



Delivering together



Unaudited condensed interim consolidated financial statements

30 June 2024

Contents

Business review: Financial performance.....	2
Unaudited condensed interim consolidated financial statements.....	6
Statement of Directors' responsibilities.....	24
Independent review report to Lancashire Holdings Limited.....	25
Glossary.....	26
Alternative performance measures.....	31
Note regarding forward-looking statements.....	33

Financial highlights

	Six months ended	Six months ended
	30 June 2024	30 June 2023
	\$m	\$m
Highlights		
Gross premiums written ¹	1,282.2	1,184.0
Insurance revenue	854.1	720.9
Insurance service result	222.8	188.8
Net investment return	75.2	63.2
Profit after tax	200.8	159.2
Financial ratios		
Net insurance ratio ¹	65.2%	62.8%
Combined ratio (discounted) ¹	73.0%	71.4%
Combined ratio (undiscounted) ¹	82.2%	79.2%
Total investment return ¹	2.3%	2.2%
Per Share data		
Diluted book value per share ¹	\$6.35	\$6.05
Change in diluted book value per share ¹	14.0%	12.2%
Dividends per common share paid in the financial year to date ²	\$0.65	\$0.10
Diluted earnings per share	\$0.82	\$0.66

1. Please refer to the end of this release for details of how these Alternative Performance Measures (APMs) are calculated.

2. Includes special dividend of 50 cents per share paid in April 2024 in respect of the year ended 31 December 2023 financial results.

Alex Maloney, Group Chief Executive Officer, commented:

“Lancashire has delivered its best ever half-year performance in the first six months of 2024.

This outstanding result demonstrates the continued success of our long-term strategy to manage the market cycle and further strengthen our business through diversification.

We have continued to take advantage of favourable market conditions while holding true to our principles of disciplined underwriting and optimised capital allocation.

For the first six months of the year, we continued to grow ahead of rate with gross premiums written increasing 8.3% year-on-year and insurance revenue increasing 18.5% to \$854.1 million. We have also reported a combined ratio of 73.0% or 82.2% on an undiscounted basis.

We have continued to see rates remain positive across our product suite with a Group RPI for the period of 102%. Our strategic focus has always been to adapt to the market cycle and grow the business when the environment is right, while actively managing our capital to support those underwriting opportunities. This includes our new U.S. operation, which has made a fantastic start with an extremely strong team across our underwriting and support functions.

The loss environment in the first half of 2024 was relatively active for the industry with significant insured market events including the MV Dali Baltimore bridge collision disaster. None of these events were individually material for the Group and we delivered a strong underwriting performance.

Our results have also been supported by our growing investment portfolio, which is now approaching \$3 billion in size. We have continued to benefit from the higher yield environment with positive net returns of 2.3% or \$75.2 million.

With our strong balance sheet and capital base, we remain in excellent health going into the second half of the year.

Based on our strong performance in the first six months of the year, we are well on track to deliver on our full year guidance for an average loss year undiscounted combined ratio in the mid-80% range, and an RoE, as measured by change in diluted book value per share, of around 20%.

In March, we announced a change to our regular final and interim dividend policy to increase returns to our shareholders. For the first half of 2024, the Board has declared an ordinary interim dividend of 7.5 cents per common share consistent with this policy.

Across Lancashire we have committed people who are the foundation of our strong, positive culture and commercial success. We place value on maintaining our distinct ways of working and collaborative approach, which make us an extremely attractive employer that is able to recruit and retain the very best talent in the sector. We also continue to support the important work of the Lancashire Foundation and, due to the strong operational performance of the Group in 2023, the Board has approved the maximum level of funding to aid its charitable work this year.

As we head into the remainder of 2024, building on this record half-year performance, we look with confidence to 2025 and beyond. I would like to thank everyone at Lancashire for their hard work, and our clients, brokers and shareholders for their support.”

Insurance service results

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
Gross premium written	734.6	547.6	1,282.2	658.0	526.0	1,184.0
RPI	101%	103%	102%	123%	111%	117%
Insurance revenue	407.6	446.5	854.1	336.6	384.3	720.9
Insurance service expenses	(182.3)	(289.9)	(472.2)	(88.1)	(200.4)	(288.5)
Insurance service result before reinsurance contracts held	225.3	156.6	381.9	248.5	183.9	432.4
Allocation of reinsurance premium	(82.3)	(131.4)	(213.7)	(89.3)	(123.4)	(212.7)
Amounts recoverable from reinsurers	9.0	45.6	54.6	(66.0)	35.1	(30.9)
Net expense from reinsurance contracts held	(73.3)	(85.8)	(159.1)	(155.3)	(88.3)	(243.6)
Insurance service result	152.0	70.8	222.8	93.2	95.6	188.8
Net insurance ratio	53.3%	77.5%	65.2%	62.3%	63.4%	62.8%

Gross premiums written

Gross premiums written increased by \$98.2 million, or 8.3% during the first six months of 2024 compared to the equivalent period in 2023. Excluding the impact of reinstatement premiums and multi-year contracts, underlying growth in gross premiums written was 9.8%. The Group's two principal segments, and the key market factors impacting them, are discussed below.

Reinsurance segment

Gross premiums written for the first six months of 2024 increased by \$76.6 million, or 11.6% when compared to the same period in 2023. The property reinsurance and specialty reinsurance lines were the significant drivers of growth.

Insurance segment

Gross premiums written for the first six months of the year increased by \$21.6 million, or 4.1% when compared to the same period in 2023. This increase was primarily driven by new business within the property segment, including business written through both our Lancashire U.S. and Lancashire Australia distribution channels, as well as the continued build-out of the property construction class. These increases were partly offset by the timing of multi-year renewals in the political risk and marine classes.

Insurance revenue

Insurance revenue increased by \$133.2 million, or 18.5% for the first six months of 2024 compared to the same period in 2023. Growth was more substantial for insurance revenue than gross premiums written as we continue to benefit from earnings coming through from prior underwriting years. Gross premiums earned, which is a major driver of insurance revenue, as a percentage of gross premiums written was 76.9% for the first six months of 2024 compared to 69.8% in the first six months of 2023.

Allocation of reinsurance premium

Allocation of reinsurance premiums increased by \$1.0 million, or 0.5% during the first six months of 2024 compared to same period in 2023. The allocation of reinsurance premiums as a percentage of insurance revenue for the Group was 25.0%, down from 29.5% in the prior period, reflecting more efficient reinsurance purchasing and increased risk retention in the strong market environment.

Net claims

During the first six months of 2024, the Group experienced net losses (undiscounted, including reinstatement premiums) from large loss events totalling \$45.5 million. None of these events were individually material for the Group, with the MV Dali Baltimore bridge collision loss being the most significant.

In comparison, during the first six months of 2023, the Group experienced net losses (undiscounted, including reinstatement premiums) from catastrophe and large loss events totalling \$49.5 million. None of these loss events were individually material for the Group.

Favourable prior accident year loss development, including reinstatement premiums and expense provisions, was \$52.0 million during the first six months of 2024. This was primarily due to better attritional loss experience than expected in the 2023 accident year, along with catastrophe event reserve releases, most notably on the 2021 accident year. In comparison, favourable development of \$72.1 million for the equivalent period in 2023 was driven by loss reserve releases on the 2022 and 2021 accident years.

The first six months of 2024 and 2023 also both benefited from the release of expense provisions and net reductions in reinstatement premiums. This reduction was more pronounced in the prior period.

Net discounting benefit

The table below shows the total net impact of discounting in respect of both insurance contracts issued, and reinsurance contracts held, by financial statement line item.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m
Initial discount included in insurance service result	73.6	(14.6)	59.0	46.5	(7.1)	39.4
Unwind of discount	(47.1)	13.7	(33.4)	(40.1)	14.3	(25.8)
Impact of change in assumptions	18.8	(4.4)	14.4	2.4	(0.2)	2.2
Finance (expense) income	(28.3)	9.3	(19.0)	(37.7)	14.1	(23.6)
Total net discounting income (expense)	45.3	(5.3)	40.0	8.8	7.0	15.8

The total impact of discounting for the first six months of 2024 was a net benefit of \$40.0 million, compared to a net benefit of \$15.8 million in 2023. The higher initial discount in the first six months of 2024 compared to the same period in 2023 is due to the growing insurance portfolio increasing the quantum of initial loss reserves being established within a higher discount rate environment. This higher discount rate environment also results in an increasing net expense through the unwind of discount relative to the prior year. Interest rates have generally increased since 31 December 2023 generating a positive impact from the change in assumptions. In the prior period, the impact of the change in yield curve assumptions was relatively minor given a more stable discount rate environment.

Investments

For the six months ended 30 June	2024 \$m	2023 \$m
Total net investment return	75.2	63.2

The total investment return, including realised and unrealised gains and losses, was 2.3% for the first six months of 2024. The positive returns were driven by investment income as our portfolio continues to benefit from higher yields on a growing portfolio. Treasury yields rose throughout the first and second quarter of 2024, with most of the increase in yields occurring during the first quarter. This resulted in higher returns in the second quarter, with coupon income helping to mitigate the increase in treasury yields and slight spread widening. In addition to the higher investment income, the private investment funds and remaining hedge fund had strong returns throughout the six months.

The Group's investment portfolio, including unrealised gains and losses, returned 2.2% for the first six months of 2023. The majority of the gains were generated in the first quarter as treasury rates declined. In the second quarter, investment income mitigated negative returns from the upward shift in the yield curve. All asset classes performed positively, with most of the returns in the second quarter driven by the alternative assets.

The managed portfolio was invested as follows:

As at	30 June 2024 \$m	31 December 2023 \$m
Fixed maturity securities	2,415.7	2,280.1
Managed cash and cash equivalents	310.8	263.8
Private investment funds	201.7	165.6
Hedge funds	10.7	9.9
Other investments	—	(0.1)
Total	2,938.9	2,719.3

Key investment portfolio statistics for our fixed maturity securities and managed cash and cash equivalents were:

As at	30 June 2024	31 December 2023
Duration	1.9 years	1.6 years
Credit quality	AA-	AA-
Book yield	4.7%	4.0%
Market yield	5.6%	5.3%

Other operating expenses

For the six months ended 30 June	2024 \$m	2023 \$m
Operating expenses - fixed	89.3	68.6
Operating expenses - variable	12.3	14.5
Total operating expenses	101.6	83.1
Directly attributable expenses allocated to insurance service expenses	(51.8)	(39.3)
Other operating expenses	49.8	43.8

The most significant driver of the increase in operating expenses for the first six months of 2024, compared to the equivalent period in 2023, was an increase in fixed costs of \$20.7 million. This increase is primarily in relation to employment related expenses given the recent growth in headcount for the Group. The strengthening U.S. dollar exchange rate against GBP sterling also contributed to an increase in operating expenses.

For the first six months of 2024, \$51.8 million of operating expenses were considered directly attributable to the fulfillment of insurance contracts issued, and have therefore been re-allocated to insurance service expenses and form part of the insurance service result. This compares to \$39.3 million for the equivalent six month period in 2023, and is reflective of the increase within the Group's overall expense base as discussed above.

Capital

As at 30 June 2024, total capital available to Lancashire was approximately \$2.0 billion, comprising shareholders' equity of \$1.6 billion and \$0.4 billion of long-term debt. Tangible capital was approximately \$1.8 billion. Leverage was 22.2% on total capital and 24.5% on tangible capital. Total capital and total tangible capital as at 31 December 2023 were \$2.0 billion and \$1.8 billion respectively.

Dividends

On 7 August 2024, Lancashire's Board of Directors declared an interim dividend of \$0.075 (approximately £0.06) per common share, which will result in an aggregate payment of approximately \$18 million. The dividend will be paid in Pounds Sterling on 13 September 2024 (the "Dividend Payment Date") to shareholders of record on 16 August 2024 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Ratings

Lancashire, through its operating subsidiaries, is a provider of global specialty insurance and reinsurance products. The Group companies carry the following ratings:

	Financial Strength Rating ¹	Financial Strength Outlook ¹	Long Term Issuer Rating ²
A.M. Best	A (Excellent)	Stable	bbb+
S&P Global Ratings	A-	Positive	BBB
Moody's	A3	Stable	Baa2

1. Financial Strength Rating and Financial Strength Outlook apply to Lancashire Insurance Company Limited and Lancashire Insurance Company (UK) Limited.

2. Long Term Issuer Rating applies to Lancashire Holdings Limited.

Lancashire Syndicates Limited benefits from Lloyd's ratings: A.M. Best: A (Excellent); S&P Global Ratings: AA- (Very Strong); and Fitch: AA- (Very Strong).

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Insurance revenue	2, 8	854.1	720.9
Insurance service expenses	2, 8	(472.2)	(288.5)
Insurance service result before reinsurance contracts held		381.9	432.4
Allocation of reinsurance premium	2, 8	(213.7)	(212.7)
Amounts recoverable from reinsurers	2, 8	54.6	(30.9)
Net expense from reinsurance contracts held		(159.1)	(243.6)
Insurance service result		222.8	188.8
Net investment return	2, 4	75.2	63.2
Finance expense from insurance contracts issued	2, 3	(28.3)	(37.7)
Finance income from reinsurance contracts held	2, 3	9.3	14.1
Net insurance and investment result		279.0	228.4
Share of profit of associate		7.5	5.2
Other income		4.8	1.1
Net foreign exchange losses		(2.0)	(1.0)
Other operating expenses	2, 5	(49.8)	(43.8)
Equity based compensation		(9.6)	(7.2)
Financing costs		(16.3)	(15.5)
Profit before tax		213.6	167.2
Tax charge	6	(12.8)	(8.0)
Profit after tax		200.8	159.2
Earnings per share			
Basic	12	\$0.84	\$0.67
Diluted	12	\$0.82	\$0.66

Condensed interim consolidated statement of financial position

As at 30 June 2024

	Notes	30 June 2024 \$m	31 December 2023 \$m
Assets			
Cash and cash equivalents		698.2	756.9
Accrued interest receivable		21.5	16.7
Investments	7	2,628.1	2,455.5
Reinsurance contract assets	8	449.1	387.8
Other receivables		27.0	58.4
Investment in associate		16.1	16.2
Right-of-use assets		17.7	19.3
Property, plant and equipment		9.4	9.8
Intangible assets		181.7	181.1
Total assets		4,048.8	3,901.7
Liabilities			
Insurance contract liabilities	8	1,936.3	1,823.7
Other payables		51.9	80.6
Corporation tax payable		7.3	2.0
Deferred tax liability	9	21.5	16.2
Lease liabilities		23.5	24.7
Long-term debt		446.8	446.6
Total liabilities		2,487.3	2,393.8
Shareholders' equity			
Share capital	10	122.0	122.0
Own shares	10	(23.7)	(29.7)
Other reserves	10	1,235.9	1,233.2
Retained earnings		227.3	182.4
Total shareholders' equity		1,561.5	1,507.9
Total liabilities and shareholders' equity		4,048.8	3,901.7

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on 7 August 2024 and signed on its behalf by:



Philip Broadley
Director/Chair



Natalie Kershaw
Director/Group CFO

Condensed interim consolidated statement of changes in shareholders' equity

For the six months ended 30 June 2024

	Notes	Share capital \$m	Own shares \$m	Other reserves \$m	Retained earnings \$m	Shareholders' equity \$m
Balance as at 31 December 2022		122.0	(34.0)	1,221.9	16.2	1,326.1
Profit for the period		—	—	—	159.2	159.2
Distributed by the trust	10	—	3.2	(3.2)	—	—
Dividends on common shares	10	—	—	—	(23.9)	(23.9)
Equity based compensation		—	—	7.3	—	7.3
Balance as at 30 June 2023		122.0	(30.8)	1,226.0	151.5	1,468.7
Profit for the period		—	—	—	162.3	162.3
Distributed by the trust	10	—	1.1	(1.6)	—	(0.5)
Dividends on common shares	10	—	—	—	(131.4)	(131.4)
Net deferred tax		—	—	0.4	—	0.4
Equity based compensation		—	—	8.4	—	8.4
Balance as at 31 December 2023		122.0	(29.7)	1,233.2	182.4	1,507.9
Profit for the period		—	—	—	200.8	200.8
Distributed by the trust	10	—	6.0	(7.3)	—	(1.3)
Dividends on common shares	10	—	—	—	(155.9)	(155.9)
Net deferred tax		—	—	0.2	—	0.2
Equity based compensation		—	—	9.8	—	9.8
Balance as at 30 June 2024		122.0	(23.7)	1,235.9	227.3	1,561.5

Condensed interim statement of consolidated cash flows

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Cash flows from operating activities			
Profit before tax		213.6	167.2
Adjustments for:			
Tax paid		(1.8)	(0.1)
Depreciation		3.1	1.8
Amortisation of intangible assets		0.3	—
Interest expense on long-term debt		12.9	12.9
Interest expense on lease liabilities		0.8	0.8
Interest income		(61.7)	(41.4)
Dividend income		(8.2)	(5.1)
Net realised losses	4	1.2	3.7
Net unrealised gains on investments	4	(6.9)	(18.3)
Equity based compensation		9.6	7.2
Foreign exchange losses		1.0	0.6
Share of profit of associate		(7.5)	(5.2)
Changes in operational assets and liabilities			
Insurance and reinsurance contracts		57.3	44.2
Other assets and liabilities		3.5	18.0
Net cash flows from operating activities		217.2	186.3
Cash flows used in investing activities			
Interest income received		56.9	38.7
Dividend income received		8.2	5.1
Purchase of property, plant and equipment		(0.8)	(3.4)
Internally generated intangible asset		(0.9)	(5.1)
Investment in associate		7.5	40.6
Purchase of investments		(802.0)	(551.0)
Proceeds on sale of investments		634.5	398.3
Net cash flows used in investing activities		(96.6)	(76.8)
Cash flows used in financing activities			
Interest paid		(12.9)	(12.9)
Lease liabilities paid		(2.0)	(2.0)
Dividends paid	10	(155.9)	(23.9)
Distributions by trust		(1.3)	—
Net cash flows used in financing activities		(172.1)	(38.8)
Net (decrease) increase in cash and cash equivalents		(51.5)	70.7
Cash and cash equivalents at beginning of period		756.9	548.8
Effect of exchange rate fluctuations and other items on cash and cash equivalents		(7.2)	0.8
Cash and cash equivalents at end of period		698.2	620.3

Accounting policies

For the six months ended 30 June 2024

Summary of significant accounting policies

The basis of preparation, use of judgements and estimates, consolidation principles and material accounting policies adopted in the preparation of the Group's unaudited condensed interim consolidated financial statements are those that the Group expects to apply for the year ending 31 December 2024.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and should therefore be read in conjunction with the 2023 annual audited consolidated financial statements.

Basis of preparation

Going concern basis of accounting

The Group's unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with IFRS as adopted by the EU and in accordance with IAS 34, Interim Financial Reporting.

In assessing the Group's going concern position as at 30 June 2024, the Directors have considered a number of factors. These include:

- the current balance sheet and liquidity position;
- the level and composition of the Group's capital and solvency ratios;
- the Group's ability to service its long-term debt financing arrangements;
- the current performance against the Group's strategic and financial business plan;
- the Group's dividend distribution policy; and
- the current market environment, including consideration for climate change.

In addition, the ORSA report is a key document informing the Group's going concern assessment that is submitted to the Board.

Based on the going concern assessment performed, the Directors consider there to be no material uncertainties that may cast significant doubt over the Group's ability to continue to operate as a going concern. The Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future, a period of at least 12 months from the date of signing these unaudited condensed interim consolidated financial statements.

Other basis of preparation

All amounts, excluding share data or where otherwise stated, are in millions of U.S. dollars (\$m), with amounts rounded to the nearest \$0.1 million where appropriate. The unaudited condensed interim consolidated statement of financial position is presented in order of decreasing liquidity.

Use of judgements, estimates and assumptions

The preparation of the Group's unaudited condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Assumptions and estimates are based on information, knowledge and data available when the unaudited condensed interim consolidated financial statements are prepared. However, existing circumstances and assumptions about future developments may change, or circumstances may arise that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur, and are recognised prospectively. It is considered impracticable to determine the effect that changes in these assumptions and estimates are expected to have on future periods.

Key assumptions concerning the future and sources of estimation uncertainty

Insurance contracts issued and reinsurance contracts held

The Group's most significant area of estimation uncertainty is in relation to the measurement of insurance contracts issued and reinsurance contracts held. Changes in the following key assumptions may change the fulfilment cash flows materially:

- Assumptions about the amount and timing of future cash flows;
- Assumptions about claims development;
- Assumptions about discount rates, including any illiquidity premiums; and
- Assumptions about the risk adjustment for non-financial risk.

Information about these key assumptions and estimates are included within the risk disclosures on pages 148 to 166 of the Annual Report and Accounts for the year ended 31 December 2023.

Level (iii) investments

Less significant estimates are made in determining the fair value of certain financial instruments. Level (iii) investments are securities for which valuation techniques are not based on observable market data, and require significant management judgement to determine an appropriate fair value. The estimation of fair value, specifically for Level (iii) investments, is disclosed in note 7.

Accounting policies *continued*

For the six months ended 30 June 2024

Management judgements other than those involving estimations

IFRS 17 allows for the use of a simplified measurement model. The Group applies the PAA to simplify the measurement of all its insurance contracts issued and reinsurance contracts held. The Group considers that it is eligible to apply the PAA measurement model to its portfolios and groups of insurance contracts, on the basis that the measurement of the LRC is not reasonably expected to differ materially from that calculated under the GMM. Management judgement is applied when making the PAA eligibility assessment.

Judgement is required to determine the level of aggregation under IFRS 17. Insurance contracts issued that are subject to similar risks and that are managed together are classified into a portfolio of insurance contracts.

Management applies judgement to assess if facts and circumstances indicate whether a group of contracts is onerous at initial recognition and subsequently assesses whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.

The classification of the Group's investment portfolio requires judgement in assessing the business model within which assets are held. The Group has established that all investment classes are managed, and their performance evaluated, on a fair value basis and therefore they are classified at FVTPL.

Future accounting changes

IFRS 18, Presentation and Disclosure in Financial Statements

On 9 April 2024, the International Accounting Standards Board (IASB) published IFRS 18, Presentation and Disclosure in Financial Statements. The standard will be effective from 1 January 2027, replacing IAS 1, Presentation of Financial Statements. The Group is monitoring the endorsement process and undertaking an initial assessment into the potential impact of adopting IFRS 18.

Other accounting changes

There are also amendments to other existing standards and interpretations that are mandatory for the first time for financial periods beginning 1 January 2024. These are not currently relevant for the Group and do not impact the annual consolidated financial statements of the Group or the unaudited condensed interim consolidated financial statements of the Group.

Risk disclosures

For the six months ended 30 June 2024

The Group is exposed to risks from several sources, classified into six primary risk categories. These are insurance risk, market risk, liquidity risk, credit risk, operational risk and strategic risk. The primary risk to the Group is insurance risk. The six risk categories are discussed in detail on pages 148 to 166 in the Annual Report and Accounts for the year ended 31 December 2023. These remain the most relevant risks and uncertainties for the Group for the six month period to 30 June 2024. The Group does not provide full risk disclosures as part of its interim reporting to 30 June 2024, but instead focuses only on material changes to the risk disclosures from the year ended 31 December 2023.

Catastrophe management

The Group actively monitors risk levels and manages catastrophe risk accumulations using reinsurance and PML based risk tolerances, which are monitored as part of our climate-related insurance risks. The Group's exposures to certain peak zone elemental losses, as a percentage of tangible capital, including long-term debt, are shown below. Net loss estimates are undiscounted before income tax, and net of reinstatement premiums and outwards reinsurance on a first occurrence return period basis.

		30 June 2024		31 December 2023	
100 year return period estimated net loss		\$m	% of tangible capital	\$m	% of tangible capital
Zones	Perils				
Gulf of Mexico ¹	Hurricane	338.2	18.5	300.5	16.9
California	Earthquake	243.6	13.3	256.0	14.4
Non-Gulf of Mexico – U.S.	Hurricane	231.8	12.7	237.9	13.4
Pan-European	Windstorm	130.2	7.1	161.4	9.1
Japan	Earthquake	116.2	6.4	137.6	7.8
Japan	Typhoon	113.0	6.2	134.0	7.6
Pacific North West	Earthquake	32.8	1.8	31.5	1.8

1. Landing hurricane from Florida to Texas.

		30 June 2024		31 December 2023	
250 year return period estimated net loss		\$m	% of tangible capital	\$m	% of tangible capital
Zones	Perils				
Gulf of Mexico ¹	Hurricane	410.6	22.5	364.6	20.6
California	Earthquake	296.2	16.2	311.2	17.5
Non-Gulf of Mexico – U.S.	Hurricane	491.9	26.9	448.0	25.3
Pan-European	Windstorm	196.7	10.8	201.2	11.3
Japan	Earthquake	195.6	10.7	244.1	13.8
Japan	Typhoon	168.2	9.2	181.2	10.2
Pacific North West	Earthquake	162.4	8.9	123.0	6.9

1. Landing hurricane from Florida to Texas.

There can be no guarantee that the modelled assumptions and techniques deployed in calculating these figures are accurate. There could also be an unmodelled loss which exceeds these figures. In addition, any modelled loss scenario could cause a larger loss to capital than the modelled expectation from the above return periods.

Emerging risk

There have been no significant new emerging risks identified in addition to those disclosed on pages 148 and 149 of the Group's 31 December 2023 Annual Report and Accounts.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

1. General information

The Group is a provider of global specialty insurance and reinsurance products with operations in London, Bermuda, the U.S. and Australia. LHL was incorporated under the laws of Bermuda on 12 October 2005. On 16 March 2009, LHL was added to the Official List and its common shares were admitted to trading on the main market of the LSE; previously LHL's shares were listed on AIM, a subsidiary market of the LSE. Since 21 May 2007, LHL's shares have had a secondary listing on the BSX. LHL's head office and registered office is Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

2. Segmental reporting

Management and the Board of Directors review the Group's business primarily by its two principal segments: reinsurance and insurance. These segments are therefore deemed to be the Group's operating segments for the purposes of segmental reporting. Lines of business are underwritten within each operating segment. These lines of business, written primarily, but not exclusively, on a reinsurance or insurance basis, are reported under a Reinsurance Group Chief Underwriting Officer and Insurance Group Chief Underwriting Officer based on the products that they manage. Operating segment performance is measured by the insurance service result and the net insurance ratio. The performance of the overall Group is measured by the combined ratio on both an undiscounted and discounted basis.

All amounts reported are transactions with external parties and associates. There are no significant inter-segmental transactions and there are no significant insurance or reinsurance contracts that insure or reinsure risks in Bermuda, the Group's country of domicile.

Insurance revenue by geographical split

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
U.S. and Canada	201.4	154.6	356.0	157.2	121.1	278.3
Worldwide - multi territory	156.4	151.8	308.2	123.1	140.1	263.2
Europe	27.3	49.6	76.9	27.8	38.9	66.7
Rest of world	22.5	90.5	113.0	28.5	84.2	112.7
Total insurance revenue	407.6	446.5	854.1	336.6	384.3	720.9

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

2. Segmental reporting continued

Revenue and expenses by operating segment

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
Insurance revenue	407.6	446.5	854.1	336.6	384.3	720.9
Insurance service expenses	(182.3)	(289.9)	(472.2)	(88.1)	(200.4)	(288.5)
Insurance service result before reinsurance contracts held	225.3	156.6	381.9	248.5	183.9	432.4
Allocation of reinsurance premium	(82.3)	(131.4)	(213.7)	(89.3)	(123.4)	(212.7)
Amounts recoverable from reinsurers	9.0	45.6	54.6	(66.0)	35.1	(30.9)
Net expense from reinsurance contracts held	(73.3)	(85.8)	(159.1)	(155.3)	(88.3)	(243.6)
Insurance service result	152.0	70.8	222.8	93.2	95.6	188.8
Finance expense from insurance contracts issued	(14.3)	(14.0)	(28.3)	(21.3)	(16.4)	(37.7)
Finance income from reinsurance contracts held	4.8	4.5	9.3	8.0	6.1	14.1
Net insurance financing result	(9.5)	(9.5)	(19.0)	(13.3)	(10.3)	(23.6)
Net investment return			75.2			63.2
Other operating expenses			(49.8)			(43.8)
Net other unallocated income and expenses			(15.6)			(17.4)
Profit before tax			213.6			167.2
Net insurance ratio	53.3%	77.5%	65.2%	62.3%	63.4%	62.8%
Net operating expense ratio			7.8%			8.6%
Combined ratio (discounted)			73.0%			71.4%
Discounting impact on combined ratio			9.2%			7.8%
Combined ratio (undiscounted)			82.2%			79.2%

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

3. Net insurance financing result

IFRS 17 requires insurance contracts issued and reinsurance contracts held to be accounted for on a discounted basis. The table below shows where the total impact of discounting is recognised in the unaudited condensed interim consolidated statement of comprehensive income for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m	Insurance contracts issued \$m	Reinsurance contracts held \$m	Total \$m
Initial discount included in insurance service result	73.6	(14.6)	59.0	46.5	(7.1)	39.4
Unwind of discount	(47.1)	13.7	(33.4)	(40.1)	14.3	(25.8)
Impact of change in assumptions	18.8	(4.4)	14.4	2.4	(0.2)	2.2
Finance (expense) income	(28.3)	9.3	(19.0)	(37.7)	14.1	(23.6)
Total net discounting income (expense)	45.3	(5.3)	40.0	8.8	7.0	15.8

4. Net investment return

The total net investment return for the Group is as follows:

	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Interest and dividend income on financial investments	57.0	42.5
Interest income on cash and cash equivalents	15.3	8.9
Net realised losses	(1.2)	(3.7)
Net unrealised gains	6.9	18.3
Investment income	78.0	66.0
Investment management fees	(2.8)	(2.8)
Total net investment return	75.2	63.2

As at 30 June 2024 cash and cash equivalents includes managed cash and cash equivalents of \$310.8 million (31 December 2023 - \$263.8 million). Interest income on cash and cash equivalents within the table above includes \$7.2 million (2023 - \$4.7 million) of interest income on non-managed cash and cash equivalents.

5. Expenses

Expenses incurred by the Group in the reporting period are outlined in the table below.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m
Employee remuneration costs	28.8	30.7	59.5	28.3	23.5	51.8
Operating expenses	21.0	21.1	42.1	15.5	15.8	31.3
Total	49.8	51.8	101.6	43.8	39.3	83.1

Directly attributable expenses comprise fixed and variable expenses incurred by the Group in the reporting period that relate directly to fulfilling insurance contracts issued, and have been allocated to insurance service expenses within the consolidated statement of comprehensive income.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

6. Tax

BERMUDA

See note 9 for discussion on OECD Global minimum tax and Bermuda corporate income tax.

OTHER JURISDICTIONS

The UK subsidiaries of LHL are subject to normal UK corporation tax on all their taxable profits.

	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Corporation tax charge for the period	7.3	4.6
Deferred tax charge for the period	5.0	—
Adjustment in respect of prior period deferred tax	0.5	3.4
Total tax charge	12.8	8.0

	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Tax reconciliation¹		
Profit before tax	213.6	167.2
Tax calculated at the standard corporation tax rate applicable in Bermuda 0%	—	—
Effect of income taxed at a higher rate	12.3	5.8
Adjustments in respect of prior period	0.5	3.4
Differences related to equity based compensation	0.5	(0.5)
Other expense permanent differences	(0.5)	(0.7)
Total tax charge	12.8	8.0

1. All tax reconciling balances have been classified as recurring items.

The current tax charge as a percentage of the Group's profit before tax is 6.0% (30 June 2023 – 4.8%). The Group has non-taxable income in relation to profits of companies within the Group that are not tax resident in the UK and the share of profit of associate.

7. Investments

	Cost \$m	Unrealised gains \$m	Unrealised losses \$m	Fair value \$m
As at 30 June 2024				
Fixed maturity securities	2,450.1	17.0	(51.4)	2,415.7
Private investment funds	207.1	6.0	(11.4)	201.7
Hedge funds	6.5	4.2	—	10.7
Total investments	2,663.7	27.2	(62.8)	2,628.1

	Cost \$m	Unrealised gains \$m	Unrealised losses \$m	Fair value \$m
As at 31 December 2023				
Fixed maturity securities	2,314.1	22.6	(56.6)	2,280.1
Private investment funds	174.4	4.2	(13.0)	165.6
Hedge funds	8.5	1.4	—	9.9
Other investments	—	—	(0.1)	(0.1)
Total investments	2,497.0	28.2	(69.7)	2,455.5

The Group determines the fair value of each individual security utilising the highest-level inputs of the fair value hierarchy, as defined below. The fair value of fixed maturity investments is determined from quotations received from third-party nationally recognised pricing services whose pricing processes, and the controls thereon, are subject to an annual audit on both the design and the operational effectiveness of those controls. The fair value of private investment funds is estimated based on the most recently available NAV as advised by the external fund manager or third-party administrator.

The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' own pricing.

The Group has not made any adjustments to any pricing provided by independent pricing services, or its third-party investment managers for either the six months ended 30 June 2024 and the year ended 31 December 2023.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

The fair values of securities within the Group's investment portfolio are estimated using the following valuation techniques in accordance with the fair value hierarchy:

Level (i)

Level (i) investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions, on an arm's length basis.

Level (ii)

Level (ii) investments are securities with quoted prices in active markets for similar assets or liabilities, or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level (ii) are valued via independent external sources using directly observable inputs to models or other valuation methods. The valuation methods used are typically of an industry-accepted standard and include broker-dealer quotes and pricing models, including present values and future cash flows, together with inputs such as yield curves, interest rates, prepayment profiles, and default rates.

Level (iii)

Level (iii) investments are securities for which valuation techniques are not based on observable market data, and require therefore significant management judgement to determine an appropriate fair value. The Group determines securities classified as Level (iii) to include hedge funds, private investment funds and loans made by the Group's Lloyd's syndicate platforms to the Lloyd's central fund.

The fair values of the Group's hedge funds are determined using a combination of the most recent NAVs, provided by each fund's independent administrator, and the estimated performance provided by each hedge fund manager. Independent administrators provide monthly reported NAVs with up to a one-month delay in valuation. The most recent NAV available for each hedge fund is adjusted for the estimated performance, as provided by the fund manager, between the NAV date and the reporting date. Historically, estimated fair values incorporating these performance estimates have not been significantly different from subsequent NAVs. Given the Group's knowledge of the underlying investments, and the size of the Group's investment therein, we would not anticipate any material variance between estimated valuations and the final NAVs reported by the administrators.

The fair value of the Group's private investment funds are determined using statements received from each fund's investment managers on either a monthly or quarterly in arrears basis. In addition, these valuations will be compared with benchmarks or other indices to assess the reasonableness of the estimated fair value of each fund. Given the Group's knowledge of the underlying investments and the size of the Group's investment therein, the Group would not anticipate any material variance between the statements and the final actual NAVs reported by the investment managers.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period. Transfers between Level (i) to Level (ii) securities amounted to \$111.0 million and transfers from Level (ii) to Level (i) securities amounted to \$177.9 million during the six months ended 30 June 2024.

The fair value hierarchy of the Group's investment holdings is as follows:

As at 30 June 2024	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m
- Short-term investments	21.9	50.7	—	72.6
- Fixed maturity funds	—	22.7	—	22.7
- U.S. treasuries	590.8	—	—	590.8
- Other government bonds	10.2	34.7	—	44.9
- U.S. municipal bonds	—	10.1	—	10.1
- U.S. government agency debt	27.0	23.7	—	50.7
- Asset backed securities	—	240.9	—	240.9
- U.S. government agency mortgage backed securities	—	199.4	—	199.4
- Non-agency mortgage backed securities	—	21.1	—	21.1
- Non-agency commercial mortgage backed securities	—	21.4	—	21.4
- Bank loans	36.7	113.3	—	150.0
- Corporate bonds	755.4	228.1	—	983.5
- Other fixed maturities	—	5.5	2.1	7.6
Total fixed maturity securities	1,442.0	971.6	2.1	2,415.7
Private investment funds	—	—	201.7	201.7
Hedge funds	—	—	10.7	10.7
Total investments	1,442.0	971.6	214.5	2,628.1

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m
As at 31 December 2023				
- Short-term investments	21.4	52.5	—	73.9
- Fixed maturity funds	—	27.1	—	27.1
- U.S. treasuries	585.9	—	—	585.9
- Other government bonds	24.2	23.0	—	47.2
- U.S. municipal bonds	—	13.5	—	13.5
- U.S. government agency debt	41.8	15.3	—	57.1
- Asset backed securities	—	236.7	—	236.7
- U.S. government agency mortgage backed securities	—	117.4	—	117.4
- Non-agency mortgage backed securities	—	11.5	—	11.5
- Non-agency commercial mortgage backed securities	—	21.3	—	21.3
- Bank loans	15.0	127.6	—	142.6
- Corporate bonds	519.2	417.2	—	936.4
- Other fixed maturities	—	6.3	3.2	9.5
Total fixed maturity securities	1,207.5	1,069.4	3.2	2,280.1
Private investment funds	—	—	165.6	165.6
Hedge funds	—	—	9.9	9.9
Other investments	—	(0.1)	—	(0.1)
Total investments	1,207.5	1,069.3	178.7	2,455.5

The table below analyses the movements in investments classified as Level (iii) investments:

	Private investment funds \$m	Hedge funds \$m	Other fixed maturities ¹ \$m	Total \$m
As at 31 December 2023	165.6	9.9	3.2	178.7
Purchases	32.7	—	—	32.7
Sales	—	(2.2)	(1.0)	(3.2)
Net realised gains recognised in profit or loss	—	0.2	—	0.2
Net unrealised gains (losses) recognised in profit or loss	3.4	2.8	(0.1)	6.1
As at 30 June 2024	201.7	10.7	2.1	214.5

1. Included within other fixed maturities are central fund loans classified at Level (iii) within the fair value hierarchy.

Apart from the purchases and sales shown in the table above, there have been no other transfers into or out of the Level (iii) investments during the current period or the prior period.

Included within net unrealised gains (losses) recognised in profit or loss within the table above are net unrealised gains related to Level (iii) investments still held as at 30 June 2024 of \$6.1 million.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

8. Insurance and reinsurance contracts

The table below shows how the net carrying amounts of insurance contracts issued changed during the six months ended 30 June 2024.

	Liability for remaining coverage	Liability for incurred claims		Total
	Including loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract liabilities (assets) as at 31 December 2023	57.8	1,411.5	354.4	1,823.7
Insurance revenue	(854.1)	—	—	(854.1)
Insurance service expenses				
- Incurred claims and other insurance service expenses	—	386.1	66.0	452.1
- Changes in liability for incurred claims	—	(22.3)	(62.8)	(85.1)
- Amortisation of insurance acquisition cash flows	105.2	—	—	105.2
Insurance service result before reinsurance contracts held	(748.9)	363.8	3.2	(381.9)
Finance expense from insurance contracts issued	—	22.9	5.4	28.3
Effects of movements in exchange rates	(1.1)	(6.4)	(0.4)	(7.9)
Total changes comprehensive income	(750.0)	380.3	8.2	(361.5)
Investment components	(37.4)	37.4	—	—
Other ¹	—	0.1	1.0	1.1
Other changes	(37.4)	37.5	1.0	1.1
Premiums received net of insurance acquisition cash flows	747.9	—	—	747.9
Claims and other expenses paid	—	(274.9)	—	(274.9)
Total cash flows	747.9	(274.9)	—	473.0
Net insurance contract liabilities (assets) as at 30 June 2024	18.3	1,554.4	363.6	1,936.3

1. Other movements includes the effect of prior underwriting years of accounts losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2022 underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.

The liability for remaining coverage as at 30 June 2024 includes an onerous loss component of \$4.5 million (31 December 2023 - \$1.0 million).

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

8. Insurance and reinsurance contracts continued

The table below shows how the net carrying amounts of reinsurance contracts held changed during the six months ended 30 June 2024.

	Asset for remaining coverage	Asset for incurred claims		Total
	Including loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net reinsurance contract (assets) liabilities as at 31 December 2023	42.5	(315.0)	(115.3)	(387.8)
Allocation of reinsurance premium paid	213.7	—	—	213.7
Amounts recoverable from reinsurers				
- Recoveries of incurred claims and other insurance service expenses	—	(58.0)	(8.3)	(66.3)
- Change in asset for incurred claims in relation to past service	—	1.1	20.0	21.1
- Reinsurance expenses	(7.5)	—	—	(7.5)
- Recoveries and reversals of recoveries of losses on onerous underlying contracts	(2.3)	—	—	(2.3)
- Effect of changes in non-performance risk of reinsurers	—	0.4	—	0.4
Net expenses from reinsurance contracts held	203.9	(56.5)	11.7	159.1
Finance income from reinsurance contracts held	—	(7.3)	(2.0)	(9.3)
Effects of movements in exchange rates	0.2	1.2	(0.1)	1.3
Total changes in comprehensive income	204.1	(62.6)	9.6	151.1
Other ¹	—	(0.2)	(0.3)	(0.5)
Other changes	—	(0.2)	(0.3)	(0.5)
Reinsurance premiums paid net of ceding commissions and other directly attributable expenses	(252.7)	—	—	(252.7)
Recoveries from reinsurance	—	40.8	—	40.8
Total cash flows	(252.7)	40.8	—	(211.9)
Net reinsurance contract (assets) liabilities as at 30 June 2024	(6.1)	(337.0)	(106.0)	(449.1)

1. Other movements includes the effect of prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2022 year of account, to the extent where the Group's syndicate participation has changed between those years of account.

The asset for remaining coverage as at 30 June 2024 includes an onerous loss component of \$2.0 million (31 December 2023 - \$0.1 million).

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

8. Insurance and reinsurance contracts continued

Discounting approach

The table below sets out the one, three and five year yield curves (risk-free rate plus illiquidity premium) used to discount the cash flows of insurance contracts issued and reinsurance contracts held for the Group's major currencies:

	30 June 2024			31 December 2023			30 June 2023		
	1 year	3 years	5 years	1 year	3 year	5 year	1 year	3 year	5 year
USD	5.62%	4.99%	4.85%	5.33%	4.40%	4.29%	5.44%	5.09%	4.96%
GBP	5.47%	4.93%	4.75%	5.31%	4.34%	4.14%	6.14%	6.37%	6.08%
EUR	4.11%	3.71%	3.65%	4.03%	3.21%	3.21%	4.16%	4.33%	4.30%
CAD	4.99%	4.38%	4.24%	5.23%	4.51%	4.25%	5.77%	5.44%	5.20%
JPY	0.85%	1.20%	1.46%	0.65%	0.96%	1.24%	0.07%	0.85%	1.30%
ZAR	8.85%	8.76%	9.31%	8.92%	8.63%	9.15%	8.88%	9.34%	9.99%
AUD	5.14%	5.08%	5.25%	4.77%	4.55%	4.76%	4.76%	5.18%	5.45%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The Group estimates that fulfilment cash flows within the net of reinsurance LIC (including the risk adjustment for non-financial risks) corresponds to a confidence level of 87% as at 30 June 2024 (31 December 2023 - 88%) on an ultimate time horizon.

9. Provision for deferred tax

As at	30 June 2024 \$m	31 December 2023 \$m
Equity based compensation	(8.2)	(8.1)
Syndicate underwriting profits	9.0	3.5
Syndicate participation rights	18.8	18.8
Other temporary differences	1.9	2.0
Net deferred tax liability	21.5	16.2

Deferred tax assets are recognised to the extent that realising the related tax benefit through future taxable profits is likely. It is anticipated that sufficient taxable profits will be available within the Group in 2024 and subsequent years to utilise the deferred tax assets recognised when the underlying temporary differences reverse.

For the six months ended 30 June 2024 and 30 June 2023, and the year ended 31 December 2023, the Group had no material uncertain tax positions.

The table below reconciles the movements within the net deferred tax liability.

As at	30 June 2024 \$m	31 December 2023 \$m
Opening liability	16.2	10.3
Deferred tax charge for the period	5.0	3.8
Adjustment in respect of prior period deferred tax	0.5	2.5
Deferred tax in equity	(0.2)	(0.4)
Closing liability	21.5	16.2

All deferred tax assets and liabilities are classified as non-current.

OECD Global minimum tax and Bermuda corporate income tax

Subsidiary companies in the UK, Canada and Australia are subject to a global minimum tax of 15% from 1 January 2024 as they have implemented an income inclusion rule or a qualifying domestic minimum top-up tax.

Legislation was also passed in Bermuda on 27 December 2023 to implement a corporate income tax regime from 1 January 2025. The Bermuda corporate income tax regime will supercede the previously granted tax assurances which provided an exemption from corporate income taxes until 31 March 2035 for LHL and its Bermuda domiciled subsidiaries. To the extent the Bermuda corporate income tax results in an effective tax rate of less than 15%, the shortfall in tax will be collected applying the Pillar Two under taxed payments rule which will be implemented on 1 January 2025. Any shortfall in tax will be collected in a jurisdiction that has implemented the under taxed payments rule and in which the Group has operating subsidiaries. For Lancashire this is likely to be the UK, however based on its limited international presence, Lancashire expects to meet the relevant conditions under the under taxed payments rule to be excluded from the rules for a period of five years from 2025.

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

The Group continues to assess the potential impact of the Economic Transition Adjustment introduced by the recent Bermuda Corporate Tax legislation. In light of emerging guidance and uncertainty as to the potential impact for the Group, no decision has yet been taken as to whether to take advantage of available tax deductions arising from the Economic Transition Adjustment or to use the opt out available.

The Group does not anticipate that it will become subject to the Bermuda corporate income tax until 1 January 2030, as it expects to fall within the exclusion within the Bermuda corporate income tax rules that means groups with a limited international presence are excluded from scope for a period of up to five years. In the event the Group makes a future decision to make use of the Economic Transition Adjustment it expects to have potential deferred tax assets relating to the transition rules and elections available in the Bermuda corporate income tax legislation. The Group considers that there is insufficient certainty on future decision making and on taxable profits for 2030 and subsequent years to allow for recognition of any potential deferred tax assets as at 30 June 2024.

10. Share capital and other reserves

Authorised common shares of \$0.50 each	Number	\$m
As at 30 June 2024 and 31 December 2023	3,000,000,000	1,500.0

Allocated, called up and fully paid common shares of \$0.50 each	Number	\$m
As at 30 June 2024 and 31 December 2023	244,010,007	122.0

Own shares	Number held in trust (EBT)	\$m	Total number of own shares	\$m
As at 31 December 2023	4,972,030	29.7	4,972,030	29.7
Shares distributed	(1,008,772)	(6.0)	(1,008,772)	(6.0)
As at 30 June 2024	3,963,258	23.7	3,963,258	23.7

The number of common shares in issue with voting rights (allocated share capital, less any shares held in treasury or pursuant to a custody arrangement) as at 30 June 2024 was 244,010,007 (31 December 2023 – 244,010,007). As at 30 June 2024 there were no shares held in treasury (31 December 2023 – none). During the six months ended 30 June 2024, no shares were repurchased by the Company under the Repurchase Programme.

Dividends

The Board of Directors has authorised the following dividends:

Type	Per share amount	Record date	Payment date	\$m
Final	\$0.10	5 May 2023	2 Jun 2023	23.9
Interim	\$0.05	18 Aug 2023	15 Sep 2023	11.9
Special	\$0.50	17 Nov 2023	15 Dec 2023	119.5
Special	\$0.50	15 Mar 2024	12 Apr 2024	119.9
Final	\$0.15	10 May 2024	7 Jun 2024	36.0

11. Commitments and contingencies

Credit facility funds

As at 30 June 2024, the Group has a commitment of \$50.0 million (31 December 2023 – \$50.0 million) relating to one credit facility fund.

Private investment funds

The table below shows the dates on which the Group committed to invest in five different private investment funds and the amount of the total commitment that remains undrawn as at 30 June 2024.

Date of commitment to invest in private investment fund	Currency	Total original currency commitment m	Undrawn original currency commitment m	Total reporting currency commitment \$m	Undrawn reporting currency commitment \$m
11 January 2024	Euro	40.0	17.4	42.8	18.6
18 October 2022	U.S.\$	10.0	1.9	10.0	1.9
28 July 2021	U.S.\$	34.0	8.5	34.0	8.5
9 December 2020	U.S.\$	25.0	0.5	25.0	0.5
5 November 2019	U.S.\$	25.0	1.0	25.0	1.0
Total				136.8	30.5

Notes to the unaudited condensed interim consolidated financial statements

For the six months ended 30 June 2024

Legal proceedings and regulations

The Group operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to estimate or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

12. Earnings per share

The table below shows the profit and share data used in the basic and diluted earnings per share computations:

	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Profit after tax	200.8	159.2
	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
	Number of shares	Number of shares
Basic weighted average number of shares	239,574,711	238,674,932
Dilutive effect of RSS	5,782,557	4,027,685
Diluted weighted average number of shares	245,357,268	242,702,617
	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Earnings per share		
Basic	\$0.84	\$0.67
Diluted ¹	\$0.82	\$0.66

1. Diluted EPS excludes dilutive effect of RSS when in a loss making position.

Equity based compensation awards are only treated as dilutive when their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations. Unvested restricted shares without performance criteria are therefore included in the number of potentially dilutive shares. Incremental shares from ordinary restricted share options where relevant performance criteria have not been met are not included in the calculation of dilutive shares.

13. Related party disclosures

Key management compensation

Remuneration for key management, the Group's Executive and Non-Executive Directors, was as follows:

	Six months ended 30 June 2024 \$m	Six months ended 30 June 2023 \$m
Short-term compensation	2.7	1.7
Equity based compensation	2.3	1.0
Directors' fees and expenses	1.3	1.2
Total	6.3	3.9

Non-Executive Directors do not receive any benefits in addition to their agreed fees and expenses and do not participate in any of the Group's incentive, performance or pension plans.

14. Subsequent events

Dividend

On 7 August 2024, the Board of Directors declared the payment of an interim ordinary dividend of \$0.075 per common share (approximately £0.06 per common share at the current exchange rate) to shareholders of record on 16 August 2024, with a settlement date of 13 September 2024. The total dividend payable will be approximately \$18.0 million. An amount equivalent to the dividend accrues on all RSS options and is paid at the time of exercise, pro-rata according to the number of RSS options that vest.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge, that the unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the EU and the interim management report herein includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being:

- an indication of important events during the first six months of 2024 and their impact on the unaudited condensed interim consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- related party transactions that have taken place in the first six months of 2024 and that have materially affected the unaudited condensed interim consolidated financial position or performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report and Accounts that could have such a material effect.

The Directors also confirm that they consider it appropriate to adopt the going concern basis of accounting in preparing these unaudited condensed interim consolidated financial statements. The Directors of the Company are listed on pages 72-75 of the Group's 2023 Annual Report and Accounts, except that since its publication:

- Philip Broadley assumed the role of Chair of the Board of Directors following the Company's AGM on 1 May 2024. Peter Clarke has now stepped down from his role of Chair and Non-Executive Director of the Company.
- Paul Gregory was appointed as an Executive Director to the Board of Directors with effect from 1 May 2024.

The individuals responsible for authorising this responsibility statement on behalf of the Board on 7 August 2024 are:



Philip Broadley
Director/Chair



Natalie Kershaw
Director/Group CFO

Conclusion

We have been engaged by Lancashire Holdings Limited (“the Company”) to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of financial position, the condensed interim consolidated statement of changes in shareholders’ equity, the condensed interim statement of consolidated cash flows, the risk and other disclosures and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (UK) 2410”) issued for use in the UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

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 DTR of the UK FCA.

The latest annual consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.



Salim Tharani
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
E14 5GL
7 August 2024

This glossary covers all defined terms used within the LHL Annual report and accounts, and the LHL Unaudited condensed interim consolidated financial statements.

Active Underwriter

The individual at a Lloyd's syndicate with principal authority to accept insurance and reinsurance risk on behalf of the syndicate

Additional case reserves

Additional reserves deemed necessary by management

Aggregate

Accumulations of insurance loss exposures which result from underwriting multiple risks that are exposed to common causes of loss

AGM

Annual General Meeting

AIC

Asset for incurred claims

AIM

A sub-market of the LSE

A.M. Best Company (A.M. Best)

A.M. Best is a full-service credit rating organisation dedicated to serving the financial services industry, focusing on the insurance sector

APMs

Alternative performance measures

ARC

Asset for remaining coverage

BCP

Business Continuity Plan

BMA

Bermuda Monetary Authority

Board of Directors; Board

Unless otherwise stated refers to the LHL Board of Directors

BREEAM

Building Research Establishment Environmental Assessment Method

BSCR

Bermuda Solvency Capital Requirement

BSX

Bermuda Stock Exchange

CCHL

Cathedral Capital Holdings Limited

CCL

Cathedral Capital Limited

CCL 1998

Cathedral Capital (1998) Limited

CCL 1999

Cathedral Capital (1999) Limited

CCWG

Climate Change Working Group

CDP

Carbon Disclosure Project

Ceded

To transfer insurance risk from a direct insurer to a reinsurer and/or from a reinsurer to a retrocessionaire

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CGU

Cash generating unit

Change in DBVS

The IRR of the change in DBVS in the period plus accrued dividends

CIO

Chief Investment Officer

CIT

Corporate income tax

The Code

UK Corporate Governance Code published by the UK FRC

Combined ratio (discounted)

Ratio, in per cent, of the sum net insurance expenses plus other operating expenses to net insurance revenue

Combined ratio (undiscounted)

Ratio, in per cent, of the sum net insurance expense plus other operating expenses to net insurance revenue. This ratio excludes the impact of the initial discount recognised within net insurance expenses

Consolidated financial statements

Includes the independent auditor's report, consolidated primary statements, accounting policies, risk disclosures and related notes

Consolidated primary statements

Includes the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows

COO

Chief Operating Officer

CRO

Chief Risk Officer

CUL

Cathedral Underwriting Limited

CUO

Chief Underwriting Officer

DAE

Directly attributable expenses

DEC

Disasters Emergency Committee

DE&I

Diversity, equity and inclusion

Delegated authorities

Arrangements under which a managing agent or (re)insurer delegates its authority to another to enter into contracts of insurance on its behalf

D&F

Direct and facultative (re)insurance

Diluted book value per share (DBVS)

Calculated based on the value of the total shareholders' equity attributable to the Group and dilutive restricted stock units as calculated under the treasury method, divided by the sum of all shares and dilutive restricted stock units, assuming all are exercised

Diluted earnings per share

Calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive equity-based compensation awards into common shares under the treasury stock method

Directors' fees and expenses

Unless otherwise stated includes fees and expenses of all Directors across the Group

DTR

Disclosure Guidance and Transparency Rules

Dividend yield

Calculated by dividing the annual dividends per share by the share price on the last day of the given year

Duration

Duration is the weighted average maturity of a security's cash flows, where the present values of the cash flows serve as the weights. The effect of the convexity, or sensitivity, of the portfolio's response to changes in interest rates is also factored into the calculation

EAP

Employee Assistance Programme

Earnings per share (EPS)

Calculated by dividing net profit for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares and shares held by the EBT

EBT

Lancashire Holdings Employee Benefit Trust

ECA

Economic Capital Assessment

ECL

Expected credit losses

ERM

Enterprise Risk Management

ESG

Environmental, Social and Governance

E.U.

European Union

Excess of loss

Reinsurance or insurance that indemnifies the reinsured or insured against all or a specified portion of losses on an underlying insurance policy in excess of a specified amount

Facultative reinsurance

A reinsurance risk that is placed by means of a separately negotiated contract as opposed to one that is ceded under a reinsurance treaty

FAL

Funds at Lloyd's

FCA

Financial Conduct Authority

FCF

Fulfilment cash flows

FRC

Financial Reporting Council

FSMA

The Financial Services and Markets Act 2000 (as amended from time to time)

FTE

Full-time employee

FVOCI

Fair value through other comprehensive income

FVTPL

Fair value through profit or loss

G10

Belgium, Canada, Germany, France, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States

GAAP

Generally accepted accounting principles

GDPR

General Data Protection Regulation

GHG

Greenhouse gas emissions, covers carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆)

GMM

General Measurement Model

The Group or the Lancashire Group

LHL and its subsidiaries

GWP

Gross premiums written. Amounts payable by the insured, excluding any taxes or duties levied on the premium, including any brokerage and commission deducted by intermediaries

IFRS

International Financial Reporting Standard(s)

IFRS 9

International Financial Reporting Standard on Financial Instruments: Classification and Measurement

IFRS 17

International Financial Reporting Standard on Insurance Contracts

ILS

Insurance Linked Securities

Incurred but not reported (IBNR)

These are anticipated or likely losses that may result from insured events which have taken place, but for which no losses have yet been reported.

IBNR also includes a reserve for possible adverse development of previously reported losses

Industry loss warranty (ILW)

A type of reinsurance or derivative contract through which one party will purchase protection based on the total loss arising from an event to the entire insurance industry rather than their own losses

Internal Audit Charter

A formal written document that sets out the mission, scope, responsibilities, authority, professional standards and the relationship with the external auditors and regulatory bodies of the internal audit function with the Company and its subsidiaries

International Accounting Standard(s) (IAS)

Standards, created by the IASB, for the preparation and presentation of financial statements

International Accounting Standards Board (IASB)

An international panel of accounting experts responsible for developing IAS and IFRS

IRR

Internal rate of return

IRRC

Investment Risk and Return Committee

ISA

International Standards on Auditing (UK)

KHL

Kinesis Holdings I Limited

Kinesis

The Group's third-party capital management division encompassing LCM, LCMMSL and the management of KHL and KRL

KPI

Key performance indicator

KPMG LLP

KPMG LLP, a UK limited liability partnership

KRI

Key risk indicator

KRL (Kinesis Re)

Kinesis Reinsurance I Limited

Lancashire Foundation or Foundation

The Lancashire Foundation is a charity registered in England and Wales

Lancashire Insurance Companies

LICL and LUK

LAPL

Lancashire Australia Pty Ltd

LCM

Lancashire Capital Management Limited

LCMMSL

LCM Marketing Services Limited, formerly known as KCM Marketing Services Limited

LHAPL

Lancashire Holdings Australia Pty Limited

LHL (The Company)

Lancashire Holdings Limited

LHUS

Lancashire Insurance Holdings (U.S.) LLC

LIC

Liability for incurred claims

LICL

Lancashire Insurance Company Limited

LICLIHL

LICL Investment Holdings Limited, previously known as Lancashire Blocker (Cayman) Limited

LIHL

Lancashire Insurance Holdings (UK) Limited

LIMSL

Lancashire Insurance Marketing Services Limited

LISL

Lancashire Insurance Services Limited

Listing Rules

The listing rules made by the FCA under part VI of FSMA (as amended from time to time)

Lloyd's

The Society of Lloyd's

LMMSL

Lancashire Management Services (Canada) Limited

LOC

Letter of credit

Losses

Demand by an insured for indemnity under an insurance contract

LRC

Liability for remaining coverage

LSE

London Stock Exchange

LSL or Lancashire Syndicates

Lancashire Syndicates Limited, the managing agent of the syndicates

LUAPL

Lancashire Underwriting Australia Pty Ltd

LUK or Lancashire UK

Lancashire Insurance Company (UK) Limited

LUS or Lancashire Insurance U.S.

Lancashire Insurance (US) LLC

Managed cash

Managed cash includes both cash managed by external investment managers and non-operating cash managed internally

MBRT

Multi-beneficiary reinsurance trust

MGA

Managing General Agent

Moody's Investors Service (Moody's)

Moody's Corporation is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers software, advisory services and research for credit and economic analysis, and financial risk management

MSCI

A provider of tools and services for the global investment community

Nameco

Nameco (No. 801) Ltd

NAV

Net asset value

NDIC

Non-distinct investment component

Net insurance expenses

Net insurance expenses represent claims-related insurance service expenses less amounts recoverables from reinsurers

Net insurance ratio

Ratio, in per cent, of net insurance expenses to net insurance revenue

Net insurance revenue

Net insurance revenue represents insurance revenue less allocation of reinsurance premiums

OECD

Organisation for Economic Co-operation and Development

Official List

The official list of the FCA

Onerous contract

A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it

Operating expense ratio

Ratio, in per cent, of other operating expenses, excluding restricted stock expenses, to net insurance revenue

ORSA

Own Risk and Solvency Assessment

OTC

Over the counter

PAA

Premium Allocation Approach

PIPA

Personal Information Protection Act

PMI

Private Mortgage Insurance

PML

Probable maximum loss. The Group's exposure to certain peak zone elemental losses

PRA

Prudential Regulation Authority

Pro-rata/proportional

Reinsurance or insurance where the reinsurer or insurer shares a proportional part of the original premiums and losses of the reinsured or insured

RCCC

Risk Capital and Compliance Committee

RDS

Realistic Disaster Scenarios

Renewal Price Index (RPI)

The RPI is an internal methodology that management uses to track trends in premium rates of a portfolio of insurance and reinsurance contracts. The RPI written 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 assessment noted above. To enhance the RPI methodology, management may revise the methodology assumptions underlying the RPI, so that 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. RPIs are expressed as an approximate percentage of pricing achieved on similar contracts written in the corresponding year

Retrocession

The insurance of a reinsurance account

Risk Free Rate of Return (RFRoR)

Being the 13-week U.S. Treasury bill rate, unless otherwise stated

RMF

Risk Management Framework

RMS

Risk Management Solutions

ROE

Return on Equity

RRC

Risk and Return Committee

RSC

Reinsurance Security Committee

RSS

Restricted share scheme

S&P Global Ratings (S&P)

S&P Global Ratings is a worldwide insurance rating and information agency whose ratings are recognised as a benchmark for assessing the financial strength of insurance-related organisations

SCR

Solvency Capital Requirement

SECR

Streamlined Energy and Carbon Reporting

SGT

St Giles Trust

SPPI

Solely payments of principal and interest

Syndicate 2010

Lloyd's Syndicate 2010, managed by LSL

Syndicate 3010

Lloyd's Syndicate 3010, managed by LSL

TCFD

Task Force on Climate-related Financial Disclosures

The syndicates

Syndicates 2010 and 3010

TNFD

Task Force on Nature-related Financial Disclosures

TOBA

Terms of business agreement

Total Investment Return

Total investment return measures investment income, excluding interest income on non-managed cash and cash equivalents, and net realised and unrealised gains and losses produced by the Group's managed investment and cash and cash equivalent portfolio

Total Shareholder Return (TSR)

The increase/(decrease) in share price in the period, measured on a total return basis, which assumes the reinvestment of dividends

Treaty reinsurance

A reinsurance contract under which the reinsurer agrees to offer and to accept all risks of a certain size within a defined class

UK

United Kingdom

UMCC

Underwriting Marketing Conference Call

UNEP FI

The United Nations Environment Programme Finance Initiative

UNL

Ultimate net loss

UNPRI

UN-supported Principles for Responsible Investment

U.S.

United States of America

uSCR

Ultimate Solvency Capital Requirement

U.S. GAAP

Accounting principles generally accepted in the United States

U.S.T

U.S. Treasury Bills

UTPR

Undertaxed Profits Rule

UURC

The Underwriting and Underwriting Risk Committee, a committee of the Board

Value at Risk (VaR)

A measure of the risk of loss of a specific portfolio of financial assets

Alternative Performance Measures (APMs)

As is customary in the insurance industry, the Group also utilises certain non-GAAP measures in order to evaluate, monitor and manage the business and to aid users' understanding of the Group. Management believes that the APMs included in the unaudited condensed interim consolidated financial statements are important for understanding the Group's overall results of operations and may be helpful to investors and other interested parties who may benefit from having a consistent basis for comparison with other companies within the industry. However, these measures may not be comparable to similarly labelled measures used by companies inside or outside the insurance industry. In addition, the information contained herein should not be viewed as superior to, or a substitute for, the measures determined in accordance with the accounting principles used by the Group for its unaudited condensed interim consolidated financial statements or in accordance with GAAP.

In compliance with the Guidelines on APMs of the European Securities and Markets Authority and as suggested by the Financial Reporting Council, as applied by the Financial Conduct Authority, information on APMs which the Group uses is described below. This information has not been audited.

All amounts, excluding share data, ratios, percentages, or where otherwise stated, are in millions of U.S. dollars.

Net insurance ratio:

Ratio, in per cent, of net insurance expenses to net insurance revenue. Net insurance expenses represent the insurance service expenses less amounts recoverable from reinsurers. Net insurance revenue represents insurance revenue less allocation of reinsurance premium.

For the six months ended 30 June	2024	2023
Insurance service expense	472.2	288.5
Amounts recoverable from reinsurers	(54.6)	30.9
Net insurance expense	417.6	319.4
Insurance revenue	854.1	720.9
Allocation of reinsurance premium	(213.7)	(212.7)
Net insurance revenue	640.4	508.2
Net insurance ratio	65.2%	62.8%

Operating expense ratio:

Ratio, in per cent, of other operating expenses, excluding restricted stock expenses, to net insurance revenue.

For the six months ended 30 June	2024	2023
Other operating expenses	49.8	43.8
Net insurance revenue	640.4	508.2
Operating expense ratio	7.8%	8.6%

Combined ratio (discounted):

Ratio, in per cent, of the sum of net insurance expenses plus other operating expenses to net insurance revenue.

For the six months ended 30 June	2024	2023
Net insurance ratio	65.2%	62.8%
Net operating expense ratio	7.8%	8.6%
Combined ratio (discounted)	73.0%	71.4%

Combined ratio (undiscounted) (KPI):

Ratio, in per cent, of the sum of net insurance expense plus other operating expenses to net insurance revenue. This ratio excludes the impact of the discounting recognised within net insurance expenses.

For the six months ended 30 June	2024	2023
Combined ratio (discounted)	73.0%	71.4%
Discount included in net insurance expense	59.0	39.4
Net insurance revenue	640.4	508.2
Discounting impact on combined ratio	9.2%	7.8%
Combined ratio (undiscounted)	82.2%	79.2%

Diluted book value per share ('DBVS') attributable to the Group:

Calculated based on the value of the total shareholders' equity attributable to the Group and dilutive restricted stock units as calculated under the treasury method, divided by the sum of all shares and dilutive restricted stock units, assuming all are exercised.

As at	30 June 2024	31 December 2023
Shareholders' equity attributable to the Group	1,561,515,931	1,507,869,627
Common voting shares outstanding*	240,046,749	239,037,977
Shares relating to dilutive restricted stock	5,772,029	5,355,909
Fully converted book value denominator	245,818,778	244,393,886
Diluted book value per share	\$6.35	\$6.17

*Common voting shares outstanding comprise issued share capital less amounts held in trust.

Change in DBVS (KPI):

The internal rate of return of the change in DBVS in the period plus accrued dividends. Sometimes referred to as RoE.

As at	30 June 2024	31 December 2023
Opening DBVS	\$6.17	\$5.48
Q1 dividend per share	\$0.50	—
Q2 dividend per share	\$0.15	\$0.10
Q3 dividend per share	—	\$0.05
Q4 dividend per share	—	\$0.50
Closing DBVS	\$6.35	\$6.17
Change in DBVS*	14.0%	24.7%

*Calculated using the internal rate of return

Total investment return (KPI):

Total investment return in percentage terms is calculated by dividing the total net investment return excluding interest income on non-managed cash and cash equivalents, by the investment portfolio net asset value including managed cash and cash equivalents, on a daily basis. These daily returns are then geometric linked to provide a total return for the period. The total investment return can be approximated by dividing the total net investment return excluding interest on non-managed cash and cash equivalents by the average portfolio net asset value, including managed cash and cash equivalents.

For the six months ended 30 June	2024	2023
Net investment return	75.2	63.2
Less interest income on non-managed cash and cash equivalents	(7.2)	(4.7)
Net investment return excluding interest on non-managed cash and cash equivalents	68.0	58.5
Average invested assets including managed cash and cash equivalents*	2,829.1	2,527.0
Approximate total investment return	2.4%	2.3%
Reported total investment return	2.3%	2.2%

*Calculated as the average between the opening and closing investments and our managed cash and cash equivalents.

Total shareholder return (KPI):

The increase/(decrease) in share price in the period, measured on a total return basis, which assumes the reinvestment of dividends. The total return measurement basis used will generally approximate the simple method of calculating the increase/(decrease) in share price adjusted for dividends as recalculated below.

As at	30 June 2024	31 December 2023
Opening share price	\$7.96	\$7.86
Q1 dividend per share	\$0.50	—
Q2 dividend per share	\$0.15	\$0.10
Q2 closing share price	\$7.76	—
Q3 dividend per share	—	\$0.05
Q4 dividend per share	—	\$0.50
Q4 closing share price	—	\$7.96
Total shareholder return	5.6 %	9.5 %

Gross premiums written:

The Group adopted IFRS 17 on 1 January 2023. Under IFRS 4, the previous insurance accounting standard, the Group reported gross premiums written on the consolidated statement of comprehensive income as amounts payable by the insured, excluding any taxes or duties levied on the premium, including brokerage and commission deducted by intermediaries and any inwards reinstatement premiums. The Group continues to report gross premiums written as a growth metric and non-GAAP APM.

The table below reconciles gross premiums written on an IFRS 4 basis to insurance revenue on an IFRS 17 basis.

For the six months ended 30 June	2024	2023
Gross premiums written	1,282.2	1,184.0
Change in unearned premiums	(296.2)	(357.6)
Gross earned premium	986.0	826.4
Adjust for reinstatement premium and expected premium	0.3	(4.2)
Less commission and non-distinct investment components	(132.2)	(101.3)
Total insurance revenue	854.1	720.9

Gross premiums written under management (KPI):

The gross premiums written under management equals the total of the Group's consolidated gross premiums written, plus the external names portion of the gross premiums written in Syndicate 2010.

For the six months ended 30 June	2024	2023
Gross premiums written by the Group	1,282.2	1,184.0
LSL Syndicate 2010 - external Names portion of gross premiums written (unconsolidated)	75.7	92.8
Total gross premiums written under management	1,357.9	1,276.8

Note regarding forward-looking statements:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE 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”, “POLICY”, “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 2023 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE IMPACT OF THE COLLAPSE OF THE FRANCIS SCOTT KEY BRIDGE IN BALTIMORE WHICH OCCURRED IN THE FIRST QUARTER OF 2024, AND THE CONTINUED HOSTILITIES IN THE MIDDLE EAST AND THEIR IMPACT ON THE REGION, GLOBAL SUPPLY ROUTES AND INSURANCE AND FINANCIAL MARKETS. ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE 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 RELEASE AND THE REPORT AND ACCOUNTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.