEN CALCULATED CONSISTENTLY WITH THOSE AS DISCLOSED IN THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023.

Q3 update

Financials

Outlook

Appendix



Q3 update

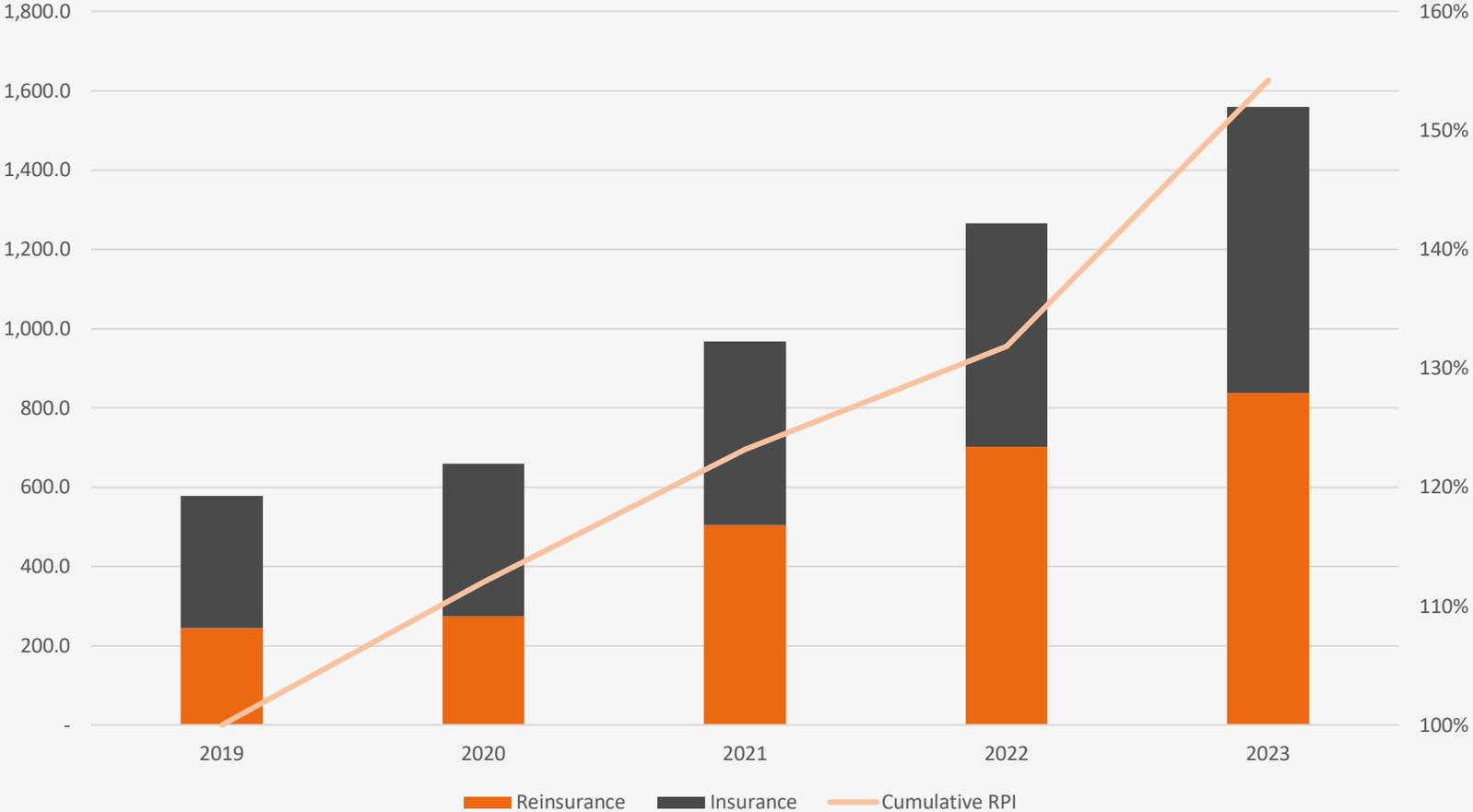
Special dividend and buy-back while continuing to take advantage of market conditions

- Gross premiums written increased by 23.2% year-on-year to \$1.6 billion.
- IFRS 17 Insurance revenue increased by 22.1% year-on-year to \$1.1 billion.
- Group Renewal Price Index (RPI) of 117%.
- Total net investment return, including unrealised gains and losses, of 2.8%.
- Strong balance sheet and extremely robust capital position.
- Capital return of up to \$169 million following strong operating performance year-to-date while retaining the flexibility to fund further growth and realise our ambitions.
 - \$119 million in special dividend and up to \$50 million in buy-backs of Lancashire’s Common Shares.

We have continued to successfully implement our long-term strategy to manage the market cycle and deliver strong profitable growth through a portfolio of diversified products.

Continuing to deliver on our strategy

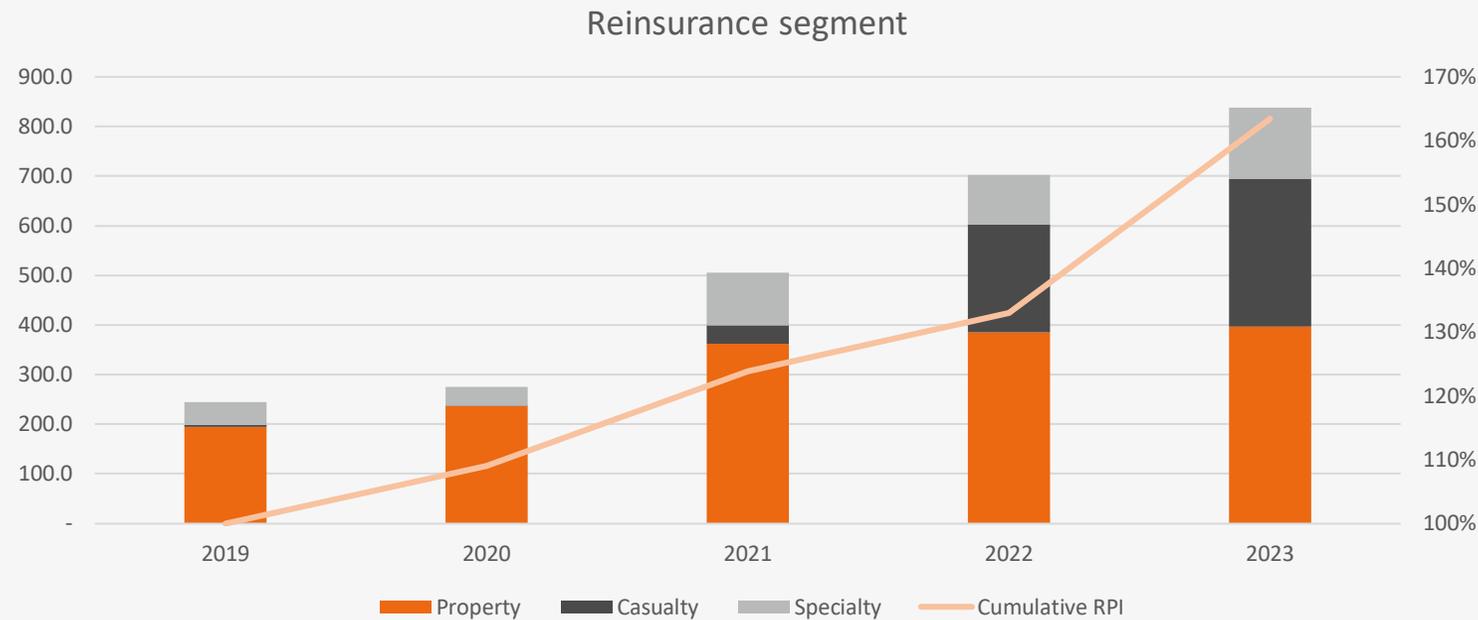
Gross premiums written (\$m) and cumulative RPI (%) for the first nine months: 2019 to 2023



- Gross premiums written increased by 23.2% year-on-year to \$1.6 billion in the first nine months of 2023.
- Group RPI of 117%.
- We expect a positive environment to continue into 2024 with further opportunities for Lancashire.

Strong premium growth in Q3 2023: Reinsurance segment

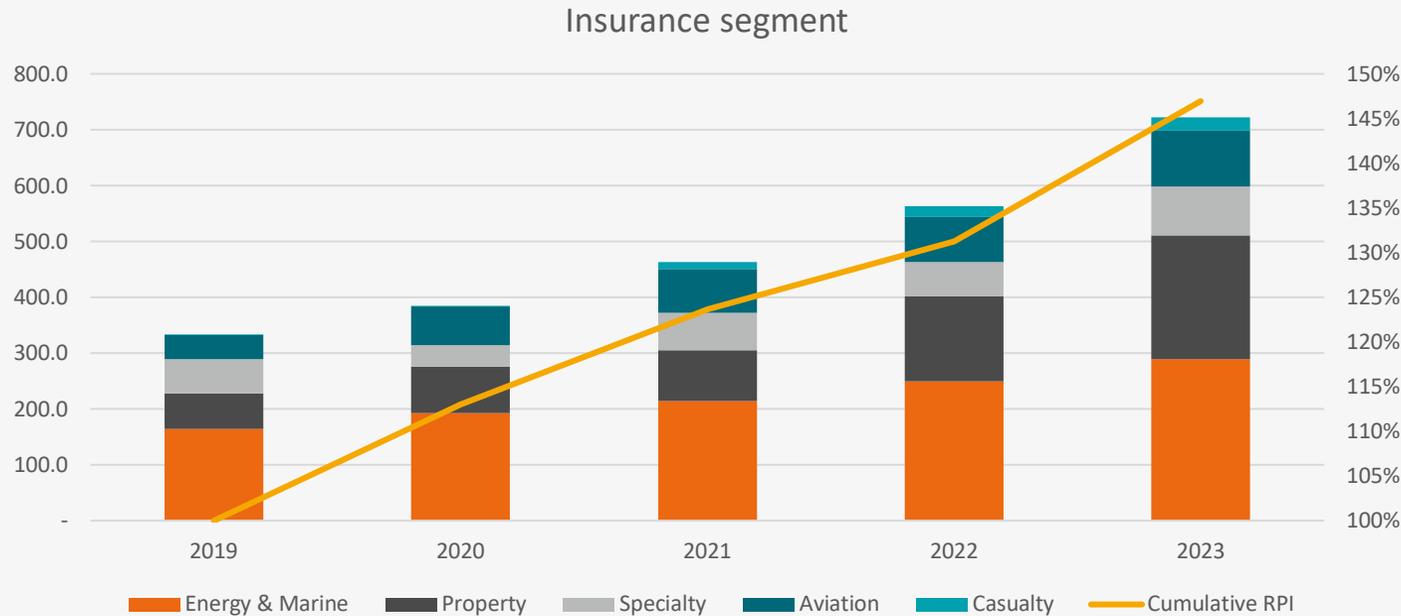
Gross premiums written (\$m) and cumulative RPI (%) for the first nine months: 2019 to 2023



- Build out of casualty reinsurance lines the most significant contributor to growth.
- Specialty reinsurance also continued to add new business.
- Property reinsurance class benefiting from significant rate increases.
- RPI of 123% for the segment.

Strong premium growth in Q3 2023: Insurance segment

Gross premiums written (\$m) and cumulative RPI (%) for the first nine months: 2019 to 2023



- Growth primarily driven by property with significant rate increases in property D&F and build out of property construction book.
- More premium written in political risk class than in the prior year.
- Energy and marine lines continued to grow in positive market conditions.
- RPI of 112% for the segment.

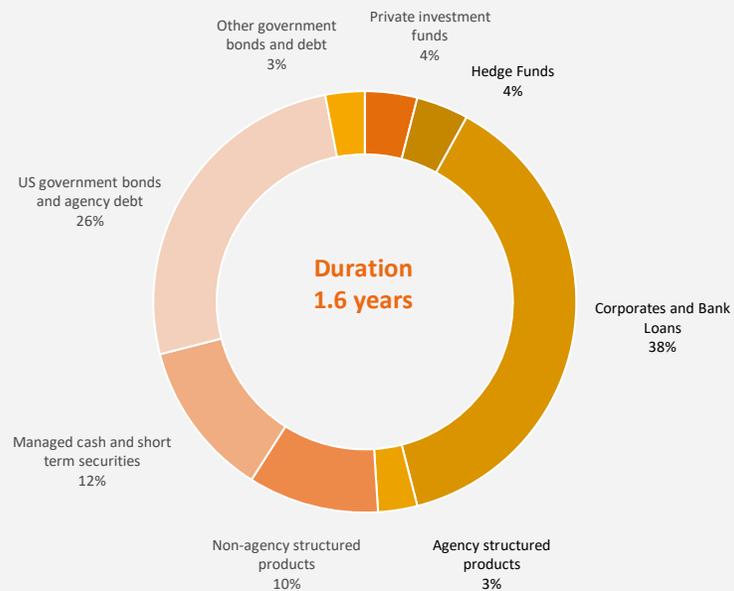
Financials



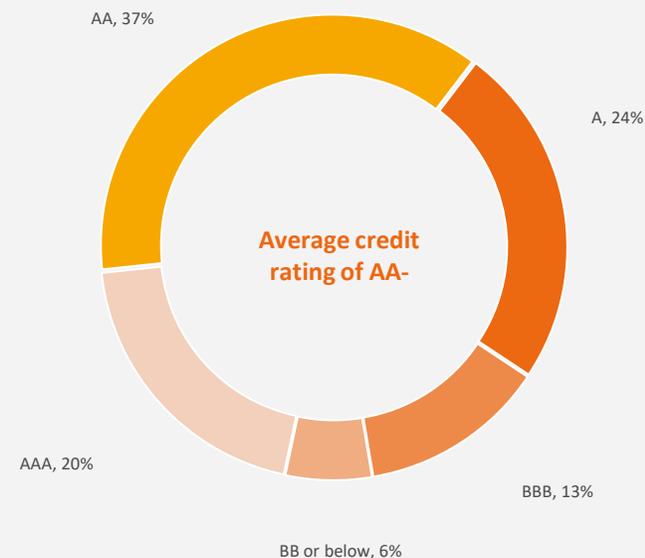
Financial update

- IFRS 17 insurance revenue increased by \$200.9 million or 22.1% in the period compared to the same period in 2022.
- Natural catastrophe loss activity in the first nine months of 2023 included U.S. wind and convective storms, the Hawaiian wildfires, the Turkey earthquake, hurricane Idalia, and cyclones and flooding in New Zealand. We also incurred some risk losses, particularly in energy classes. None of these were individually material.
- Total net investment return, including unrealised gains and losses, of 2.8%.
- No change to guidance.

Asset Allocation
total investment portfolio and managed cash



Credit Quality
fixed maturities and managed cash



- Total investment portfolio and managed cash at 30 September 2023 = \$2,661.4 million.
- Total net investment return of 2.8%, primarily driven by investment income and unrealised gains.



Outlook

Outlook: continued momentum

- **We see strong opportunities into 2024.** We will continue to grow while the opportunity persists in an attractive rating environment.
- **We remain strongly capitalised to deliver on our long-term strategy.** We continue to navigate the insurance cycle and manage the business for the long term.
- **Our franchise has strengthened and is more resilient.**
- **We will continue to build out the franchise, rating environment permitting.**

There is no change to our long-term strategy.

Disciplined growth is important to balance returns over the longer term. This approach to growth will allow Lancashire to mitigate the weaker years through portfolio optimisation and we expect this to enhance returns over the cycle.

Appendix



- ESG Insurance underwriting guidelines implemented by reference to Lloyd’s ESG underwriting guidelines.
- We underwrite renewable energy covers, where appropriate, and continue to engage with our energy clients on their transition plans.
- 2022 peer benchmarking exercise. ESG framework reviewed annually.
- Our CCWG articulates underwriting related risks and opportunities relating to physical, transition and liability risks and investment-related risks and opportunities.



Sustainable insurance

Ensuring our business considers ESG issues in our underwriting decision making.



Responsible investment

Demonstrating our commitment to ESG through management of investments.

- 95.5% of the Group’s principal investment managers are signatories to the UN Principles for Responsible Investment.
- Our ESG Investment guidelines embedded in external investment managers’ guidelines.
- Invested in an ESG Money Market Fund.
- We are investigating the development of a sustainable fund.
- We monitor the ESG profile of our fixed maturity portfolio through the MSCI ESG rating tool.

- High level of diversity maintained - Group executive 50% male / 50% female, at 30 September 2023.
- Accredited living wage employer, for our business and our supply chain.
- Hiring practices seek to remove bias through anonymisation of CVs and gender neutral language for role adverts.
- Training on diversity matters included in employee induction programme and unconscious bias training across the group.
- Group DE&I Policy implemented



People and culture

Giving our people the environment, tools, skills and support they need to thrive in an open, honest and diverse culture.



Operating responsibly

Running our business as a good corporate citizen, a responsible preserver of resources, and engaging constructively with all our stakeholders to the benefit of society.

Supporting wider society through our corporate and charitable activities including the Lancashire Foundation.

- 100% renewable electricity for our London operations backed by Renewable Energy Guarantees of Origin.
- Trending in the right direction with our current target to reduce emissions by a further 15% by 2030.
- Fully offset calculated 2022 GHG market-based emissions by purchasing verified credits.
- More than \$22 million donated to charitable organisations since 2007.
- Our ClimateWise report, which is TCFD aligned, is available on our website.



- Since the first donation in 2007, the Foundation has given more than \$22 million to charitable organisations across an ever increasing range of causes. Donations in 2023 to date total more than £250,00.
- During 2022, around \$600,000 was distributed to charities.
- The Foundation is actively supported by our colleagues through volunteering and requesting funding for causes close to them.
Employees raising funds for charitable organisations can also request matching funds from the Foundation.
- The annual donation made to the Foundation to fund its assistance pool is aligned to the financial performance of the business.
- The Foundation receives 0.75% of Group profits with a annual minimum threshold of \$250,000 to a maximum of \$750,000.

Project Transform 2023

In November 2023 staff will be taking part in Project Transform. This initiative extends Lancashire's impact and tangibly gives back to a community in need. Employees will visit Tanzania with International Volunteer HQ to help with a construction / renovation project.



For more information

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