

**PROUD OF OUR PAST
PASSIONATE ABOUT OUR FUTURE**



2025 at a glance

\$296.5m

paid in dividends to our shareholders

\$2,259.3m

gross premiums written

84%

participation rate in employee survey

\$293.4m

profit after tax

100%

underwriting capacity acquired for Syndicate 2010

\$0.84m

donated through the Lancashire Foundation

20.9%

change in DBVS

447

colleagues across our offices

Top 3

employer in Bermuda

Contents

Strategic report

1	Key performance indicators
3	Creating value across two decades
7	Our business model
9	Chair's statement
11	Our purpose
12	The Lancashire Way
13	Group Chief Executive Officer's review
16	Our strategy
17	Group Chief Financial Officer's review
19	Group Chief Underwriting Officer's review
23	Business review
23	Underwriting results
25	Other financial information
26	Investment results
28	Enterprise Risk Management
38	People and culture

Environmental, social and governance

43	Chair's introduction to the ESG report
46	Our ESG strategy and delivery
Sustainability	
47	The Lancashire Foundation
50	2025 TCFD Report
63	A responsible business
Governance	
71	Board of Directors
77	Corporate governance report
82	Section 172
86	Committee reports
105	Directors' remuneration report
131	Directors' report
135	Statement of Directors' responsibilities

Financial statements

137	Independent auditor's report
144	Consolidated primary statements
148	Accounting policies
158	Risk disclosures
175	Notes to the financial statements

Additional information

194	Shareholder information
196	Glossary
201	Alternative performance measures
204	Contact information

Key performance indicators

Change in DBVS



20.9%



The Group's strong profit after tax was \$293.4 million, which contributed to a return on equity of 20.9%. The excellent result we have achieved over each of the past three years shows that our strategy since 2018 to refocus the business and become more diversified was the right one. Our capital usage is more efficient and the volatility of our earnings has been significantly reduced.

Combined ratio (undiscounted)



93.1%



Through strong and disciplined underwriting, the Group has managed to deliver a combined ratio (undiscounted) of 93.1%. This includes the impact of the California wildfire loss early in 2025, which was the largest wildfire loss ever for the insurance industry. The business we are today delivers franchise value by playing to our underwriting strengths.

Total investment return



7.0%

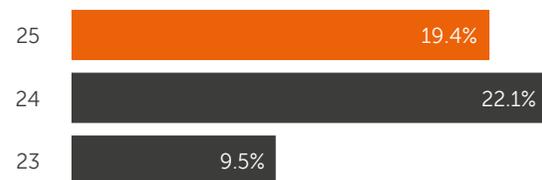


The Group's investment portfolio, including realised and unrealised gains and losses, generated \$218.0 million, representing a positive return of 7.0%. The healthy return was driven by \$164.7 million of interest and dividend income, gains arising from the lower long-term US Treasury rates and a strong contribution from our alternative assets.

Total shareholder return



19.4%



The Group's TSR exceeded the FTSE 250 index during 2025. The total shareholder return of 19.4% was supported by special dividends of \$1 per share and ordinary dividends of \$0.225 per share, during the year. This continues to demonstrate Lancashire's proven track record of returning excess capital to shareholders over time, having returned \$3.7 billion to shareholders since inception.

Insurance service result



\$381.1m



The Group's insurance service result of \$381.1 million represents an excellent underwriting result for a year of heavy natural catastrophe and large loss activity. Insurance revenue grew 5.4% to \$1,860.4 million. We manage the market cycle, matching exposures to opportunity. At this point of near peak pricing we seek to deliver strong, profitable growth leading to more sustainable returns through the cycle.

GPW managed



\$2,340.3m



Lancashire has evolved over the past 20 years as shown by the growth in managed GPW. We are more diversified across products and geographies having built a business to deliver more sustainable returns through market cycles. 2026 will see a more competitive environment, but it is important to recognise that we are still in a great place when it comes to rate going into 2026. The sector remains closer to the peak than to the trough.

Key



KPI linked to Executive Directors' remuneration. For more information, see pages 105 to 130.



Alternative Performance Measures (APMs). Refer to page 201.

We are Lancashire



It's in our DNA

For 20 years our focus has never changed: underwriting has always come first. The business we are today delivers franchise value by playing to our strengths.

Creating value across two decades



Proactive and consistent capital returns when excess builds



Since inception we have returned \$3.7 billion to our shareholders

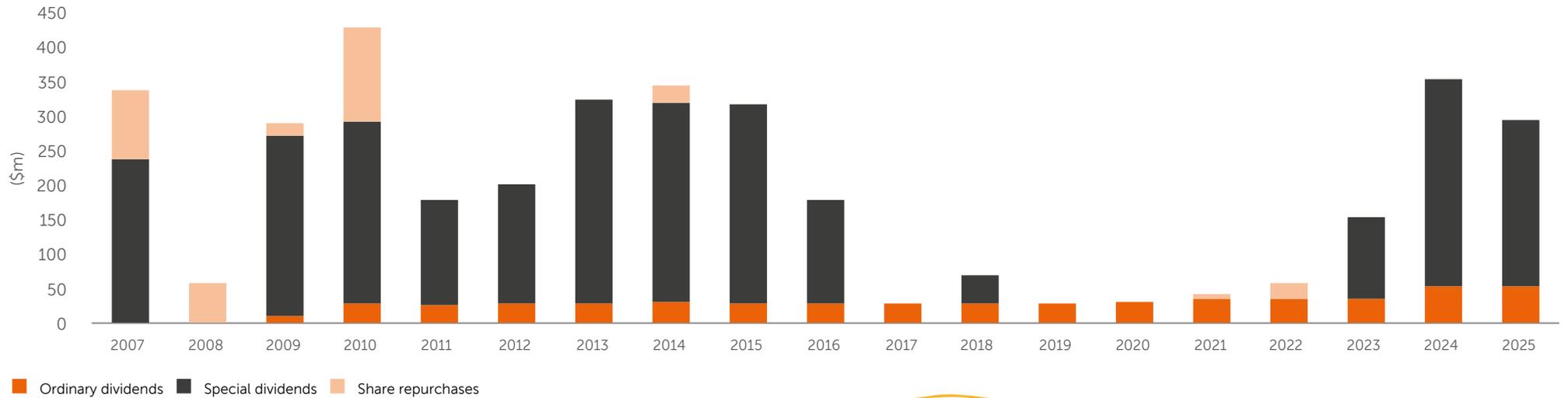


Proven track record of active capital management across the cycle



Disciplined capital management, with flexibility to optimise capital levels as market conditions evolve

Capital returns to shareholders



PROUD OF OUR PAST



2005

Incorporated in Bermuda on 12 October; Launches on AIM in December, raising approximately \$979 million of initial capital

2006

Gross premiums written of \$626 million; London office established; 57 employees across the Group

2007

Lancashire Foundation established

2008

Not losing money is more important than blowing the lights out
Strong underwriting discipline in softening market

2009

Consistently Lancashire
LHL listed on FTSE250



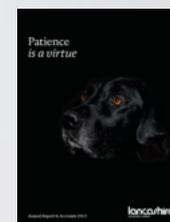
2010

Five years of Lancashire
110 in the FTSE250 rankings



2011

Striking a balance
\$1.3 billion of capital returned since inception



2012

Patience is a virtue
\$7.5 million donated through the Lancashire Foundation since 2007



2013

The power of three
Acquisition of Lloyd's platform



2014

Adapting to advance
Alex Maloney appointed Group CEO; Paul Gregory appointed Group CUO



2015

Sticking to our game plan

\$15.5 million donated by the Lancashire Foundation since inception



2016

Balance is our focus

Lancashire navigates a turbulent year of volatility and softening conditions



2017

Responsive in every environment

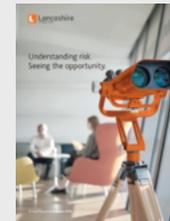
First full-year loss since inception with hurricanes Harvey, Irma and Maria, two Mexican earthquakes plus Californian wildfires



2018

This is who we are

Strategic diversification begins



2019

Understanding risk, seeing the opportunity

Cathedral Underwriting Limited rebranded as Lancashire Syndicates Limited (LSL)



2020

Building our future

Natalie Kershaw appointed Group CFO
\$340 million equity raise to take advantage of hardening market conditions



2021

The Lancashire Way

Lancashire Australia established



2022

Strong forward momentum

Gross premiums written of \$1.7 billion, highest at that point since inception



2023

Delivering together

Philip Bradley appointed as a Non-Executive Director and Chair designate



2024

People, Purpose & Performance

Lancashire US established gross premiums written of more than £2 billion



2025

Proud of our past; passionate about our future

100% underwriting capacity acquired for Syndicate 2010

PASSIONATE

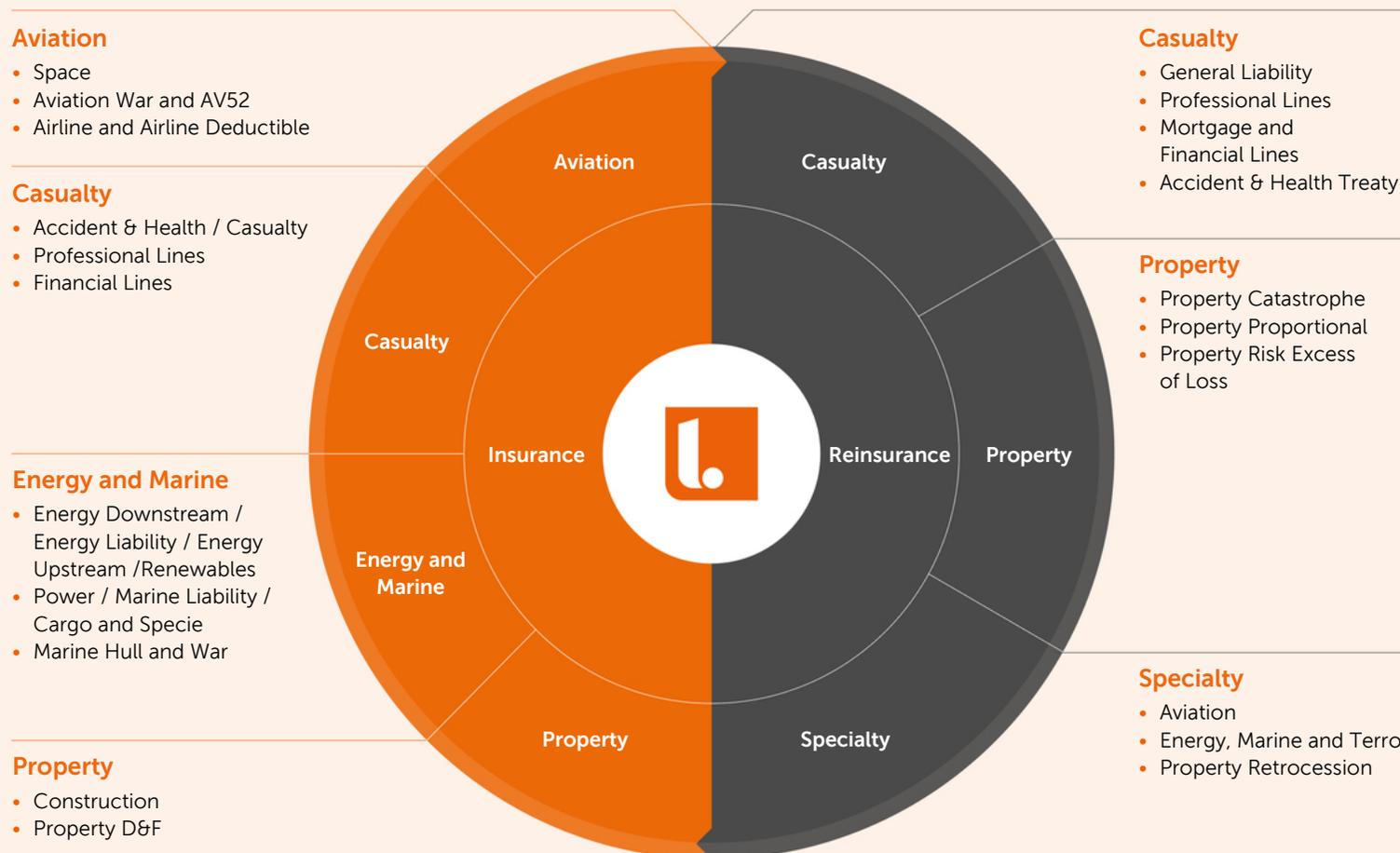
ABOUT OUR FUTURE



We are Lancashire

We provide global specialty insurance and reinsurance products, operating in Bermuda, London, the US, and Australia, across three delivery platforms.

Our focus is on short-tail, specialty (re)insurance risks with a diversified portfolio underwritten by market-leading experts.



Our claims focus:

- Pay valid claims quickly
- Transparent and expeditious determination of coverage
- Triage standard / complex claims

Our business model

Our business model focuses on our core strengths

For 20 years we have delivered risk solutions that offer protection, manage risk and have a positive impact.

Our ambition is to be the leading mid-sized underwriter of specialty insurance and reinsurance products.

We focus on our core strengths and our talented people thrive in our strong culture and inclusive and supportive work environment.



Expert people

- Our team has the experience, expertise and skills to deliver our strategy.
- We value loyalty and many of our senior leaders have had long careers within the business.
- At heart we are an entrepreneurial company, and our teams are empowered to make decisions quickly and effectively.

Customer focus and specialised products

- The products we offer are highly specialised with market barriers to entry.
- During the past two decades, we have built strong relationships with our clients and brokers.
- Our claims service helps clients recover quickly from the impacts of loss events.

A diverse offering

- We provide clients with bespoke risk solutions and maximise underwriting opportunities through access to multiple markets.
- Our ability to write business across our differing platforms is a key strategic benefit.

Disciplined risk and capital management

- We have the ability to be flexible and deploy capital aligned to the opportunity dependent on the underwriting cycle.
- We maintain our emphasis on underwriting discipline and maximising risk-adjusted returns through product diversification.

Delivering value for

Our people

85%

feel proud to work at Lancashire

Our shareholders

20.9%

change in DBVS per share

Our policyholders

\$973.3m

gross losses paid in 2025

The environment

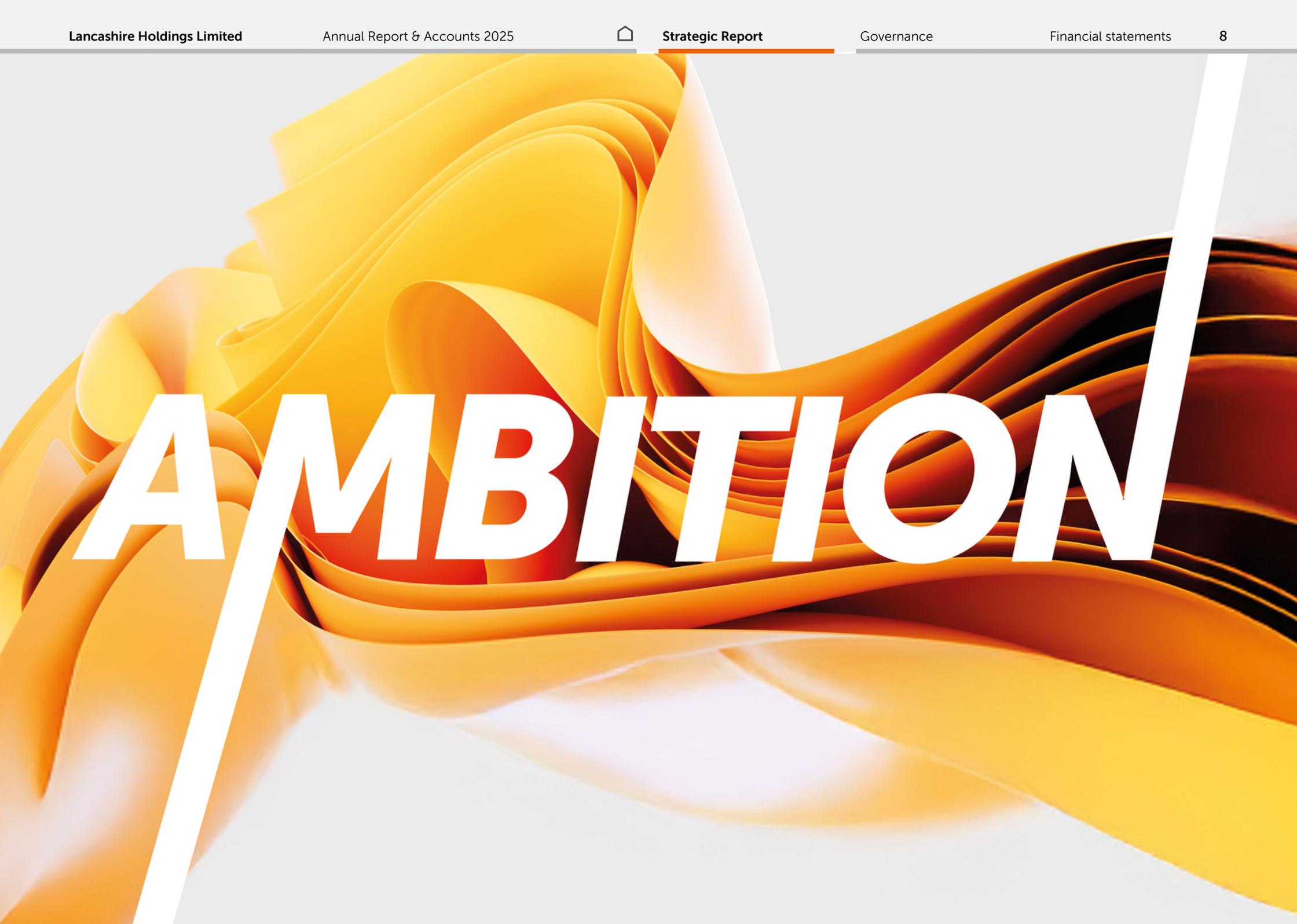
3,689

carbon credits purchased

Society

\$24.8m

donated through Lancashire Foundation since 2007



AMBITION

Chair's statement

A high-value franchise

Q&A



Philip Broadley
Non-Executive
Chair

How has the Board viewed Lancashire's performance in 2025?

The Board is very pleased with the resilient performance of the Group in a year that began with the devastating California wildfires.

This event was the largest wildfire loss ever for the industry, at an estimated \$40 billion.

Given the quantum of this loss, Lancashire's full-year results show the success of the diversification that has been a developing feature of the Group since 2018.

Over the last eight years, the management team has added new product lines, including a well-established casualty reinsurance portfolio, and new geographies, such as the Australian and US operations.

During 2025, we have undoubtedly seen the benefit of that hard work.

Our strong returns during the year were down to a combination of the solid underwriting performance, and an excellent investment performance from our growing portfolio.

So, overall, the Group remains in an extremely strong position as we enter 2026.

What have been some of the key highlights and priorities for the Board this year?

The priorities for the Board were somewhat set by the California wildfires so early on. We focused initially on ensuring the business was well protected and we reviewed our outwards reinsurance programme, which we found to have the appropriate resilience.

The Board also actively considered shareholder returns and the Group's capital requirements to deliver Lancashire's underwriting strategy.

The Board supported the acquisition of the remaining third-party Names' capacity in Syndicate 2010, which was completed in September. The Group now has full ownership of the underwriting capacity in Syndicates 2010 and 3010, and we anticipate that this will create even greater synergies and efficiencies for the Group in the years ahead (see further details on page 85).

The Board was also very pleased to see the Company's initiatives to mark its 20th anniversary, including an event for all staff to hear from management about the business's strategic priorities, celebrate the past and look to the future, and continue to build on a strong culture. For some employees this was the first time they had met colleagues from other locations face-to-face and the Board recognises the value in building relationships across the Company for the long term.

What are the Board's priorities for 2026?

Lancashire has always believed in the insurance market cycle, and we have seen the start of some rate softening and increased competition in some classes during 2025, although pricing in the current market remains at a relatively strong point in the cycle.

As you would expect, we have discussed the Group's business plans for 2026 with that in mind. We believe the business can continue to grow its underwriting portfolio and there is very much a sense that there will be opportunities to do that in 2026.

The Board will also be focused on ensuring the Group can take advantage of market conditions to optimise its reinsurance protection, aiming to achieve even greater consistency in the Group's returns.

2025 has seen significant industry consolidation and the Board will be supportive of opportunities that management identifies to recruit experienced underwriting teams who are looking for a new home and who would thrive by operating in the Lancashire way.

Chair's statement *continued*

Can you give some colour on the Company's dividend policy and capital management decisions?

Lancashire rightly has a strong reputation for disciplined capital management.

The Company has the flexibility to optimise capital levels as market conditions evolve to fund our underwriting plans, and to be proactive in capital returns when there is excess.

In 2024, the Board committed to increasing the Company's usual ordinary interim and final dividend by 50%, and interim and final dividends of 7.5 cents and 15 cents were paid to our shareholders during 2025.

Additionally, in March 2025 we were able to declare a special dividend of 25 cents per common share, and in November 2025 we declared a special dividend of 75 cents, reflecting the Group's robust capital position and excellent operating performance. This brought our aggregate special and ordinary dividends paid to shareholders in 2025 to \$1.225 per share or \$296.5 million.

Since inception Lancashire has returned more than \$3.7 billion to shareholders, so, I see the declaration of special dividends, when market conditions permit, to be a continuing part of our capital management policy.

How do you ensure alignment and constructive challenge between the executive team and the Board?

The Board meets at least four times a year and our schedule of meetings means we are together for two or three days on each of those occasions. This allows for in-depth discussion between non-executive and executive directors on business performance, risk, and ways to develop the business, and so on. These meetings also give Board members the opportunity to meet regularly with other members of Lancashire's management team, both to understand more about the business and to talk about opportunities and priorities.

Some of the Group Board members also sit on a number of the subsidiary Boards, which again provides further opportunities for strong engagement and detailed challenge and debate.

I have been pleased to see how the experience of some of our Board members in underwriting on both sides of the Atlantic has been valuable in both supporting and promoting healthy and constructive discussions on opportunities for Lancashire's US operation.

How important is culture to Lancashire's success and how does the Board engage with employees and other stakeholders?

Lancashire is a relatively small and lean organisation. It is also a truly "high-value" organisation, where each employee is important, and company culture is something that the Board takes a keen interest in. Each employee adds a lot to the business and the Lancashire way of operating means that everyone contributes to its success and understands the role that they play.

The Board is fortunate that, in a company with less than 500 employees, our pattern of meetings, and other visits, enables Directors to see a large number of people during the course of a year.

The Underwriting Committee is a great example of this, where the Board meets upwards of 20 people and can hear directly from underwriters about their class of business. But we also take the opportunity to meet people at lunches and other social occasions. It means we can get to know our people and what they do beyond the business.

That is not something that you could say about a lot of larger businesses.

Lancashire was founded 20 years ago, how do you see the Company developing over the coming years?

I think there are lots of opportunities to build on the demonstrable strength of our balance sheet and the benefits of diversification to grow the business further. Those opportunities will always be shaped by disciplined underwriting and actively managing capital and risk exposures.

Lancashire has also created a distinctive and important business in the markets in which it operates. Lancashire's products are valued by clients and their brokers, which will remain key to our success.

Our culture makes Lancashire an attractive place that people want to come and join. We have an individual style which generates real loyalty and enthusiasm among employees. Keeping that strong culture will certainly be a focus for the Board going forward as the business develops further.



Our strong returns during the year were down to a combination of the solid underwriting performance, and an excellent investment performance from our growing portfolio."

Our purpose

1

Deliver bespoke risk solutions that protect our clients and support economies, businesses and communities in the face of uncertain loss events.

2

Manage our risk exposures and capital resources to generate returns for our investors.

3

Support our people and work with our stakeholders, fostering a positive, sustainable and open business culture to the benefit of society.

The Lancashire Way

A performance-driven culture

Honesty and integrity in all we do is a given and The Lancashire Way reflects our true character and spirit.



US
33
Employees
We have one employee based in Canada

UK
347
Employees

Bermuda
59
Employees

Australia
7
Employees

The Lancashire Way

The way we behave and approach our work day-to-day is what makes us unique and creates a positive experience for our people, business partners and other stakeholders.



Hard-working
We all have a stake in the Group's success and are proactive in contributing to our goals and vision.



Straight-talking
We feel empowered to share thoughts and ideas, because everyone's voice matters.



Positive
We engage with brokers, clients, communities, stakeholders and colleagues professionally and passionately as proud ambassadors of Lancashire.



Responsible
We focus on achieving tangible results with consistent standards across the Group.



Collaborative
We work together towards common goals, share knowledge and support each other.

Total number of employees
447
in 2025

Group Chief Executive Officer's review

Driving the business forwards

Q&A



Alex Maloney
Group Chief
Executive Officer

How would you sum up Lancashire's performance in 2025?

Lancashire's performance in 2025 has been extremely strong.

We have continued to grow in line with the underwriting opportunity with gross premiums written increasing \$109.7 million to \$2,259.3 million and we delivered a very healthy profit of \$293.4 million.

Obviously, the year began with the devastating California wildfires so our combined ratio (undiscounted) of 93.1% is a good result in that context.

What we have achieved in 2025 shows that the work that we began in 2018 to refocus the business and become more diversified was the right strategy at the right time.

We are now able to use our capital more efficiently across a range of product lines and we have significantly reduced volatility in our earnings.

The performance this year resulted in a growth in DBVS of 20.9%.

Our strong underwriting and investment performance also meant we were able to return capital to our shareholders through both regular and special dividends.

This has always been part of our strategy and the business we have built in recent years has been focused on delivering strong long-term franchise value.

The capital position of the Group remains extremely robust as we go into 2026 and we will continue to take advantage of attractive underwriting opportunities.

During 2025, we also successfully completed our buy-out of underwriting capacity for Syndicate 2010, meaning we now have 100% capacity of both our syndicates, which offers us additional optionality within the Lloyd's platform.

I really want to thank everyone across the Group for their hard work and support in delivering these strong results this year and in helping drive the business forwards with such enthusiasm and commitment.

What are the challenges and opportunities for Lancashire in 2026?

Lancashire has evolved to be a very different business over the past 20 years. We are more diversified across products and geographies and that means we are more relevant to clients.

2026 will be a more competitive environment, but we have built a business to deliver more sustainable returns through market cycles. It is important to recognise that we are still in a great place when it comes to rate and going into 2026 the sector remains closer to the peak than to the trough.

Prior to 2018, it was important to be disciplined, but we believe in the underwriting cycle and knew that the market would harden and we would be able to build the next phase of the business, which is what we have done.

When we look to 2026 and beyond we see lots of opportunities.

In order to maximise these you will need a strong balance sheet and to be able to move quickly, which we have and we have shown we can do.



What we have achieved in 2025 shows that the work that we began in 2018 to refocus the business and become more diversified was the right strategy at the right time."

Group Chief Executive Officer's Review *continued*

Lancashire is now 20 years old, how has the business developed during that time?

Back in 2005, following hurricane Katrina, the (re)insurance market was very dislocated and quite chaotic, so it was a great time to set up a company.

Lancashire's strategy in the early days was the same as it is today. If you start with underwriting, if you manage your capital base, if you focus on the best returns for your business, those really are the foundations of a great underwriting company.

That is what we have built on over the last 20 years.

Today we have more balance in our portfolio and that means we can make better use of our capital.

If you go back just a few years we had four core products and today we have close to 10, with around 50 sub-classes. That's a big change and it's brought enormous benefits.

We've also expanded across geographies and have grown our footprint the 'Lancashire Way' by understanding the specific underwriting opportunity and getting the right people.

Lancashire US is still relatively new. But it has had a fantastic start. We have employed some great people and, in 2025, we added an additional casualty product.

As I have said, we are always led by the underwriting opportunity and the US operation, and the launch of our Australian platform before that, are great examples of this.

We don't follow the trend and, while Lancashire looks and feels very different to when we started, our DNA remains the same. We couldn't have developed in the way we have without the support of our people, and we have never had such a breadth of talent across the whole Company in every location as we do now.

Lancashire received strong feedback from the 2025 employee survey. How do you define the core values of Lancashire's culture, and how do you maintain them?

Everything we do is grounded in the Lancashire Way (see page 12) and those values hold up a mirror to how we run the business.

There is something unique about Lancashire and that comes from our culture.

We have a deep level of trust with our employees. Of course, we expect high standards and hard work, but in return we offer people a fantastic environment in which to grow their careers.

As a management team we knew that as we grew the business, brought in new teams and opened new offices, it was crucial that we kept the Lancashire culture. That meant always employing people who share our values and who want to contribute to the success of the business.

During 2025, we held an event for all staff to celebrate our 20th anniversary. Bringing all our people together at one time is something we haven't done before. But what struck me most about that event were the strong relationships that people had with each other, whether they had actually met in person before or not.

The Lancashire culture is such an important part of who we are and we cannot be successful as a business without it being at the very core. Our all-staff surveys are an important tool for assessing our culture (see page 38 for more information).



Group Chief Executive Officer's Review *continued*

What initiatives are in place to develop people within Lancashire and ensure you have a strong bench of talent?

Our size is a real benefit when it comes to talent development. It means we can identify people early; whether that's at the beginning of their careers or people that have joined us from other companies and we see something special in them.

I'm always very pleased when we are able to promote people from within Lancashire to bigger and more important roles. We like to challenge people and to give them opportunities to develop but also to learn from others.

During 2025, 13 people took part in our mentoring programme, benefitting from the experience of others and that's something that we really value. A second cohort is planned for 2026.

What we have done is to create an environment where people want to come to work and we see talent development as being owned by senior leaders not just the HR team.

Our retention rate is very high and that says something about how we run the business, but we always need to maintain that momentum.

Obviously, there is a lot of talk about AI at the moment, but while AI has its benefits, it will not replace people's expertise.

You have been with Lancashire since the start. How would you describe your leadership style, and has it evolved during your tenure as CEO?

I don't try to be any particular 'type' of leader. You have to be authentic and we don't try to be something that we're not.

My background is in underwriting and so I understand the importance of managing the underwriting cycle which is crucial.

My role is to lead Lancashire through the different parts of that cycle and to seek to ensure we have the right people in the right roles to rise to challenges and maximise opportunities.

There are lots of people at Lancashire that have been here for many years; they like what we do and they like how we do it.

We are a relatively small business and that means in my role you do get to know people from across the Group very well. Hopefully you understand what motivates them and can create an environment that matches their ambitions.

I see communication and managing relationships as an increasingly important part of my role. As we have opened new offices and moved into new geographies it's been crucial that all our people feel part of one group and that they maintain the same standards and have the same priorities.

As you end this anniversary year, what is your message to stakeholders?

The message is quite simple and it's thank you.

Thank you particularly to our employees who work so hard and are so committed and have created the positive culture we have across the Group.

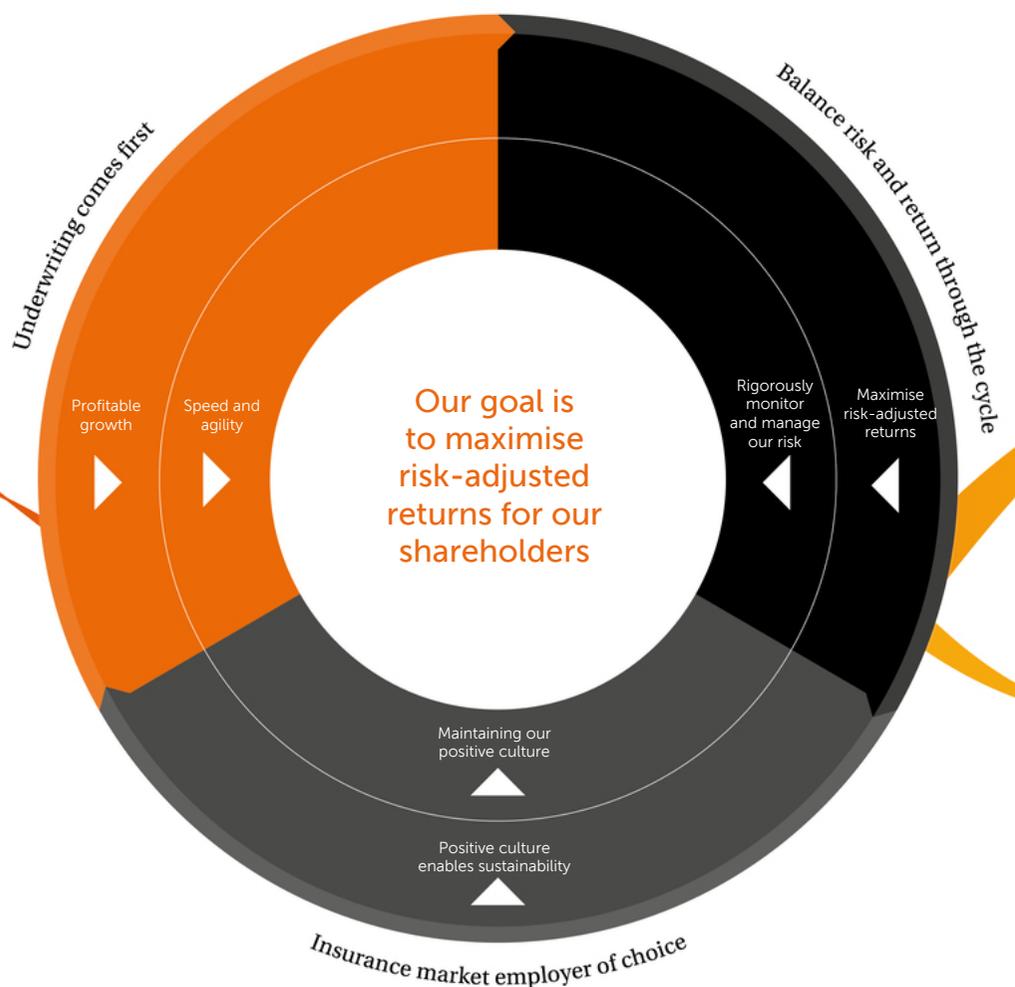
Lancashire is about everyone doing their job, having pride, and contributing to that culture.

I also want to thank everybody outside Lancashire who has worked with us and made the last 20 years so successful.

We've achieved so much from day one; to go from an office with a handful of people to where we are today is incredible and I look forward to many more successful years ahead.



Our strategy



Underwriting comes first

Profitable growth

- Continue to grow in classes where favourable and improving market conditions exist, and explore new distribution opportunities
- Continue to reduce earnings volatility from natural catastrophe risk
- Focus on maintaining a diversified portfolio structure and our core clients

Gross premiums written of
\$2,259.3m
in 2025

Insurance revenue of
\$1,860.4m
in 2025

Introduced new product lines in the US

Balance risk and return through the cycle

Maximise risk-adjusted returns

- Actively manage capital to support underwriting opportunities
- Deploy capital quickly when it is needed and have the discipline to return it when it is not
- Encourage a culture of risk challenge, questioning and understanding

Total capital available of
\$1,956.8m
in 2025

Total dividends to shareholders in 2025 of
\$296.5m
including special dividends of
\$242.1m

Insurance market employer of choice

Positive culture enables sustainability

- Foster entrepreneurial, collaborative culture via The Lancashire Way
- Further develop the Group's ESG principles to help ensure we operate responsibly as a business
- Continuously strive for operational efficiency alongside development of data capabilities

All-staff anniversary celebration event including strategy update

2025 employee engagement survey with
84%
participation

Top 3
employer in Bermuda in 2025

Drivers

Delivery

Group Chief Financial Officer's review

Increased resilience and sustainable returns

Q&A

Natalie Kershaw
Group Chief
Financial Officer

Lancashire delivered a strong result in 2025. What does this say about the Group's financial resilience?

I am very pleased with how the Group performed during the year. The overall result is the product of another excellent 12 months, with strong and disciplined underwriting supported by healthy investment returns.

We have reported a profit after tax of \$293.4 million. This outcome demonstrates the Group's increased resilience, achieved by diversifying across product lines and geographies.

Even in a year which began with the California wildfires, diluted book value per share increased by 20.9%, evidencing the success of our growth and diversification strategy.

Insurance revenue increased by 5.4% compared to 2024 to \$1,860.4 million. The main component of insurance revenue is premium earnings, and we are benefiting from the growth in gross premiums written over the last few years.

For 2025, the undiscounted combined ratio was 93.1% or 83.7% on a discounted basis. This elevated combined ratio reflects the impact of the California wildfire loss early in 2025, but despite that we still produced an insurance service result (underwriting profit) of \$381.1 million.

Lancashire is a very different business now to just a few years ago and that's clear in the results for 2025, and the confidence we have in delivering sustainable returns in the coming years.

The upgrade of Lancashire's long-term issuer credit and financial strength ratings, to 'A' from 'A-', by S&P in December, was external validation of the improved financial resilience of the business.

How do you balance returning capital to shareholders with the ability to respond to future underwriting opportunities?

Our approach to capital allocation and returns is simple.

First, we assess the capital requirements of our current underwriting plans, in conjunction with designing the outwards reinsurance programme to protect our earnings and to manage risk levels.

We then consider how much headroom we want for strategic flexibility. Once this is determined we know the amount of capital we have available to return to shareholders.

We always match our capital to the underwriting opportunity, and the diversification of our product portfolio has made us more capital efficient, with a number of our newer products being less capital intensive.

In order to be able to rapidly respond to underwriting opportunities, we have significantly enhanced our data and our analytics capabilities over the past few years. This further strengthens our forward business planning and how we consider future capital requirements on a real-time basis.

During 2025, we returned \$296.5 million to shareholders in ordinary and special dividends, which aligns with our commitment to return capital not needed for underwriting growth.

As you can see from the chart on page 3, Lancashire has returned over \$3.7 billion to shareholders since inception 20 years ago and, in the last two years, we have returned over 100% of our profits, which is a great result.

Therefore, we will continue to return excess capital to shareholders whenever possible, while still retaining underwriting momentum into 2026 and beyond.



We have improved our capital efficiency, continued to build a good margin in our reserves and increased investment leverage, so we are in a strong position as we begin to go into the next part of the underwriting cycle."

Group Chief Financial Officer's review *continued*

Lancashire has seen strong investment returns in 2025. How important is this to the Group?

Lancashire's investment portfolio has grown considerably over the past couple of years in line with the growth of our business.

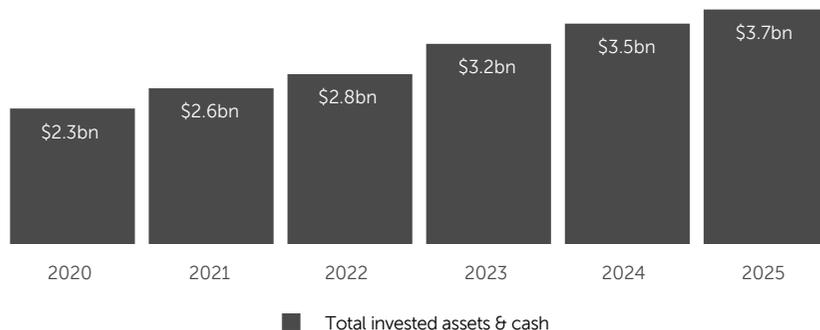
The diversification in our underwriting into longer tail classes, such as casualty, means we are also retaining elements of our premium income for longer before any claims emerge and are paid out. This increases the balance sheet leverage of our investment portfolio resulting in more meaningful investment returns, even at low risk levels.

In 2025, the portfolio returned 7.0%, or \$218.0 million. These stronger and more consistent returns, combined with our underwriting performance, have put the Group in a very good position.

We have always maintained a relatively conservative and short-duration portfolio with an average credit quality of A+.

We don't see that approach changing and believe our investments can continue to make a valuable contribution to our overall profitability. Even if yields decrease in the future, our larger asset base should continue to generate a steady stream of investment income in the coming years.

Investment portfolio growth



The Group's total net investment return has increased from \$69.1 million to \$218.0 million over the same period.

What is Lancashire's capital position going into 2026?

As I have said, we are a much more capital efficient business since we delivered our diversification strategy.

We have a simple capital approach, offering transparency and clarity for investors, which internally also allows us to focus time on capital allocation and returns rather than navigating complex balance sheet structures.

Our capital strength is noted by all our rating agencies and our BSCR ratio is very healthy. Our growth in size and product breadth also provide more options for outwards reinsurance, which we will continue to use to our best advantage.

We have improved our capital efficiency, continued to build a good margin in our reserves and increased investment leverage, resulting in a strong position as we begin to go into the next part of the underwriting cycle.

As a senior leader of an important function within Lancashire, how do you approach developing talent?

Across the finance team, developing our people is something we take very seriously.

The work we do is technical and can be complex, so we need the right people in the right roles and there is a big benefit in having people who have experience over many years at Lancashire.

But, we've also brought in some great new people to the team who bring an outside perspective and can challenge the way we do things.

In all our locations, we have talented and committed people within finance and we want them to develop and grow at Lancashire.

During 2025, Jennifer Wilson, our Group Financial Planning and Analysis Director, was appointed to succeed Hayley Johnston as the CEO of our Bermuda business.

Jenn has done a fantastic job in a number of roles at Lancashire so it's great to see her move into this important leadership position.

We have also promoted Rael Coen, currently the Group Financial Controller, to the new position of Group Finance Director from 1 January 2026.

There are many other examples of where we have developed people across the finance team and it's something that we will continue to focus on.

Group Chief Underwriting Officer's review

Rising to the challenge

Q&A



Paul Gregory
Group Chief Underwriting Officer

How would you assess the Lancashire underwriting team's performance in 2025?

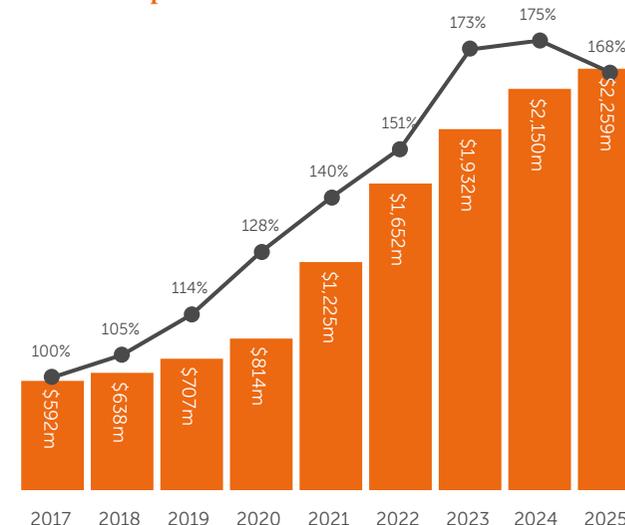
2025 is a proof point year. Our strategy since the (re)insurance market first started to harden a number of years ago was to build a more diversified underwriting portfolio. Delivery on this strategy means that we can absorb the large losses that our customers buy our products to protect themselves against and still deliver profitable underwriting results. It also gives us more levers to manage our business when the inevitable soft market appears, and continue to produce adequate and sustainable returns through the cycle. We have done this by expanding our product offering considerably, predominantly in capital efficient classes, and investing heavily in underwriting talent.

2025 saw both large losses and a softening rate environment. We started the year with a very significant loss event with the devastating Californian wildfires whilst also experiencing some rate softening for the first time since 2017. It has been the first true test of our strategy and all the hard work that has been put in over the past few years to build the underwriting platform we have today.

Pleasingly, we have come through these challenges and delivered a profitable underwriting return, with an undiscounted combined ratio of 93.1%, which provides an insurance service result of \$381.1 million. This underwriting profit has contributed to another year of exceptional returns with a positive change in DBVS of 20.9%.

We have also continued to grow our business. Whilst rates have marginally softened, the vast majority of product lines have healthy rate adequacy given the compounded rate increases over the past seven years.

Gross premiums written and cumulative RPI



Rates remain close to peak levels, as demonstrated by the 2025 RPI of 96%. We always want to grow our underwriting footprint in this environment. Insurance revenue grew 5.4% to \$1,860.4 million with gross premiums written increasing 5.1% to \$2,259.3 million. For the eighth successive year we have achieved our aim of growing premium ahead of rate whilst conditions remain favourable.

2025 has delivered yet another year of premium and revenue growth alongside a healthy underwriting profit, delivering strong returns for our shareholders whilst continuing to strengthen our underwriting talent pool. The underwriting team should be very proud of their efforts and what has been achieved in the year.

Segment	Gross premiums written \$m			Insurance revenue \$m			RPI	
	2025	2024	Variance	2025	2024	Variance	2025	2024
Reinsurance	1,187.2	1,097.8	89.4	904.4	855.1	49.3	97%	101%
Insurance	1,072.1	1,051.8	20.3	956.0	910.0	46.0	95%	101%
Total	2,259.3	2,149.6	109.7	1,860.4	1,765.1	95.3	96%	101%

Group Chief Underwriting Officer's review *continued*

What have been the challenges for the Lancashire underwriting team during 2025?

The two principal challenges we faced during the year were a more competitive trading environment and a number of large loss events.

Whilst rates have remained very healthy, they did soften for the first time in eight years. Following a number of strong years of profitability for the industry, retained earnings have produced more capital deployed, which is very simply increased supply. Meanwhile, demand for many of our products continued to increase, albeit outpaced by the levels of capital supply in most areas, leading to rates beginning to soften. Inevitably, growing premiums in a more competitive market is more challenging than when the rates are increasing and demand outstrips supply.

Despite this more competitive environment, we have been able to continue to build out areas of strategic importance during 2025. We signalled we would grow our specialty reinsurance offering in aviation, energy and marine as well as continuing the build out of Lancashire US. We were successful in both these objectives. Our specialty reinsurance portfolio has grown meaningfully year-on-year. Lancashire US has also now expanded to three insurance product lines, property, energy liability and general casualty, and will remain an area of growth in the coming years as we continue to develop existing products and add new products to our suite of offerings.

Having a broader and more diversified underwriting portfolio provides us with more options for growth and, more importantly, sustainable returns through the cycle. Not all product lines experience the same market conditions, and they move at different speeds. Some product lines were still seeing rate increases during 2025.

With a broader product suite, we strengthen our relevance with clients and, during 2025, we were able to grow our positions on a number of core clients by offering a broader range of products. See page 6.

Being more relevant to core clients will help us better navigate the market cycle and produce more stable and sustainable returns.

The second challenge was an active 2025 loss environment for both natural catastrophes and large man-made risk events.

The year couldn't have started in a more challenging way from a loss perspective. In the early weeks of January, California experienced the most devastating and costly wildfires in its history. Sadly, this led to loss of life and significant property damage creating both economic and insured losses. Industry estimates place the insured loss at around \$40 billion which is, by a large margin, the largest loss event of 2025. This is exactly the type of loss that our products are designed to respond to and why our clients buy (re)insurance protection. It is also the type of loss that prior to the portfolio diversification would have made underwriting profitability for the year very unlikely. However, as has been demonstrated, the portfolio is far more robust and can withstand losses such as this and still deliver strong returns.

The California wildfires were not the only natural catastrophe loss events of the year. There were a number of severe convective storms in the US, category 5 hurricane Melissa had a devastating impact on Jamaica, a severe earthquake in Myanmar that was a terrible humanitarian tragedy with around 4,500 fatalities, and a number of cyclones impacting South East Asian countries such as Thailand, Vietnam, Indonesia, the Philippines and China. All of these events had devastating human consequences and caused major economic disruption but, given relatively low insured values, were not significant loss events to the industry. Overall, 2025 will be remembered as a year when insured losses from natural catastrophes exceeded \$100 billion despite a very benign US hurricane season.

Alongside these well publicised natural catastrophe events were a number of large man-made losses. These were primarily within the aviation and energy industries.

In the aviation sector there were a number of high-profile loss events such as the American Airlines and Air India tragedies.

The energy sector witnessed a high number of mid-sized loss events particularly in the downstream energy class across different territories and asset types. Given the nature of these complex risks it is not uncommon for there to be periods of higher loss frequency, and the benefit of a diversified underwriting portfolio is that we can absorb this volatility whilst continuing to deliver healthy underwriting returns.

What has changed in the underwriting portfolio in 2025?

Our portfolio remains evenly split between insurance (47.5% of gross premiums written) and reinsurance (52.5% of gross premiums written). There is very little change versus last year.

Our decisions on portfolio make up are driven purely by market conditions rather than any pre-determined split. Due to market conditions being relatively stable across product lines, there has been very little change in our portfolio mix.

In a changing market how did you approach managing the reinsurance and insurance segments in 2025 and how did they perform?

Our **reinsurance segment** contains three core pillars; casualty reinsurance, property reinsurance and specialty reinsurance.

The rating environment softened marginally with a reinsurance segment RPI of 97%. In the context of rating adequacy remaining very healthy, we took the opportunity to grow and build out our relationships and franchise value with core clients. Premium across the reinsurance segment grew 8.1% year-on-year with each pillar contributing to growth.

Property reinsurance comprises our catastrophe-exposed reinsurance classes as well as our excess of loss risk and other property proportional treaty portfolios.

After the pricing and structure dislocation we saw in recent years, 2025 was a year when we started to see the very first signs of softening. However, this was measured, coming from a very strong position in terms of pricing adequacy. Whilst we still saw increased demand it was far less steep than in prior years as inflationary trends stabilised. Increased supply from existing and new entrants was more than enough to absorb this additional demand.

Group Chief Underwriting Officer's review *continued*

Importantly discipline remained on risk attachment points which meant that the catastrophe reinsurance product remained what it should be, a balance sheet protector, not a protection of quarterly earnings. This helps the reinsurance industry avoid smaller loss events but remain there for large loss events. The California wildfires are a good example of this, where many cedants recovered on reinsurance programmes designed to cater for exactly those types of catastrophic events.

The Group's overall appetite for catastrophe risk was broadly stable year-on-year as we are satisfied with the overall balance of the Group's underwriting portfolio. There was a small amount of organic premium growth with core clients through the year, this increased exposure being offset with broader reinsurance protection to maintain risk levels broadly flat year-on-year.

Casualty reinsurance comprises casualty, professional and financial lines, and accident and health reinsurance. The rating environment for all these sub-classes has been broadly stable over the year following the trend of recent years.

There were opportunities to grow with core clients, which is where we were able to deliver modest growth in this portfolio. Within the US casualty area, there continues to be deterioration on older casualty years in the industry, alongside continued discussion of more recent underwriting years being less profitable than some had expected and accounted for.

We have no exposure to older years given our entry into the class midway through 2021. Our prudent approach to reserving since the outset puts us in a strong position, and we remain confident that there is profitable margin in the years we have underwritten, which will be realised over time and help maintain stable and sustainable underwriting returns through the cycle.

The benefit of this continued focus on the adequacy of industry reserving for casualty is that it keeps discipline in the market. We continue to see primary casualty insurance rate increases implemented by our cedants and, as a reinsurer, we get the benefit of this.

Specialty reinsurance comprises our reinsurance offering for classes such as aviation, marine and energy, as well as our property retrocession portfolio.

The rating environment across these sub-classes varied during the year as each sector has its own unique dynamics. Overall, we grew premiums within specialty reinsurance year-on-year however not in every sub-class.

We had the stated aim to grow our footprint in aviation, marine and energy and were able to do this. Loss events in the aviation sector, both in 2025 and prior years, meant that aviation reinsurance was one of the few sub-classes that was positive from a rating perspective. These improved market conditions gave us the opportunity to expand our portfolio, and we grew premiums in line with our strategy. The rating environment for marine and energy reinsurance was slightly more competitive, but rates remained healthy, and we were able to grow our position with core clients as well as onboarding new clients and further enhancing our franchise value in the specialty reinsurance sector.

The property retrocession sub-class is closely aligned to the dynamics of the property reinsurance market and, as a result, this sub-class also saw rate softening. The year-on-year rate change for property retrocession, however, was more pronounced and the market environment more competitive. Accordingly, retrocession experienced the steepest year-on-year rate change of any of our sub-classes. Due to this, we took the decision to reduce our risk levels and shrunk our portfolio accordingly.

Our **insurance segment** includes aviation, casualty, energy and marine, property and specialty insurance.

Much like within reinsurance, insurance market conditions softened slightly for the first year since 2017, however, given seven years of rate increases, the majority of product lines remain very well priced with embedded underwriting margin. Given favourable rate adequacy we have continued to grow our footprint and increased premiums year-on-year. The insurance segment RPI was 95% and we have increased our premiums by 1.9% year-on-year.

Despite major loss activity in the **aviation** industry, and in contrast to the aviation reinsurance sub-class, parts of the aviation insurance market, primarily the war exposed sub-classes, did soften during the year. Other sub-classes of aviation remained stable and some small elements such as space were positive but overall, rating in the aviation insurance class as a whole weakened. Aviation was our only class within the insurance segment that we shrunk during 2025. This was primarily a result of highly selective underwriting within our war-exposed sub-classes, given the combination of rating environment and heightened risk levels due to ongoing conflict across the globe.

We will continue to be selective in the sub-classes of the aviation market that we underwrite. We are happy to grow where we believe rating levels to be adequate for this risk but equally happy to retract if we do not. In those sub-classes where we do not underwrite in a meaningful way, we will remain patient until market conditions improve to the level required but have the team and platforms ready to maximise any future opportunity.

Casualty insurance is a small segment of the business and comprises our accident and health insurance sub-class, a small amount of professional lines insurance that we support via consortium relationships with market leaders within Lloyd's, and our new general casualty product underwritten at Lancashire US. Market conditions remain broadly stable with healthy rate adequacy. There were a few niche opportunities to grow existing relationship as well as build out our casualty insurance franchise with the new offering at Lancashire US. This all contributed to year-on-year growth for casualty insurance.

Energy and marine insurance provides products across the marine and energy industries. We underwrite marine hull, marine war, marine liabilities, upstream, renewables, and downstream energy, power and utilities, and energy liability.

Group Chief Underwriting Officer's review *continued*

The rating environment has marginally softened for all sub-classes other than the casualty exposed sub-classes of energy and marine liability that still had rating momentum and positive RPIs. Rating adequacy for most of the sub-classes remains healthy and we achieved modest growth across marine and energy, notably within energy liability given the continued build out of the offering from Lancashire US.

The risks in the marine and energy industries are constantly evolving. The challenges of inflation, volatile commodity prices and political unrest are just some of the underwriting considerations in these product lines. Whilst these classes can be extremely profitable, they require careful and considered underwriting and can have significant loss events. This was demonstrated in 2025 with a number of large loss events in the downstream energy sector. Having a broad marine and energy offering not only gives us relevance with clients and brokers but provides a more robust portfolio to absorb loss volatility within one specific sub-class.

Property insurance comprises property direct and facultative insurance and construction insurance. Trading conditions over the past few years have been exceptional so it was no surprise that 2025 has been more competitive given the outstanding underwriting results of prior years. Despite rate pressure, rating adequacy held and the book grew year-on-year.

Property insurance is one of our three product lines underwritten from Lancashire US and was a founding class of business for this office. Despite more competitive market conditions, we continued to grow property insurance premiums in Lancashire US which helped overall growth in 2025.

Our construction portfolio remained broadly stable year-on-year despite the market conditions, given the relationships and franchise we have built in that sub-class since we entered in 2021.

Specialty insurance comprises our terrorism, political violence, and political and sovereign risks sub-classes.

Given the continued global unrest, the terrorism and political violence classes have remained marginally positive from a rate perspective in 2025.

Despite the heightened risk environment due to the various global conflicts, the class remains profitable. A more volatile world does positively influence demand for the product, which has helped us grow the specialty insurance class year-on-year with premium growth comfortably ahead of rate increases.

Underwriting discipline in this class remains paramount, especially in the turbulent and unpredictable world that we live in.

The political and sovereign risk portfolio is generally non-renewable business and therefore premiums are difficult to forecast, however, we have been successful in producing strong premium growth in 2025 with a number of new opportunities and expanded relationships with existing partners. Market discipline has remained in this class, with adequate rating levels and underlying terms and conditions remaining healthy and profitable.

Where does 2025 rank in the 20 years of Lancashire's underwriting history?

2025 is right up there in terms of underwriting performance.

When you assess underwriting performance, you should always look at the context of the loss environment and also the trading conditions.

We had our second-largest natural catastrophe loss in our 20-year history within the first month of the year, combined with the first year of rate softening since 2017 with more intense competition for business.

We have built a portfolio that can absorb large loss volatility and still produce strong underwriting returns. An insurance service result of \$381.1 million is excellent in the context of the loss events in 2025.

We have also built underwriting platforms and a team of highly talented underwriters that will allow us to manage more competitive market environments as we move through the inevitable (re)insurance cycle. 2025 has been a real demonstration of this as we continued to grow our premiums ahead of rate and further strengthened our underwriting franchise.



2025 has delivered yet another year of premium and revenue growth alongside a healthy underwriting profit, delivering strong returns for our shareholders whilst continuing to strengthen our underwriting talent pool."

Business review

Underwriting results

For the year ended 31 December	2025			2024		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
Gross premiums written	1,187.2	1,072.1	2,259.3	1,097.8	1,051.8	2,149.6
RPI	97%	95%	96%	101%	101%	101%
Insurance revenue	904.4	956.0	1,860.4	855.1	910.0	1,765.1
Insurance service expenses	(511.9)	(939.3)	(1,451.2)	(420.0)	(766.1)	(1,186.1)
Insurance service result before reinsurance contracts held	392.5	16.7	409.2	435.1	143.9	579.0
Allocation of reinsurance premium	(163.7)	(259.8)	(423.5)	(168.2)	(271.2)	(439.4)
Amounts recoverable from reinsurers	63.6	331.8	395.4	(2.8)	243.1	240.3
Net (expense) income from reinsurance contracts held	(100.1)	72.0	(28.1)	(171.0)	(28.1)	(199.1)
Insurance service result	292.4	88.7	381.1	264.1	115.8	379.9
Net insurance ratio	60.5%	87.3%	73.5%	61.6%	81.9%	71.3%
Other operating expenses			10.2%			8.7%
Combined ratio (discounted) ¹			83.7%			80.0%
Combined ratio (undiscounted) ¹			93.1%			89.1%

1. The combined ratio (discounted and undiscounted) is the ratio, in per cent, of the sum of net insurance expense plus all other operating expenses to net insurance revenue.

Gross premiums written

Gross premiums written increased by \$109.7 million, or 5.1%, during 2025 compared to 2024. Excluding the impact of reinstatement premiums, underlying growth in gross premiums written was 3.3%, in line with the low single digit guidance we have previously given.

In the reinsurance segment, the rating environment softened marginally with a reinsurance segment RPI of 97%. In the context of rating adequacy remaining very healthy, we took the opportunity to grow and build out our relationships and franchise value with core clients. Premiums across the reinsurance segment grew 8.1% year-on-year, with each pillar contributing to growth.

In the insurance segment, market conditions softened slightly for the first year since 2017, however, given seven years of rate increases, the majority of product lines remain very well priced with embedded underwriting margin. Given favourable rate adequacy we continued to selectively grow our footprint and increased premiums year-on-year. The insurance segment RPI was 95% and we have increased our premiums by 1.9% year-on-year.

Insurance revenue

Insurance revenue increased by \$95.3 million, or 5.4%, for 2025 compared to 2024. Gross premiums earned, the key driver of insurance revenue, as a percentage of gross premiums written was 97.5% for 2025 compared to 95.1% for 2024. The increased percentage reflects premium earnings from prior underwriting years where the business saw substantial growth.

Allocation of reinsurance premiums

Allocation of reinsurance premiums decreased by \$15.9 million, or 3.6%, during 2025 compared to 2024. The allocation of reinsurance premiums as a percentage of insurance revenue for the Group was 22.8%, compared to 24.9% in the prior period, reflecting more efficient reinsurance purchasing as the Group seeks to achieve efficiencies and to benefit from its increasingly diversified underwriting portfolio.

Business review *continued*

Net loss environment

During 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$277.0 million. Catastrophe and weather losses were \$184.7 million. The net loss impact of the California wildfires of \$163.4 million, which is within the original range disclosed, represents the majority of this figure. The Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$92.3 million. None of the large risk event losses were individually material for the Group.

In comparison, during 2024, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$215.2 million.

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$122.8 million during 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024 and 2023 accident years and a further strengthening in reserves of \$32.9 million relating to direct and indirect losses from the Ukraine conflict.

In comparison, the favourable prior accident year undiscounted net movement in loss reserves during 2024 was \$93.3 million.

This continues our track record of favourable reserve releases and the Group remains conservatively reserved at an 85% confidence interval.

Net discounting benefit

The table below shows the total net impact of discounting by financial statement line item.

For the year ended 31 December	2025 \$m	2024 \$m
Initial discount included in insurance service result	135.4	120.3
Unwind of discount	(77.5)	(68.6)
Impact of change in assumptions	(25.4)	14.7
Finance (expense) income	(102.9)	(53.9)
Total net discounting income	32.5	66.4

The total impact of discounting for 2025 was a net benefit of \$32.5 million, compared to a net benefit of \$66.4 million for 2024. The higher net initial discount in 2025 compared to 2024 is primarily due to the continued growth in the Group's underwriting portfolio and the impact of catastrophe and large losses events contributing to a higher quantum of initial loss reserves being established.

The discount rates for US dollar and pounds sterling have decreased in 2025. This has driven an adverse impact from the change in discount rate assumptions. The unwind of discount has increased and reflects the growth in the discount provision over recent years in what has been a relatively high discount rate environment.

In 2024, the discount rates increased across all major currencies creating a positive impact from the change in discount rate assumptions and a higher overall net benefit from discounting.

Business review *continued*

Other financial information

Other operating expenses

For the year ended 31 December	2025 \$m	2024 \$m
Operating expenses – fixed	217.8	184.8
Operating expenses – variable	47.7	36.4
Total operating expenses	265.5	221.2
Directly attributable expenses allocated to insurance service expenses	(119.3)	(105.3)
Other operating expenses	146.2	115.9

The most significant driver of the increase in operating expenses for 2025, compared to 2024, was an increase in fixed and variable employment expenses. Our increased headcount, and the underlying growth in the underwriting portfolio, drove increases in IT, operational processing and office costs, as expected. In 2025, operating expenses also included some one-off project-related consultancy fees and an impairment charge recognised on internally generated intangible assets.

In 2025, \$119.3 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 \$105.3 million for 2024, and is reflective of the increase within the Group's operating expense base.

Capital

As at 31 December 2025, total capital available to Lancashire was approximately \$2.0 billion, comprising shareholders' equity of \$1.5 billion and \$0.5 billion of long-term debt. Tangible capital was approximately \$1.7 billion. Leverage was 22.9% on total capital and 26.3% on tangible capital. Total capital and total tangible capital as at 31 December 2024 were \$1.9 billion and \$1.7 billion, respectively.

Dividends

On 4 March 2026, Lancashire's Board of Directors declared a final ordinary dividend of \$0.15 (approximately £0.12) per common share, subject to a shareholder vote of approval at the AGM to be held on 29 April 2026, which will result in an aggregate payment of approximately \$36.0 million. The dividend will be paid in pounds sterling on 12 June 2026 (the "Dividend Payment Date") to shareholders of record on 15 May 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Lancashire's Board of Directors has declared a special dividend of \$0.50 per common share (approximately £0.37 per common share at the current exchange rate), which will result in an aggregate payment of approximately \$121.0 million. The dividend will be paid in pounds sterling on 17 April 2026 (the "Dividend Payment Date") to shareholders of record on 20 March 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Business review *continued*

Investment results

Investments and liquidity

Since inception, the primary objectives for our investment portfolio have been capital preservation and liquidity, and we position our portfolio to limit downside risk in the event of market shocks. Those objectives remain unchanged and are more important than ever in today's volatile markets.

During 2025, the US yield curve gradually steepened, as long-term yields climbed and the front end was lowered with the Federal Reserve's 75bps (basis points) rate cuts in the second half of the year. 2025 continued to have strong carry, in all fixed income asset classes, and with a steeper yield curve, our fixed income managers were able to 'roll down the curve' which was beneficial. In addition, investment-grade corporate spreads continued to tighten, which benefited our portfolio.



Denise O'Donoghue
Group Chief Investment Officer

Private credit again contributed positively to the overall portfolio, generating excess return in the surplus portfolio. As we head into 2026, the fixed income portfolio maintains a strong market yield of 4.4%, which is a positive starting point going into the new year.

However, there remain plenty of risks; including geopolitical tensions, inflation risk, tariffs and Supreme Court rulings. We expect few US federal reserve rate cuts and a generally consistent US yield curve shape. Given the expected volatility we will continue to maintain a short, high credit quality portfolio with increased portfolio diversification to balance the overall risk-adjusted return.

Investment performance

Total investment return, including net investment income, net realised gains and losses and net change in unrealised gains and losses, was \$218.0 million for 2025 compared to \$162.2 million for 2024. Net investment income, excluding realised and unrealised gains and losses, was \$164.7 million in 2025, an increase of 13.7% compared to 2024.

The investment portfolio generated a total investment return of 7.0% during 2025. The returns were driven by investment income, benefiting from higher yields combined with rising prices due to falling Treasury rates and a modest tightening of investment-grade credit spreads. In addition, the non-US dollar portfolios and cash, held for hedging purposes, benefitted from a weakening US dollar which added 50bps or \$15.8 million of investment return. The private investment funds also contributed strong returns during the year.

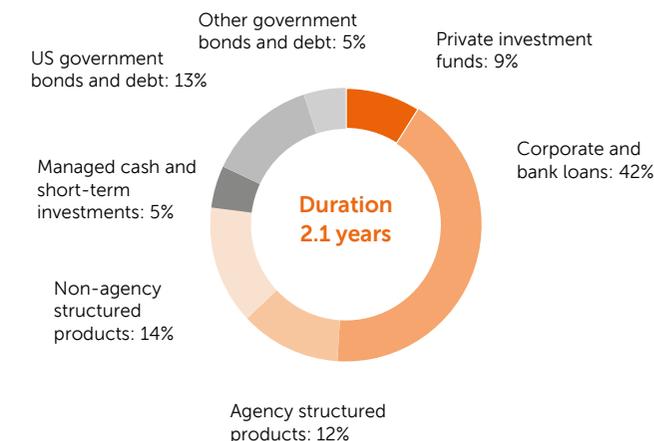
For 2024, the investment portfolio generated a positive return of 5.0%. The returns were driven primarily from investment income given the higher yields throughout most of the year. In addition to positive returns from the fixed income portfolio, the risk assets, notably the bank loans and the private credit funds, contributed positively to the overall investment return.

Our portfolio mix illustrates our conservative philosophy, as shown in the chart on the right.

Conservative portfolio structure – quality

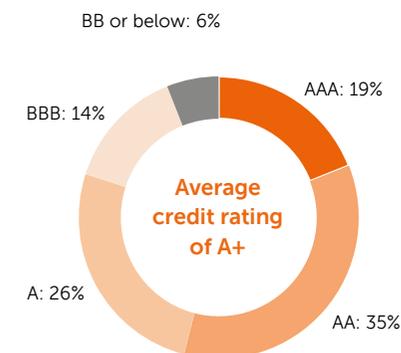
Asset allocation

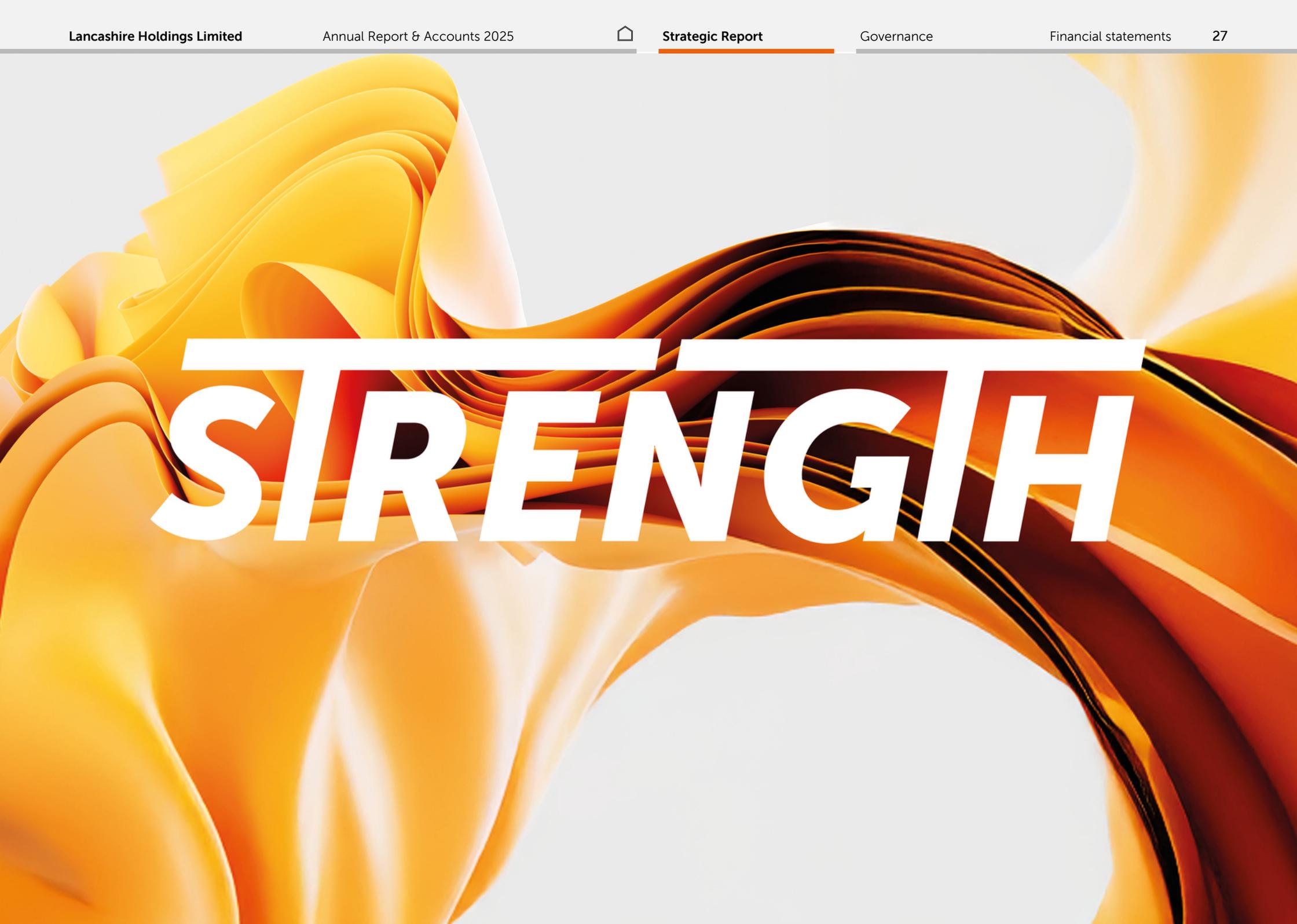
Total investment portfolio and managed cash



Credit quality

Fixed maturities and managed cash





STRENGTH

Enterprise Risk Management

Protecting Lancashire now and into the future

Q&A



Louise Wells
Group Chief
Risk Officer

What have been the key areas of focus in 2025?

During 2025, we have focused on three main areas: refining our approach to addressing the enhanced risk management and internal control requirements of Provision 29 of the UK Corporate Governance Code; operational resilience and cyber security; and evolving regulatory requirements.

Can you tell us more about Provision 29?

Provision 29, of the revised Code, requires the Board to confirm the effectiveness of their material internal controls. So, our focus has been on reassessing our material controls in line with the enhanced requirements of Provision 29, seeking to ensure our control validation procedures and outcomes are supported by appropriate evidence, and enhancing our reporting to provide the Audit Committee and Board with sufficient assurance to support their declaration on the controls' effectiveness.

How have you been addressing operational resilience and cyber security issues?

We have focused on continuing compliance with the regulatory requirements in this area and enhancing the associated scenario testing. With the advancement of artificial intelligence comes increased sophistication in phishing attacks. We continue to evolve our cyber risk and operational resilience frameworks to mitigate this risk. Both risks are included within the principal risk of operational risk, which is discussed on page 35. Further detail on our approach to AI is included within the risk disclosures on page 158.

What have been some of the key evolving regulatory requirements?

The Group and its operating subsidiaries are regulated by multiple regulators including the BMA, PRA and Lloyd's. Across the regulators, requirements around operational resilience, outsourcing and climate risk management have continued to evolve during 2025. The risk team has worked with the 1st line and other 2nd line functions to agree enhanced approaches to these requirements and to seek to ensure appropriate evidencing of related work.

What is your focus going into 2026?

Lancashire has grown significantly in recent years. Our operational and IT processes have developed considerably to support this. In addition there are ever increasing changes and challenges in the external environment. Accordingly the risk team is increasing its focus on operational risks, including information security and cyber risks, AI risks, operational resilience and outsourcing risks. We will also remain focused on geopolitical risks, climate change and risks to the delivery of our strategic objectives.

What are your strategic objectives?

The risk management function has three strategic objectives:

- Relevant and scalable RMF
- Balance the need to take risk with the need to manage it
- Positive risk culture

How does Lancashire approach balancing capital and risk?

The Group takes an enterprise-wide approach to managing risk. The primary objective being to ensure that the capital resources held are matched to the risk profile of the Group and that the balance between risk and return is considered as part of all key business decisions.

The RMF sets out our approach to identifying, assessing, mitigating, and monitoring the principal risks the Group faces. The diagram on page 30 illustrates how the various parts of the RMF come together to form Lancashire's overall ORSA process.

Our ORSA process is an ongoing analysis of the Group's risk profile and its capital adequacy to support the business strategy over the business plan horizon.

The key activities within this process consider how the financial and principal risks to which we are exposed may change over the planning cycle, what drives these changes, and how resilient the Group's resources are to a range of extreme but plausible events.

Enterprise Risk Management *continued*

As such it is an important business management tool which is used to inform key business decisions.

The ERM and ORSA activities are underpinned by our risk culture and governance.

Our collaborative risk culture is driven from the top down via the Board and the executive management team to the business.

The primary role of the Group CRO is to facilitate the effective operation of the ERM and ORSA processes throughout the Group and to provide day-to-day oversight and challenge on risk-related issues.

Why is good risk governance important?

Good risk governance builds trust, helps ensure compliance, and strengthens resilience by enabling informed decisions and protecting long-term value.

As such, it is a major component of the overall RMF, providing for clear roles and responsibilities in the oversight and management of risk. It also provides a framework for the reporting and escalation of risk and control issues across the Group. Lancashire operates a three lines of defence governance model and more information is on page 31.

The Board retains responsibility for all risk within the Group and is responsible for setting and monitoring the Group's risk appetite and tolerances, whereas the individual entity boards are responsible for setting and monitoring entity-level risk tolerances. Risk tolerance represents the maximum amount of capital, generally on a modelled basis, that the Group and its entities are prepared to expose to certain risks. The Group's appetite for risk will vary marginally from time to time to reflect the potential risks and returns that present themselves. However, protecting the Group's capital and maximising risk-adjusted returns for investors over the long term are constants.

All risk tolerances are subject to at least an annual review and consideration by management and the respective boards. The Board and individual entity boards review actual risk levels versus tolerances. Management assesses our PMLs against risk tolerances more frequently to seek to ensure that risk levels are managed in accordance with them.

The Group CRO provides regular reports to the management team outlining the status of the Group's ERM activities and strategy, as well as formal reports to the Board.

The Group CRO reports to the Chair of the Board and Group CEO but ultimately has the right to report directly to the Group and entity regulators if they feel that management is not appropriately addressing areas of concern regarding the Group as a whole or any of the individual operating entities.

We continue to perform a quarterly risk and control affirmation process whereby the operation of all key controls is affirmed by the control operators and then reviewed and approved by the risk owners. A sample of the primary controls supporting our material controls are validated on a quarterly basis with the results reported to the Audit Committee. Secondary controls are tested on a risk-based cyclical basis.

In addition, risk owners are required to affirm that their risks remain appropriately documented and scored. The risks are scored on both a gross basis (i.e. inherent risk pre-controls) and a net basis (i.e. residual risk post the application of controls).

The output from this process is reported to the RRC and the Group and operating subsidiary audit and risk committees or boards of directors as appropriate.

As at 31 December 2025, all Group entities were operating within their Board-approved risk tolerances.

The quarterly ORSA reports prepared by the Group CRO to the Group and subsidiary boards provide a timely analysis of current and potential or emerging risks, compared against risk tolerances, along with their associated capital requirements.

The 2026 annual ORSA report will be presented to the Board for review, challenge and approval at the Q1 2026 Board meeting. The equivalent reports for the operating subsidiaries will also be presented to their boards for review, challenge and approval during Q1 2026. As a Lloyd's managing agent, LSL falls within the Society of Lloyd's for Solvency II reporting, preparing ORSA reports for each syndicate. LSL has its own RMF to seek to ensure it operates in line with the principles for doing business at Lloyd's.



At Lancashire, risk management is at the heart of everything we do. By anticipating challenges and safeguarding opportunities, we protect our clients, our business and our future."

Enterprise Risk Management *continued*

ERM & ORSA

Key activities

Risk solvency & assessment

- Group CRO reports to Board and is a member of the Group Executive Committee
- Production of quarterly ORSA report for review and approval by the Board

Capital management

- Capital and liquidity management frameworks
- Review of internal model policies, capital and solvency appetites
- Full/proxy capital assessments
- Rating agency capital assessments
- Stress and scenario testing
- Board quarterly review of capital needs, headroom and actions

Strategy review & challenge

- Review of business strategy with challenge from the Board
- Annual approval of a business strategy paper by the Board
- Development of ESG strategy and framework



Risk & business management

- Review of risk management policies
- Assessment of risk management framework maturity
- Integrated assurance assessment
- Emerging risk assessment
- ESG framework and strategy
- Review and approval of business plan by the Board

Business planning

- Stress and scenario testing (business plan)
- Assessment of management actions
- Group CRO review of business plan
- Board business performance review
- Board consideration of stakeholder engagement

Key elements of ORSA

- ◆ Board sign-off and embedding
- Business strategy
- Risks
- Capital and solvency
- Stress and scenario testing

Risk identification & assessment

- Quarterly risk and control affirmations
- Emerging risk forum
- Quarterly internal audit reports to the Audit Committee providing an update on work performed and analysis of root cause of audit findings
- External audit reports to the Audit Committee
- Audit Committee annual review of the effectiveness of financial reporting internal controls
- Bi-annual ESG Committee

Risk appetite & tolerances

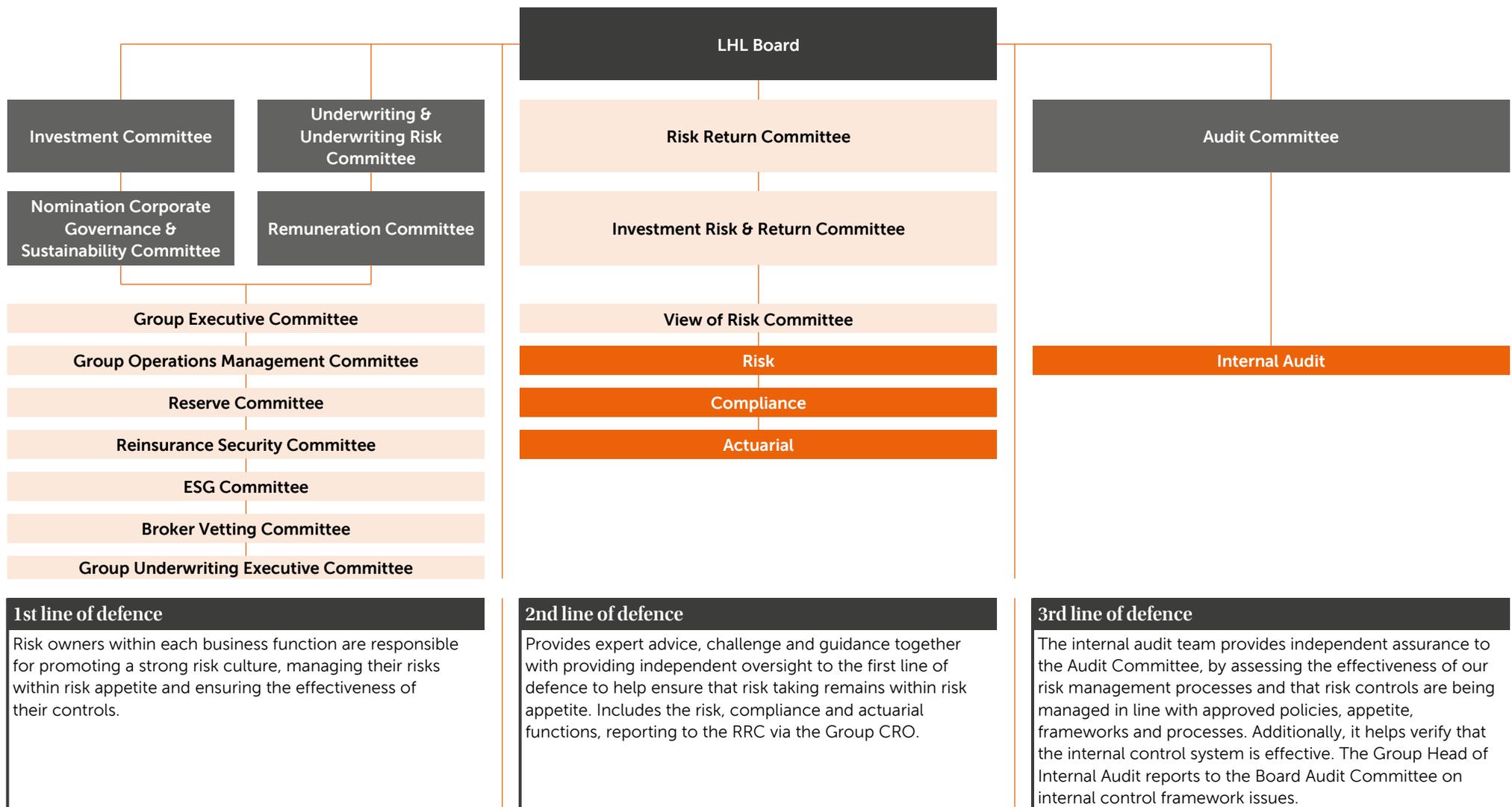
- Review of risk strategy and ‘attitude to risk’
- Review and measurement of risk appetite and limits
- Review of Group risk tolerances
- Management, Board and subsidiary board approval and monitoring of risk appetite and tolerances

The ORSA processes are ongoing and operate throughout the year, with the annual ORSA report, summarising their outcome for management and the Board on an annual basis. The quarterly ORSA update report provides the Board with a point-in-time update on the key activities listed above and the challenge provided by the Group CRO.

Risk governance is a major component of the overall RMF and provides for clear roles and responsibilities in the oversight and management of risk. It also provides a framework for the reporting and escalation of risk and control issues across the Group. Lancashire operates a three lines of defence governance model.

Enterprise Risk Management *continued*

Governance framework



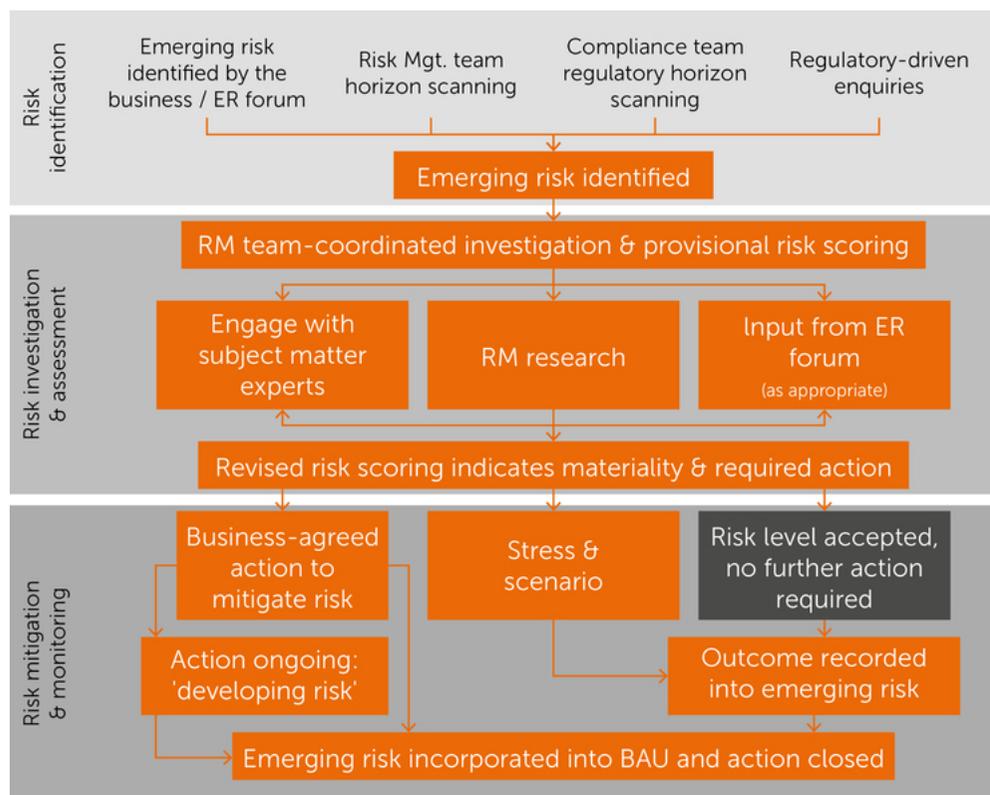
Enterprise Risk Management *continued*

Emerging risks

Emerging risks are identified by both the risk management function and the business, and are considered at the emerging risk forum, a Group-wide forum with cross-functional membership. A detailed log of all emerging risks identified is maintained including the anticipated impact, likelihood, time horizon, velocity, longevity, risk sector, risk type and any actions required.

The top emerging risks for the Group are discussed with risk owners, executive committees, the Board and entity boards of directors on a periodic basis. Artificial intelligence was the top emerging risk monitored during 2025.

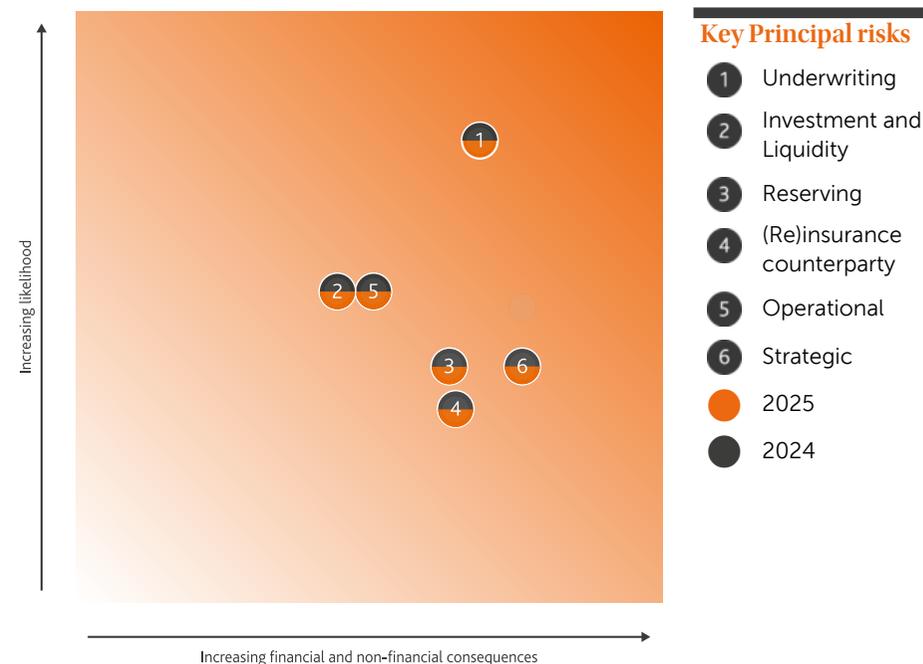
Emerging risk process



Principal risks

The Board evaluated the risks disclosed alongside other factors in the assessment of the Group's viability and prospects as set out in the going concern and viability statement in the Directors' report on page 134.

Given the broad reach of climate change and the risks associated with it, we concluded that these risks are most appropriately managed by including their impact through existing principal risks, rather than a separate climate change principal risk. The impact of climate change is therefore covered in the following principal risks: underwriting, investment, operational and strategic.



Enterprise Risk Management *continued*

Principal Risks

Principal risk category/risk owner	Key mitigating actions	How the Board reviews this risk
<p>Underwriting UURC</p>     <p>Risk description and performance</p> <p>Inadequate pricing of risk, resulting in insufficient premium to cover any losses arising.</p> <p>Failure to monitor exposure accurately such that losses exceed expectation.</p> <p>Our underwriting performance is discussed on page 23.</p> <p>Our RPI for the insurance segment was 95% and for the reinsurance segment it was 97%.</p> <p>We remained within tolerance for all PMLs and RDSs during 2025.</p>	<p>We define our underwriting risk appetite and set risk tolerances as a percentage of capital we are prepared to risk for both natural catastrophe events and man-made disasters.</p> <p>PMLs for natural catastrophe perils are modelled at least twice quarterly, and RDSs for non-elemental perils are updated quarterly. Both are provided to the RRC for review.</p> <p>We model our portfolio against Lloyd’s RDSs to assess potential losses.</p> <p>We apply loads to and stress test stochastic models and develop alternative views of losses using exposure damage ratios. We review assumptions periodically to seek to ensure they remain appropriate.</p> <p>Risk exposures impacted by geopolitical risks can be managed through the level of capital deployed. In addition, we make use of a suite of tools, including the use of third-party intelligence services, to monitor and manage the Group’s live transient risks.</p> <p>We use our RPI measure to track trends in premium rates for our renewed business.</p> <p>The RRC considers accumulations, clashes and parameratisation of losses and models.</p> <p>Underwriters have individual underwriting authorities they must comply with.</p> <p>We perform pre- and post-bind peer review of a sample of risks written.</p> <p>Reinsurance is purchased to manage exposure and protect our balance sheet.</p>	<p>The Board delegates oversight of underwriting risk to the UURC. See page 100 for how the Committee discharged its responsibilities in this area. Management reports to the UURC on underwriting performance, strategy and risk tolerances.</p> <p>The Board is engaged in the development and implementation of the Group’s underwriting strategy, including the potential risks to this such as geopolitical risks and climate-related physical, transition and litigation risks. The Board reviews and approves the underwriting risk appetite, the risk tolerances and the structure of the outwards reinsurance programme on an annual basis.</p> <p>The UURC receives topical presentations from management and underwriters to provide additional detail on exposures and risk mitigation where necessary.</p>

Strategic objectives	Risk trends	Impact trend	Appetite trend
 Underwriting comes first	 Stable risk	 High	 Acceptable
 Balance risk and return through the cycle	 Decreased risk	 Moderate	 Reassess
 Insurance market employer of choice	 Increased risk	 Low	 Unacceptable

Enterprise Risk Management *continued*

Principal Risks

Principal risk category/risk owner	Key mitigating actions	How the Board reviews this risk
<p>Reserving Reserve Committee</p> <p>Risk description and performance</p> <p>The risk that established reserves are inadequate and claims exceed them.</p> <p>The confidence level of 85% is within our desired range.</p>	<p>Lancashire adopts a conservative reserving approach for all new classes of business until they are established.</p> <p>Actuarial and statistical data is used to set estimates of future losses. These are reviewed by underwriters, claims staff and actuaries to seek to ensure they reflect the actual experience of the business.</p> <p>Reserves are reviewed and approved by the Reserve Committee whose members include representation from finance, actuarial and claims; there are additional attendees from underwriting, legal and risk.</p> <p>An independent review by external actuaries of reserve adequacy is performed twice a year.</p>	<p>The Board delegates oversight of reserving risk to the Audit Committee. See page 88 for how the Committee discharged its responsibilities in this area.</p> <p>Management reports to the Audit Committee quarterly on reserves for material new claims, developments on established reserves, the reserve margin and confidence levels.</p> <p>The Audit Committee receives and considers the report from the external actuary on reserve adequacy. The Committee’s review is also informed by the work performed by the external auditors.</p>
<p>Investment and liquidity Investment Committee</p> <p>Risk description and performance</p> <p>The risk of insufficient liquid assets to pay claims when due.</p> <p>The Group continues to have excess liquidity compared to tolerance and remains within investment guidelines.</p>	<p>We stress test our portfolio to understand the impact of a range of realistic loss scenarios, including risk-on, risk-off and interest rate hike scenarios.</p> <p>A biannual strategic asset allocation study is performed, the recommendations from which are discussed at the Investment Committee and presented to the Board for approval.</p> <p>The IRRC meets quarterly and reports to the RRC and to the Investment Committee.</p> <p>External investment managers are used to manage the portfolios.</p> <p>The Group’s principal investment managers are signatories to the UN PRI.</p>	<p>The Board delegates oversight of investment risk to the Investment Committee. See page 97 for how the Committee discharged its responsibilities in this area.</p> <p>Management reports to the Investment Committee on investment performance, strategy, including asset allocation, and risk tolerances.</p> <p>The Investment Committee receives and reviews the investment strategy, guidelines and policies, risk appetite, and associated risk tolerances and makes recommendations to the Board in this regard.</p> <p>It also monitors performance against risk tolerances, investment guidelines, carbon intensity scores and a climate value at risk measure quarterly.</p>

Strategic objectives	Risk trends	Impact trend	Appetite trend
Underwriting comes first	Stable risk	High	Acceptable
Balance risk and return through the cycle	Decreased risk	Moderate	Reassess
Insurance market employer of choice	Increased risk	Low	Unacceptable

Enterprise Risk Management *continued*

Principal Risks

Principal risk category/risk owner	Key mitigating actions	How the Board reviews this risk
<p>Operational Audit Committee & Board</p>  <p>Risk description and performance</p> <p>The risk of inadequate or failed internal processes, personnel, systems or (non-insurance) external events.</p> <p>The Group did not have any material impact from any operational loss events during the year.</p>	<p>The Group has a robust quarterly risk and control affirmation process in place, which is supported by control validation. A description of certain of the Group’s operational risks and controls can be found on pages 171 to 172.</p> <p>The Operational Resilience Committee met regularly throughout 2025 to continue enhancing our compliance with the PRA and FCA’s requirements.</p> <p>We continue to work with a third-party provider to strengthen our operational resilience and enhance our approach to scenario testing. Key outsource arrangements are monitored via SLAs, KPIs and regular meetings with the vendor.</p> <p>A key part of our operational resilience concerns cyber security. The Group integrates information security into its risk management framework, regularly updating policies to meet new threats. It uses layered security controls, ongoing staff training, and continuous monitoring to safeguard data and systems, while incident protocols and awareness campaigns help prevent and address security risks.</p> <p>We have a cyber incident response plan which is tested and refreshed annually. The annual test of this is facilitated by a third-party specialist.</p> <p>IT availability risk is mitigated through disaster recovery and business continuity plans, which are tested periodically.</p> <p>IT integrity risk is mitigated through independent penetration tests, adherence to the principle of least privilege, implementation of role-based access control, and regular user recertification reviews.</p> <p>KRIs and KPIs are used to monitor performance against our cyber risk appetite.</p> <p>We have matured and strengthened governance across AI evaluation, implementation, and monitoring, seeking to ensure alignment with regulatory and ethical standards. We prioritise safe and controlled deployment to protect client data, uphold compliance, and manage emerging risks.</p> <p>See pages 63 to 66 for information on our policies relating to employees and other matters.</p>	<p>The Board delegates oversight of internal controls and risk management systems to the Audit Committee. See page 91 for how the Committee discharged its responsibilities this year. The Board retains the responsibility for risk oversight of IT and cyber risk.</p> <p>The Group CEO and management team manage the operation of the business and report to the Board and its committees.</p> <p>The Audit Committee receives a quarterly report from the Group CRO, summarising the results from the quarterly risk and control affirmation process and control validation work, along with the Group CRO’s opinion on the overall control environment.</p> <p>The Audit Committee reviews this alongside the quarterly update from the Head of Internal Audit.</p> <p>The Board receives a quarterly update from the CRO, which includes, by exception, details of loss events, performance against operational risk KRIs, and changes in the risk and control environment. The Group COO reports to the Board on operational matters, including the programme of change, IT and cyber security.</p>

Strategic objectives	Risk trends	Impact trend	Appetite trend
Underwriting comes first	Stable risk	High	Acceptable
Balance risk and return through the cycle	Decreased risk	Moderate	Reassess
Insurance market employer of choice	Increased risk	Low	Unacceptable

Enterprise Risk Management *continued*

Principal Risks

Credit

UURC



Risk description and performance

The risk our reinsurance counterparties are unable or unwilling to pay us in the event of a loss.

The risk of mishandling by, or failure of, our intermediaries.

The Group was within our stated risk appetite and tolerance during the year.

Our Broker Vetting Committee is responsible for the broker vetting approval process and monitoring credit risk in relation to brokers.

Most business is conducted using non-risk transfer TOBAs. Monies are held by brokers in segregated client money accounts.

Board-approved counterparty credit limits are used, reinsurers must meet minimum rating standards, and collateral agreements are used where appropriate.

The RSC approves counterparties within the framework set and monitors first loss and aggregate limits against the approved tolerances.

The UURC receives quarterly information from management regarding broker distribution.

The Group CRO reports to the Board on performance against Board-approved risk tolerances.

Strategic

Board



Risk description and performance

The risk of failing to devise and/or implement an effective business strategy that is aligned with risk appetite and/or not adapting the strategy/business plan for the prevailing market conditions. This includes the potential impacts of climate change and impacts of transition.

Strategic and operational risks, and capital planning are discussed at a dedicated session attended by all Directors and members of the management team.

The Group has a clear vision and strategic objectives that are well communicated internally, thereby enabling all employees to understand their role and their contribution to these objectives.

Regular town hall meetings are held with all employees to communicate performance against the strategic objectives.

Succession planning helps ensure awareness of the strength in depth, or lack of, and the necessary action in the event a key role becomes vacant.

Regular review of our performance against our business plan, from an underwriting and financial perspective, enables informed decision-making in delivery against our strategic objectives.

The Board retains responsibility for the oversight of strategic risk. The Group CEO and management team lead in the delivery of strategy.

The Directors are involved in setting the strategy and approve the annual business plan. As part of this approval process, the Board receives business plan scenarios that illustrate the potential impact on the business plan of certain events happening, which includes climate-related events.

The Board receives quarterly updates on the Group's performance against the plan in its execution of the strategy.

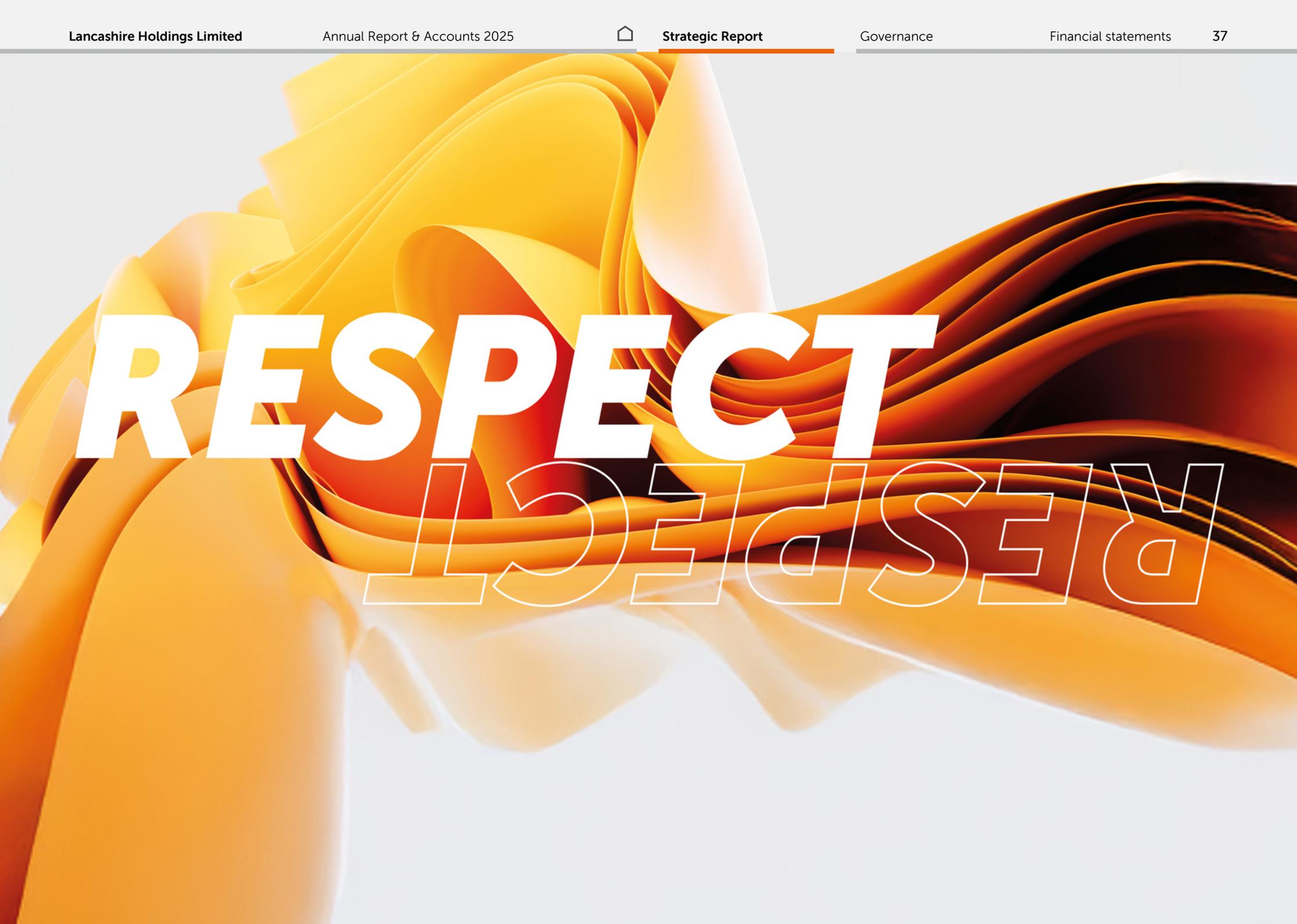
Strategic objectives

Risk trends

Impact trend

Appetite trend

Underwriting comes first	Stable risk	High	Acceptable
Balance risk and return through the cycle	Decreased risk	Moderate	Reassess
Insurance market employer of choice	Increased risk	Low	Unacceptable



RESPECT

LEADERSHIP

People and culture

Listening to our people

Words used to describe aspects of Lancashire's culture that employees see as strengths cited in the 2025 engagement survey



84%

of employees took part

77

overall engagement score considered 'excellent'

85%

of employees feel proud to work at Lancashire

85%

of employees understand how their work contributes to our objectives

During 2025, we carried out an engagement survey for which all employees across the Group were invited to take part.

More than 84% of our people took the opportunity to give feedback on their experiences of working at Lancashire.

Our employee engagement surveys are crucial to our focus on straight talking and giving people an opportunity to say what we are doing well and where we can do better.

Colleagues can give feedback at any time, but these more formal surveys are a valuable way of taking the temperature of the business and finding common themes.

The questions that scored most strongly were:

- I can get the help I need from my teammates and colleagues at 86%.
- I understand how the work I do contributes to achieving Lancashire's objectives with 85% agreeing.
- I feel proud to work at Lancashire also with 85%.

High-level Group results were communicated to employees and the Board.

Our HR team has also worked with senior managers to review individual team and location-specific results and put in place any changes where appropriate.

People and culture *continued*

An open and collaborative culture

“We always look to find the right people for the right role and then encourage and support them to be the best that they can be.”

Nicola Nairn
Group Head of HR

We are only as good as our people and focusing on career development and giving employees the tools, support and positive environment in which to flourish have been key to our success over 20 years.

From a total of 57 employees in our first full year of operations we now have more than 440 talented people across our global operations. This includes our 33 US colleagues who have joined us more recently.

Attracting and retaining talent

We always look for people who share our values and want to succeed in our fast-paced and collaborative environment.

We recruit new employees in a range of ways, including via direct outreach and digital channels. During 2025, we launched a new careers website, which allows prospective candidates to find out more about our Company and apply for relevant roles online.

We aim to give candidates an opportunity to show their best during the selection process and training on unconscious bias and other themes is given to all employees.

Whatever people’s experience or background, we value initiative and a positive attitude and when it comes to developing talent we look for opportunities to reward hard work when suitable opportunities arise.

During 2025, 45 colleagues were promoted internally across the Group, showing the breadth of talent we have at Lancashire.

Lancashire is proud of attracting talented people from all backgrounds and we are committed to being an inclusive employer. Our internal policies help ensure people do not face any discrimination as an employee or during our recruitment process.

Training and development

Our training programmes are focused on encouraging our people to fulfil their career ambitions with us.

Having skilled and expert employees is good for our business and for our long-term talent base.

Our learning and development opportunities continue to be well subscribed across the Group. Initiatives include coaching and mentoring, together with a number of targeted initiatives to develop people identified as particularly high-potential and high-performing.

Alongside our more experienced employees, we also have a number of direct-entry colleagues who receive training and support as they begin their career journey with us in their chosen field.

Where appropriate, financial support and incentives for professional qualifications are also available to encourage employees to gain industry-specific credentials.

Externally-facilitated coaching is offered to all employees across the business periodically during the year and we offer employees a range of support through our online e-learning platform.

Ensuring people understand their role in our success is important and our approach to employee performance reviews and development focuses on ongoing communication and feedback, including regular meetings with managers to discuss work, performance, and potential training.

All new permanent employees, including people working part time, and those on fixed-term contracts, must complete mandatory training, within three months, on areas such as tax/regulatory operating guidelines, disclosures, inspections,

financial crime, ERM, cyber security, GDPR, anti-bullying and harassment and general conduct rules.

The Board receives quarterly updates regarding completion of these sessions.

A top three employer

Lancashire was awarded third place in the annual ‘Top Ten employers in Bermuda’ awards run by the island newspaper *The Royal Gazette* and sponsored by PwC.

This achievement further builds on our recent success in the awards when we came sixth in 2024, seventh in 2023 and eighth in 2021. Once again, our employees in Bermuda were instrumental in our nomination, showing continued high levels of satisfaction and engagement.

A positive culture

For a company with the reach of Lancashire, we retain a relatively small employee base.

We believe this allows us to keep our positive culture and create opportunities for development.

At the core of our values is being open and collaborative. Our ‘open door’ policy means everyone is able to raise any issues and suggest possible solutions. Alongside more formal routes, employees can do this by talking to their manager, a member of the Group Executive Committee, or the local HR teams. Our Whistleblowing Policy aims to ensure that matters of genuine concern can be raised confidentially and without fear of reprisals. An external independent whistleblower service is also available to staff at all times.

Lancashire’s Syndicates also participate in the Lloyd’s Culture Survey and the outcomes are shared with our Syndicate and LHL Boards. The response rate at Lancashire was 74%, versus 48% across the Lloyd’s Market. Lancashire’s overall result was in the top 18% of participants rated excellent at 85%. Additionally, 91% of those taking part from Lancashire said they would recommend the Company as a great place to work.

People and culture *continued*

Communicating with our people

It is important to us that our people are aware of activities across the Lancashire Group through good communications.

This allows the management team to reinforce strategic priorities and update employees on Company initiatives.

Group CEO Alex Maloney hosts quarterly town hall events for each of our locations, with the opportunity for staff to ask questions, and also communicates regularly with employees on Company issues during the year.

A Non-Executive Director attends the quarterly events to discuss recent Board activities and to respond directly to questions from employees.

Day-to-day communications channels include our Group-wide intranet, which is regularly updated with news and information from around the business, enabling all employees, wherever they are based, to receive important information in a timely manner.

The Lancashire Employee Network

The LEN is run by employees for employees and is focused on opportunities to share experiences and knowledge.

Internal and external experts are invited to host sessions during the year. During 2025, our Group CUO Paul Gregory discussed his role, career to date and gave advice to employees on progression through the industry. The LEN also hosted a session on the opportunities and challenges of AI.

Previous LEN events have included a talk by a sports psychiatrist on boosting performance, teamwork, wellbeing, and resilience, and a session led by an international public speaking expert giving insights into presentation skills and the value of networking.

Support and benefits

As a responsible employer, we recognise the value in offering a range of benefits to support our employees.

These are offered in line with local practices and, depending on location, include 'family-friendly' employment policies, such as enhanced maternity, paternity and adoption leave, and paid leave for IVF treatment and pregnancy loss.

As part of our commitment to providing a safe and inclusive environment we also have a support framework for employees experiencing menopause.

Our EAP is available 24 hours a day for those needing support or self-help programmes focusing on home life, work life and physical and emotional health.

Volunteer first aid and wellbeing officers are also available to assist employees, and Lancashire offers non-judgmental support for those suffering mental health difficulties and ill-health.

The Group also provides subsidised lunches on specific days for employees to encourage them to interact in the office during breaks.

Additionally, a range of advice and information on health, wellbeing and financial matters is available in partnership with external providers.

Sharing in our success

All permanent employees have an enhanced interest in the performance and success of the Company through our RSS to ultimately become a shareholder in LHL. Those in the scheme join other shareholders in benefitting from dividends paid.

Long service recognition

We are pleased that many employees have long service at Lancashire and we reward their loyalty and commitment through our sabbatical scheme.

The sabbatical benefit is available for those who have served for ten years or more.

Our responsibility to our people

We comply with all relevant requirements with respect to human rights, rights of freedom of association, collective bargaining, and working time regulations.

We believe every employee, and prospective employee, should be treated with dignity, respect and fairness. As an equal opportunity employer, we do not discriminate, or tolerate discrimination, on grounds of race, age, sex, sexual orientation, marital or civil partnership status, gender reassignment, pregnancy or maternity, disability, religion and/or beliefs.

All employees have a duty to treat colleagues, visitors, clients, customers, and suppliers with dignity at all times.

Benchmarking

We recognise that we are part of an important global industry.

That means we can play a positive role through our support for external initiatives which seek to build better businesses.

These include the FTSE Women Leaders Review, to improve the representation of women on boards and in leadership positions. The Group submits data annually to the review.

Lancashire is also a member of the Insurance Breakfast Club and offers selected employees the opportunity to participate in its events. The Insurance Breakfast Club programme involves ten months of structured development, and provides connections for people at a crucial time in their careers. Its overall aim is to assist companies in their development of female talent.

People and culture *continued*

Board and senior management

The Chair's statement on diversity, and on the representation of women on the Board and within executive and senior management, and in relation to ethnic diversity, is available on our website.

The tables below set out data about the sex and ethnicity of the Board and executive management as at 31 December 2025 in the format prescribed by the Listing Rules. Data concerning ethnic background and gender is collected directly from individuals.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management ¹
Men	6	55	2	5	56
Women	5	45	2	4	44
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	91	4	9	100
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	9	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. Senior Management, excluding executive management: Male 58% and female 42%. Total overall employee gender split: Male 59% and female 41%.

The word 'COMMUNITY' is rendered in a large, white, outlined, sans-serif font. The letters are set against a background of vibrant, flowing, abstract shapes in shades of orange, yellow, and red, creating a sense of movement and energy. The overall composition is dynamic and modern.

COMMUNITY

Chair's introduction to the ESG report

A purpose-driven approach

Q&A



Philip Broadley
Non-Executive
Chair

How does the Board ensure Lancashire's ESG strategy is embedded into core business decisions, not just reporting?

Lancashire is committed to doing the right thing as a company.

The Board wants to make sure the approach to the environment, people, and how the business is run fits with what Lancashire stands for: protecting people, being focused on risk and reward, and supporting our staff and local communities.

We get regular updates during the year showing us how the Group is progressing with its ESG strategy (see page 46) and how these themes are being considered in decision-making.

The Board also approves key reports like the Group's ClimateWise submission and the 2025 TCFD Report, which explain how the business is managing climate-related issues.

As Chair, I am particularly pleased that helping employees develop is a big priority for the management team. The Board looks at plans for developing existing talent, training, and listening to what staff have to say.

When it comes to governance, the Board meeting agendas are well developed, meaning our decisions are taken with the right information, and are thought through carefully with appropriate discussion and challenge.

How does the Board ensure that Lancashire delivers on its purpose?

Lancashire is part of a (re)insurance market that genuinely helps people.

Our sector makes all kinds of important things possible, from flying planes, to putting food on the table. The risk transfer products Lancashire offers give people and businesses protection from tough situations when things go wrong and are essential in helping to rebuild damaged properties, businesses, and communities.

Our purpose statement (see page 11) is intentionally clear and concise, and it reflects the values of The Lancashire Way. We actively monitor its implementation so that we remain focused on delivering on these principles.

As a business we are working to support sustainability wherever we can, but we know we don't have all the answers. That is why we keep talking to our clients and other stakeholders to be able to play our part in a more sustainable future.

What role does the Lancashire Foundation play in supporting the Group's social impact goals?

The Lancashire Foundation is a distinctive part of the Group's culture and there is widespread participation in its activities.

Employees really demonstrate their personal commitment to the Foundation and its work, and the Board is always pleased to hear what people are doing.

The Board reviews the Group's charitable donations policy annually, which is based on business performance so everyone at Lancashire has a stake in its impact.

Importantly, employees actively put forward suggestions for organisations to be supported and contribute to their communities themselves through fundraising which is matched by the Foundation.

Chair's introduction *continued*

How does the Board ensure it maintains the right balance of oversight with the right skills and experience in a complex and evolving landscape?

During 2025, the Board did not make any new appointments, but we said farewell to two long-standing members, Michael Dawson and Robert Lusardi. I would like to thank Michael and Rob for their service to Lancashire over many years and for their valued contributions to the Board.

In 2024, we made three strong appointments ahead of Michael and Rob's planned departures. These new members have settled in very well, including with Nathalie Rachou taking over from Rob as Chair of the Investment Committee, and Irene McDermott Brown in her new role as the Board's Senior Independent Director.

As part of its role, the Nomination Corporate Governance and Sustainability Committee looks at the competences required on the Board, its composition, and is forward-looking. We are comfortable with the skills on the Board, and I'm not anticipating making any new appointments or changes in the next couple of years.

How does the Board think about governance?

Good governance is not about box ticking, but making sure that an organisation has the right people, resources, and structures in place to deliver its strategic priorities.

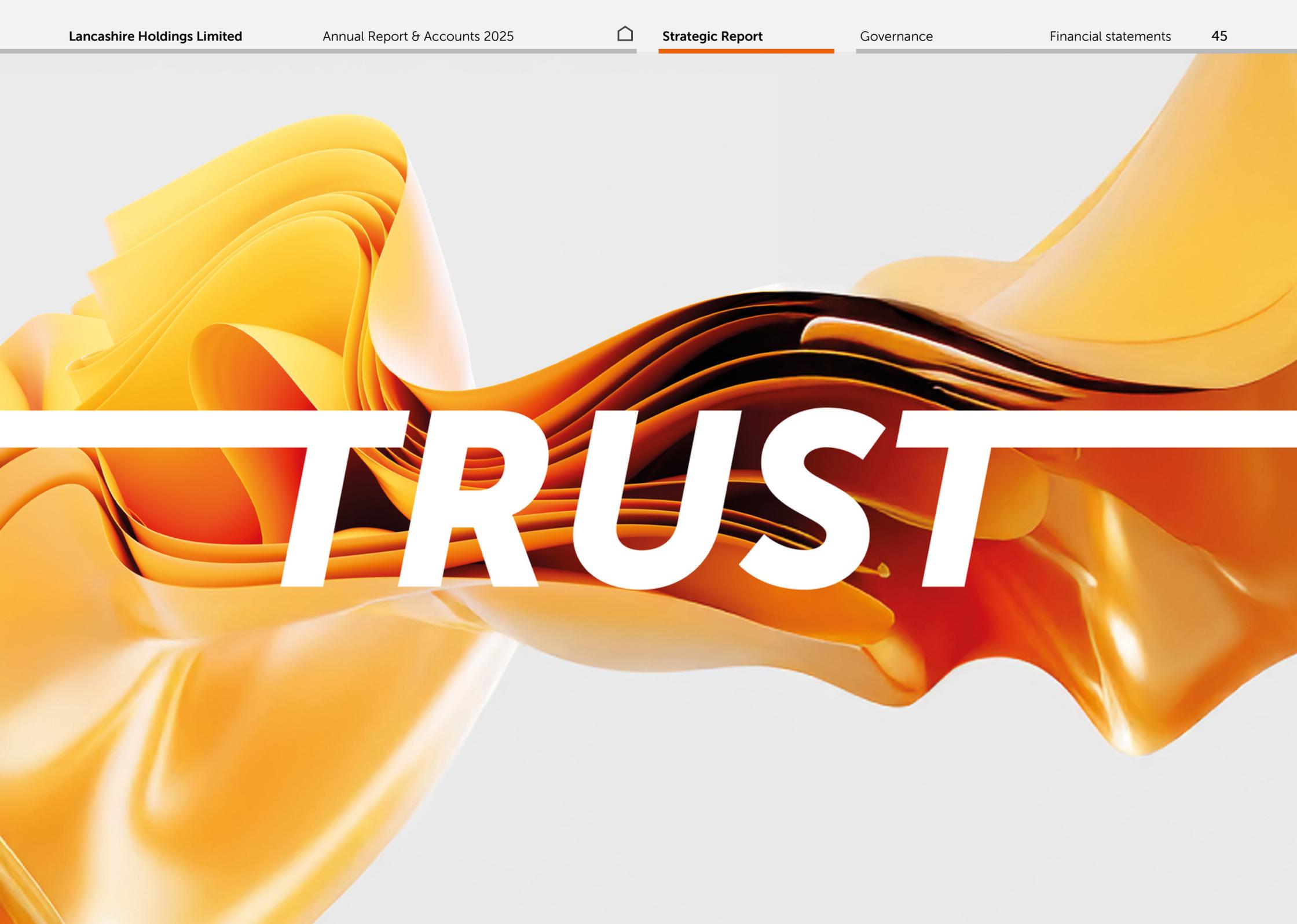
As a UK-listed business, Lancashire's Board remains committed to considering the requirements of the UK Corporate Governance Code. Our compliance is monitored quarterly, and we address the key reporting requirements in this report.

During the year, the Board commissioned an externally facilitated performance evaluation, which is always a useful exercise and more information can be found on page 79.

Although Lancashire is domiciled in Bermuda and exempt from Section 172 of the UK Companies Act 2006, the Board nevertheless maintains active engagement with our stakeholders in accordance with its principles. The Board Section 172 statement is set out on page 82.



The Board wants to make sure the approach to the environment, people, and how the business is run fits with what Lancashire stands for: protecting people, being focused on risk and reward, and supporting our staff and local communities."



TRUST

Our ESG strategy and delivery

Progress in 2025 and focus for 2026

	Progress in 2025	Focus in 2026
<p>1. People and culture</p> <p>Giving our people the environment, tools, skills and support they need to thrive in an open, honest and diverse culture.</p>	<ul style="list-style-type: none"> • Lancashire named Top Three employer in Bermuda. • In the top 18% of Lloyd's Culture Survey participants rated excellent at 85%. • Lancashire Employee Network events held including sessions with senior leaders. • Maintained high levels of engagement, including 20th anniversary all-staff celebratory event. • Carried out all-employee engagement survey with 84% participation. • UK Gender Pay Gap Report published and available on our website. • Reported diversity aligned to FCA disclosure requirements. • Mentoring and other training to support employees' development. 	<ul style="list-style-type: none"> • Further expand activities for Lancashire Employee Network. • Continue to monitor employee sentiment following positive 2025 engagement survey. • Publish UK Gender Pay Gap Report. • Continue to evolve the talent agenda with tailored solutions to deliver career pathways and manage succession. • Maintain awareness of emerging frameworks for future legislative requirements.
<p>2. Sustainable insurance</p> <p>Ensuring our business considers climate change and other ESG issues in our underwriting decision-making.</p>	<ul style="list-style-type: none"> • Premium related to environmental and social considerations evaluated and reported to the Board quarterly. • Maintained active dialogue on ESG issues with clients and brokers. • Published third public ClimateWise Report. • Engaged with market peers and stakeholders on improving consistency regarding accounting for carbon emissions and other ESG topics. 	<ul style="list-style-type: none"> • Maintain metrics for premium related to environmental and social considerations and report to Board quarterly. • Continue to engage with market peers and stakeholders on improving consistency regarding accounting for carbon emissions and other ESG topics.
<p>3. Responsible investment</p> <p>Demonstrating our commitment to ESG, including responsibility for our environment, through the management of our investments.</p>	<ul style="list-style-type: none"> • 96.7% of the Group's principal investment managers are signatories to the UNPRI. • Continued to review and monitor that our ESG investment guidelines are adopted in external investment managers' guidelines. 	<ul style="list-style-type: none"> • Continue to monitor principal investment managers as signatories to the UNPRI. • Monitor the climate change risk sensitivity, ESG profile and carbon intensity profile of the Group's investment portfolio with regard to developing expectations and methodologies and keeping within agreed guidelines.
<p>4. Operating responsibly</p> <p>Running our business as a good corporate citizen, being a responsible preserver of resources, and holding our supply chain to the high standards we apply to ourselves. Supporting wider society through our corporate and charitable activities, including the Lancashire Foundation. Meeting and complying with legal, regulatory and investor obligations on ESG.</p>	<ul style="list-style-type: none"> • Calculated 2025 GHG emissions for the Group's own operations and purchased carbon credits. • \$0.84 million donated to charitable organisations in 2025 through the Lancashire Foundation. • Continued to support and report against the aims of the TCFD. • Monitor and report annually the Group's carbon emissions for our own operations. 	<ul style="list-style-type: none"> • Continue to calculate GHG emissions for the Group's own operations and purchase carbon credits. • Maintain and support the work of the Lancashire Foundation through funding and volunteering. • Maintain awareness of emerging frameworks for future reporting requirements.

The Lancashire Foundation

A driving force for positive change

The Lancashire Foundation is a driving force for positive change, supporting a wide range of charitable causes across the UK, Bermuda, the US, Australia and beyond.

Since its inception in 2007, more than \$24.8 million has been donated to organisations across our communities and around the world.

Our aim is to have an impact, through financial donations and the skills and enthusiasm of our people, and help those less fortunate.

The Foundation's purpose is shaped by its core objectives:

- To advance the prevention and relief of poverty through the support of successful poverty prevention and relief strategies;
- To support the relief of those in need by reason of youth, age, ill-health, disability, gender, financial hardship or other disadvantage that excludes them from the benefits that so many of us enjoy;
- To support the advancement of health through the medium of medical and other research and humanitarian efforts;
- To encourage collaboration between charities with the goal of increasing the overall effectiveness of our funding and the impact of the work performed by the collaborating charities;
- To provide support for other charitable purposes where charities can demonstrate effective and positive impacts in the communities they serve; and
- To instil in our employees, through our community programmes, the value of service to others as a good in itself.

The Lancashire Foundation was established in 2007 and has been a UK-registered charity since September 2012.

The trustees are employees and non-executive Board members, with day-to-day operations led by the Foundation Donations Committee.

The Nomination Corporate Governance and Sustainability Committee monitors and makes recommendations to the Lancashire Board on charitable giving and the operation of the Foundation.

The Foundation's funding pool is aligned to our financial performance, meaning we all have a stake in the Foundation's impact on the wider community.

Funding range:

Minimum \$250,000

Maximum \$750,000

For 2025, we had the maximum funding pool.



Partnerships and charitable giving

Six charities each received a grant of £40,000 in 2025:

- UK: Cancer Research UK, St Giles Trust, UK Alzheimer's Society
- Bermuda: Tomorrow's Voices, Family Centre, HOME

Additionally, the Foundation donated £50,000 to California Community Foundation following the wildfires in January, £25,000 to UNICEF's emergency appeal to support the delivery of critical aid into Gaza and most recently, £25,000 to UNICEF's emergency appeal to support Jamaican children and families devastated by hurricane Melissa.

Employee-led donations

The Foundation actively supports employees who want to give back to their community. Colleagues can submit grant applications to the Donations Committee for consideration for a one-off £3,000 donation. Every quarter, charities vetted by the Donations Committee are submitted to the Trustees for final approval.

Matched-giving scheme

The Foundation matches employees' personal fundraising for various charities, up to £3,000. The aim is to encourage employee-led fundraising and support the work of charities in their local communities.

Action and Impact: UK Alzheimer's Society

The Lancashire Foundation began supporting the UK Alzheimer's Society in 2024 as part of the London market 'Insurance United Against Dementia' initiative.

During 2025, we held two events to raise awareness of dementia and the organisation's work to tackle the condition. The events included an opportunity for employees to hear more from the Foundation team on why we have chosen to support the charity, and guests from the Society outlined the difference our ongoing donations are making. One employee also gave her personal perspectives and experiences of caring for a loved one with Alzheimer's.

The Lancashire Foundation *continued*



Action and impact: Run Britannia

Group Head of Reserving & Reporting and LUK Chief Actuary, Jamie Grant, completed an incredible 1,000-mile run from Land's End to John O'Groats to raise funds for the Children with Cancer UK charity.

Jamie raised £14,955 for the cause – smashing his original target of £10,000. This included a £6,000 donation from the Foundation.

The charity funds medical research as well as supporting families going through the toughest of times.

The Lancashire Foundation supported Jamie's efforts, which he undertook while on a long-service sabbatical.

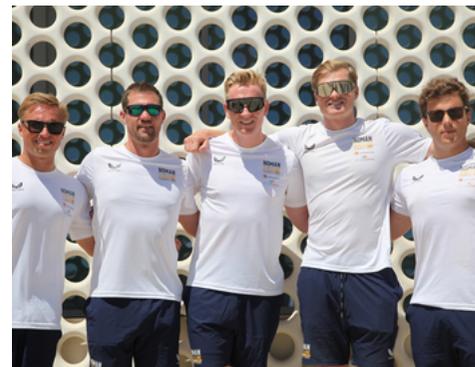


Action and impact: British Mountaineering Council

A group of 12 enthusiastic colleagues volunteered with the British Mountaineering Council (BMC).

The Lancashire team spent two days in Snowdonia National Park, supporting the BMC's environmental initiatives.

The Lancashire Foundation donated £10,000 to BMC to further support their work.



Action and impact: NOMAN Rowing Challenge

A team of Lancashire rowers took on the challenge of a lifetime – rowing the Balearic Sea from Barcelona to Ibiza to raise money for the charity NOMAN.

The crew – Nick Thompson, James Cook, Sam Vrhovec, Charlie Nowlan and Ronnie Rouse – competed in the race, covering more than 300 kilometres, over four days.

They raised almost £130,000 for the organisation, which funds awareness about the human papillomavirus (HPV)-related cancer epidemic in men and women, and campaigns for universal HPV vaccination.

The Lancashire Foundation supported the team with a £30,000 donation.



Action and Impact: Relay for Life

Lancashire Bermuda's Team Tango has been participating in the island's annual Relay for Life fundraiser since its inception 12 years ago.

Relay for Life raises awareness and funds to support access to cancer prevention, early detection, treatment, and help provided by the Bermuda Cancer and Health Centre.

Over 18 hours, teams take part in a relay walk with the aim of keeping a team member on the track at all times because 'cancer never sleeps'. The team raised more than \$32,000, and went into the event as the top fundraiser. Along with donations, Lancashire funds came from a silent auction, which raised over \$11,000, with staff contributing and bidding on items, and a bake sale.

The Lancashire Foundation *continued*

Donations

A selection of the organisations we have supported in 2025, showcasing the range of our grants and partnerships across health, education, environment and community services is below.

UK

London's Air Ambulance

Delivering an advanced trauma team via helicopter to London's most critically injured patients. Staff in our London office also hosted a quiz night in aid of the charity, with funds raised matched by the Foundation.

British Heart Foundation

Funding groundbreaking cardiovascular research that saves and improves lives, powering scientific breakthroughs from pacemakers and portable defibrillators to the lifesaving use of statins.

Together for Short Lives

Ensuring families can access high-quality children's palliative care when and where they need it, providing lifeline practical, emotional and financial support, and connecting families to a compassionate community of people who understand.

My Armagh

Promoting Gaelic Games and culture to foster lifelong participation, health and community inclusion across County Armagh.

Medical Detection Dogs

Providing trained detection dogs to people with life-threatening health conditions.

The Poppy Factory

Supporting veterans suffering health conditions and helping them to find employment.

Bermuda

Knowledge Quest

Offering scholarships for Bermudians who are academically capable but do not have sufficient resources to attend college/university.

Living Reefs Foundation

Protecting and restoring the island's reefs – which are essential to community resilience, tourism and marine biodiversity. The group is Bermuda's first dedicated coral reef conservation organisation.

Women's Resource Centre

Providing women with the support, resources and community they need to thrive, build joyful, healthy lives and succeed through periods of transition.

WindReach

A fully accessible four-acre facility with a multi-purpose activity centre, animal zone and therapeutic riding.

Vision Bermuda

Helping people with low or no vision maintain independence, learn new skills and stay socially and physically active to reduce loneliness and isolation.

Victor Scott Primary

Supporting a daily fruit snack programme for students.

US

Cradles to Crayons

Providing children with clothing free of charge, working to end clothing insecurity and ensure every child has adequate, appropriate clothes for a safe, healthy childhood.

Forerunner Mentoring

Mentoring programme in Lake Highlands, Texas, supporting young men growing up without fathers by offering one-to-one mentoring, group activities, and family support services to build resilience, life skills and positive relationships.

The Catherine J. Malatesta Foundation

Saving lives and inspiring hope for children and families affected by cancer through research funding, awareness-raising and targeted grants that improve detection, treatment and the patient and family experience.

Australia

SpinalCure

Focusing on finding a cure for spinal cord injury, SpinalCure Australia was founded 25 years ago with a mission to promote and fund medical research.

The World's Greatest Shave, organised by the Leukaemia Foundation

Raising money for people affected by blood cancer; funds support lifesaving research and provide practical, emotional and financial help to patients and their families.

Why our support matters. What our people say...

The Poppy Factory

"My twin sister and three of my cousins are in the forces so this charity, and its support of veterans, is close to my heart. I hope none of my family need to use it but I would like to support it and all those veterans who may have a need for it."

Victor Scott Primary

"Funds will be used to purchase fresh fruit for students. Students will receive a nutritional snack during the wellness break time, which is intended to help them stay focused on their learning."

Vision Bermuda

"I lost sight in my left eye as a teenager in a car accident. Given advances in eye treatments, I recently had extensive eye surgery in the UK. I was fortunate to have insurance that covered most of my expenses. I proposed a donation to Vision Bermuda to provide financial support to individuals in need."

2025 TCFD report

Our TCFD report provides a concise snapshot of the Group's response to the risks and opportunities presented by climate change. This is our sixth TCFD report, and since our inaugural disclosure, we have progressively expanded the scope and depth of our reporting. The document summarises recent progress and is structured around TCFD's four pillars, aligning our disclosures with its recommendations, to improve transparency and support informed decision-making.

Commitment to the UK's 2050 net-zero ambition

We publish our annual greenhouse gas emissions and use the results as a roadmap to uncover reduction opportunities and reinforce our commitment to the UK's net-zero by 2050 ambition.

About this report

This report, on pages 50 to 62, covers the 12 months, ending on 31 December 2025, except where indicated for our GHG data reporting (pages 67 to 69), and complements the disclosures made in our ClimateWise Report dated July 2025, and our signatory commitment to the UNEP FI Principles for Sustainable Insurance. Our ClimateWise Report is available on our website at www.lancashiregroup.com.

Compliance summary

In compliance with the FCA listing rules, the Group has reported on climate-related financial disclosures consistent with TCFD recommendations and recommended disclosures, with the exception of the following:

Strategy 2b: Lancashire has partially complied with this requirement. Lancashire considers and provides qualitative disclosures on the potential impact of climate-related risks and opportunities on its businesses, with respect to risks underwritten. However, Lancashire does not publish the detail of its climate scenario analysis due to commercial sensitivity and has no plans to do so.

Strategy 2c: The Group complies with the guidance for all sectors but does not fully comply with the supplemental guidance for insurance companies. Lancashire does not disclose the critical input parameters, assumptions and considerations due to the commercial sensitivity of such information and has no plans to do so.

Risk management 3b: Lancashire is partially compliant with the supplementary requirements for insurance companies. The Group has not disclosed the specifics of the tools used to manage climate-related risks in relation to pricing due to the commercial sensitivity of such information and has no plans to do so.

Metrics and targets 4a: Lancashire partially complies with the supplemental guidance for insurance companies. The Group discloses the metrics used to monitor and manage climate-related risks through our PMLs but has not provided annual aggregated expected losses due to the commercial sensitivity of such data and has no plans to do so.

Metrics and targets 4b: The Group complies with the guidance for all sectors but does not fully meet the supplementary requirements for insurers regarding weighted average carbon intensity or GHG emissions linked to specialty lines of business because the emissions data for underwriting portfolios is currently unavailable. Insurance-associated emissions remain a complex and evolving area of climate reporting, requiring insurers to attribute emissions from insured entities using consistent data and standardised frameworks. At present, there is no fully harmonised, industry-wide methodology mandated by regulators.

2025 TCFD report *continued*

1. Governance

1.a. Describe the Board’s oversight of climate-related risks and opportunities.

Board oversight

The Board retains responsibility for risk within the Group, including climate-related risks, and oversees the management and mitigation of these risks. The Board has ultimate responsibility and oversight for the Group’s ESG strategy and related sustainability targets. The Board oversees the Group’s ERM activities and receives quarterly updates on material ESG risks and governance and regulatory developments. The Board seeks to ensure that appropriate governance, systems, and oversight are in place to monitor such risks, meet regulatory requirements, and consider relevant guidance.

Group ESG governance structure



The Board is supported by its committees, which meet quarterly within their core mandates. ESG-related considerations are embedded across the committees and, where appropriate, within our Group strategy.

The **Nomination Corporate Governance and Sustainability Committee** receives management reports and monitors sustainability and climate-related risk reporting. The Committee reviews ClimateWise reporting, TCFD disclosures in the Annual Report and year-end ESG and carbon disclosures. It also agrees on the Group’s ESG strategy and framework for Board ratification.

The **Underwriting and Underwriting Risk Committee** receives management reports, sets and monitors the Group’s underwriting strategy risk appetites and tolerances, considers climate, transition and broader ESG impacts on the underwriting portfolio, and periodically approves underwriting guidelines.

The **Audit Committee** oversees the ESG disclosures through review of the Group ARA, including the ESG strategy, carbon footprint measurement and the TCFD report.

The **Investment Committee** reviews management reports and oversees investment performance and risks, including sustainability risk such as climate sensitivity, ESG profile, and portfolio carbon intensity.

The **Remuneration Committee** reviews the Group’s remuneration policy and structure to align incentives with the business and ESG strategy.

Further details on Board Committee activities are available in the Committee Reports section of this Annual Report and Accounts, beginning on page 86.

2025 TCFD report *continued*

1.b. Describe management's role in assessing and managing climate-related risks and opportunities.

Group CEO

The Group CEO has accountability to the Board for developing and executing the Group strategy, including managing climate-related risks and opportunities. The CEO chairs the Group Executive Committee, which provides regular executive oversight of all ESG matters, and is supported by advice from the Group's ESG Committee. The Group CEO also serves as an Executive Director on the LHL Board, seeking to achieve alignment between executive decision-making and Board oversight.

Group CUO

The Group CUO is responsible for delivering the underwriting strategy and managing the portfolio of (re)insurance business underwritten by the Group. He is a member of the Group Executive Committee and an Executive Director of the LHL Board. The Group CUO is supported by the Deputy Group CUO, subsidiary CUOs, and syndicate Active Underwriters.

Climate-related risks and opportunities related to the business underwritten are assessed as part of the underwriting process. Each underwriter operates within an underwriting authority that incorporates Group policies and within a framework that monitors the Group's exposures by reference to geographical distribution and potential natural catastrophe events, including those influenced by climate change factors. Management information is used to monitor the business written against these guidelines and exposures.

Group CRO

The Group CRO is responsible for managing the Group's risk management framework and ensuring it addresses ESG-related risks. The framework facilitates the identification, assessment, evaluation and management of existing and emerging risks by management and the Board, so that these risks are given due consideration and appropriately embedded in decision-making. The Group CRO is a member of the Group Executive Committee and attends the LHL Board meetings.

Group CIO

The Group CIO is responsible for the Group's investments, including developing and communicating the investment strategy and incorporating ESG issues into the investment processes. ESG considerations are also included in the strategic asset allocation process, which is performed every two years.

Group Executive Committee

The GEC approves the ESG Committee's composition and reviews and recommends the Group's ESG Strategy and Framework to the Board's Nomination, Corporate Governance and Sustainability Committee. The GEC has executive oversight of climate- and nature-related risk and opportunity management across the Group.

The GEC receives updates on the ESG Committee's activities, recommendations and proposals via the Group CRO who is a member of the ESG Committee.

Group Underwriting Executive Committee

The Committee's function includes overseeing the underwriting performance and activities of the operating entities. The Committee reviews and tracks market trends to guide overall objectives and meet the business plan. It also monitors and investigates any material changes from the business plan to determine appropriate responses as required.

ESG Committee

The Committee oversees, coordinates and manages the Group's ESG Strategy and Framework and the reporting of ESG issues, working to facilitate the provision of consistent management information, risk assessment, and internal and external messaging on ESG and climate-related matters across the Group. The Committee includes representation from across the Group; all members have operational roles, and the Group's business priorities drive key activities.

Risk Return Committee

The purpose of the Committee is to coordinate and maintain the Group and subsidiary risk appetite and associated tolerances, as approved by the appropriate boards, and is responsible for setting and communicating risk preferences for underwriting activities. The Committee maintains and keeps under review the bases upon which the Group articulates, sets, and monitors its capital and solvency appetite in response to developments in both the internal and external environment. In addition, with regards to risk monitoring the Committee continues to monitor, develop, and implement ESG principles in a manner that is appropriate and proportionate for the Group and aligned with regulatory requirements. The Committee's work is supported by several other committees, including the View of Risk Committee, whose position within the overall governance structure is outlined in the ERM section on page 31.

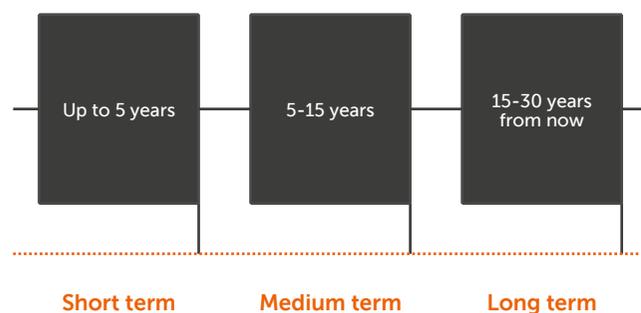
2025 TCFD report *continued*

2. Strategy

2.a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Climate change impact

When evaluating the actual and potential impacts of climate-related risks and opportunities on our strategy and financial planning, we consider three time frames: short term, medium term, and long term. Each horizon captures different risk drivers, informs different management actions, and feeds into separate elements of our planning and governance processes.



Short term

We predominantly underwrite short-tail business, so the principal impact of climate-related risks and opportunities is on short-term strategy. Potential impacts are mitigated by our ability to consider new data regarding the frequency and severity of elemental catastrophe events, re-evaluate the portfolio annually, re-price physical risks and reset exposure levels.

Medium term

Over the last several years, we have incorporated more climate-related information into the underwriting process. We recognise that climate change impacts the longer-term strategy regarding emerging risks. The Group's casualty risk exposures, which have a medium-term time frame, are not typically heavily influenced by catastrophic climate change-related loss events.

Long term

Management works with leading external catastrophe model providers to capture the latest science that underlies and informs short- and long-term climate-related assumptions in their stochastic models. These model developments are included in the Group's management and Board-approved business strategy with a view towards 2030, which is reviewed and updated annually.

The process by which management identifies emerging risks, including those arising from climate change, is described on page 32.

As part of this process, management assesses each risk's potential impact by evaluating magnitude, likelihood and time horizon. Using a risk-based approach, management then establishes proportionate mitigation and monitoring plans and prioritises those risks deemed most material and likely to impact the business. Material changes and high-priority actions are escalated through the risk governance framework for timely review and decision-making.

Identifying the impacts of climate-related risks

Significant work has been undertaken to identify and articulate the financial impacts of climate-related risks, including: physical, transitional, regulatory (current and emerging), technological, legal, market, and reputational risks.

For each identified physical risk, we assessed loss amplification factors, time frame and magnitude, and defined the metrics for monitoring and reporting these risks.

Examples of short- to medium-term risks identified include:

- increased severity of tropical cyclones and heightened storm surge driven by stronger, longer-lasting storms combined with sea level rise;
- increased intensity of extratropical cyclones;
- increased intense rainfall due to the warming atmosphere, leading to increased risk of flooding; and
- increased risk of wildfire due to warming temperatures, combined with shifting precipitation patterns.

An example of a longer-term risk being considered is the emergence of new natural catastrophe zones due to shifting weather patterns.

2025 TCFD report *continued***Climate-related opportunities**

Climate-related opportunities will arise from the investment in infrastructure required for a transition to a lower-carbon economy.

This infrastructure will require insurance, which is already within the Group's existing classes of business and risk appetite.

The demand for new environmental insurance products and services is also expected to increase. We will continue to assess opportunities to support existing clients and new clients, to facilitate changes in their existing portfolios as the transition takes place and to continually assess opportunities for profitable product offerings as the sector evolves.

A summary of these opportunities, together with their likelihood, time frame, and estimated impact on the Group's profitability, is included in the table.

Risk Description	Market Opportunity	Time frame	Likelihood	Magnitude
Political risk insurance	Currently, a strong uptick in ESG-related funding from our existing client base and this trend is expected to continue.	Short term to medium term	High	Low
Natural catastrophe (re)insurance	Additional limit purchased by insureds and reinsurers at adequate pricing levels as catastrophe risk increases with both earnings protection and capital protection being sought.	Medium term	High	High
Renewables	The trend for global renewable electricity generation is fully expected to continue. As our clients transition from fossil fuels to renewable energy, there will be sizeable opportunities in the market to grow this part of our portfolio.	Medium term	High	Low
Decommissioning insurance: oil and gas assets	Energy transition will accelerate the decommissioning of many offshore platforms and complexes. As these assets reach the end of their commercial life, there will be increased pressure to ensure that their decommissioning is done in an environmentally friendly way with appropriate risk management solutions.	Medium term	Medium	Low
Carbon capture: injection of CO ₂ into depleted gas fields	Offshore carbon capture and storage may play a major role in global efforts to reduce emissions with appropriate risk management solutions.	Medium term to long term	Medium	Low
Environmental insurance products	Environmental insurance provides coverage for loss or damages resulting from unexpected releases of pollutants typically excluded in general property and liability policies.	Medium term to long term	Low	Low
Parametric (weather) insurance products for food and agriculture industry	Industries will look at new ways of managing weather risk where parametric triggers are more likely to offer a form of indemnity.	Long term	Low/medium	Low
Global political instability	Additional demand for products covering marine war and terrorism due to heightened global instability.	Medium term	Medium	Low

2025 TCFD report *continued*

2.b. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.

In line with our broader business objectives, we have a structured set of processes to identify, assess, and prioritise climate-related risks and opportunities. These processes operate at the Group level and, depending on the context, they may focus on risks, opportunities, or both. Further details on the methodologies used to identify and assess climate-related risks and opportunities are provided in the following section.



Transitional risks

Transitional risks the Group may face include a potential decline in premium volumes in the traditional oil and gas sector and transportation classes, and increased exposure to climate change-related litigation. As the economy transitions from carbon-based to a net-zero future, we will continue to assess how new technologies affect the renewable energy risks we currently underwrite and those we may underwrite. We will apply our underwriting expertise to evaluate these emerging risks, adapt product design and pricing, and underwrite them within the Group’s risk appetite.

For the subsidiary writing the business, the premium impact is assessed as low to medium; at the Group level, the financial impact is considered very low to low, reflecting the Group’s responsive underwriting strategy.

Strategy and business plan

The Group’s strategic objective is to maximise risk-adjusted returns for its shareholders over the long term, through disciplined underwriting that reflects prevailing market conditions and active capital management.

The Group has underwritten property catastrophe-exposed policies since inception, reflecting our purpose to deliver risk solutions that protect our clients and support economies, businesses, and communities in the face of uncertainty. Rising awareness of climate- and nature-related risks has presented the Group with opportunities to deliver further on that purpose to the benefit of our clients, investors, employees and other stakeholders.

As part of our annual business planning process, management runs various stress tests and scenario analyses, including climate-related scenarios, to assess the viability and resilience of the plan. A summary of these exercises is presented to the Board at its year-end meeting, highlighting the potential upside and downside to the best estimate plan assumptions for the loss scenario outcomes.

At the year-end meeting in March 2026, these tests demonstrated the resilience of the business to withstand significant losses and produce a good return for shareholders.

Sustainable underwriting

Sustainable underwriting, which embeds ESG considerations into our decision-making, is one of the pillars of our Group ESG strategy. Our property (re)insurance products insure clients against the risk of major weather events and other catastrophic losses, and we have long-standing expertise in this area. In our energy portfolio, we support our clients in addressing the challenges of the global transition to a lower-carbon economy, and continue to expand our knowledge and underwriting expertise to support the global carbon transition across the energy sector. This includes renewable energy and lower-carbon generation projects. Elsewhere within our business, we insure initiatives that support sustainable development, including infrastructure projects that are designed to improve access to clean water for communities in the developing world.

Board-approved risk tolerances

The business underwritten within the Group is monitored against the business plan and the Board-approved risk tolerances (including those linked to climate-related catastrophe loss events). The Group’s exposure compared to risk tolerance is reported to the Board quarterly through the Group CRO’s ORSA report as part of the Group’s risk management framework. The Group CUO and Group CRO regularly review current and emerging (re)insurance risks. Our climate risk culture has been set at the top, and accordingly, acceptable levels of risk are communicated throughout the business. Staying within these defined limits is achieved through a range of activities from risk avoidance to opportunity enablement. The Group’s natural catastrophe PMLs for certain peak zones are reported in the risk disclosures on page 159. Whilst potential climate-related risks and opportunities are considered as part of client, cedant and broker selection, they are one of many factors considered and do not unduly influence decision-making.

2025 TCFD report *continued*

Materiality assessment

The objective of this assessment was to identify key considerations material to our business and analyse them from two perspectives: the potential effects of the Group on climate-related factors and the effects climate-related factors may have on the Group.

Our double materiality assessment evaluated external drivers - such as impacts on people, the environment, and the financial impact on the Group - and their relevance to stakeholders (including insured clients, shareholders, regulators, rating agencies, executives, and employees). Stakeholder relevance was rated as low, medium, or high and the impact and financial materiality were graded on a scale from very low to very high. The impact analysis examined Lancashire's potential effects on the economy, environment, and society, considering both positive and negative aspects across our value chain.

Financial materiality focused on how climate and sustainability factors could affect Lancashire's performance and long-term viability.

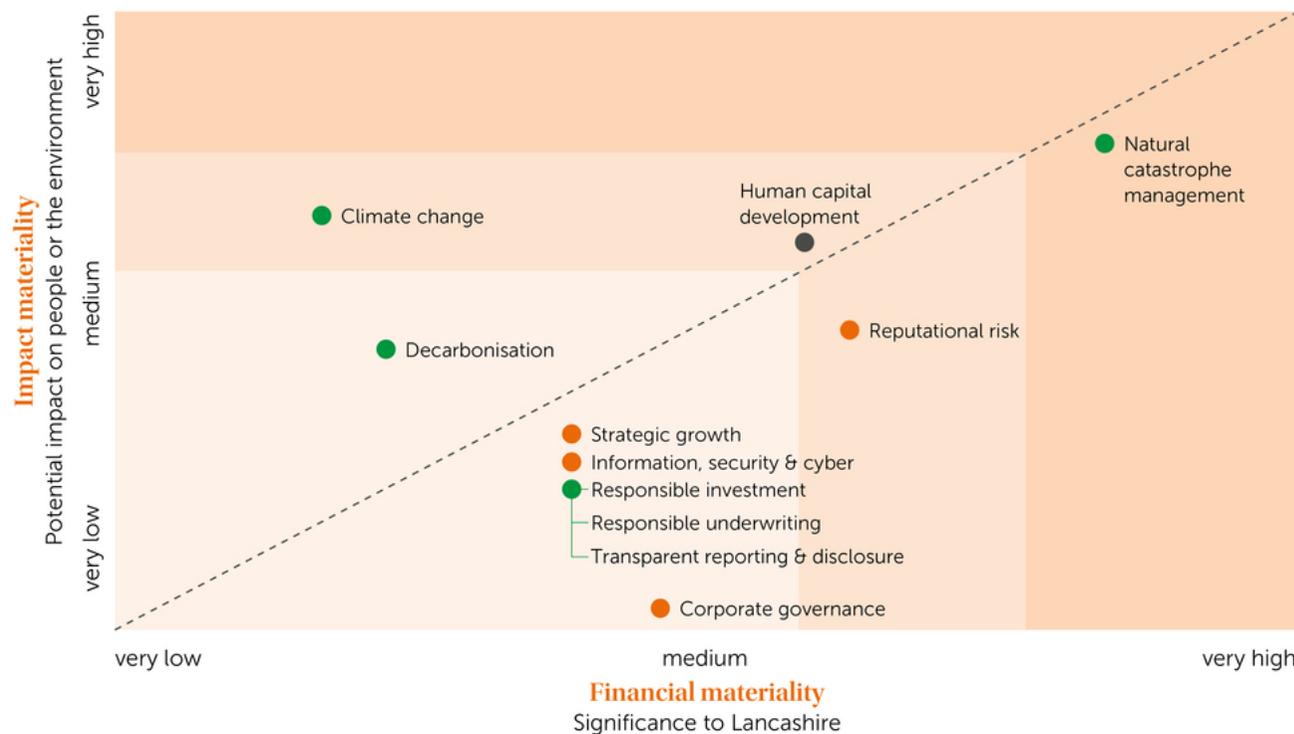
The heat map shows all considerations with a medium or greater impact from our double impact materiality assessment.

Climate change as a factor in business planning using the Group's ORSA

For more information please see page 30.

ESG strategy and framework

For more information please see page 46.



Governance

- Reputational risk
- Information security and cyber
- Corporate governance
- Strategic growth

Social

- Human capital development

Environment

- Natural catastrophe management
- Climate change
- Decarbonisation
- Responsible investment
- Responsible underwriting
- Transparent reporting & disclosure

2025 TCFD report *continued*

2.c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Stress and scenario testing

Stress and scenario tests, as well as reverse stress tests, are performed as part of the business planning cycle and the annual ORSA reporting process. The capital impacts from a range of scenarios, including climate-related risks and opportunities, are presented to the RRC and Board for review and discussion. Stress testing enables management and the Board to understand the effect of significant catastrophe loss experience within a single year. Testing includes prescribed underwriting loss event scenarios as outlined in the BSCR and the Lloyd's RDS.

Leading third-party catastrophe models

The Group uses a leading third-party catastrophe model vendor, additional portfolio modelling software, and a licensed climate-scenario tool to assess exposure to natural catastrophe risk and to model future emissions pathways for major atmospheric perils. We explicitly incorporate the effects of climate change into hazard selections and parameter choices, and supplement model outputs with regular reviews of peer-reviewed scientific literature to seek to ensure that scenarios reflect current scientific understanding. Material new models and significant model changes are validated through the View of Risk Committee, which reviews required adjustments, prioritises perils for deeper review and considers post-event validation outcomes.

Physical risk testing

We routinely measure potential business impacts from material physical risks, such as hurricanes and related storm surge, using modelled PMLs and scenario tests, and monitor these against Board-approved risk appetite tolerances set as defined percentages of capital at risk in a specific event. Periodic scenario testing using our licensed third-party models includes climate-adjusted pathways; our latest US hurricane test applied a 2°C warming pathway (assumed 4% increase in tropical cyclone severity and 15% reduction in frequency per the 2020 Knutson study)¹ and a 30 cm sea-level rise to assess increased storm surge. Results are reported on a gross basis across return periods. We periodically undertake additional research to confirm the continued relevance of our central scenario assumptions.

Peril review and hurricane stress test

We have commenced a review of Australian catastrophe perils, assessing the impact of climate trends and incorporating any significant findings into our overall view of risk, with any material outcomes reflected in underwriting guidance, exposure management and capital assumptions, subject to model governance and validation. At the same time, we are updating US hurricane stress-test outputs for the 2026 reporting cycle to reflect the latest portfolio exposures; interim reconciliations and parallel checks have been performed to assess potential impacts, and finalised stress-test outputs will be produced following completion of the standard model governance and validation process.

Climate change stress test - Occurrence PML change as at 31 December 2025



Our business planning process includes the modelling of anticipated new business for the forthcoming year, taking into account climate-related risks and opportunities for the relevant lines of business. The business plan is then stress tested for various scenarios, including climate-related scenarios. The results of these stress tests are considered during the review and approval process of the business plan at the management and board level.

Monitoring the investment portfolio

The Group's investment portfolio is continuously monitored using a variety of tools to measure the ESG profile, climate change risk exposure, and carbon intensity, including the MSCI ESG and carbon intensity rating tools. While it is acknowledged that most available tools and methodologies for ESG, carbon, and climate factors are imperfect, the Group is committed to further developing and refining its ability to analyse these factors in the future. This will be done in consultation with the Group's external advisers and portfolio managers, and in alignment with evolving market and regulatory standards and expectations for measuring and reporting in these areas. Despite these current perceived imperfections, the carbon intensity of the fixed maturities within the portfolio is tracked for those assets covered by the MSCI carbon intensity rating. It's important to note that US Treasuries and Agency Debt, which comprise 14.1% of the fixed maturity portfolio, are not covered by MSCI.

1. Knutson, T., Camargo, S.J., Chan, J.C.L., Emanuel, K., Ho, C.-H., Kossin, J., Mohapatra, M., Satoh, M., Sugi, M., Walsh, K. & Wu, L. "Tropical Cyclones and Climate Change Assessment. Part II: Projected Response to Anthropogenic Warming." *Bulletin of the American Meteorological Society* 101, no. 3 (March 1, 2020): E303–322. <https://doi.org/10.1175/BAMS-D-18-0194.1>

2025 TCFD report *continued*

3. Risk management

3.a. Describe the organisation’s processes for identifying and assessing climate-related risks.

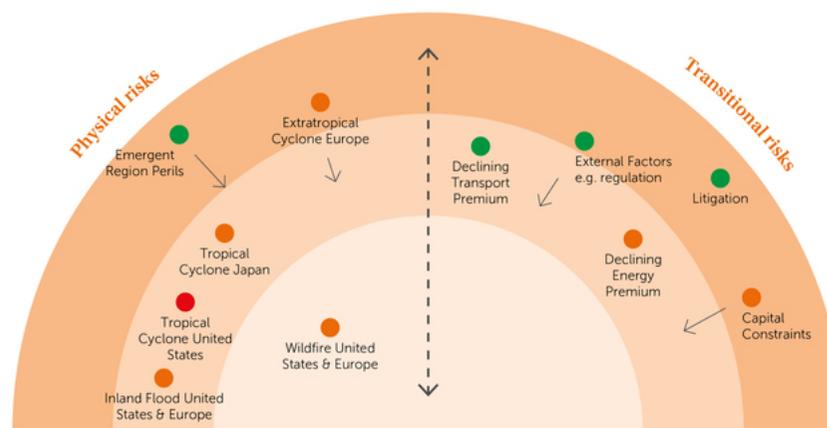
Risk strategy

Our risk management strategy is closely aligned with the Group’s strategy. It is focused on adding value to the business and providing assurance over the Group’s most material and emerging risks, including climate risk. The Board is responsible for managing risk and retains responsibility for the oversight of risk management activities. The risk management function, led by the Group CRO, seeks to ensure there is appropriate risk governance and a risk management framework to support the Board, Group CEO and Group Executive Committee in managing risk. The risk management framework must adapt to any change associated with delivering the Group’s strategy. The risk strategy is updated annually, and the Board approves the related work plan. Climate-related risks are identified and assessed using the same processes as applied to all other risks; see the ERM section starting on page 28 for details.

Internal view of risk

Our Climate Risk Radar is reviewed annually and refreshed as necessary. It illustrates Lancashire’s current internal view of the physical and transition risks from climate change, including the potential time horizon over which they may be faced, the potential magnitude of financial impact, and the geographical region (for physical risks).

Climate risk radar



The arrows pointing inward indicate shortening timeframes for these risks.

Key

Time horizon

- Long term: 15-30 years from now
- Medium term: 5-15 years
- Short term: up to 5 years

Impact on insurance service results

- High
- Medium
- Low

2025 TCFD report *continued*

Climate risk governance

Lancashire manages the risk of increased weather-related losses, including climate-driven changes in frequency and severity, through third-party modelling, internal adjustments and aggregate loss scenarios.

Individual risks that are likely to materially utilise the Group's capital are reviewed by senior and experienced underwriters. The modelling data and the capital deployment are closely monitored by the Group's Senior Management. Likewise, the Board monitors this on a quarterly basis as part of its strategic risk and capital management assessments, with the testing of the models leading to changes in risk levels, reinsurance purchasing and structuring strategy as required.

Underwriting assumptions covering rate adequacy, expected losses, claims inflation and capital utilisation by class are reviewed as part of financial planning, and the business mix is adjusted where new products or lines are attractive and accretive. More information on our catastrophe modelling is outlined in section 2.c. of this TCFD report.

3.b. Describe the organisation's processes for managing climate-related risks.

ESG insurance underwriting guidelines

The senior underwriting management approves the Group's ESG Insurance Underwriting Guidelines, which integrate ESG risk factors into underwriting decisions. Data relating to the guidelines is reported to the Group ESG Committee and the Board's Nomination, Corporate Governance and Sustainability Committee.

Integrating investment considerations

The Investment Committee conducts a biannual strategic asset allocation study to identify asset mixes that optimise risk-adjusted returns within agreed tolerances. The Committee and Board expect the scenario impact on the Group's MSCI-covered fixed maturity portfolio to be less adverse than the MSCI benchmark. Because MSCI coverage is limited, results are grossed up to covered assets. The Committee notes the fixed maturity portfolio continues to outperform the benchmark on Climate VaR. Section 2.c. of this TCFD report provides details of the investment portfolio, and page 98 outlines the Investment Committee's responsibilities.

Investment strategy and guidelines

We track and monitor the emission intensity of our investment portfolio every quarter. Our investment strategy guidelines incorporate ESG and climate-related targets and appetites as part of the overall strategy and guidelines, which align with our commitment to responsible investment. Data on the carbon intensity, climate risk sensitivity and ESG profile of the Group's investments is reported periodically to the Board's Investment Committee.

Details of our ESG and carbon management investment can be found on page 98.

Sustainable fund allocations and commitments

In 2023, a portion of the funds was dedicated to an ESG sweep facility product, an investment book that directs cash into a money market fund account daily. In 2024, we continued to evaluate other suitable sustainable funds and established a target allocation. While this allocation was not prioritised for funding in 2025, we plan to implement it in 2026. In addition, the majority of our private funds are UNPRI signatories. Separately, \$164.5 million has been committed to private funds classified as Article 8 under the Sustainable Finance Disclosure Regulation, of which \$97.1 million has been funded.

Enterprise risk management framework and ORSA process

As part of our overall risk mitigation strategy, we perform detailed stress and scenario testing to stress the financial stability of the Group. This process aligns with our business planning, ORSA processes, and strategic and business plan time horizons. The selected tests are aligned to our key risk areas of capital (rating agency and regulatory), underwriting and investment-related stress tests, at a minimum.

More information on this can be found in the Enterprise Risk Management section starting on page 28.

2025 TCFD report *continued*

3.c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Board risk assessment

The Board annually assesses the principal risks facing the Group, including those that could threaten our business model, future performance, solvency, or liquidity.

This assessment stresses the business plan for severe but plausible scenarios, including climate change, and evaluates the potential impact on capital and earning. Climate-related risks are considered as part of this process, with their impact being considered within each existing principal risk rather than a separate climate change principal risk. Business plans are evaluated on a one-year, three-year and 2030 time horizon.

To monitor and manage climate-related risks, management reports to the Board PMLs, which are calculated by reference to different notional return periods for a range of natural catastrophe events, including those relating to climate events. The Group calculates its theoretical exposure both in monetary terms and as a percentage of capital, and the Board establishes underwriting risk tolerances by reference to a range of PMLs. The Group publishes a summary of exposures to its most significant 1 in 100-year and 1 in 250-year PMLs in this report (see page 159). The Board also routinely monitors annual aggregated expected losses for business planning and capital management, but these are not published due to the commercial sensitivity of the data.

Three lines of defence governance framework

Lancashire operates a three lines of defence governance model which is depicted on page 31. The model outlines the responsibilities for the ownership and management of risk (1st line), risk oversight (2nd line), and independent risk assurance (3rd line). The interaction of responsibilities within this framework helps ensure the effectiveness of our risk management. The activities of the Board and its sub-committees in their oversight of the Principal Risks are discussed on pages 33 to 37. Whilst management has an obligation to oversee the delivery of strategic objectives, the 1st and 2nd lines of defence in the model are responsible for an additional layer of risk management, including consideration of climate-related factors. Each of the management committees shown in the graphic have specific risk-related responsibilities.

Risk identification and management discussions

Climate-related risks are identified and assessed through the Group's formal risk identification and management process, including regular engagement with risk owners and subject matter experts across the Group and review at the ERF and the ESG Committee.

Individual underwriters assess climate-related risks specific to their (re)insurance portfolios as part of routine underwriting, incorporating climate factors into the analysis of each risk. These reviews include the physical location of assets insured, weather-related perils that have impacted, or have the potential to impact, the location and their historical frequency, and their severity. The Group's post-bind underwriting controls provide additional insight into accepted risks, including climate-related exposures. As part of the control process, peer reviews, appropriate for each of the pre-bind levels of authority, are carried out using real-time data.

Monitoring and incorporating emerging climate regulations

The Group continuously monitors emerging climate-related regulations through dedicated horizon-scanning efforts. As emerging climate-related regulations are identified, we conduct gap analyses to understand what activities are required to meet the regulations when they become effective. We are committed to evolving our processes and practices where necessary to remain compliant and aligned with evolving standards.

Repositioning the portfolio

Since 2022, the Investment Committee has directed its external managers to reposition the portfolio to reduce the carbon intensity score, and the process is ongoing. As at year end 2025, 96.7% of the Group's externally managed investments are with UNPRI signatory managers. The Group operates a framework for measuring climate sensitivity for corporate bonds within the fixed maturity portfolio using a Climate VaR, which is aligned with the Paris Accord goal of limiting global temperature increases to a maximum of 1.5°C, for the Group's investment risk tolerance statements.

2025 TCFD report *continued*

4. Metrics and targets

4.a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

PML as a key metric

The PML is our key metric for assessing our exposure to climate-related physical risks. We monitor each of our PMLs both for their dollar impact and as a percentage of capital the PML equates to. As previously noted, our underwriting risk tolerance is expressed as the percentage of capital we may lose in a specific event. We track the elemental PMLs against our risk tolerance and report this position to the Board each quarter.

The table below sets out the possible financial impact of physical risk based on our portfolio as at 31 December 2025. If the exposure were to change materially, the financial impact could be more significant. However, the longer-term impact would likely be managed by our ability to reprice contracts upon renewal if needed, and the development of new products.

Physical: acute and chronic (100-year event)	Time frame	Magnitude of impact	Potential financial impact Group net PML / % of tangible capital
Tropical Cyclone			
US Windstorm – Gulf of Mexico	Medium	High	\$337.1 million / 19.8%
US Windstorm – Non-Gulf of Mexico	Medium	High	\$239.5 million / 14.1%
Japan Typhoon	Medium	Medium	\$78.8 million / 4.6%
Extratropical Cyclone			
European Windstorm	Medium – Long	Medium	\$109.6 million / 6.4%

Mitigation

- Positive feedback loop in pricing models that reflect heightened risks from climate change
- Gross risk appetite is adjusted wherever the risk is viewed as inappropriately priced for the exposure
- Outwards reinsurance is adapted to reflect the changing exposures
- Robust internal controls enabling PMLs to be monitored quarterly by the RRC
- Additional secondary perils now modelled
- Continue to develop views on other perils

PML as a percentage of GPW

The graph below illustrates the Gulf of Mexico 1-in-100-year PML event expressed as a percentage of GPW and how the proportionate risk to the Group has been managed over time.



Our PMLs are derived from third-party stochastic models covering windstorm, convective storm, wildfire and flood. The View of Risk Committee assesses model assumptions and applies adjustments where appropriate, with outputs challenged at both macro and account levels. The RRC reviews PMLs and actual in-force exposure versus tolerance quarterly. Post-event reviews compare actual and modelled losses to validate assumptions and determine any further adjustments. Section 2.c. of this TCFD report describes third-party catastrophe models and measurement, and our risk disclosures set out how the Group monitors risk levels and manages catastrophe events.

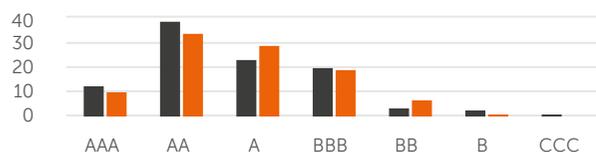
2025 TCFD report *continued*

Reviewing and monitoring the investment portfolio

As at 31 December 2025, fixed maturity securities made up 85.9% of the portfolio, nearly half of which were government-related securities, while corporate bonds represented 37.3% and carry limited climate exposure. The Group uses the approved MSCI Climate VaR metric to monitor ESG risk, expresses investment risk tolerance as VaR relative to shareholders' equity, and compares Climate VaR for Level (i) and Level (ii) securities against the MSCI benchmark on a quarterly basis.

Lancashire monitors the ESG profile of its fixed maturity portfolio for those securities covered by the MSCI ESG rating tool. Much of the portfolio for the year end of 2025 was designated within the 'average' ESG category.

MSCI overall rating (%)



■ Lancashire total ■ MSCI benchmark*

* Percentages for the MSCI benchmark data are up-scaled to compare with the Lancashire securities covered by MSCI.

Group investment guidelines

The Investment Committee continues to monitor the climate change risk sensitivity, ESG profile and carbon intensity of the Group's investment portfolio with due regard to developing expectations and methodologies. The Group's investment guidelines continue to restrict investments in companies that rely on thermal coal for power generation or derive revenues from oil sands or Arctic oil/gas, as well as investments in fixed maturity securities with high carbon intensity ratings. In 2024, the Committee agreed to further changes requiring, from 1 January 2025, divestment from companies that generate more than 2% of their power from thermal coal or

derive more than 2% of their revenues from oil sands or Arctic oil and gas. In line with this policy, in 2025, the Group held no investments in such companies.

ESG and carbon management investment guidelines are approved by the Investment Committee and the Board and are implemented by the Group's investment managers across the Group's fixed maturity investment portfolios. The Group's external investment managers must operate within the parameters set in our guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance is monitored monthly, and any adjustments are approved by the Board and the Investment Committee.

As of 31 December 2025, 96.7% of the external investment portfolio was managed by UNPRI signatories.

4.b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Reducing our energy use

The table on page 68 presents our environmental impact, with year-over-year GHG comparisons. Each year, we purchase carbon credits to contribute towards Global Net-Zero, reinforcing our commitment to sustainability. As the Group's geographic footprint has expanded our overall emissions have also increased, including those emissions related to energy use. We continue to explore ways of increasing energy efficiency in our office environments. We will continue to monitor and report on our emissions and energy consumption going forward to provide transparency and inform targeted reduction actions.

Scope 3 emissions disclosure

The Group provides a detailed Scope 3 breakdown on page 68. We measure and publish emissions from business travel, operational waste, some purchased goods and services, employee commuting and upstream fuel- and energy-related activities.

These categories materially contribute to our value chain footprint. We apply a standardised calculation approach to provide consistency and comparability over time.

4.c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Board-approved programme to purchase carbon credits

The Group has set a GHG reduction targets for the emissions from its own operations, measured by carbon emissions per full-time employee, and is committed to the UK Government's net-zero strategy by 2050. The Group maintains a Board-approved carbon credit programme and continues to purchase credits as a dedicated climate contribution. The Board monitors targets to help strategic and operational alignment. More information on the Group's pathway to meeting net-zero by 2050 is on page 67 of this report.

Sustainable in the office

Wherever possible, the Group operates out of sustainable offices. Our London office, 20 Fenchurch Street, is a BREEM 'Excellent' building and is powered by 100% renewable energy supplied under REGO-backed tariffs.

In 2025, the Facilities Team reduced energy use through targeted measures, including upgrading the office lighting with occupancy sensors and integrating these fully into the Building Management System (BMS) to enable sensor-driven control. The air conditioning system was fully refurbished with an upgraded pump and presence detection controls. Heating and cooling operate only when staff are present, and people counters at the main entrances and exits now supply real-time occupancy data to the BMS, optimising environmental controls, improving operational efficiency, and strengthening sustainability performance. Further details on our GHG reduction target is provided on pages 67 to 69.

A responsible business

Understanding our impact

Since Lancashire was founded, we have aimed to always act with integrity and be a responsible business.

We know that everyone at Lancashire has a role to play in delivering this goal and we are guided by our values and purpose.

We challenge ourselves to work sustainably and take responsibility for our actions and understand their impact on a range of stakeholders, and our policies and procedures, which are available to all employees, support our efforts to remain a good corporate citizen.

Our stakeholder responsibilities



Policy / area	Our approach	Stakeholder impact	Board oversight
Legal and regulatory frameworks	The Group complies with a wide range of legal and regulatory requirements. These include the environmental, social and governance regulations of the BMA, PRA, FRC, FCA, Lloyd’s, UNEP FI, TCFD, Mandatory Greenhouse Gas Emissions reporting/Streamlined Energy and Carbon Reporting (SECR), and Home Office (Modern Slavery Statement Registry).	Our policyholders Our people Society and the environment Brokers Regulators Vendors	Yes
Human rights	We respect, support and protect human and labour rights across our organisation. In this Lancashire is guided by the principles outlined in international standards such as the United Nations Universal Declaration of Human Rights. We expect compliance throughout our organisation with our employment policies, practices and procedures. Our Group Human Rights Policy Statement is available on our website.	Our policyholders Our people Society and the environment Brokers Regulators Vendors	Yes
Health and safety	Our operations are predominately office based and, as such, are less exposed to major incidents. However, we regularly consult with employees on health and safety issues to help ensure our people and visitors are supported and protected. Where potential danger in a task is identified, risk assessments are carried out. Additionally, business continuity, disaster recovery, and fire safety training, is mandatory for all employees. Our full Health and Safety Policy is communicated to employees on joining and is available on the intranet.	Our people Society and the environment Brokers Regulators Our shareholders and investors	Yes

A responsible business *continued*

Policy / area	Our approach	Stakeholder impact	Board oversight
Whistleblowing	Everyone working for Lancashire is expected to maintain high standards and report any wrongdoing or malpractice. Our Whistleblowing Policy aims to ensure that matters of genuine concern can be raised without fear of reprisals, in the knowledge that they will be taken seriously and that the matters will be investigated appropriately and confidentially. During 2025, to further support our employees, we introduced an external independent whistleblower service which is available to staff at all times. The policy is formally approved by the Board annually on recommendation from the Audit Committee. It is available to staff on our intranet and a summary is published on our website.	Our people Regulators Our shareholders and investors	Yes
Data protection and privacy	The Group is committed to upholding high standards of privacy and data protection, in alignment with UK legislation, the Privacy Acts of Bermuda and Australia and all applicable federal, sectoral and state laws across the United States. As part of our day-to-day operations, we responsibly process information relating to our employees, policyholders, shareholders and other stakeholders. All personal information collected, used or disclosed is handled with care in accordance with our internal data protection policies and procedures, which our employees are expected to be fully familiar with and consistently adhere to. Oversight of our data protection and privacy framework rests with the Audit Committee, which receives an update for review at each quarterly meeting.	Our policyholders Our people Brokers Regulators Vendors Our shareholders and investors	Yes
Information security	Lancashire's Information Security Strategy was reviewed in 2025 with a focus on risk oversight, support for business growth, and operational resilience, facilitating alignment with business and IT strategy. Additionally, emerging threats are addressed through regular risk assessments, continuous monitoring, and annual policy reviews. Information Security is integrated into all technology and business processes, supporting the safe adoption of new solutions. Employees also take part in enhanced awareness training.	Our people Regulators Vendors Our shareholders and investors	Yes
Cyber incident response	Lancashire continues to recognise the evolving cyber threat landscape and the risks posed by cyber security incidents and has integrated its response practices into the Information Security Strategy to support operational resilience. A range of technologies, processes, and procedures are in place to mitigate, respond to, and keep pace with new and emerging threats. The Cyber Incident Response Plan is regularly tested and updated, including cross-functional tabletop exercises and lessons learned sessions to seek to ensure preparedness across the Group.	Our policyholders Our people Brokers Regulators Vendors Our shareholders and investors	Yes
Anti-harassment and bullying	We operate a zero-tolerance approach to bullying and harassment, in compliance with the UK's Equality Act 2010 (and UK Worker Protection Act 2023). All employees are encouraged to speak up and our Anti-Harassment and Bullying Policy offers employees a mechanism through which they can raise issues of concern. We are committed to creating a safe working environment where people treat each other with respect, empathy and compassion.	Our people Society and the environment Brokers Vendors	
Dispute resolution	Our Dispute Resolution Policy, where issues cannot be initially resolved, can be used by employees, without fear that they will be penalised in any way.	Our people	

A responsible business *continued*

Policy / area	Our approach	Stakeholder impact	Board oversight
Grievance procedure	<p>Employees who believe they may have been discriminated against are encouraged to raise the matter through our Grievance Procedure.</p> <p>Abusive or discriminatory behaviour by an employee towards another will be seriously and confidentially investigated, and will be dealt with in accordance with the Group's disciplinary procedure.</p>	Our people	
Living Wage	We are an Accredited Living Wage Employer, for our business and our supply chain.	Our people Society and the environment Suppliers	Yes
Anti-slavery and human trafficking	We consider that there is minimal risk that, within either the Lancashire Group or the very limited supply chains which support our business activities, the Lancashire Group is involved in, supportive of, or complicit in slavery and human trafficking. The Group's Anti-Slavery and Human Trafficking Statement is available on our website.	Society and the environment Brokers Regulators Vendors Our shareholders and investors	Yes
Anti-money laundering, bribery and financial crime policy	<p>We have zero tolerance for money laundering or any other type of financial crime or dishonesty, including acts of bribery. A training programme seeks to ensure a widespread understanding of our policy. All Group employees are required to report to their local Money Laundering Reporting Officer any potentially suspicious activity.</p> <p>The policy is formally approved by the boards of relevant Lancashire Group entities annually, and any instances of breach are reported to the Group Board on a quarterly basis. A summary of the policy is available on our website.</p>	Our policyholders Our people Society and the environment	Yes
Procurement	Specific questions related to climate and ESG have been incorporated into vendor process-specific questionnaires. The questions are designed to provide insight into the vendors' level of familiarity and awareness of their operations, as well as any existing programmes they have in place to support sustainability.	Vendors (including outsourcing vendors) Society and the environment	Yes
Collaboration with third parties	<p>We use third-party suppliers to complement our in-house skills where appropriate.</p> <p>We strive to receive assurance that employers within the ancillary services and limited supply chains used by the Group pay a living wage.</p> <p>Payments to service providers are made in accordance with the individual payment terms agreed. The Group's UK subsidiary, LUK, complies with its statutory reporting duty for payment practices and performance in relation to qualifying contracts on a half-yearly basis.</p> <p>Lancashire has its own responsibilities to those within its limited supply chain. Any concerns arising over the ethical practices and human rights records of insureds and potential clients would be considered as part of the underwriting process.</p>	Our policyholders Society and the environment Brokers Regulators	Yes

A responsible business *continued*

Policy / area	Our approach	Stakeholder impact	Board oversight
Sanctions	Lancashire aims to ensure compliance with all applicable sanctions legislation in the jurisdictions in which the Group operates. The processes and systems are documented and approved annually by the LHL and relevant subsidiary boards. Quarterly reports are provided to confirm whether there have been any breaches, or not, during the period.	Our policyholders Society and the environment Brokers Regulators	Yes
Share dealing	Restrictions on the trading of LHL's securities for Directors and employee shareholders are in place through the Group's Share Dealing Code. The Group's Disclosure Policy restricts the disclosure of any confidential information.	Regulators Our shareholders and investors Our people	Yes
Engagement with regulators, rating agencies and lenders	<p>Changes in regulatory and supervisory requirements are monitored by the Board and management. The Group actively engages with relevant regulatory bodies which provide supervision and oversight. This includes meetings, regular reporting or engaging with routine regulatory reviews. We also engage with major rating agencies to discuss financial performance and when significant events occur, such as loss events.</p> <p>Reinsurance coverage is purchased as part of our capital management and regulatory compliance and we operate in compliance with our credit facilities, which support underwriting obligations. Additionally, the syndicates benefit from Lloyd's current ratings, resources, brand and network of global licences.</p>	Our policyholders Society and the environment Brokers Regulators	Yes
Relationships with tax authorities	We comply with all tax obligations and maintain proactive relationships with relevant tax authorities and monitor developments in tax legislation.	Our policyholders Society and the environment Brokers Regulators	Yes

GHG Reporting

Environmental impact and climate contribution

We remain committed to understanding and managing the environmental impact of our business operations. For the 2025 reporting year, we have once again engaged third-party consultants, ClimatePartner, to calculate the Group's Corporate Carbon Footprint (CCF).

The CCF reflects the CO₂e emissions released by the Group's own business operations, within defined boundaries and for a specified period, in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). We use the CCF as a tool to monitor our progress towards the Group's carbon reduction goal. It also enables us to better understand our energy consumption; identify opportunities to reduce our carbon footprint; analyse energy and emission trends and enhance our data collection processes.

Emissions data has been calculated using the Group's actual consumption data and a range of emission factors researched by ClimatePartner. Wherever possible, primary data was used; but where primary data was unavailable, secondary data from highly credible sources was applied, with emission factors taken from scientifically recognised databases and models.

Operational boundaries

We apply an operational control approach to determine the appropriate boundaries for our GHG reporting. In line with ISO 14064-1 guidance, an organisation is considered to have operational control when it has full authority to introduce and implement operating policies at the operational level. Accordingly, we disclose our Scope 1 and Scope 2 emissions in full, together with those Scope 3 categories for which we exercise a high degree of operational control.

Employee commuting

We continue to include emissions associated with employee commuting and home working within our Scope 3 emissions. For this reporting period, we conducted a survey of employees' commuting habits, which was completed by over 46% of employees globally.

International operation footprint

With principal commercial operations in four countries and clients and brokers worldwide, the Group's carbon footprint is predominantly driven by business travel as shown within our Scope 3 emissions.

We regularly consider ways in which our own offices can be more sustainable. Our London office is already well-optimised, being located in a building with a BREEAM 'Excellent' rating and supplied with 100% renewable energy on tariffs that are backed up by associated Renewable Energy Guarantees of Origin (REGOs). Representatives from the London office actively participate in the building management's 'Green Building' meetings and energy-saving initiatives. We also continue to engage with building management teams in Bermuda, Australia, and the US to participate in relevant sustainability initiatives.

Carbon equivalent per FTE as intensity metric

We use tCO₂e per FTE as the intensity metric in our GHG reporting.

Contributing to global net-zero

Following the completion of the CCF calculation, the Group has historically purchased verified carbon credits, primarily through carbon avoidance programmes. These initiatives support the development and maintenance of systems and technologies that replace carbon-intensive processes.

In 2021 and 2022, we made a contribution equivalent to 15% of our calculated emissions via a carbon sequestration project, designed to actively remove carbon from the atmosphere, with the remaining credits sourced from carbon avoidance projects. In 2023, we increased the share of sequestration projects to 20% and in 2024 we further increased this to 25%, with the remaining 75% in a carbon avoidance programme. We have applied the same approach to our climate contribution this year. Additionally, we have again applied a safety margin of 10% to our total carbon footprint to account for uncertainties inherent in using database values, assumptions, and estimates. As a result, the Group has purchased a total of 3,689 carbon credits as a climate contribution in this reporting period. We report the emissions data for the Group in the table on the following page.

Encouraging and supporting employees

The Board monitors emissions from the Group's operations whilst remaining mindful of strategic and business requirements. We encourage the use of public transport, walking and cycling to commute to our offices.

Since 2022, employee commuting surveys have shown that the majority of our London-based employees commute via public transport. To support this, we continue to offer incentives, including a season ticket loan scheme and assistance with bicycle purchases.

GHG reporting *continued*

Streamlined energy and carbon reporting disclosure – 1 July 2024 to 30 June 2025

	Current 2025 reporting year (market-based) 1 July 2024 to 30 June 2025		Previous 2024 reporting year (market-based) 1 July 2023 to 30 June 2024	
	UK & Offshore	UK Only	UK & Offshore	UK Only
Emissions from the combustion of fuel or the operation of any facility including fugitive emissions from refrigerants use / tCO ₂ e ¹	33.8	22.5	148.3	138.2
Emissions resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use / tCO ₂ e	228.1	—	223.7	—
Gross emissions (Scope 1,2) / tCO ₂ e	262.0	22.5	372.0	138.2
Energy consumption used to calculate above emissions /kWh	1,153,698	519,091	2,036,764	1,416,405
Total gross emissions (Scope 1, 2, 3) / tCO ₂ e	3,358.6		3,363.3	
tCO ₂ e per FTE	7.5		8.3	

1. The reduction in emissions year-on-year reflects the application of 'green gas' certification for the 2025 reporting period.

Carbon credit breakdown

75% carbon avoidance	Improved cook stoves (Ivory Coast)
25% carbon sequestration	Improved forest management (Mexico)

Corporate carbon footprint

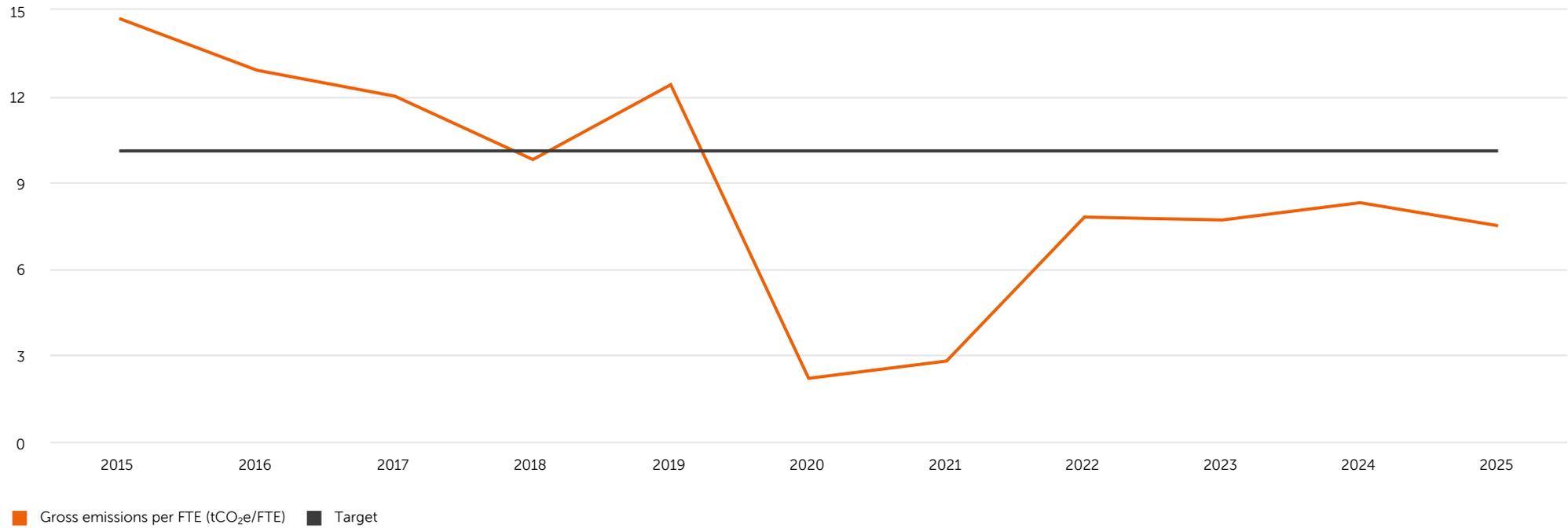
Types of emissions	Activity	1 July 2024 to 30 June 2025	1 July 2023 to 30 June 2024
Scope 1			
Direct emissions from Company facilities	Heat (self-generated)	0.1	115.8
	Refrigerant leakage	33.8	32.5
Scope 2			
Purchased electricity for own use	Electricity (stationary) (market-based)	228.1	223.7
Scope 3			
Gross emissions (tCO ₂ e) (market-based)	Business travel (flights, hotel nights, vehicles, and rail)	2,764.4	2,677.9
	Employee commuting and home office	215.5	208.8
	Fuel- and energy-related activities (upstream emissions for electricity and heat)	78.5	99.2
	Purchased good and services (water)	31.2	1.4
	Waste generated in operations	7.0	4.0
Gross emissions (tCO ₂ e) (market-based)		3,358.6	3,363.3
Gross emissions per FTE (tCO ₂ e/FTE)		7.5	8.3
Carbon credits		3,689.0	3,700.0

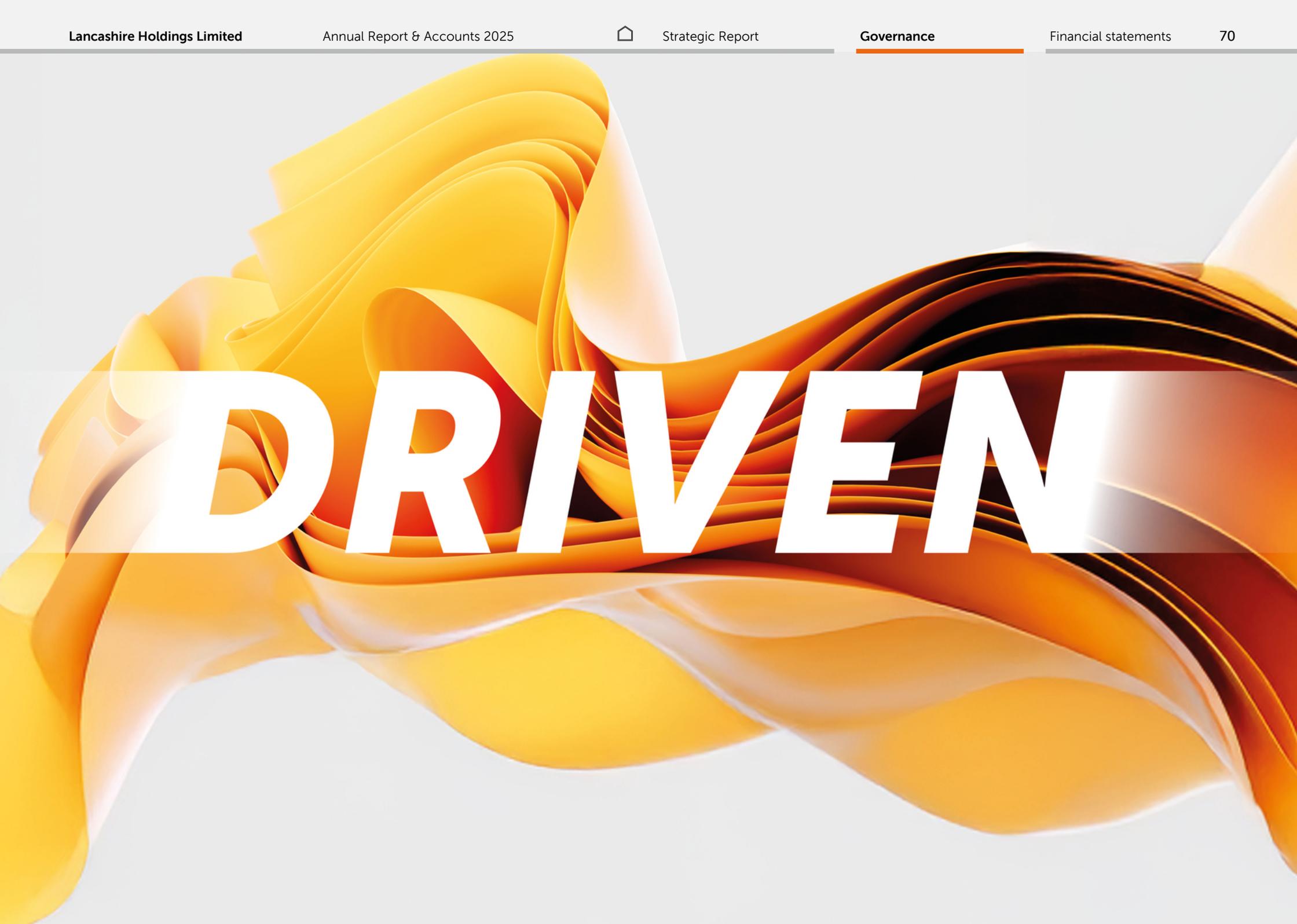
All numbers quoted have been rounded to one decimal place. Upstream fuel and energy-related activities include Well-to-Tank and Transmission and Distribution emissions. These are emissions associated with the upstream processes of extracting, refining and transporting raw fuel and the emissions associated with the electrical energy lost during transmission to our business.

GHG reporting *continued*

Progress against our 2030 target

The following diagram shows the change in the Group's emissions per FTE against our current target of a 30% reduction in emissions per FTE from the 2015 baseline level.





DRIVEN

Board of Directors

The right balance of skills

B N I R



Philip Broadley
Non-Executive Chair

Date of appointment to the Board: 8 November 2023
Board meeting attendance: 4/4

Skills, experience and qualifications:

Philip was appointed as a Non-Executive Director to the Board on 8 November 2023. He assumed the role of Chair on 1 May 2024. Philip was Group Finance Director of Prudential plc from 2000 until 2008 and subsequently held the same position at Old Mutual plc from 2008 until 2014. He has served as Chairman of 100 Group of Finance Directors and as a member of the Code Committee of The Takeover Panel. He was a director of Legal & General Group plc from 2016 until 2025, chairing the Audit Committee for six years and serving for a time as Senior Independent Director. Prior to his board roles, Philip began his career at Arthur Andersen in 1983, becoming a partner in 1993, where he specialised in auditing banks and insurance companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales. Philip graduated in Philosophy, Politics and Economics from St. Edmund Hall, Oxford, where he is now a St. Edmund Fellow. He holds an MSc in Behavioural Science from the London School of Economics.

External appointments/Other roles:

Philip is Senior Independent Director and Audit Committee Chair at AstraZeneca PLC.

U



Alex Maloney
Group Chief Executive Officer

Date of appointment to the Board: 5 November 2010
Board meeting attendance: 4/4

Skills, experience and qualifications:

Alex joined Lancashire in December 2005 and was appointed Group Chief Executive Officer in April 2014. On joining, he was responsible for establishing and building the energy underwriting team and account, and in May 2009, Alex was appointed Group Chief Underwriting Officer. Since November 2010, Alex has served as a member of the Board and was appointed Chief Executive Officer of Lancashire Insurance Company (UK) Limited in 2012. He has over 30 years' underwriting experience and has also worked in the New York and Bermuda markets.



Board of Directors *continued*

I



Natalie Kershaw
Group Chief Financial Officer

Date of appointment to the Board: 1 March 2020
Board meeting attendance: 4/4

Skills, experience and qualifications:

Natalie joined Lancashire in December 2009 as the Group Financial Controller and has also held the positions of Chief Financial Officer of Lancashire Insurance Company Limited and Group Chief Accounting Officer. She has over 20 years' experience of the insurance/reinsurance sector with previous roles at Swiss Re, ALAS (Bermuda) Ltd and PwC. Natalie graduated from Jesus College, Oxford University in 1996 with a first class degree in Geography and is a Fellow of the Institute of Chartered Accountants in England and Wales. She was appointed to the Board of Lancashire Holdings Limited as an Executive Director on 1 March 2020.

U



Paul Gregory
Group Chief Underwriting Officer

Date of appointment to the Board: 1 May 2024
Board meeting attendance: 3/4¹

Skills, experience and qualifications:

Paul has led the underwriting operations of the Lancashire Group since May 2014 as Group Chief Underwriting Officer. He joined Lancashire in 2007 as part of the team responsible for underwriting the energy portfolio. In January 2009, he was appointed Chief Underwriting Officer of Lancashire Insurance Company (UK) Ltd and was responsible for all business underwritten from the platform. Paul also served as Chief Executive Officer of Lancashire Insurance Company (UK) Ltd between 2014 and 2019. Paul has been a member of the Lancashire Holdings Board's Underwriting and Underwriting Risk Committee since 2010 and has served as Chief Executive Officer of Lancashire Capital Management (LCM) since 2021. Prior to working at Lancashire, Paul was an energy underwriter at AIG and he started his career at Marsh as an Account Executive in the Energy team as part of the Marsh graduate scheme.

1. Paul was absent due to a sabbatical break for the August 2025 meeting.

Key



Chair

B

Board of Directors

A

Audit Committee

I

Investment Committee

N

Nomination Corporate Governance and Sustainability Committee

R

Remuneration Committee

U

Underwriting and Underwriting Risk Committee

Board of Directors *continued*

U



Bob Cox
Non-Executive Director

Date of appointment to the Board: 1 January 2025
Board meeting attendance: 4/4

Skills, experience and qualifications:

Bob is an experienced insurance underwriter and senior manager with experience of US and international insurance markets. He was appointed by resolution of the LHL Board on 5 November 2024 and became a Non-Executive Director of LHL with effect from 1 January 2025. Bob joined Markel in 2018 as the President and Chief Operating Officer, Insurance Operations and stepped down from that role in December 2023. During his tenure, he oversaw Markel's global insurance operations, including its specialty and international divisions and served on several subsidiary boards across the Markel group. He played a key strategic and operational role during a period of significant growth and profitability. Prior to joining Markel, during a long career at Chubb, Bob served in a number of leadership positions within Chubb Specialty Insurance including roles as Chief Underwriting Officer and later as the Chief Operating Officer. Bob was first employed by the Chubb group in 1981, as an underwriter in Chubb's Department of Financial Institutions. He specialised in underwriting Directors and Officers (D&O) and Errors and Omissions (E&O) insurance, while also gaining knowledge of other lines of insurance for financial institution clients in US and international risk.

External appointments/Other roles:

Bob also serves as a Director on the board of American Bankers Mutual Insurance Company Limited, based in Bermuda.

R U A



Jack Gressier
Non-Executive Director

Date of appointment to the Board: 26 July 2022
Board meeting attendance: 4/4

Skills, experience and qualifications:

Jack has over 30 years' experience in the insurance industry, including as Chief Operating Officer of Axis Capital Holdings Ltd. and the Chief Executive Officer of its Insurance segment. He served as an underwriter at Charman Underwriting Agencies from 1989 until 1998, when acquired by ACE Limited. At ACE, he served in a number of senior roles including as a member of the Global Markets Executive Underwriting Committee and was appointed Joint Active Underwriter of Syndicate 2488 and Director of the ACE Agency Board, where he served until joining AXIS in 2002.

External appointments/Other roles:

Currently serving as Chief Executive Officer of strategic intelligence firm, Herminius Holdings Ltd, Jack previously served as the Non-Executive Chairman of Herminius from 2016 until 2025. Other previous Non-Executive appointments include Chair of Syndicate Holdings Corp, the holding company for the Lloyd's managing agency, Vibe Syndicate Management. In addition, Jack served as Non-Executive Chair of Limehouse Agencies Limited.

Key



Chair



Board of Directors



Audit Committee



Investment Committee



Nomination Corporate Governance and Sustainability Committee



Remuneration Committee



Underwriting and Underwriting Risk Committee

Board of Directors *continued*

A U N



Bryan Joseph
Non-Executive Director

Date of appointment to the Board: 26 April 2023
Board meeting attendance: 4/4

Skills, experience and qualifications:

Bryan is a Fellow of the Institute and Faculty of Actuaries with over 40 years of experience in the insurance and reinsurance industry. Having started his career as a trainee actuary at Legal & General, Bryan held a number of senior roles in the industry including partner and global chief actuary for PwC. Bryan left PwC in 2015 and founded Vario Partners LLP, an ILS consultancy specialising in transforming underwriting risk into capital markets. In 2016, Bryan joined XL Catlin (now AXA XL) as an independent Non-Executive Director serving in a variety of Non-Executive Director and Committee Chair roles within the AXA XL group including as Chair of the UK Company and Syndicate Audit Committees, and as Chair of XL Insurance Company SE, the group’s European and Asia Pacific focused entity, overseeing its move to the Republic of Ireland and merger with AXA. Bryan stepped down from all AXA XL Directorships in 2023 to take on his role with Lancashire.

External appointments/Other roles:

Bryan remains a partner on Vario Partners LLP and a director of Vario Global Capital Limited, the Vario operating company. Bryan was appointed as a Non-Executive Director for Sabre Insurance Group plc in June 2023 and as the company’s Senior Independent Director in May 2024. Bryan was appointed to the Board of CFC in July 2024, where he chairs the Risk Committee.

N R



Irene McDermott Brown
Senior Independent Non-Executive Director

Date of appointment to the Board: 28 April 2021
Board meeting attendance: 4/4

Skills, experience and qualifications:

Irene most recently held the position of Chief Human Resources Officer at M&G plc, a FTSE 100 international savings and investments firm, retiring from that role on 31 December 2021. Her executive career has included international Human Resources roles at Barclays, BP, and Cable and Wireless. Irene’s UK experience includes over 12 years at Mercury Communications, Digital Equipment Company and the Electricity Supply Industry. She has an MSc from the London School of Economics in Industrial Relations and is a Fellow of the Chartered Institute of Personnel and Development.

External appointments/Other roles:

Irene was appointed as a Non-Executive Director for IntegraFin Holdings plc effective 1 January 2025 and is Chair of the IntegraFin Remuneration Committee.

Irene is Lancashire’s Senior Independent Director.

Key



Chair



Board of Directors



Audit Committee



Investment Committee



Nomination Corporate Governance and Sustainability Committee



Remuneration Committee



Underwriting and Underwriting Risk Committee

Board of Directors *continued*



Nathalie Rachou
Non-Executive Director

Date of appointment to the Board: 5 November 2024
Board meeting attendance: 4/4

Skills, experience and qualifications:

Nathalie has strong asset management and capital markets experience, with commercial and financial expertise across several sectors including as a senior manager and entrepreneur. She has previously served as a Non-Executive Director of UBS Group AG in Switzerland (2020 to 2025) where she served on the Risk Committee, the Audit Committee and the Governance and Nominations committee, Veolia Environnement (2012 to 2024) where she also served as Audit Committee Chair, Laird Group plc (2015 to 2018), Altran SA (2012 to 2020) where she also served as Audit Committee Chair, and Société Générale (2008 to 2020) where she also served as the Risk Committee Chair. Nathalie worked at Banque Indosuez and Crédit Agricole Indosuez from 1978 until 1999, in a series of roles based in London and Paris, where she gained experience in capital markets. She was Company Secretary, from 1991 to 1996, and, from 1996 to 1999, served as Global head of foreign exchange and foreign exchange options, based in the UK. In 1999, she founded Topiary Finance Ltd, an asset management company based in London, of which she remained the CEO until its merger with Rouvier Associés in 2015. At Rouvier Associés-Clartan Nathalie was a senior advisor until 2020. She has a Masters in Management at Ecole des Hautes Etudes Commerciales (HEC) and completed an executive programme at INSEAD.

External appointments/Other roles:

Since 2019, Nathalie has served as a member of the supervisory board of Euronext NV, where she chairs the Audit Committee after serving as Remuneration Committee Chair, and is a member of the Nomination and Governance Committee and the Risk Committee. Since 2023 she has served on the board of Fondation Leopold Bellan, a French NGO.



Linda Ventresca
Non-Executive Director

Date of appointment to the Board: 7 August 2024
Board meeting attendance: 4/4

Skills, experience and qualifications:

Linda is an experienced senior leader in the insurance industry, having served in a number of leadership roles at AXIS Capital including Head of Digital, Chief Strategy Officer, Chief Transformation Officer and Head of Corporate Development and Investor Relations. She also served as a Director of AXIS Reinsurance Company in the U.S. Linda joined AXIS Capital from MMC Capital (predecessor firm to Stone Point Capital) where she was a private equity investment associate integrally involved in the formation of AXIS Capital. Linda commenced her career as an analyst in the financial institutions investment banking operations of UBS Securities, LLC and Donaldson, Lufkin & Jenrette. She has served as a Director on a number of boards and in an advisory capacity, with a focus in the insurance sector. Linda holds an M.B.A. from Columbia Business School, as well as a B.S.E. in bioengineering from the University of Pennsylvania.

External appointments/Other roles:

Linda is a member of the board of Ambac Assurance Corporation, an insurance company that manages portfolios of financial guarantees and other complex liabilities, and Vivere Partners, a US specialty insurance managing agency platform. She is also a Trustee of the Village Community School in New York.

Key



Chair



Board of Directors



Audit Committee



Investment Committee



Nomination Corporate Governance and Sustainability Committee



Remuneration Committee



Underwriting and Underwriting Risk Committee

Board of Directors *continued*

A N



Sally Williams
Non-Executive Director

Date of appointment to the Board: 14 January 2019
Board meeting attendance: 4/4

Skills, experience and qualifications:

Sally is an experienced Audit Committee chair with extensive risk, compliance and governance experience, having held senior positions with Marsh, National Australia Bank and Aviva. Sally is a chartered accountant and spent the first 15 years of her career with PwC, where she held senior roles in their financial services risk management and audit practices. She also undertook a two-year secondment from PwC to the Bank of England. Sally was a Non-Executive Director and Chair of the Audit Committee at Family Assurance Friendly Society Limited (OneFamily) from 2019 to 2025. Sally is also a Director of Lancashire Insurance Company (UK) Limited where she chairs the Audit Committee and is Senior Independent Director.

External appointments/Other roles:

Sally is a Non-Executive Director of Close Brothers Group plc and Close Brothers Limited, where she is a member of the Audit and Risk Committees. Sally is also a Non-Executive Director of National Farmers Union Mutual Insurance Society Limited, where she is a member of the Audit Committee. Sally is a Trustee of the charity Ovarian Cancer Action, where she chairs the Audit and Risk Committee.

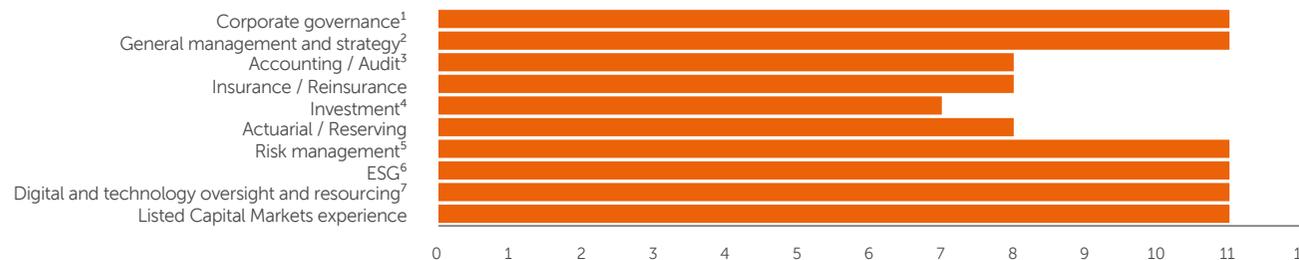


Christopher Head
Company Secretary

Skills, experience and qualifications:

Chris is a qualified solicitor and joined Lancashire in September 2010. He was appointed Company Secretary of LHL in 2012 and advises on issues of corporate governance and generally on legal affairs for the Group. He also advises on the structuring of Lancashire’s third-party capital underwriting initiatives, which have included the Accordion and Kinesis facilities. Prior to joining Lancashire, he was in-house Counsel with the Imagine Insurance Group, advising specifically on the structuring of reinsurance transactions. He transferred to Max at Lloyd’s in 2008 as Lloyd’s and London Counsel. Between 1998 and 2006, Chris was Legal Counsel at KWELM Management Services Limited, where he managed an intensive programme of reinsurance arbitration and litigation for insolvent members of the HS Weavers underwriting pool. Chris worked until 1998 at Barlow Lyde & Gilbert in the Reinsurance and International Risk Team. Chris has a History MA and legal qualification from Cambridge University.

Director skills matrix



1. Including legal, regulatory and compliance.
2. Including business leadership, development and M&A.
3. Including competence in accounting or auditing, and recent and relevant financial experience.
4. Including investment Treasury, portfolio and asset-liability management.
5. Including internal control and internal audit processes.
6. Including sustainability and climate change.
7. Including oversight of data management, information security and cyber.



Corporate governance report

The Board and Committees

Board and Committee administration

The Board of Directors is responsible for overseeing and monitoring the effective leadership and performance of Lancashire's business. The Board agrees the Group's strategy and monitors performance. It maintains an appropriate focus on opportunities, risks and a framework of controls designed to deliver the profitable and long-term sustainable success of the business in the interests of the Group's shareholders, clients, employees and other stakeholders. The Board has reserved a number of matters for its decision, including responsibility for setting the Group's values and standards, and approval of the Group's strategic aims and objectives. It has delegated certain matters to Committees of the Board, as described below. Copies of the Schedule of Board Reserved Matters and Terms of Reference of the Board Committees are available on the Company's website at www.lancashiregroup.com.

The Board has approved and adopted a formal division of responsibilities between the Chair and the Group CEO. The Chair is responsible for the leadership and management of the Board and for providing appropriate support and advice to the Group CEO. The Group CEO is responsible for the management of the Group's business and for the development of the Group's strategy and commercial objectives. The Group CEO is responsible, along with the executive team, for implementing the Board's decisions.

The Board and its Committees meet on at least a quarterly basis. At the regular quarterly Board meetings, the Directors review all areas of the Group's business, strategy and risk management and receive reports from management on underwriting, reserving, reinsurance, finance, investments, capital management, internal audit, risk, succession planning, development and training initiatives, business culture and staff engagement, investor relations, legal and regulatory developments, compliance, climate change risk, ESG and sustainability and other matters affecting the Group. Management provides the Board with the information necessary for it to fulfil its responsibilities. In addition, presentations are made by external advisers such as the independent actuary, the investment managers, the external auditors, the remuneration consultants and the Group's corporate brokers. The Board Committees are authorised to seek independent professional advice at the Company's expense.

The Board also meets to discuss strategic planning matters in addition to the customary schedule of quarterly meetings. The Board dedicated time to strategic opportunities and capital planning at a dedicated Board strategy session which was held in April 2025 in which all Directors and invited members of the management team participated.

The Chair holds regular meetings with the Non-Executive Directors, without the Executive Directors present, to discuss a broad range of matters affecting the Group. The Chair also holds regular meetings with the Chairs of the Group's principal operating subsidiaries.

The Directors – changes during 2025

Appointments to the Board are made on merit, against objective criteria, and with due regard to the right balance of skills, experience, knowledge, independence and diversity required for the Board to operate effectively as a whole. These areas are considered in detail by the Nomination Corporate Governance and Sustainability Committee. At the conclusion of the AGM held on 30 April 2025, as part of the Board's formal succession plans and in light of guidance on independence under the Code, Michael Dawson stepped down as a Non-Executive Director and Robert Lusardi as a Non-Executive Director and Senior Independent Director, each having completed over nine full years of service on the Board.

Senior Independent Director succession

Following Robert Lusardi's decision to stand down as the Senior Independent Director, Philip Broadley took soundings from all Directors regarding interest in and options for succession to the role of Senior Independent Director subject to the oversight of the Nomination Corporate Governance and Sustainability Committee. Further to this process, the Board approved the appointment of Irene McDermott Brown to the role of Senior Independent Director with effect from the end of the AGM on 30 April 2025.

Executive Directors

Alex Maloney, Natalie Kershaw, and Paul Gregory are the three Executive Directors on the Board. The Executive Directors are not counted as independent.

Non-Executive Directors – succession and independence

Further to the decision to appoint three Non-Executive Directors during the course of 2024, there were no further appointments to the Board during 2025.

The Board continued to review the range of skills and experience of the Directors with due regard to the evolving suite of skills and experience of the whole Board and its Committees. With effect from 5 March 2025, Bob Cox was appointed as a member of the Underwriting and Underwriting Risk Committee and Nathalie Rachou was appointed to the Audit Committee and Investment Committee. Nathalie Rachou assumed the role of Investment Committee Chair at the conclusion of the AGM on 30 April 2025.

Please see the Nomination Corporate Governance and Sustainability Committee Report on page 93 for more details of the Board's succession planning process. For a summary of the current roles, including external appointments, and the skills and experience of all the Directors and the balance of skills and perspectives on the Board and its Committees, please see the biographies and summary data on pages 71 to 76. Where Directors assumed other external appointments during the year, these were discussed with the Chair and approved following consideration of the management of any conflicts that may arise and the ability of Directors to continue to devote the necessary time for the performance of their duties for the Company's Board.

Corporate governance report *continued*

At the Board meeting held on 4 March 2026, further to a recommendation by the Nomination, Corporate Governance and Sustainability Committee, the Board affirmed its judgement that Bob Cox, Jack Gressier, Bryan Joseph, Irene McDermott Brown, Nathalie Rachou, Linda Ventresca, and Sally Williams are independent, as each is independent in character and judgement and has no relationship or circumstance likely to affect his or her independence. Accordingly, all seven Non-Executive Directors of the eleven members of the Board (excluding the Chair and the Executive Directors) are independent in their roles as Non-Executive Directors. Therefore, in the Board's judgement, the Board's composition complies with the Code requirement that at least half of the Board, excluding the Chair, should comprise Non-Executive Directors determined by the Board to be independent.

In accordance with the provisions of the Company's Byelaws and the Code, all the current Directors will be submitted for annual re-election at the 2026 AGM.

Information and training

On appointment, the Directors receive written information regarding their responsibilities as Directors and information about the Group. An induction process is tailored for each new Director in the light of his or her existing skill set and knowledge of the Group and includes meetings with senior management and visiting the Group's operations. Information and advice regarding the Company's official listing, legal and regulatory obligations and on the Group's compliance with the requirements of the Code are also provided on a regular basis. An analysis of the Group's compliance with the Code is collated and summarised in quarterly reports together with a more general summary of corporate governance developments, which are prepared by the Group's legal and compliance department for consideration by the Nomination, Corporate Governance and Sustainability Committee. That Committee also receives reports from the ESG Committee Chair on its work. The Directors have access to the Company Secretary and the Group General Counsel who are responsible for advising the Board on all legal and governance matters.

The Directors also have access to independent professional advice as required. Regular sessions are held between the Board and management as part of the Company's quarterly Board meetings, during which in-depth presentations covering areas of the Group's business are made. During these presentations, the Directors have the opportunity to consider, challenge and help shape the Group's commercial strategy. Training is also provided to Directors with respect to financial, strategic and other matters relevant to the activities of the Board and Committees. In addition, Directors are also encouraged to seek supplementary know-how training suitable to their roles offered by the many external providers of training pertinent to governance, in particular the roles of Non-Executive Directors, and to consider their training needs and priorities as part of the year-end performance evaluation for the Board and its Committees.

Corporate governance report *continued*

Board performance – 2025 evaluation

A formal performance evaluation of the Board, its Committees and individual Directors is undertaken on an annual basis and the process is initiated by the Nomination Corporate Governance and Sustainability Committee led by the Chair of the Board. The aim of this work is to assess the effectiveness of the Board and its Committees in terms of the oversight of performance and risk, strategic planning and delivery, stakeholder and employee engagement, composition, balance and skills, supporting processes, the management of the Group, and in monitoring a healthy business culture. The evaluation is forward-looking in terms of identifying strategic priorities and actions as well as considering performance, training and development needs for the Directors within the context of the work of each Committee and the Board.

In line with Provision 21 of the Code, each FTSE 350 board should consider commissioning an externally facilitated board evaluation at least once in every three years. Following the decision of the Board in 2024 to defer an externally facilitated evaluation process to the 2025 year-end, in the first quarter of 2025 the Chair conducted a series of meetings with three potential Board evaluation service providers. At the meeting held in April 2025, the Nomination Corporate Governance and Sustainability Committee and the Board upon a recommendation of Philip Broadley as the Chair, agreed to appoint the firm of Independent Audit Limited (IAL) to facilitate the 2025 Board performance evaluation. IAL is an independent firm and has no other connections with the Company or its individual Directors.

The 2025 evaluation process for the Board and each of its Committees was based on a series of questionnaires which were agreed between the external facilitator, the Board Chair and the Chairs of each of the Committees. The questionnaires were then made available to participants for completion using a web-based platform. The key themes from this process were then used to inform a series of one-to-one interviews with a representative of IAL.

The 2025 LHL Board and Committee evaluation process involved each Director as well as the Company Secretary, the Group CRO, the Group General Counsel, the Group COO, the Group Head of Internal Audit, the Group Head of HR, KPMG as the Group's external auditors and PwC as the Board's remuneration advisers. Each of these participated in one-to-one interviews with IAL. Further to this process, IAL prepared an evaluation report for the Board which collated feedback from the interview process and other responses.

The summary reports identified a series of themes covering both areas of effectiveness and potential actions and areas for future focus, discussion or development. The summary reports were discussed between IAL and the Board Chair, the Company Secretary, and the relevant Committee Chairs before being distributed to each of the Directors. The Chair invited feedback on key findings in the evaluation reports prior to their finalisation.

The Group's principal operating subsidiaries, L1CL, LUK, LSL and LCM also carried out performance appraisals facilitated by IAL, and each of the subsidiary Chairs was invited to a one-to-one interview with IAL to discuss key themes.

The reports covering the subsidiary boards and relevant Committees, including recommendations, were discussed with the respective subsidiary chairs and have been discussed within the relevant subsidiary boards. Key themes from those subsidiary evaluations were also reported to the LHL Board.

The performance evaluation reports were formally tabled and discussed at meetings of the Nomination Corporate Governance and Sustainability Committee and the Board held in March 2026, led by the Chair, and each of the other Committees discussed the report pertinent to its own operation and performance.

Findings of the evaluation

In summary, in its consideration of the 2025 performance evaluation reports, the Board concluded that the Board and its Committees continue to operate effectively. In particular the reports identified a number of key strengths of the Board and its Committees, including: dynamics and chairing; skills and expertise of Non-Executive Directors, Executive Directors and senior management; effective shareholder and stakeholder engagement; effective Committee structures, chairing and reporting; an open and collaborative Board culture; an effective Group structure and governance; and good company secretariat support.

A number of priorities for the Board in the upcoming year were identified including continued refinements to the Board's oversight of risk, people and culture, and increasing Board discussion on topical areas and focus on longer-term strategy.

A detailed review of the findings will be undertaken and the Board, assisted by the Company Secretary, will develop an action plan to build on and address the recommendations of the evaluation.

The Board will continue to review its procedures, training requirements, effectiveness and development during 2026.

The Chair's performance appraisal was led by the Senior Independent Director, who consulted with the Non-Executive Directors with input from the Executive Directors during August 2025. The Chair was considered to be effective in facilitating decision-making, the oversight of financial and business performance and strategy, Board risk oversight, ensuring an appropriate level of challenge and a culture of constructive discussion.

Following the year end, the Chair met with the Group CEO, and the Group CEO met with the Group CFO and Group CUO, to conduct a performance appraisal in respect of 2025 and to set targets for 2026. The results of these performance evaluations were discussed by the Chair and the Non-Executive Directors and are reported in the Directors' Remuneration Report commencing on page 105.

Corporate governance report *continued*

Relations with shareholders

The Company actively seeks engagement with and feedback from its shareholders. During 2025, the Group's Head of Investor Relations, usually accompanied by one or more of the Group CEO, the Group CUO, the Group CFO, the Chair or a senior member of the underwriting team, engaged in a series of meetings with and presentations to major shareholders, analysts and the investor community. Summary reports of these meetings were provided to the Board on at least a quarterly basis.

Conference calls with shareholders and analysts hosted by senior management are held quarterly following the announcement of the Company's quarterly financial results or trading statements. The Group CEO, Group CUO, Group CFO and Group Chief Investment Officer are generally available to answer questions on these calls.

Shareholders are invited to request meetings with the Chair, the Senior Independent Director and/or the other Non-Executive Directors by contacting the Group Head of Investor Relations. All of the Directors are expected to be available to meet in person or virtually with shareholders at the Company's 2026 AGM.

The Chair of the Remuneration Committee led a shareholder engagement exercise with the Group's largest shareholders regarding the Board's plans for the Executive Directors' Remuneration Policy and plans to refresh the Group's Restricted Share Scheme Rules during the autumn of 2025. Please see page 110 for details.

The Company commissions regular independent shareholder register analysis reports and also receives periodic reports from the Group's Head of Investor Relations on feedback from shareholders and analysts.

The Company's Byelaws are governed by Bermuda company law and subject to approval of shareholders in a general meeting. The Byelaws are available on the Company website. A copy of the Company's Byelaws is also available for inspection at the Company's registered office.

Enterprise Risk Management

The Board is responsible for, and actively monitors, the Group's risk management and internal control systems. The Board considers a range of matters in relation to risk management and internal controls. The Board is responsible for setting the Group's risk appetites, defining its risk tolerances, and actively monitors the Group's risk management and internal control systems, including compliance with risk tolerances. The Group CRO attends all scheduled Board meetings to report to the Board on risk management activities across the Group.

During 2025, the Board received regular reports on the emerging and principal risks affecting the Group's business model, future performance, solvency and liquidity and the operation of internal control systems.

Further discussion of the emerging and principal risks affecting the Group, as well as the procedures in place to identify and manage them, can be found in the ERM section of this report starting on page 28 and in the risk disclosures section starting on page 158. The Group's reporting of climate change risk and its management within the business can be found in the TCFD Report starting on page 50. During the year the Board considered and/or approved:

- the Group's principal and emerging risks;
- the Group Risk Appetite Statements;
- the Enterprise Risk Management Charter and Policy;
- the Group's ORSA;
- the Group's Financial Condition Report; and
- the annual risk management plan

Each of the Committees is responsible for various elements of risk (see the various Committee reports starting on page 86 for further detail). The Group CRO reports directly to the Group and subsidiary boards and facilitates the identification, evaluation, quantification and control of risks at a Group and subsidiary level. The Group CRO provides regular reports to the Group and subsidiary boards covering, amongst other things, actual risk levels against tolerances, emerging risks, loss events and near misses, key risk indicators, and an overview of the control environment (driven by key control testing and control affirmations and supported by internal audit findings). The Board considers that a supportive ERM culture, established at the Board and embedded throughout the business, is of key importance. The facilitating and embedding of ERM and helping the Group to improve its ERM practices are a major responsibility assigned to the Group CRO. The Group CRO's remuneration is subject to annual review by the Remuneration Committee.

Corporate governance report *continued*

Effectiveness of risk management and internal control systems

The Board defines the level of risk the Group is willing to accept in achieving its strategic goals and is responsible for the effectiveness of risk management and control systems. These systems are designed to provide reasonable, not absolute, assurance against material misstatement, loss and fraud.

Controls aim to manage, not eliminate, risks to business objectives, support efficient operations and reporting integrity, and maintain regulatory compliance. Material controls are regularly reviewed for design and operational effectiveness and to seek to ensure compliance with applicable laws and regulations.

In its annual review, the Board considered the Group's key risks, the operation of the risk framework, and the evolving control culture. Following this review, the Board is satisfied that the Company's risk management and internal control systems are effective, with any identified weaknesses addressed through management oversight and action plans. This assessment is supported by the work of the Audit Committee, as detailed further in the Audit Committee report on page 91.

Committees

The Board has established Audit, Investment, Nomination Corporate Governance and Sustainability, Remuneration, and Underwriting and Underwriting Risk Committees. Each of the Committees has written Terms of Reference, which are reviewed regularly and are available on the Company's website. The Committees' Terms of Reference were reviewed by the Board during 2025 and minor changes to the Terms of Reference for the Investment Committee and the Remuneration Committee were agreed during the course of the year. The Committees' Terms of Reference were again considered as part of the 2025 year-end performance evaluation process. The Committees' Terms of Reference are considered to have an appropriate focus and to be aligned with good governance practice. The Committees are generally scheduled to meet quarterly, although additional meetings and information updates are arranged as business requirements dictate. Director attendance at the 2025 Board meetings is set out on pages 71 to 76. Committee attendance is set out at the front of each of the Committee reports.

Corporate governance report *continued*

Section 172

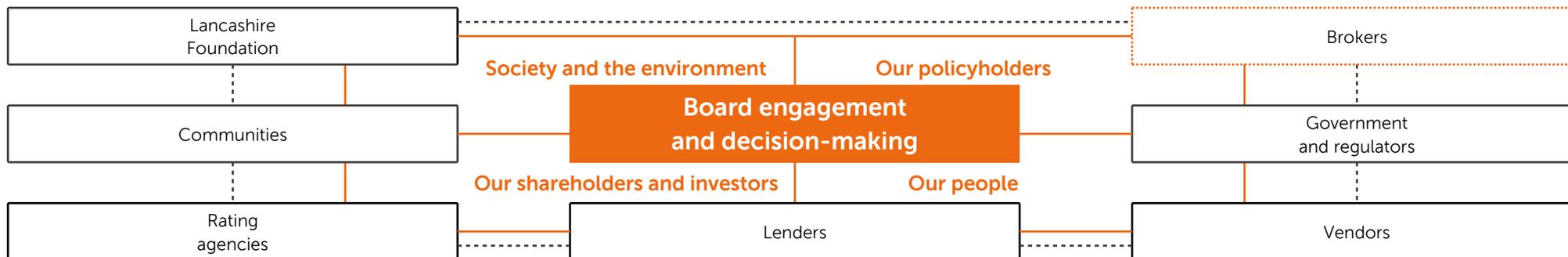
The Code requires formal disclosure around the interests of and engagement with stakeholders, and the duties falling upon boards under Section 172 of the UK Companies Act 2006. Although the Company is incorporated in Bermuda, and is therefore not subject to the UK Companies Act requirements, the Board continues to pay close attention to developments in English law and governance best practice.

In this 2025 Annual Report and Accounts, we give an overview of how both the Board and the business have factored in the needs of our stakeholders in their discussions and decision-making in all areas of performance review, strategy, risk and capital management. This section should be considered together with the rest of this report as the Company's comprehensive summary of its Directors' compliance with their equivalent Section 172 duties.

Section 172(1):	Duty to promote the success of the company, with regard to:	For further details, see:
a	The likely consequences of any decision in the long term;	The Group's statement of purpose – page 11 The Group's business model – page 7 The Group's strategic goal and three priorities: that Underwriting comes first; balancing risk and return through the cycle; operating as an insurance market employer of choice – page 16 Attracting and retaining talent – page 39 The Board's assessment of the Group's viability and prospects as set out in the going concern and viability statement – page 134
b	The interests of the company's employees;	The importance of our people, and the business's focus on Lancashire's values, culture, diversity and inclusion, training and development and workforce engagement – pages 38 to 40
c	The need to foster the company's business relationships with suppliers, customers and others;	Our business depends upon the strong business relationships that we build and maintain with our core and broader stakeholders. All Board members attend the quarterly UURC and, during 2025, gave close consideration to business development opportunities in particular in the US and within Lloyd's, as summarised in the Committee's report – page 100
d	The impact of the company's operations on the community and the environment;	Society and the environment form part of our 'core' set of stakeholders. The Board is engaged with the impact of the Company's operations through its oversight of the Lancashire Foundation, the annual offsetting of our own operations' GHG emissions, and our commitments to report against the UNEP FI Principles for Sustainable Insurance (see our website for details) and reporting against the requirements of the TCFD – pages 50 to 62
e	The desirability of the company maintaining a reputation for high standards of business conduct; and	Through its compliance with the Code, the Company strives to operate in line with high standards of governance expectation and business conduct. A healthy and sustainable corporate culture is embedded throughout the business, which is assessed by the Board through various channels – page 85 The Audit Committee oversees the Group's implementation of whistleblowing arrangements, and other systems and controls for the prevention of fraud, bribery and money laundering – page 92
f	The need to act fairly as between members of the company.	The Board is committed to treating the Company's shareholders fairly, and engaging with them through a broad programme of investor relations activities, meetings (including the AGM), and targeted consultations; be that with our substantial shareholders, the Company's own employees, private individuals, or via shareholder advisory groups. See 'Section 172 responsibilities in focus' regarding the Board's consideration of the balance between underwriting opportunities and the payment of dividends – page 85

Corporate governance report *continued*

Our engagement with stakeholders



Constructive engagement with our diverse stakeholders has been fundamental to delivering sustainable long-term value and meeting our responsibilities for 20 years.

Our approach to stakeholder engagement is guided by our commitment to transparency, accountability, and fostering mutually beneficial relationships. The Board is actively involved in overseeing stakeholder engagement activities and considers their interests in its decision-making processes.

Our shareholders and investors

Why we engage

Engaging with our shareholders and investors is key to building lasting trust as we meet our strategic goals.

By fostering open communication, we demonstrate our commitment to transparency, strong capital management, and sustainable business operations.

Our long-term vision is guided by responding effectively to market trends and challenges.

How we engage

Our management team hosts investor roadshows and attends industry conferences to provide updates and gather investor insights.

An Investor Event was held in our London office in December, including an update on the Company's strategy, underwriting priorities, and capital management.

Our dedicated investor section on our website offers easy access to performance data, and investors have regular opportunities to provide feedback through one-on-one engagement sessions.

We address feedback promptly and value shareholder perspectives.

Our people

Why we engage

With more than 440 employees across our Group, our people drive our performance and the culture that sets us apart.

Engagement is crucial to retaining and attracting top talent and fostering an environment in which everyone feels valued, empowered, and motivated.

We believe that listening to our team and supporting their wellbeing leads directly to better business outcomes.

How we engage

Our Group CEO holds quarterly town hall meetings, sharing updates on financial results, strategy, and organisational milestones.

Non-Executive Directors participate in these sessions to discuss governance and Board activities, encouraging transparency and a sense of shared purpose. Written communications from senior leadership seek to ensure all staff are informed about new developments, strategic activities, and achievements.

Corporate governance report *continued*

To commemorate the Company's 20th anniversary, a celebratory event was held for all employees with sessions on Group strategy, the work of the Lancashire Foundation, and networking opportunities that spanned departments and regions.

Throughout the year, informal gatherings, such as social evenings, further foster camaraderie and open dialogue.

The 2025 staff engagement survey covered a wide range of themes, including workplace culture, leadership effectiveness, and opportunities for career advancement.

Results were analysed and shared with employees. Each employee has an annual review with their manager, discussing performance, development goals, and any training plans.

To promote continuous learning, the Lancashire Employee Network curates events featuring guest speakers, skills workshops, and peer-led sessions to help staff broaden their expertise and embrace new perspectives.

Brokers

Why we engage

Brokers play a fundamental role in connecting us with customers, markets, and industry trends.

Their expertise helps us ensure our products meet clients' evolving needs and broaden our reach in competitive markets.

How we engage

The expertise of our people adds value to our discussions with broker partners, and we always look for new ways to further strengthen and enhance our relationships.

Our teams attend a wide range of industry events and conferences each year, a number of which are sponsored by Lancashire as part of our marketing activities, to discuss our products and capabilities.

We market our products through a number of channels including our Company website and at face-to-face events.

Broker engagement is led by our Executive Directors who regularly meet with our trading partners.

Society and the environment

Why we engage

We are committed to making a positive contribution to society as a responsible business.

Engaging with local communities helps us align our work with wider social goals and sustainability principles, helping to ensure our impact reflects our values.

How we engage

Community engagement is facilitated through the Lancashire Foundation, which supports charitable organisations and offers volunteering opportunities for employees.

We participate in local outreach programmes, sponsor events, and encourage staff to contribute time and expertise to causes they care about.

On the environmental front, we monitor our carbon emissions, embrace energy-efficient technologies, and work with partners to promote responsible sourcing and waste reduction.

Our annual sustainability reports – the Annual Report and Accounts and ClimateWise reporting – outline our progress and feedback from stakeholders guides future disclosures and improvements.

Corporate governance report *continued*

Section 172 responsibilities in focus

Dividend payments and capital requirements

Relevant stakeholders

Our shareholders	Our people
Our policyholders	Government and regulators

Criteria considered



In 2025, Lancashire continued to hold a strong capital position and, given the Group's strong returns during the year, paid a combination of ordinary and special dividends totaling \$1.225 per common share or \$296.5 million in aggregate.

The Board takes a proactive approach to capital management and, as had been announced in 2024, increased the Company's usual ordinary dividends by 50% paying interim and final dividends of \$0.075 and \$0.15, respectively. Additionally, the special dividends paid during 2025 amounted to another \$1.00 per share.

The Board actively debates how best to deploy the Company's capital and considers returning capital when there is excess for business purposes.

During 2025, the Board discussed the capital requirements of the business aligned to the current and expected future underwriting conditions and rating environment. The Board also considered the requirements for capital held in light of the Group's regulatory capital requirements and with regard to the market credit rating agency models.

Please see the Director's report on page 131 for information on dividends paid during 2025 and a summary of the Group's dividend policy.

Acquisition of underwriting capacity in Syndicate 2010

Relevant stakeholders

Our shareholders	Brokers
Our policyholders	Our people
	Government and regulators

Criteria considered



Following the 2024 Lloyd's Capacity Auctions, Lancashire (through Cathedral Capital (1998) Limited) held more than 75% of the allocated capacity for Syndicate 2010.

Under Lloyd's Byelaws, Lancashire was required to make a mandatory offer to the remaining members to acquire all of the unaligned capacity for 2026 and following years.

Following that offer, Lancashire owned 99.4% of the capacity and an application was made to Lloyd's for permission to effect a minority buy-out in respect of the remaining capacity.

The Lloyd's Capacity Transfer Panel approved the minority buy-out application on 26 September 2025.

The Board discussed and approved this strategic move, which enhances the Company's control and flexibility at Lloyd's and across all the Group's underwriting platforms. This successful project demonstrates the Group's ability to deploy capital opportunistically, without compromising near-term earnings or the ability to pay a dividend. The full ownership of both syndicates at Lloyd's is expected to afford future opportunities for the Group's Lloyd's and UK structures and governance both in the areas of underwriting and reinsurance purchasing. These potential changes are expected to afford greater capital efficiency and a range of other benefits.

2025 employee survey and engagement and culture

Relevant stakeholders

Our people	Society and the environment
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Criteria considered



The Lancashire Board values its engagement with the Group's employees and receives reports, through the Nomination Corporate Governance and Sustainability Committee, on various initiatives to maintain a strong and vibrant culture.

During 2025, all employees were invited to take part in a survey to offer their feedback and experiences of working at Lancashire. The Committee was provided with a summary of the employee engagement survey outcomes, including the high participation rate at 84%.

Based on Glint (the survey provider) standards for financial services, a participation level of 60% or above is considered good and above 75% is considered excellent.

Outcomes from the Lloyd's Culture Survey are also shared with the LSL and LHL Boards. Lancashire Syndicates employees participate in this survey, with positive results.

During the year, the Board received reports on succession planning across the Group and discussed the adequacy of related plans for development of key employees. The Board also discussed evolving UK disclosure requirements relating to culture and inclusion.

Committee reports

Audit Committee

"During 2025, the Committee has continued to maintain its focus on overseeing and challenging key areas of accounting judgement, the effectiveness of the Group's internal control framework and the accuracy and balance of the Group's financial reporting. We seek to provide a forum for discussion and challenge in which information can be presented and explained with the benefit of input from members of management, our auditors and other experts.

We also continued to respond to the changing regulatory and corporate governance landscape, building on our existing control frameworks and good practice. In addition, the running of the tender process for our external audit services was a significant work area for the Committee, the results of which are described more fully later in this report."

Sally Williams

Chair of the Audit Committee



Committee membership

The Audit Committee comprises five independent Non-Executive Directors and is chaired by Sally Williams. The qualifications for each of the Committee members are detailed on pages 71 to 76. The Committee members bring a diverse range of experience in accounting, finance, risk management, and business, with experience in the property, casualty and specialty insurance and reinsurance sectors. The Board has confirmed that the members of the Committee and the Committee Chair have the necessary expertise to provide effective challenge to management.

The Group's internal and external auditors have the right of direct access to both the management team and the Audit Committee. The Audit Committee's detailed Terms of Reference are available on the Group's website.

Committee members	Meetings attended
Sally Williams (Chair)	4/4
Jack Gressier	4/4
Bryan Joseph	4/4
Robert Lusardi ¹	2/2
Nathalie Rachou ²	3/3
Linda Ventresca	4/4

1. Robert Lusardi stepped down as a Committee member following the AGM on 30 April 2025.
2. Nathalie Rachou became a Committee member on 5 March 2025.

Principal responsibilities of the Committee

- Monitoring and reviewing significant accounting judgements;
- Monitoring the integrity of financial and narrative reporting including recommending to the Board if this reporting is fair, balanced and understandable;
- Reviewing the independence and effectiveness of Group internal audit;
- Overseeing the appointment, reappointment, remuneration, independence and effectiveness of the external auditor;
- Recommending the appointment of the external auditor and the approval of their fees;
- Overseeing the effectiveness of the Group's risk management systems and internal controls; and
- Monitoring compliance, whistleblowing and speaking up mechanisms for financial irregularities, together with risk and fraud.

Specific details of the Committee's responsibilities and activities in these principal areas during the year are set out in the table on the following pages.

Committee reports *continued*

Summary of key areas of Audit Committee challenge

Significant areas of judgement and estimation

An annual paper is presented by management to the Committee that details the areas of judgement and estimation in the preparation of the consolidated financial statements. This is scrutinised and challenged by the Committee. Key areas of judgement and estimation challenged by the Committee during the year are discussed below.

Measurement of insurance contracts issued and reinsurance contracts held

The most significant area of judgement and estimation considered by the Committee during 2025 related to the Group's measurement of insurance contracts issued and reinsurance contracts held. These are recognised on the statement of financial position as 'insurance contract liabilities' and 'reinsurance contract assets'. As a result of the judgemental nature of these balances, changes in assumptions made may materially change the fulfilment cashflows within these balances. The estimation of the fulfilment cashflows is a complex actuarial process which incorporates a significant amount of judgement, in particular in relation to the estimation of the liability for incurred claims and the asset for incurred claims (i.e. the gross and net loss reserves).

The Committee's primary areas of focus and challenge relates to the adequacy of these gross and net loss reserves. The Committee held regular sessions with the Group Chief Actuary and the Group Head of Claims during the year to discuss reserving and claims developments. This included a close focus on the Group's gross and net of reinsurance exposures to significant loss events, which during 2025 included the California wildfire loss events in January 2025. The Committee also considered developments in aviation (re)insurance reserves in respect of aircraft impacted by the Russia Ukraine conflict and developing case law with regard to issues of fact and policy coverage.

The Committee also received independent estimates of the Group's loss reserves from an external actuary and compared these third-party estimates to those of the Group at its second and fourth quarter Audit Committee meetings.

During the year, the Committee discussed and challenged:

- reserving for loss events which occurred during the year, together with reserve developments in respect of prior year losses across the Group's entities;
- the impact of inflation on the Group's approach to reserving and related assumptions;
- the IFRS 17 risk adjustment maintained within insurance contract liabilities above the established actuarial best estimate; and
- the IFRS 17 confidence level for the Group's reserves.

KPMG conducted a detailed re-projection of the Group's attritional loss reserves and an independent assessment of large and catastrophe losses as part of the annual financial statement audit.

Having reviewed and challenged these areas, the Committee concurred with management's valuation of the Group's loss reserves and the relevant disclosures in respect of loss reserving and the related assumptions within the Group's consolidated financial statements.

Risk culture and controls

Other key areas of review and challenge by the Committee were over the effectiveness of the Group's control environment; the continued integrity of external financial reporting; and the oversight of corporate and risk culture through the reporting of the internal audit and risk management functions. The Committee seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risks to be identified, assessed and managed. The Committee oversaw the development of enhancements to the internal control framework to align with the new UK Corporate Governance Code provisions.

FRC's Audit Committees and the External Audit: Minimum Standard

The FRC issued this standard in 2023, and it became effective in January 2025. The Audit Committee had previously considered this standard and received a report on how the Committee addresses the requirements within it. The Committee continues to monitor compliance with these standards and is satisfied that they have been met.

Going concern basis of accounting and longer-term viability

The Audit Committee reviewed and challenged the going concern assessment prepared by management at both the August 2025 and March 2026 meetings, with particular consideration of capital management, the current underwriting and loss environment, the composition and liquidity of the investment portfolio, long-term debt financing arrangements, strategic and financial forecasts over the business planning horizon, and stress and scenario testing (including climate change risk scenarios). These factors are also relevant in providing assurance to the Board on the longer-term viability of the Group's business strategy.

Having reviewed and challenged these areas, the Committee concurred with management's going concern assessment, together with the relevant disclosures in respect of going concern and longer-term viability within the Group's consolidated financial statements.

Committee reports *continued*

How the Committee discharged its responsibilities

Financial and narrative reporting

Committee responsibility	Committee activities
<p>Monitors the integrity of the Group's consolidated financial statements, including its annual and half-yearly reports, annual reporting arising under applicable supervisory rules, interim management statements, and any other formal statements relating to the Group's financial performance.</p> <p>Reviews and reports to the Board on significant financial reporting issues and judgements contained in the consolidated financial statements.</p>	<p>At each meeting, the Committee reviewed the Group's financial accounts, including the annual consolidated financial statements, as well as the Annual Report and Accounts, and other public financial disclosures for the purpose of recommending their approval by the Board. The Group's annual regulatory reports, prepared in accordance with the BMA's reporting requirements, were reviewed in April 2025 at the Audit Committee meeting prior to their recommendation to the Board for approval. The Committee also monitored the activities of the Group's Disclosure Committee and reviewed the Group's financial releases and accompanying earnings call investor presentations.</p> <p>During 2025, the Committee received, discussed and challenged regular and ad hoc reports and presentations from management in the following areas:</p> <ul style="list-style-type: none"> • Loss reserving, and developments to the Group's reserving process (see the Summary of key areas of Audit Committee challenge section above). • Developments in accounting and financial reporting requirements impacting the consolidated financial statements (including related party transactions). • The suitability and methodology for the Group's APMs. • The wider activities of the finance team. • The 2025 assessment of the Group's ability to continue as a going concern and the longer-term viability of the business. • Consideration of reports from management concerning the dividend proposals to the Board during 2025 and compliance with Bermuda law and regulatory requirements. • Key risk and controls including those relating to information security as part of regular risk controls reporting, together with quarterly confirmatory compliance statements from the Group's legal and compliance function. • The activities of LHL's subsidiary companies' boards and audit committees. • Reports from the external auditors and discussion with them, covering audit planning, the results of the external auditor assessment of key financial statement judgements and estimates, control testing, misstatements identified and other audit and accounting matters. <p>The Audit Committee continued its practice of holding closed sessions with the Group CFO, the Group Head of Internal Audit, the Group Chief Actuary and the External Auditor without management present.</p>
<p>Reviews the content of the Annual Report and Accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.</p>	<p>The Committee reviewed drafts of the 2025 Annual Report and Accounts in order to provide input and challenge of its key themes and messages. Ahead of their presentation to the Committee, a thorough review process of the Annual Report and Accounts was conducted to help ensure disclosures were balanced, accurate and consistent with the expectations of the Committee. The Committee carefully reviewed the Group's performance and reporting in light of the principal and emerging risks. The Committee carefully reviewed the clarity of the Group's financial statement disclosures made in accordance with applicable accounting standards, and relating to APMs, including consideration of the overall presentation of APMs to ensure that they are properly explained, reconciled and not given undue prominence. The Committee reviewed the final draft of the 2025 Annual Report and Accounts at the March 2026 Audit Committee meeting, together with the external auditor's report. The Committee advised the Board that, in its view, the 2025 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.</p>

Committee reports *continued*

External audit oversight

Committee responsibility

Oversees the relationship with the Group's external auditors, approves their remuneration and terms of engagement, and assesses annually their independence and objectivity, taking into account relevant legal, regulatory and professional requirements, together with the Group's relationship with the external auditors as a whole. This includes an annual assessment of the qualifications, expertise and resources, and independence of the external auditors and the effectiveness of the external audit process.

The development and implementation of a formal policy on the provision of non-audit services by the external auditors, taking into consideration any threats to the independence and objectivity of the external auditors.

Committee activities

The Committee considered the scope, focus and delivery of the annual external audit plan, and whether KPMG applied appropriate professional scepticism to key accounting judgements such as loss reserving. KPMG's work included a detailed re-projection of the Group's loss reserves, and the Committee discussed with KPMG their work during the course of the year and was satisfied that their work afforded appropriate challenge and professional scepticism. Following its review, the Committee approved the scope of the external audit plan. Throughout 2025, the Committee received regular reports from the external auditors, including regular assessments of the progress and effective delivery of the audit compared to the plan. KPMG's terms, scope of engagement and fees were discussed, challenged and subsequently approved by the Committee during the year.

Following the 2024 year-end audit, the Committee performed an assessment led by the Committee Chair, of the effectiveness of the external audit process. The evaluation focused on the following areas: independence, professional scepticism and culture; the quality of audit expertise; auditor quality control; audit planning; and audit performance and evaluation. The assessment was discussed at the April 2025 Audit Committee meeting. The process identified a number of potential areas for enhancement that were factored into the audit planning process for 2025. Overall, the Committee was able to conclude that the external audit process was operating effectively, both with respect to the service provided by KPMG and management's continued support of the audit process.

The Committee reviewed a letter from the external auditor to the management team, setting out certain findings and recommendations in respect of the control environment observed during the 2024 audit, together with management responses in each area identified.

The Committee reviewed the independence of the external auditors at the half-year and year-end meetings, taking into account any non-audit services provided and related fee arrangements. The Committee concluded that KPMG remained independent.

Pursuant to its annual review process, the Committee received a recommendation from management and approved a revised non-audit services policy in April 2025. The policy stipulates the approvals required for various types of non-audit services that may be provided by the external auditors, as well as those from which the external auditors are excluded, and is made available on the Group's website. During 2025, KPMG provided \$0.7 million of non-audit services to the Group relating to the half-year reporting review, and PRA Solvency II and Lloyd's regulatory returns. The Committee considered the nature of the non-audit services provided, the suitability of KPMG as the supplier of the non-audit services, and the level of fees charged, and has determined that they do not affect the independence and objectivity of KPMG as external auditors.

Committee reports *continued***Committee responsibility**

Makes a recommendation to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Group's external auditors.

Committee activities

The 2025 financial year was the ninth financial year in which KPMG acted as the Group's external auditor. The incumbent lead audit partner is Salim Tharani, who assumed this role in February 2022 and has now completed four full years as the designated KPMG lead audit partner. The Committee and the Board are recommending the re-appointment of KPMG as external auditor at the 2026 AGM for the 2026 financial year.

The external audit fee arrangements across the Group were agreed after discussion between the Committee, management, and KPMG.

The Committee monitored the developing regulatory landscape relating to the corporate governance, delivery and conduct of the external audit. The Committee received a report detailing the Company's compliance with the FRC's Audit Committees and External Audit: Minimum Standard.

External audit tender process

The Group observes the tendering and rotation requirements set out within The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as issued by the CMA. As proposed within the Group's 2024 Annual Report and Accounts, during 2025 the Group conducted a mandatory tender process for its external audit services for the 2027 financial year (ending 31 December 2027) since KPMG will have been the Group's external auditor for a period of ten years following the conclusion of the 2026 financial year's audit. The tender process was lead by the Committee, with support provided by senior management and the wider business as required, and was conducted in accordance with the requirements of Audit Committees and the External Audit: Minimum Standard, as issued by the FRC.

The key activities within the tender process were:

1 January 2025 to 31 March 2025: Six prospective audit firms were invited to participate in the tender process. Two of these firm's were 'challenger' firms, defined by the FRC in this context as audit firms other than the four largest audit firms. The two 'challenger' firms declined to participate in the process, and the reasoning for their decisions was understood and accepted by the Committee. A RFI document was shared with the remaining firms, with its requirements focused on relevant industry experience, audit quality (as evidenced primarily by the results of recent inspections from relevant audit regulatory bodies, including the FRC), independence (particularly for the non-incumbent firms), the assessment of audit risk, and the firms' proposed audit approach. The requirements of this RFI document, together with an overall approach and timetable for the tender process, had previously been agreed with the Committee at the meeting held on 4 November 2024.

1 April 2025 to 30 June 2025: Information and access to both management and those charged within governance was made available to all participating firms. RFI responses were received by the firms by the end of June. Members of the Committee, with support from the senior management team where required, reviewed the RFI submissions, and assessed these together with the firm's wider performance against the RFI requirements previously set. As a result of this assessment, one of the firms was stood down from the process.

1 July 2025 to 30 September 2025: A RFP document was shared with the remaining firms in August, with its requirements focused on understanding the Group's business and the associated risks, accounting treatment and audit approach case studies, the use of technology and artificial intelligence, and timetable and transition. Further information and access to management and those charged with governance was also provided.

1 October 2025 to 31 December 2025: RFP responses were submitted by the participating firms in early October, and final presentations were made to the Committee prior to the end of October. At the meeting on 3 November 2025, the Committee concluded the tender process by assessing and documenting the various firms' RFP response documents and presentations against the requirements previously set. This resulted in two possible firms and a recommendation by the Committee to the Board for the appointment of EY as the Group's external auditor for the year ending 31 December 2027. The key elements supporting the recommendation to appoint EY were a strong team, including specialists, which demonstrated knowledge of the Group's risks and operations, and their proposed audit approach throughout the process. This recommendation was accepted and approved by the Board at the meeting on 4 November 2025, subject to the approval of shareholders at the AGM to be held in 2027.

Committee reports *continued*

Internal audit oversight

Committee responsibility

Monitors and assesses the role and effectiveness of the Group's internal audit function in the overall context of the Group's risk management systems, ensuring it has no restriction over setting their scope, and the necessary resources and access to information to enable it to fulfil its mandate in accordance with appropriate professional standards.

Committee activities

The Group's internal audit function reports directly to the Committee. At the beginning of 2025, the Committee reviewed and approved a 2025-2027 strategy for the internal audit function, tabled by the Group Head of Internal Audit, which supports the strategic objectives and success of the Group and aligns with the expectations of the Board, senior management, and other key stakeholders. Throughout 2025, the Committee reviewed the delivery of the strategic priorities agreed for the year.

In November 2025, the Group Head of Internal Audit presented the 2026 Group internal audit plan to the Committee for review, discussion and approval. The internal audit plan adopts a risk-weighted approach and considers current and emerging risks which impact the business, articulates the audit universe for the Group, sets out proposed work aligned with the Group's audit cycle and addresses specific area identified by management and Board for focus or to address regulatory requirements. The Committee received reports from the Group Head of Internal Audit summarising the status of the internal audit plan; findings from internal audits conducted in the period; and the status of actions taken by management to implement recommendations arising. The internal audit programme also covers the assessment of the Group's culture, including risk culture, for each audit undertaken. An overall summary of observations identified in respect of the Group's culture is presented to the Committee and discussed in both open and closed Committee sessions.

The Committee reviewed and approved the Internal Audit Charter, which can be viewed on the Group's website.

The Committee approved the objectives, the performance review and the succession plan for the Group Head of Internal Audit.

The Chair of the Committee undertook an annual review of the effectiveness of the internal audit function and its activities. At its March 2026 meeting, the Committee discussed the report and its findings and concluded that the internal audit function had operated effectively in the overall context of the Group's risk management systems, has appropriate standing and priority within the Group, and that the Group Head of Internal Audit has the appropriate reporting lines to maintain independence.

Internal controls and risk management systems

Committee responsibility

Reviews the adequacy and effectiveness of the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems. Reviews and approves the statements to be included within the Annual Report and Accounts concerning internal control, risk management, including the assessment of principal and emerging risks, and the statements regarding going concern and viability.

Committee activities

The Board has ultimate responsibility for ensuring the maintenance of a robust framework of internal control and risk management systems across the Group and has delegated the monitoring and review of these systems to the Committee. The Committee reviewed and challenged the Group's control environment, in the light of regular quarterly reporting from the Group CRO, the finance department and the legal and compliance function and half-yearly reporting from an external actuary on the adequacy of loss reserving. The Committee discussed and challenged the results of the risk and control affirmation review and testing work performed and the ongoing effective operation of key controls.

At each meeting the Committee was presented with a report from the Group Head of Internal Audit, and reviewed findings relating to the control environment and management responses. The Committee received an annual report from the Group CRO concerning her assessment of the adequacy of risk management and internal controls and an update on control enhancements made during the year. In addition, the Committee received from the Group Head of Internal Audit an annual assessment of the effectiveness of the Group's governance, risk and control framework for discussion, together with an analysis of themes and trends from the internal audit work performed and their impact on the Group's risk profile. The Group Head of Internal Audit considered management's fraud risk assessment as part of this work. Fraud risk and the associated controls were, otherwise, ordinarily considered by the Group internal audit function as part of the planning phase for each audit conducted. During this review, the Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken, and progress is monitored by the Committee. Whilst controls aim to manage risk, ensure reporting integrity, and maintain regulatory compliance, they cannot eliminate risk entirely. Notwithstanding, as a result of this work the Committee and the Board were satisfied with the effectiveness of the Group's internal controls, including operational and compliance controls and controls over financial reporting. The Committee assisted the Board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the Group, as more fully described in the Directors' Report on page 134.

The Audit Committee considered the suitability of its Terms of Reference and the effectiveness of its operation and the suitability of its composition during 2025 facilitated by the firm of IAL (see page 79 for further details). The Audit Committee is considered to have operated effectively and to have appropriate membership and skills. The Audit Committee's Terms of Reference are considered to be aligned with good governance practice.

Committee reports *continued*

Compliance, speaking up and fraud

Committee responsibility

Reviews for adequacy and security the Group's compliance, speaking up and fraud controls.

Committee activities

The Committee conducted an annual effectiveness review of the Group's policies and procedures relevant to financial controls and recommended the adoption by the Board of updated policies and procedures in respect of:

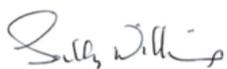
- anti-money laundering;
- the prevention of bribery and financial crime (including the detection of fraud);
- conflicts of interest;
- whistleblowing arrangements; and
- sanctions monitoring.

The operation of the controls that are documented in these policies and procedures are reported to the Committee on a quarterly basis in the form of confirmatory compliance statements from the Group's legal and compliance function, members of which include the Group's Money Laundering Reporting Officers and Group Data Protection Officer. The Committee also keeps under review the adequacy and effectiveness of the Group's legal and compliance function and receives regular updates on compliance training delivered to employees across the Group.

The Group's whistleblowing policy and procedures provide an internal mechanism for the reporting, investigation and remediation of any workplace wrongdoing, with arrangements in place that allow for the independent investigation of such matters and appropriate follow-up action. A whistleblowing champion has been appointed to each of the Group's principal operating subsidiaries, with the Chair of the Audit Committee serving as the Group-level champion. The champions have responsibility for overseeing the integrity, independence and effectiveness of the Group's policies and procedures on whistleblowing. During 2025, the Audit Committee appointed 'SafeCall' to receive whistleblowing reports on an anonymised basis, and procedural changes were made to facilitate this. The Group places a high priority on employees' awareness and understanding of this process to enable them to speak out with confidence when appropriate.

Priorities for 2026

- Maintain the focus on the Group's risk and control framework, the operation of the business's financial reporting systems and the integrity of external financial reporting; and
- To oversee the period of transition in the Group's external audit services in advance of the 2027 year-end audit.



Sally Williams
Chair of the Audit Committee

4 March 2026

Committee reports *continued*

Nomination Corporate Governance and Sustainability Committee

"As Lancashire marked its 20th anniversary in 2025, the Committee focused closely on the implications of growth and change within the business on company culture. With fewer than 500 employees across the Group, the Committee is able to gain strong insights into the operation of the business and its people. The performance of the Group during 2025 is testament to the high levels of engagement and professionalism of its people, and the excellent sense of purpose which is part of the DNA of the business."

Philip Broadley

Chair of the Nomination Corporate Governance and Sustainability Committee

Committee membership

The majority of the Nomination Corporate Governance and Sustainability Committee members are independent Non-Executive Directors. The Committee Chair is Philip Broadley, who is also the Chair of the Board.

Committee members	Meetings attended
Philip Broadley (Chair)	4/4
Michael Dawson ¹	2/2
Sally Williams	4/4
Bryan Joseph ²	2/2
Irene McDermott Brown	4/4

1. Michael Dawson resigned from the Committee on 30 April 2025.
2. Bryan Joseph joined the Committee on 30 April 2025.

Principal responsibilities of the Committee

- Reviews the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and oversees Board engagement with the workforce;
- Considers succession planning for the Directors and other senior executives;
- Nominates candidates to fill Board vacancies;
- Makes recommendations to the Board concerning Non-Executive Director independence, membership of Committees, suitable candidates for the role of Senior Independent Director, and the re-election of Directors by shareholders;
- Reviews the Company's corporate governance arrangements and compliance with the Code;
- Monitors and makes recommendations to the Board regarding the environmental, social and governance responsibilities of the Company; and
- Makes recommendations to the Board concerning the charitable and corporate social responsibility activities of the Company and donations to the Lancashire Foundation.



Committee reports *continued*

How the Committee discharged its responsibilities

Committee responsibility	Committee activities
Board and Committee succession, independence, composition and effectiveness	<p>The Committee continued to focus on Board succession and skills planning over the year and monitored the diversity of the Board members.</p> <p>Nathalie Rachou was appointed to the Audit and Investment Committees on 5 March 2025 and as Chair of the Investment Committee following Robert Lusardi's resignation from that role on 30 April 2025.</p> <p>Linda Ventresca was appointed to the Remuneration Committee on 5 March 2025.</p> <p>Bob Cox and Matthew Narbett were appointed to the Underwriting and Underwriting Risk Committee on 5 March 2025.</p> <p>Bryan Joseph was appointed to the Nomination Corporate Governance and Sustainability Committee on 30 April 2025.</p> <p>Irene McDermott Brown was appointed as the Board's Senior Independent Director with effect from 30 April 2025. Please see page 77 for more information regarding Board composition and appointments during 2025.</p> <p>The Committee reviewed the composition of the Board at its November 2025 meeting, and considered that the balance of skills, knowledge, independence, experience and diversity continues to be appropriate for the Group's business to meet its strategic objectives. The Committee noted in its discussions that the Board had met its Parker review objective for the Board of having at least one director from a minority ethnic background. The Committee also noted that the gender balance of the Board has improved, and at the year end female membership of the Board stands at slightly over 45%.</p> <p>The process for the externally facilitated year-end review of the effectiveness of the Board, the Committees and each of the Directors, was overseen by the Committee. See page 79 for a summary of the process and conclusions.</p> <p>In accordance with the provisions of the Code, all of the Directors are subject to annual (re)election by shareholders. See pages 77 and 78 for a summary of the Committee's work regarding the independence and (re)election of Directors.</p> <p>The Group's fit and proper policy for Board appointments was reviewed and approved.</p>
UK Corporate Governance Code compliance	The Committee keeps under review the Company's corporate governance arrangements, particularly the Company's compliance with the Code. The Committee reviewed the company secretariat's checklist record of the Company's compliance with the Code on a quarterly basis.
Governance documentation	Each Committee considered its Terms of Reference as part of the 2024 year-end evaluation process and has recently completed a similar exercise as part of the 2025 evaluation. The Committee recommended to the Board during the year minor changes to the Terms of Reference for the Remuneration Committee and the Investment Committee. The Committee also concluded that all Terms of Reference for the Committees were fit for purpose. In August 2025, the Committee reviewed and recommended to the Board minor revisions to both the Board's Schedule of Reserved Matters and to the document describing the division of responsibilities between the Group CEO and the Chair.
Management and staff appointments and succession planning	In November 2025, the Committee reviewed and recommended the approval and adoption by the Board of the Group's management succession plan and talent management and development programme for senior management. The Committee engaged with Nicola Nairn, the Group Head of HR and discussed with her the training and development proposals for a number of key employees across the Group, as part of the succession planning process, with due regard to the skills, experience and benefits of a diverse pipeline of talent.
Workforce engagement	<p>With regard to its arrangements for workforce engagement the Board does not use the suggested methods set out in the Code, but an alternative arrangement involving the designation of Non-Executive Directors on a rotating basis. The Committee discussed the outcomes of a detailed employee survey conducted in the Autumn.</p> <p>The Committee considered the methods and tools for workforce engagement at its November 2025 meeting and discussed arrangements for workforce engagement during 2026. The Committee, and the Board, consider that the mechanisms for workforce engagement and feedback have an appropriately high profile and, in turn, inform debate within the relevant Committees, the Board and the wider Group. Please see page 85 for more information on workforce engagement.</p>
Legal, regulatory and governance developments reform	Developments in the areas of law, regulation and guidance relevant to the Group and its operation were reported and discussed. Topics covered included developments in UK corporate reporting requirements for UK-listed entities, developments in audit market practice and guidance, UK guidance with regard to ethnicity pay data and developments in ESG regulation and practice.

Committee reports *continued*

Committee responsibility	Committee activities
Subsidiary boards	The Committee and Board monitored the composition of the Group's subsidiary boards, including appointments and other changes. At its November 2025 meeting the Committee discussed succession plans for the role of Non-Executive Director and Chair of the LICL board, the Group's Bermuda-based operating subsidiary. Beverley Todd will retire from that role following the 2025 year end and upon the Committee's recommendation, the Board approved a proposal for Bob Cox to join the LICL board and to become its Chair in March 2026.
Sustainability	
Sustainability and ESG strategy and reporting	Regular reports were received from Jelena Bjelanovic as Chair of the management ESG Committee regarding the current and developing ESG regulatory landscape as well as the Group's progress in these areas. The Committee has continued to monitor developments in the area of the Group's ESG responsibilities, including climate change risk management, data collection and reporting within the business. At its November 2025 meeting, the Committee recommended to the Board for approval changes to the Group's ESG strategy and framework.
Environment	
Climate change risk and opportunity and nature-related risk	Developments in the areas of environmental sustainability and climate change, and the management of related risks and opportunities, were periodically reviewed. The Committee and Board reviewed and ratified the Group's 2025 ClimateWise submission. For more information on these matters, please see the 2025 TCFD report starting on page 50.
Social responsibility	
Diversity, equity and inclusion	For data regarding the gender and ethnicity of the Board and executive management, please refer to page 41. The Committee recommended approval of an updated Board diversity policy, which is posted on the Company's website, and covers the Board and each of its Committees. The Committee was pleased that during 2025, the Board continued to meet its Board-level Parker review objective for minority ethnic representation. The Committee discussed with the Group Head of HR options for the adoption of a Parker Review ethnicity target for the executive management group and its reports and will revisit this matter depending on anticipated developments in UK reporting practice. At its November 2025 meeting the Committee received an update from management on the Group's gender pay gap data and discussed areas for focus and action, including ongoing workforce communication.
The Lancashire Foundation	The Committee is responsible for monitoring and making recommendations to the Board in relation to the Company's charitable giving policy and the operation of, and reporting requirements for, the Lancashire Foundation. During 2025, the Committee received a report from the Foundation, including its objectives, governance and approach to funding for 2026 and beyond, alongside its investment strategy, donations policy and charitable activities, as well as the ways in which the Foundation engages employees throughout the Group with its work and initiatives. The Committee made a recommendation to the Board that the Company donate to the Foundation 0.75% of full-year Group profits (subject to a cap of \$750,000 and a \$250,000 collar), conditional on the determination of financial performance for the full year. For more information regarding the work of the Lancashire Foundation, please see pages 47 to 49.
UK Modern Slavery Act 2015 and human rights	During 2025, the Committee recommended the approval by the Board of an updated Group anti-slavery and human trafficking statement which was amended to include reference to the Group Human Rights Statement. Both statements are posted on the Company's website.

Priorities for 2026

- To continue to ensure that the Company is able to effectively discharge its governance responsibilities and to adapt, monitor and report its compliance with the 2024 UK Corporate Governance Code;
- To support management in the further development of the talent pipeline and training and retention tools within the business;
- To review developments with regards to the Company's sustainability and ESG activities, including management of climate change risk and opportunity; and
- To monitor the Company's progress on diversity and to consider appropriate objectives as part of its oversight of succession planning.

Committee reports *continued*

Investment Committee

"The Committee continues to oversee the delivery by our management team of the Group's investment strategy. The growth and greater diversification of the Group's underwriting over recent years has led to a larger pool of insurance and reinsurance reserves, and a correspondingly larger investment portfolio, which exceeded \$3.0 billion during 2025. Although the Group's strategy remains relatively conservative, as in previous years, the recent higher yield environment has boosted the contribution of the Group's investments to returns and as a proportion of overall Group profitability."

Nathalie Rachou

Chair of the Investment Committee



Committee membership

The Terms of Reference of the Investment Committee provide that the Committee shall comprise at least two Non-Executive Directors (one of whom may be the Chair of the Board) and the Group CFO and/or the Group CIO. Any Executive Director may also serve on the Committee.

At the end of 2025, the Investment Committee comprises two independent Non-Executive Directors, the Chair of the Board, one Executive Director (the Group CFO) and the Group CIO (who is not a Director).

Committee members	Meetings attended
Nathalie Rachou (Chair) ¹	4/4
Robert Lusardi (former Chair) ²	2/2
Philip Broadley	4/4
Natalie Kershaw	4/4
Denise O'Donoghue	4/4
Linda Ventresca	4/4

1. Nathalie Rachou assumed the role of Chair of the Investment Committee at the conclusion of the AGM on 30 April 2025.

2. Robert Lusardi resigned from the Committee and as its Chair on 30 April 2025.

Principal responsibilities of the Committee

- Monitors the performance of investment strategies and investment managers with reference to the agreed guidelines and risk frameworks;
- Reviews investment strategies, guidelines and policies proposed by management and recommends such to the Board and other Group entities to approve;
- Recommends and sets risk asset definitions and investment risk tolerance levels as proposed by management;
- Recommends to the relevant subsidiary boards the appointment of investment managers proposed by management to manage the Group's investments; and
- Establishes and monitors compliance with investment operating guidelines, risk metrics and the sustainability profile of the portfolio.

Committee reports *continued*

How the Committee discharged its responsibilities

Committee responsibility	Committee activities
Investment performance	
Monitors the performance of investment strategies and investment managers	During 2025, the Group's investment portfolio generated \$218.0 million, representing a positive return of 7.0%. The strong return was driven by gains arising from the reduction to lower long-term US Treasury rates, diversification and a strong contribution from our alternative assets. The Committee received regular comprehensive reports from management regarding investment performance, strategy and risk monitoring.
Investment strategy	
Review and approval of investment strategies	<p>The Committee continued to work constructively with management to articulate, support and implement the Board's investment philosophy and discussed and agreed the resourcing requirements for the Group's investment function.</p> <p>The Committee monitored developments in the delivery of the Group's strategic asset allocation following the detailed analytical work and Board approval of the extensive biennial strategic review conducted in 2024. This regular strategic review work is designed to optimise the risk and return profile of the Group's investment portfolio.</p> <p>During 2025 the portfolio developments included:</p> <ul style="list-style-type: none"> • a reduction in the allocations to US treasuries and cash; • an increase in high-quality credit-rated collateralised loan obligations and US agency mortgage-backed securities; • a reduction in the allocation to bank loans; • monitoring opportunities in specialty finance products; • a marginal increase in exposure to real estate debt; and • monitoring development in the emerging market debt markets.
Investment risk	
Monitoring investment risk and setting and tracking investment risk tolerance	<p>Regular reports from the professional investment portfolio managers concerning their forward-looking view of the macroeconomic environment and implications for investment asset classes and strategy were discussed. The Committee received presentations regarding the opportunity and performance associated with the Group's fixed income investment portfolios, and investment strategy implications of US tariff policy, inflationary trends, US lending rates and related market expectations, and the resilience of the US dollar as the predominant global reserve currency.</p> <p>A suite of investment portfolio risk analytics were monitored throughout the year by the Committee, including a 1-in-100 VaR measure, realistic disaster scenarios and realistic loss scenarios, credit risk and credit quality, liquidity risk and other market risks. The Committee discussed risk scenarios including one associated with a rise in global trade protectionism and another based on political instability and a flight from US treasuries.</p> <p>The Committee tracked foreign exchange exposure and its management.</p> <p>The Committee monitored the Group's liquidity risk requirements in light of the Group's insurance operations and discussed strategies for ensuring resilience in liquidity.</p> <p>The Committee monitored developments in and the management of portfolio default risk during the year.</p> <p>The Committee discussed and tracked the use of leverage for assets held within the portfolio.</p> <p>The Committee tracked portfolio duration and discussed duration strategy.</p>

Committee reports *continued*

Committee responsibility

Committee activities

Governance and oversight

Investment governance

The Committee recommended modifications to its Terms of Reference, which were reviewed and approved by the Board. The Committee also discussed feedback arising from the externally facilitated Board and Committee performance evaluation.

Oversight of investment managers

The Committee considered regular reports on the performance of the Group's investment managers and portfolios, including asset allocation and compliance with and variations to pre-defined guidelines and tolerances; and recommended amendments to portfolio investment guidelines to the Board. During the year, the Committee approved investment in an absolute return global credit strategy fund with a flexible geographical and asset class profile. The due diligence for all new managers and funds is under the remit of the internal Investment Return and Risk Committee and outcomes are reported to the Investment Committee.

Sustainability

Monitoring of ESG risk and carbon sensitivities

A number of tools were utilised to measure the ESG profile, climate change risk exposure and carbon intensity of the Group's investment portfolio, with due regard to stakeholder expectations in these areas. The Committee intends to continue to monitor the available ESG and carbon management tools in consultation with the Group's external advisers and portfolio managers in order to remain informed of the evolving market and regulatory standards and expectations for the measuring and reporting in these areas.

Of the Group's externally managed investment portfolio 96.7% is assigned to managers which are signatories to the UNPRI. Performance against carbon intensity guidelines for investment managers in the fixed maturity portfolio is regularly reviewed. The Committee monitored the ESG profile of the Group's fixed maturity portfolio by reference to the MSCI ESG rating tool, noting that the MSCI covered assets within the Lancashire portfolio is broadly aligned with the MSCI ESG category rating for a benchmark portfolio, being the Bloomberg Barclay's US Corporate Bond 1-to-5 year Index.

The proportion of the fixed maturity portfolio covered by the available rating methodology was approximately 58.6% of the public fixed maturity portfolio at the year end. This is higher than previous years as MSCI now covers US Agency MBS securities.

The MSCI rating for the proportion of portfolio assets covered under the available MSCI carbon intensity rating methodology was rated as 'A'. The carbon intensity score for the fixed maturity portfolio remained steady during the year and below the Group's carbon intensity benchmark.

The Committee continues to operate a framework for the measurement of climate sensitivity for corporate bonds within the fixed maturity portfolio through the use of a Climate VaR, which is aligned with the Paris Accord goal of limiting global temperature increases to a maximum of 1.5°C, for the Group's investment risk tolerance statements. The Committee and Board have a preference for the financial impact of this scenario on the Group's fixed maturity portfolio, covered by MSCI, to have a less detrimental impact than the MSCI benchmark model. Due to limited coverage of the available MSCI measurement tool, the portfolio performance is grossed up by reference to covered assets. The Committee noted that the fixed maturity portfolio continues to outperform the benchmark portfolio on the Climate VaR measure.

ESG and carbon management investment guidelines are approved by the Committee and implemented by the Group's investment managers across the Group's fixed maturity investment portfolios.

Priorities for 2026

- To maintain a diversified investment portfolio which generates attractive risk-adjusted returns, supports Group underwriting activities, contributes to growth in DBVS and is balanced with the preservation of capital and the maintenance of liquidity to pay claims;
- To monitor portfolio duration to facilitate consideration of the benefits of alignment with the reserve duration of the Group's inwards insurance and reinsurance portfolios;
- To monitor macroeconomic trends, in particular changes in the yield curves, and to assess associated investment risk within a framework of prudent investment risk management;
- To monitor the climate change risk sensitivity, ESG profile and carbon intensity profile of the Group's investment portfolio with due regard to developing expectations and methodologies; and
- To commission the Committee's biennial strategic asset allocation study to seek to balance investment risk and to optimise returns.

Committee reports *continued*

Underwriting Committee

"During 2025, Lancashire delivered attractive underwriting results. This was helped by the increased diversification of our underwriting portfolio over recent years, which has strengthened our resilience and lowered the volatility of the Group's returns. The California wildfires in January 2025 showed our ability to both meet the needs of our insured clients and to deliver attractive underwriting returns to our shareholders. The Committee also considered the future development of our underwriting strategy including the ongoing build out of our US business and the rationalisation of the Group's presence in Lloyd's."

Alex Maloney

Group CEO and Chair of the Underwriting and Underwriting Risk Committee



Committee membership

At the end of 2025, the Underwriting and Underwriting Risk Committee comprised two Executive Directors (the Group CEO and the Group CUO) and three Non-Executive Directors, together with other senior members of the Group's underwriting and actuarial management teams (who are not Directors).

Committee members	Meetings attended
Alex Maloney (Chair)	4/4
Jon Barnes	4/4
Bob Cox ¹	3/3
Michael Dawson ²	2/2
James Flude	4/4
Paul Gregory ³	3/4
Jack Gressier	4/4
Hayley Johnston	3/4
Bryan Joseph	4/4
Matt Narbett ⁴	3/3
Ben Readdy	4/4

1. Bob Cox joined the Committee on 30 April 2025.

2. Michael Dawson resigned from the Committee on 30 April 2025.

3. Paul Gregory was absent due to a sabbatical break for the August 2025 Committee meeting.

4. Matt Narbett joined the Committee on 30 April 2025.

Principal responsibilities of the Committee

- Reviews Group underwriting strategy, including consideration of new lines of business;
- Oversees the development of, and adherence to, underwriting criteria, limits, guidelines and authorities across the Group;
- Reviews underwriting performance;
- Reviews significant changes in underwriting rules and policies; and
- Monitors underwriting risk and its consistency with the Group's risk profile and risk appetite.

Committee reports *continued*

How the Committee discharged its responsibilities

Committee responsibility	Committee activities
Performance	
Underwriting performance review	<p>Management reporting to the Committee included the presentation of underwriting information, aligned with the Group's insurance and reinsurance reporting segments, including dashboard summaries. The Group's data management capabilities facilitated the collation and presentation of underwriting, outwards reinsurance and claims information relevant to the Committee's activities.</p> <p>Regular reports were received on the Group's underwriting activities, including updates on gross premium written, insurance and reinsurance pricing trends, and combined ratio developments as well as changes in underwriting appetites and the Group's client base. Premium rates during the year were a focus of discussion, and the Committee considered the Group's strategy for negotiating the increasingly competitive market and how best to maximise the relatively strong pricing environment.</p> <p>The Committee received management presentations on the Group's construction portfolio, developments in the LUS underwriting platform and the underwriting of insurance products which are exposed to terrorism and war risks in the light of the rapidly shifting geopolitical environment during 2025.</p> <p>Throughout the year, the Committee monitored the progress in the diversification of the Group's underwriting portfolio and the continued diversification of the Group's catastrophe risk exposures in light of premium growth in casualty classes and other non-correlating product classes.</p> <p>The Committee received periodic updates on the Group's participation, appetite, and positioning in the various reinsurance renewal seasons throughout the year, including those for Japan and Florida. The Committee actively monitored observance of underwriting guidelines and the Group's adherence to agreed underwriting risk tolerances and preferences and related performance.</p>
Strategy	
Underwriting strategy	<p>During 2025, the Committee continued to monitor the development and delivery of the Group's underwriting strategy. The management team remained focused on the strategic priority of maximising the underwriting opportunity aligned to market conditions.</p> <p>The Committee received regular updates on the Group's strategic underwriting plans and the Lloyd's business plans, including related capital requirements. The Committee monitored progress in the Group's strategic plan to launch a mandatory offer for all of the remaining third part capacity in Syndicate 2010, which successfully completed in the Autumn of 2025, following Lloyd's approval. The Committee intends to keep under review the efficiencies which are expected in the areas of Group underwriting synergies and risk allocation, capital requirements and planning, Group reinsurance purchasing, and Lloyd's and Group governance arrangements.</p> <p>The Committee discussed management's strategic growth plans for the Lancashire US underwriting platform, which completed its first full year of underwriting in 2025. This included underwriting lines and resourcing plans. The LUS platform contributed \$82.8 million to the Group's gross premiums written for the full year.</p> <p>Reports were received on a number of new business initiatives, including several which were explored but not pursued.</p>
Reinsurance strategy	<p>One of the Committee's roles is to monitor the Group's reinsurance planning, which is an important strategic tool in managing the Group's exposures from the inwards (re)insurance portfolio and for operating within the management and Board-approved preferences and tolerances for underwriting risk. The Committee discussed the structure and resilience of the Group's reinsurance plans following the California wildfire losses in January 2025.</p> <p>The Committee reviewed the structure, pricing and operation of the outwards reinsurance programme and regularly discussed management reports covering outwards reinsurance developments. The Committee's work included a forward-looking presentation by management regarding opportunities for the Group's reinsurance structure for 2026. The Committee also monitored the Group's intra-group reinsurances.</p>

Committee reports *continued*

Committee responsibility	Committee activities
Governance and risks and controls	
Governance	The Committee's Terms of Reference were reviewed to ensure that they have appropriate focus.
Underwriting controls	The Committee kept the Group's underwriting controls policies and procedures under review and approved changes. The Committee also reviewed and approved changes to the underwriting authorities, aggregate exposures and normal maximum lines by class of business.
Risk appetites and monitoring including climate risk exposure	<p>The Committee reviewed and recommended to the Board the Group's underwriting PML and RDS risk tolerances and preferences. The Committee reviewed at each of its meetings a summary of the Group's top PML and RDS exposures, including quarterly movements.</p> <p>Through the review and monitoring of underwriting PMLs, the Committee continued to monitor exposures to a range of natural catastrophe risks, including regional windstorm, hurricane and wildfire exposures. The Committee and the Board articulated and agreed an appropriate underwriting and risk management strategy and management preferences for these and other risk exposures linked to climate change factors.</p> <p>The Committee and the Board are satisfied that the Group's underwriting strategy and reinsurance and risk management programmes are appropriate for the management of underwriting risk and natural catastrophe and climate-linked exposures relating to these risks. For more detail, please see the ERM report starting on page 28 and the Group's TCFD report starting on page 50.</p> <p>The potential for conflicts and their related management within the business was also monitored.</p>
Claims reporting	<p>The Committee monitored the status of key claims, including reserve developments during the course of the year. The Committee also received data for claims ratios both by class of business and across the portfolio.</p> <p>The Committee convened an early discussion with management of the exercise to identify exposures and to establish Group reserves for the January 2025 California wildfire loss events. The Committee also received periodic reports on developments relating to the Group's policy exposures to the conflict between Russia and Ukraine.</p>
Board strategic engagement	
LHL Board underwriting oversight	During 2025, the Committee meetings were attended by all available Board members. The Committee and Board seek to match the Company's capital to the underwriting requirements of the business in all parts of the underwriting cycle. A more detailed analysis of the Group's underwriting performance appears in the underwriting and business reviews starting on page 19.

Priorities for 2026

- To continue to monitor opportunities and risks within the context of the evolving underwriting pricing cycle;
- To oversee implementation by management of a profitable, forward-looking and disciplined underwriting strategy with a focus on disciplined growth appropriate to the current market opportunities and nimble use of the Group's underwriting platforms, within a framework of appropriate risk tolerances;
- To work to identify new underwriting opportunities, in particular new lines of business available through the Group's Lancashire US underwriting platform;
- To oversee opportunities for growth, efficiencies and Group synergies in the areas of underwriting and reinsurance associated with the Group's acquisition of the underwriting capacity in Syndicate 2010; and
- To continue to foster a nimble, sustainable and responsive underwriting culture, capable of responding to the needs of clients, investors, employees and other stakeholders.

Committee reports *continued*

Remuneration Committee

"The Committee and Board have been pleased with another strong year for the Group's returns. This has been achieved against a challenging market environment including greater competition and significant losses arising from the California wildfires. The Group's diversified underwriting portfolio has remained resilient and our investments made a meaningful contribution to profitability for 2025, all while ensuring appropriate management of risk and controls across the business. This result allowed the Board to pay not only the Company's ordinary dividends but also further special dividends during the year.

The contributions of our staff (including the Executive Directors) during the year, to these strong results are reflected in the 2025 remuneration outcomes."

Irene McDermott Brown

Chair of the Remuneration Committee



Committee membership

At the 2025 year end, the Remuneration Committee comprised three independent Non-Executive Directors and the Chair of the Board.

Committee members	Meetings attended
Irene McDermott Brown (Chair)	4/4
Philip Bradley	4/4
Jack Gressier	4/4
Linda Ventresca ¹	2/2
Michael Dawson ²	2/2
Robert Lusardi ³	2/2

1. Linda Ventresca joined the Committee on 30 April 2025.

2. Michael Dawson resigned from the Committee on 30 April 2025.

3. Robert Lusardi resigned from the Committee on 30 April 2025.

Principal responsibilities of the Committee

- Sets the Remuneration Policy for all Directors and determines the total individual remuneration packages of the Company's Chair, the Executive Directors, Company Secretary and other designated senior executives;
- Recommends to the Board the performance measures and targets for the Executive Directors and monitors the performance against these objectives for the annual bonus;
- Determines each year whether awards will be made under the Group's Restricted Share Scheme (RSS) and, if so, the overall amount, of individual awards to Executive Directors and other designated senior executives, and the applicable performance measures and targets;
- Ensures that contractual terms on termination or retirement, and any payments subsequently made, are fair to both the individual and the Company; and
- Oversees any major changes in employee reward and benefit structures throughout the Group.

Committee reports *continued*

How the Committee discharged its responsibilities

Committee responsibility	Committee activities
Remuneration Policy and framework oversight	<p>The Committee reviewed and approved the Group's incentive packages and outcomes for the Executive Directors and for other designated senior executives within the agreed remuneration framework, as well as the broader overall workforce, to ensure that remuneration is structured appropriately to promote the long-term success of the Company.</p> <p>The shareholder vote on the 2024 Directors' Remuneration Report (which primarily related to the implementation of the Directors' Remuneration Policy in 2024) received 95% support at the 2025 AGM.</p> <p>The Committee conducted a review of the Directors' Remuneration Policy (Policy) during 2025 with support and input on market practice from PwC as the Group's external remuneration advisor. The proposed changes were subject to consultation with shareholders and advisory groups, and their feedback was reflected in the final Policy to be submitted to shareholders for approval at the 2026 AGM.</p> <p>Details of the process followed, the Policy and proposed changes are set out within the Directors' Remuneration Report.</p>
Strategic linkage of objectives and remuneration outcomes	<p>Details of the metrics for the annual bonus and RSS performance-based long-term incentive plan awards for the Executive Directors are set out on pages 120 to 123.</p> <p>This report sets out in detail the 2025 remuneration for the Executive Directors and the Committee's work in reviewing performance and outcomes. The Committee monitored the financial performance of the business throughout the year and was satisfied that remuneration outcomes appropriately reflect the Company's performance. In considering remuneration outcomes, the Committee made enquiries regarding the effective operation of the Group's risk and control framework and sought input from the Audit Committee Chair and the Group's Chief Risk Officer. The Committee was satisfied that there were no circumstances which required the application of risk adjustment, malus or clawback to remuneration.</p> <p>The Committee also considered the appropriate implementation of the proposed Policy for our Executive Directors in 2026 (see pages 106 and 124 to 125).</p>
Long term incentivisation structures and targets and shareholding requirements	<p>The Committee approved the grant of long-term incentive awards under the Company's RSS, considering a range of factors, including the Company's share price movement. The Committee reviewed the Executive Directors' shareholdings in the context of the Company's share ownership guidelines for executives. Share ownership targets have been met in accordance with guideline requirements.</p> <p>The Group's RSS Rules were last approved by shareholders in 2017 and have a ten-year term. Although not due for review until 2027, the Committee took the opportunity, in conjunction with the Policy review process, to review the RSS Rules in light of advice in areas of current best practice from Deloitte and PwC. Whilst the 2017 RSS Rules are considered fit for purpose, the Committee identified a few minor areas for change, with the aim of improving clarity and ensuring alignment with best practice and the updated UK Corporate Governance Code. The revised ten-year RSS rules will be put to the Company's shareholders for approval at the 2026 AGM.</p>
Oversight of changes in employment	<p>The Committee oversaw the determination of benefits under the Group's RSS and bonus schemes for members of management and the wider workforce affected by departures, retirements, or redundancies during the year.</p>

Committee reports *continued*

How the Committee discharged its responsibilities

<p>Consideration of wider employee remuneration and reward structures</p>	<p>In considering the salary and bonus awards for the Executive Directors, as well as other designated senior executives, the Committee had regard to the remuneration levels and practices across the wider workforce. The Committee considered and authorised the overall levels of bonus payment to the workforce and the allocation of rights over shares to employees under the Group's RSS scheme.</p> <p>The Committee reviewed and recommended to the Board for approval the Group's Solvency II remuneration policy relevant to the management population within the Group's UK regulated entities.</p> <p>The Committee and the Board noted and discussed the outcomes of the Group's gender pay gap data analysis and developments in succession planning.</p> <p>The Committee monitored the linkage between the Group's remuneration structures and wider staff incentivisation, retention, training, succession planning, and the wider culture of the business.</p>
<p>Remuneration advice, governance and training</p>	<p>The Committee received remuneration advisory services from PwC, who were appointed in 2023 as the Group's independent remuneration adviser. PwC attended the Committee's meetings during 2025.</p> <p>At the November 2025 meeting, the Committee and all Directors received a presentation from PwC on developments in remuneration practice. Discussion covered developments in law, regulation, best practice, and reporting obligations, as well as the revised remuneration guidance from leading shareholder advisory groups.</p> <p>The Committee received remuneration advice from Deloitte relevant to the review of, and amendments to, the Group's RSS rules.</p>

Priorities for 2026

- To ensure the appropriateness and relevance of the Group's remuneration structures and alignment with the Board's business strategy and objectives, effective risk management and the interests of stakeholders;
- To ensure that remuneration across the wider Group is appropriate to retain and reward employees and remains competitive and appropriate to meet the skills and resourcing needs of the business;
- To monitor compensation levels amongst the Group's London, Bermudian and other international peers, and appropriately reflect good market practices; and
- To monitor governance requirements and shareholder expectations with regard to remuneration practices.

Directors' Remuneration Report

Annual Statement

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the 2025 Directors' Remuneration Report. This report summarises the Committee's activities during the year and outlines how we determined the remuneration outcomes for our Executive Directors. In 2025, the Remuneration Policy continued to operate as set out in the 2024 Annual Report on Remuneration, supporting the delivery of our strategic priorities and ensuring strong alignment with shareholder interests. We also present the 2026 Directors' Remuneration Policy, and the Group's Restricted Share Scheme (RSS) rules, both of which will be subject to a binding vote at the AGM in 2026.

Business performance for 2025

2025 was another resilient and successful year for the Group, with excellent operational and financial performance. For the eighth successive year we have achieved our aim of growing premium ahead of rate whilst conditions remain favourable.

In 2025, the business has achieved organic growth in excess of the premium pricing trend, delivering an increase of \$109.7 million to Gross premiums written, to over \$2,259.3 million, a robust insurance service result of \$381.1 million, and a healthy profit after tax of \$293.4 million. The Group delivered strong Change in DBVS of 20.9% and a Simple RoE of 19.5% (see Glossary for further details). Investment performance was also strong, contributing significantly to Group return, and this enabled us to return \$296.5 million to shareholders through both regular and special dividends during the year, consistent with our approach of returning excess capital to shareholders whenever possible, while still retaining underwriting momentum.

The Group's performance in 2025, clearly shows the effectiveness of our strategy to become more diversified across product lines and geographies. Despite the devastating California wildfires, at the start of the year - the largest ever wildfire loss for the insurance industry - our undiscounted combined ratio of 93.1% represents a robust outcome.

As we enter 2026, the Group is well positioned to continue to capitalise on attractive underwriting opportunities in what is expected to be a competitive pricing environment (see pages 13 to 15 for further details in the Group CEO review). The business retains the capital strength and resilience needed to support its underwriting and growth plans for 2026 and beyond.

Remuneration outcomes for 2025

The Executive Directors' 2025 annual bonus performance targets were set at stretching levels, at the start of the year. The targets were set with no downward adjustments for the significant impact of the California wildfires, and no adjustments were made during the year. The financial element makes up 75% of the annual bonus opportunity, and was based on the Company's Simple RoE. The 2025 Simple RoE performance of 19.5% (equivalent to the risk-free rate plus 15.3%) exceeded the maximum threshold (the risk-free rate plus 14.0%), being 18.2%.

This resulted in a maximum payout for the financial element of the annual bonus. The Committee and the Board considered this outcome to be appropriate and reflective of the Company's exceptional underlying performance, particularly given the challenging start to the year driven by the California wildfires.

The Committee also reviewed the performance of the Executive Directors against their personal objectives. The Group CFO delivered exceptional performance during the year, with performance assessed at 96.3% of maximum. For the Group CEO and Group CUO, the Committee also noted strong performance in many areas, and assessed overall personal performance at 81.3% of maximum. Further details of the personal performance are set out on pages 121 and 122.

In aggregate, the overall 2025 bonus outcomes were 99.1% of maximum for the Group CFO and 95.3% for the Group CEO and Group CUO. The Committee considered that the overall outcomes appropriately reflect the Group's excellent performance and therefore no discretion was applied.

With respect to long-term incentives, the 2023 Performance RSS awards were based on achievement against Change in DBVS (85% weighting) and absolute TSR (15% weighting) targets over the three-year period to 31 December 2025. In line with prior vesting cycles, the Change in DBVS measure was assessed independently for each of the three financial years. The maximum performance level was exceeded in each year and therefore the Change in DBVS component will vest in full. In addition, the Company's TSR (calculated in US dollars) over the three-year period was an average of 22.6% per annum, above the maximum target level of 12% per annum, also resulting in full vesting for the TSR component. Overall, the 2023 Performance RSS awards will therefore vest in full.

The Committee notes that this result is the highest outcome achieved under the current long-term incentive structure, and since the 2011 awards vested (see page 127). It also reflects the strategic actions taken by our Executive Directors to refocus and diversify the business. The outturn reflects that our capital usage is more efficient, and that volatility in our earnings has been significantly reduced, which flows into the Group's current financial performance. This is despite the challenging loss environment faced by the (re)insurance industry over the three-year period.

Directors' Remuneration Report *continued*

The Committee is particularly mindful that over this period, significant value has been returned to shareholders through ordinary and special dividends. The aggregate special and ordinary dividends paid to shareholders was \$3.35 per share or \$806.0 million (see page 3) over the three-year period.

The Committee is therefore satisfied that the vesting outcome is consistent with the Company's sustained strong performance over the three-year period and did not exercise any discretion in determining the vesting outcome. The Committee also concluded that Executive Directors have not benefitted from any windfall gains in relation to the 2023 RSS awards.

The Committee recognises that the 'single total figure of remuneration' for our Executive Directors is higher this year, driven by the full vesting of the 2023 RSS and of the value of dividend equivalents accrued (see page 123) during this period of exceptional performance, as well as sustained financial performance under the annual bonus.

The Committee will continue to seek to ensure strong alignment between remuneration and Company performance, consistent with the Group's cross-cycle return expectations. We believe the executive pay outcomes, as set out in the sections that follow, appropriately reflect the level of performance and that the current Policy has operated as intended in this context.

2026 Directors' Remuneration Policy

The aim of our Policy has been to help to ensure that there is an appropriate focus on sustained long-term performance and that pay levels are competitive but not excessive against UK and international insurance peers. The current Policy was approved by 92.9% of our shareholders at the 2023 AGM and is therefore due to be put forward for shareholder approval at the 2026 AGM.

In advance of this, the Committee has undertaken a comprehensive review of the current Policy to ensure it remains fit for purpose, is aligned with evolving market practice, delivers market-competitive remuneration packages for our Executive Directors and provides appropriate flexibility over the next three-year cycle.

The Committee recognises that pay levels and practices in our sector are different from the broader UK listed market (in particular the FTSE 250 index of which the Company is a constituent) and therefore this is not an appropriate comparison. For this reason, the Committee primarily considers market remuneration data versus a peer group of listed UK, US and Bermudian insurance firms, with the FTSE 250 considered as a secondary reference point to take into account the broader UK market context.

The Committee noted that the insurance peer group operates a variety of different incentive structures, including companies (particularly those in the US) operating combinations of performance and time-based long-term incentive awards (commonly referred to in the UK as a "hybrid scheme"). Nevertheless, the Committee determined that the current incentive plan structure, based on an annual bonus and single performance-based long-term incentive plan, remains appropriate and aligned with Lancashire's profitable growth ambitions.

The Committee's review concluded that the current remuneration package for our Executive Directors remains competitive for a business of Lancashire's size (based on a regression analysis of the market data to account for size differences between the peers). As such, the Committee is not intending to make any changes to the base salary, bonus opportunity or RSS opportunity for 2026.

However, the Committee is mindful that the Policy should remain fit for purpose over the next three-year cycle especially as the remuneration landscape is continuing to evolve in both the UK and US markets. Although there is additional headroom of 100% of salary within the current Policy under the annual bonus for all of the Executive Directors, there is no additional headroom under the RSS for the CEO, as award levels are currently in line with the maximum level (350% of salary). With this in mind, we are proposing to increase the maximum RSS opportunity level under the new Policy to 400% of salary. The Committee would consult with shareholders before implementing any increase in the RSS opportunity for any director.

In addition, the Committee is also proposing the following minor changes to the Policy and its implementation:

- In-employment shareholding requirement: Increase the CEO's in-employment shareholding requirement from 200% to 350% of salary to reflect the higher RSS opportunity level compared to the other Executive Directors. The Committee will retain the flexibility to review this further if the RSS grant level is increased over the life of the Policy.
- Annual bonus deferral: In line with the updated guidance published by the Investment Association in October 2024, introduce the flexibility for the Committee to reduce the level of annual bonus deferral once an Executive Director's shareholding requirement has been met. For 2026, the Committee expects to continue deferring one third of the bonus pro-rata for three years irrespective of the shareholding level.
- Annual bonus performance measures: Although permissible under the current Policy, the Committee is proposing to change the implementation of the Policy by simplifying the non-financial element of the bonus, replacing individual personal objectives with a set of shared objectives for the Executive Directors. The Committee retains the ability to adjust annual bonus outcomes (upwards or downwards) where the Committee determines that the formulaic outcome is not an accurate reflection of overall performance or to reflect individual performance.

Directors' Remuneration Report *continued*

The Committee wrote to approximately 70% of our shareholder register, as well as the major advisory bodies, to outline the proposed changes. We received responses from around two thirds of those contacted (either in the form of a written response or a meeting), and we are grateful to all those who engaged with us in this process. This valuable dialogue provided an opportunity for us as a Committee to further explain the rationale for retaining a largely unchanged Policy framework and to share our thinking behind the updates proposed. We welcomed the constructive feedback received, and I was pleased that our shareholders responded positively to our transparent and proactive approach.

We originally proposed to introduce the flexibility to reduce or remove the level of bonus deferral when the shareholding requirement is met – however, in response to feedback from some shareholders, the Committee decided to amend the proposal to simply provide the flexibility to reduce the deferral level in this scenario. Overall, shareholders were supportive of the proposed changes, recognising the flexibility that this affords the Committee, and no other changes to the proposals were made.

Overall, we are firmly of the view that the proposed Remuneration Policy is appropriate for the Group, is closely aligned with the Company's strategy and is designed to provide a level of remuneration that attracts, retains and motivates high-calibre Executive Directors, whilst also supporting the long-term success of the Group and promoting sustainable value creation for shareholders.

Further details of the changes can be found on pages 110 to 118. The final Policy will be submitted for a binding vote at the 2026 AGM.

RSS rules

The Group's RSS Rules were last approved by shareholders in 2017 and have a ten-year term. Although not due for review until 2027, the Committee took the opportunity, in conjunction with the Policy review process, to review the RSS Rules. Whilst the 2017 RSS Rules are considered fit for purpose, the Committee identified a few minor areas for change, with the aim of improving clarity and ensuring alignment with best practice and the updated UK Corporate Governance Code. A summary of these changes will be outlined in the Notice of AGM. The new RSS rules will be put to the Company's shareholders for approval at the 2026 AGM.

Implementation of Remuneration Policy for 2026

The Committee has reviewed Executive Directors' salaries for 2026 and determined that an increase of 2.7% is appropriate with effect from 1 January 2026. This is below the average workforce increase of 3.6%. No changes will be made to the fees for the Chair of the Board, and Non-Executive Directors.

As noted on the previous pages, the Committee is not proposing any changes to the opportunity levels, for the 2026 annual bonus or the Performance RSS awards. Similarly, the performance measures and weightings will remain unchanged, with the exception of the personal objectives under the annual bonus which will be replaced by a set of shared objectives for the Executive Directors (25% weighting unchanged) as outlined on the previous page.

The Committee considers that the performance targets under the annual bonus remain commercially sensitive but will disclose them retrospectively in the following year's reports. The targets for the 2026 Performance RSS awards are set out on pages 124 to 125 and remain unchanged from 2025, which the Committee notes represents a stretching level given the expectation of a softening market over the coming period.

Wider workforce pay considerations and engagement

The Remuneration Committee takes into account pay decisions and outcomes across the wider workforce when determining Executive Directors' remuneration. In principle, the remuneration framework for all employees follows a similar structure to that of Executive Directors, with participation in annual bonus and long-term incentive arrangements. However, the award types (restricted cash, restricted stock or performance shares) and scale of opportunities appropriately vary across different employee groups. For the Executive Directors, a greater proportion of their total remuneration is performance-related, share-based and subject to deferral. This reinforces the alignment between remuneration, Company performance and the longer-term interests of shareholders.

In line with good practice, pension provision for Executive Directors is the same as available to all employees as a percentage of salary. Whilst the Company does not formally consult employees on Executive Director remuneration, the Board and the Committee receive employee insights through established workforce engagement channels. During the year, the Committee also engaged with management on matters of broader employee engagement and remuneration. We value this engagement and support management in gathering views and implementing improvements. Employees provided feedback through town hall sessions, senior leader forums as well as the bi-annual engagement survey and other structured engagement opportunities.

Directors' Remuneration Report *continued*

As in prior years, one of our Non-Executive Directors routinely joins Alex in the Group CEO's quarterly staff town hall meetings. These sessions allow for open discussion of business performance, and operation of the Board and wider organisational matters. They also provide a regular opportunity for employees to ask questions and to share feedback directly with senior leadership. In addition, the Committee reviews and approves the size of the annual bonus pool and the allocation of RSS or other long-term incentives to employees, in line with expectations under the UK Corporate Governance Code.

Conclusion

The Committee believes that the 2025 remuneration outcomes are appropriate in the context of the Group's strong performance during the year and over the last three years. The proposed Directors' Remuneration Policy supports the Board's objective of attracting, retaining and motivating high-calibre Executive Directors to deliver the long-term success of the Company.

The disclosures in this report are intended to provide shareholders with a clear understanding of the link between Company performance and the Executive Directors' remuneration.

This Annual Statement, together with the Annual Report on Remuneration, will be subject to an advisory vote at the 2026 AGM, and I hope shareholders will feel able to support this resolution. Shareholders will also be asked to approve the proposed 2026 Directors' Remuneration Policy, set out in this report and the Group's shareholder-approved 2026 Restricted Share Scheme Rules both of which will be subject to a binding vote at the 2026 AGM. I would like to thank my fellow Committee members for their work and support during the year, and our shareholders for their valuable feedback throughout a productive engagement process. The Committee continues to prioritise maintaining open and constructive dialogue with shareholders on remuneration matters, and I welcome any further feedback.



Irene McDermott Brown

Chair of the Remuneration Committee

4 March 2026

Directors' Remuneration Report *continued*

Remuneration at a Glance

2025 Fixed Pay

(£'000)

2025 Annual Bonus outturn

(as % of maximum bonus)

- Financial Performance
- Personal Performance

2023 LTI awards vesting (RSS)¹

(£'000)

- Shares under award
- Share appreciation
- Dividend Equivalents

1. 2023 RSS vested in full (see page 123 for details)

2025 Total Remuneration

(as % of Total Remuneration)

(£'000)

- Fixed Pay
- Annual Bonus
- LTI awards (RSS)

Alex Maloney

Group CEO

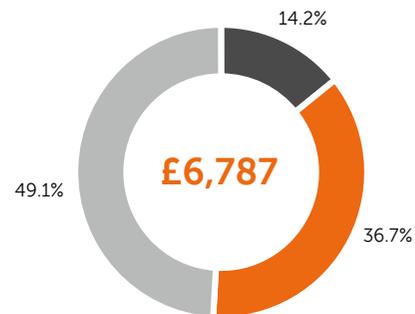
£966



95.3%
(as % of maximum bonus)
£2,488



£3,333



Natalie Kershaw

Group CFO

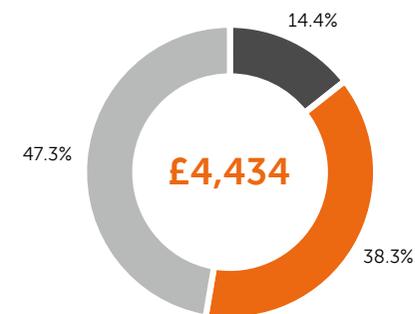
£637



99.1%
(as % of maximum bonus)
£1,697



£2,100



Paul Gregory

Group CUO

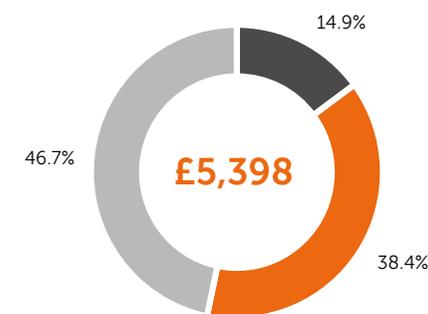
£805



95.3%
(as % of maximum bonus)
£2,073



£2,520



Directors' Remuneration Policy

Directors' Remuneration Policy

As a Company incorporated in Bermuda, LHL is not bound by UK law or regulation in the area of Directors' remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of the Company's listing on the LSE in the Equity Shares (Commercial Companies) category, and for the purposes of explaining its compliance against the Combined Code, the Board is committed to providing full information on Directors' remuneration to shareholders.

This section sets out the terms of the proposed Directors' Remuneration Policy in full, which will be put forward to shareholders for a binding vote at the AGM on 29 April 2026. If approved, it will apply from that date. For reference the current Policy was approved with 92.9% of votes in favour at the AGM held on 26 April 2023 and can be found on pages 98 to 106 of the 2022 Annual Report, available on our website.

The Committee has undertaken a comprehensive review of the current Policy to provide it remains fit for purpose, is aligned with evolving market practice, delivers market competitive remuneration packages for our Executive Directors and provides appropriate flexibility over the next three-year cycle. As outlined further in the Annual Statement (pages 104 to 107), the Committee determined that the current remuneration structure, which includes a base salary, pension and benefits, annual bonus and single performance-based long-term incentive plan, remains appropriate and aligned with Lancashire's ambitions. The Committee's review concluded that the current remuneration package for our Executive Directors remains competitive for a business of Lancashire's size (based on a regression analysis of the market data to account for size differences between the peers). However, the Committee is cognisant that the Policy should remain fit for purpose over the next three year cycle and that the remuneration landscape is continuing to evolve in both the UK and US markets.

The Committee is therefore proposing the following changes to the Policy:

- **RSS maximum opportunity:** Increase the maximum opportunity from 350% to 400% of salary. No changes are proposed to the current grant levels for 2026 (CEO: 350%, CUO: 300%, CFO: 275%) but the increase provides additional headroom for the CEO should this be required during the Policy term. The Committee would consult with shareholders before implementing any increase in the RSS opportunity.
- **In-employment shareholding requirement:** Increase the CEO's in-employment shareholding requirement from 200% to 350% of salary to reflect the higher RSS opportunity level compared to the other Executive Directors. The Committee will retain the flexibility to review this further if the RSS grant level is increased over the life of the Policy (within the revised headroom).
- **Annual bonus deferral:** In line with the updated guidance published by the Investment Association in October 2024, introduce the flexibility for the Committee to reduce the level of annual bonus deferral once an Executive Director's shareholding requirement has been met.

In addition, although permissible under the current Policy, the Committee is proposing to change the implementation of the Policy by simplifying the non-financial element of the bonus, replacing individual personal objectives with a set of shared objectives for the Executive Directors. Minor amendments to the Policy wording have been made to reflect this change.

Directors' Remuneration Report *continued*

Governance and approach

The Company's Remuneration Policy is geared towards providing a level of remuneration which attracts, retains and motivates Executive Directors of the highest calibre to further the Company's interests and to optimise long-term shareholder value creation, within appropriate risk parameters. The Remuneration Policy also seeks to ensure that Executive Directors are provided with appropriate incentives to drive Company and individual performance and to reward them fairly for their contribution to the successful performance of the Company. The Remuneration Committee and the Board have again considered whether any element of the Remuneration Policy could conceivably encourage Executive Directors to take inappropriate risks and have concluded that this is not the case, given the following:

- There is an appropriate balance between fixed and variable pay, and therefore Executive Directors are not required to earn performance-related pay to meet their day-to-day living expenses;
- There is a blend of short-term and long-term performance metrics with an appropriate mix of performance conditions, meaning that there is no undue focus on any one particular metric;
- In the case of Alex Maloney, the Group CEO, and Paul Gregory, the Group CUO, there is a high level of share ownership, and in the case of Natalie Kershaw, the required level of share ownership is exceeded, meaning that there is a strong focus on sustainable long-term shareholder value; and
- The Company has the power to claw back bonuses (including the deferred element of the annual bonus) and long-term incentive payments made to Executive Directors in the event of material misstatements in the Group's consolidated financial statements, errors in the calculation of any performance condition, corporate failure and material damage to the Group's business or reputation, or the Executive Director ceasing to be a Director and/or employee due to gross misconduct (see page 115 for the full Policy details).

How the views of shareholders are taken into account

The Committee Chair and, where appropriate, the Company Chair consult with major investors and representative bodies on any significant remuneration proposal relating to Executive Directors. Views of shareholders at the AGM, and feedback received at other times, will be considered by the Committee.

As part of the Policy review, the Committee wrote to approximately 70% of our shareholder register, as well as the major advisory bodies, to outline the proposed changes to the Policy. We received responses from around two thirds of those contacted (either in the form of a written response or a meeting).

The Committee reflected on the constructive feedback received and considered whether any changes to the proposals were required. We originally proposed to introduce the flexibility to reduce or remove the level of bonus deferral when the shareholding requirement is met - however, in response to feedback from a minority of shareholders, the Committee decided to amend the proposal to simply provide the flexibility to reduce the deferral level in this scenario.

Overall, shareholders were supportive of the proposed changes, recognising the flexibility that this affords the Committee, and no other changes to the proposal were made.

How the views of employees are taken into account

The Remuneration Committee takes into account levels of pay elsewhere in the Group when determining the pay levels for Executive Directors.

The Remuneration Policy for all staff is, in principle, broadly the same as that for Executive Directors in that any of the Group's employees may be offered similarly structured packages, with participation in annual bonus and long-term incentive plans, although award types (restricted cash, restricted stock or performance shares) and size may vary between different categories of staff. For Executive Directors, with higher remuneration levels, a higher proportion of the compensation package is subject to performance pay, share-based remuneration and deferral.

This seeks to ensure that there is a strong link between remuneration, Company performance and the interests of shareholders. Reflecting good practice in this area, Executive Directors' pension provision is the same as the standard pension contributions made to employees in the Group (in percentage of salary terms).

Whilst the Company does not expressly consult with employees on Executive Directors' remuneration, the Board and Committee, through the structured arrangements for regular workforce engagement, do receive employee feedback, including where relevant to matters of remuneration. As noted above, the Committee is made aware of pay structures across the wider Group when setting the Remuneration Policy for Executive Directors. The Committee also reviews and approves the size of any annual bonus pot to be distributed amongst the staff population and the allocation of RSS awards or other LTI structures, and its practice in this regard is well aligned with the expectations of the Code.

Directors' Remuneration Report *continued***Fixed Pay**

Component	Purpose and link to strategy	Operation	Opportunity
Salary	<ul style="list-style-type: none"> Helps recruit, motivate and retain high-calibre Executive Directors by offering salaries at market-competitive levels. Reflects individual experience and role. 	<ul style="list-style-type: none"> Normally reviewed annually and fixed for 12 months, typically effective from 1 January. Positioning would be assessed with due regard to market conditions at the time, taking into account role, experience and performance. Percentage increases would normally be aligned with the rates for the wider workforce, other than by exception, such as: <ul style="list-style-type: none"> changes to the size and complexity of the business; and changes in responsibility, workload or position. Where new appointees (whether external or internal) have been given a starting salary below mid-market level, increases above those granted to the wider workforce (in percentage terms) may be awarded, subject to individual performance and development in the role. Salaries are benchmarked periodically against comparable company peers in the UK, US and Bermuda as these are where we would normally expect to recruit from or lose talent to. 	<ul style="list-style-type: none"> No maximum.
Benefits	<ul style="list-style-type: none"> Market-competitive structure to support recruitment and retention. Medical cover aims to seek to ensure minimal business interruption as a result of illness. 	<ul style="list-style-type: none"> Executive Directors' benefits may include healthcare, dental, vision, gym membership and life insurance. Other additional benefits may be offered from time to time that the Committee considers appropriate based on the Executive Director's circumstances. Executive Directors who are expatriates or are required to relocate may be eligible for a housing allowance or other relocation-related expenses. Any reasonable business-related expense can be reimbursed, including any personal tax thereon if such expense is determined to be a taxable benefit. 	<ul style="list-style-type: none"> No maximum.
Pension	<ul style="list-style-type: none"> Contribution towards funding post-retirement lifestyle. 	<ul style="list-style-type: none"> The Company operates a defined contribution pension scheme (via outsourced pension providers) or cash-in-lieu of pension. There is a salary sacrifice structure in the UK. There is the opportunity for additional voluntary contributions to be made by individuals, if elected. 	<ul style="list-style-type: none"> Company contribution is currently 10% of base salary. The maximum pension payable to both existing and new Executive Directors will be at a rate not greater than that which is available to the majority of the Group workforce.

Directors' Remuneration Report *continued*

Variable Pay

Component	Annual Bonus ^{1,2}
Purpose and link to strategy	<ul style="list-style-type: none"> Incentivise performance linked to the Group's strategy and aligned to shareholder interests. Rewards the achievement of financial and strategic/personal targets.
Operation	<ul style="list-style-type: none"> The annual bonus is based on performance normally measured over a one-year period. The Committee will have the ability to override the formulaic bonus outcome by either increasing or decreasing the amount payable (subject to the cap) to ensure a robust link between reward and performance. Where an Executive Director has not yet met their 'share ownership guideline', at least one third of each Executive Directors' bonus is automatically deferred into shares as nil-cost options or conditional awards over three years, with one third vesting each subsequent year. Where the 'share ownership guideline' is met, the Remuneration Committee retains the flexibility to reduce (but not remove) annual bonus deferral. A dividend equivalent provision operates enabling dividends to be accrued (in cash or shares) on deferred bonus RSS shares in the form of nil-cost options up to the point of exercise. Malus and clawback provisions apply (see page 115).
Opportunity	<ul style="list-style-type: none"> The maximum bonus for Executive Directors for achieving the target level of performance as a percentage of salary is 200%. Maximum opportunity is two times target (that is, 400%). <p><i>Note: The Committee may set bonus opportunities less than the amounts set out above – see Implementation of Remuneration Policy section of the Annual Report on Remuneration.</i></p>
Performance metrics ³	<ul style="list-style-type: none"> The weightings that apply to the bonus measures and the degree of stretch in objectives may vary each year depending on the business aims and the broader economic or industry environment at the start of the relevant year. For Executive Directors, the financial component will be at least 75% of the overall opportunity, and no more than 25% will be based on strategic/personal objectives. <p>Financial performance</p> <ul style="list-style-type: none"> The financial component is based on the Company's key financial measures of performance. For any year, these may include (but are not limited to) the growth in DBVS, profit, comprehensive income, combined ratio, investment return, simple return on equity or any other financial KPI.³ Typically, a sliding scale of targets applies for financial performance targets. Bonus is earned on an incremental basis once a predetermined threshold level is achieved. Up to 25% of the target bonus opportunity is payable for achieving threshold performance, rising to maximum bonus for stretch performance. <p>Strategic performance</p> <ul style="list-style-type: none"> Strategic/personal performance is based upon achievement of clearly articulated objectives, which may include ESG measures that are aligned with the Company's overall purpose and strategy.

Directors' Remuneration Report *continued*

Component	Long Term Incentive (LTI) ^{1,2}
Purpose and link to strategy	<ul style="list-style-type: none"> • Rewards Executive Directors for achieving superior returns for shareholders over a longer time frame. • Enables Executive Directors to build a meaningful shareholding over time and align goals with shareholders.
Operation	<ul style="list-style-type: none"> • Performance-based long-term incentive awards are granted under the Company's Restricted Share Scheme ("RSS") plan. • RSS awards are normally made annually in the form of nil-cost options (or conditional awards) with vesting dependent on the achievement of performance conditions over at least three financial years. This three-year period is longer than the typical pattern of loss reserve development on the Group's insurance business, which is approximately two years. • Awards normally vest after three years and are typically subject to a two-year post-vesting holding period (see page 125). • The Committee has the discretion to adjust the final vesting outcomes (upwards or downwards) in exceptional circumstances or to impose additional vesting conditions where deemed appropriate. • The Committee considers carefully the quantum of awards each year to seek to ensure that they are competitive in light of peer practice and the targets set, within the maximum limit set out below. • A dividend equivalent provision operates, enabling dividends to be accrued (in cash or shares) on RSS awards up to the point of exercise. • The Committee has the discretion, in exceptional circumstances, to settle an award made to Executive Directors in cash. • Malus and clawback provisions apply (see page 115).
Opportunity	<ul style="list-style-type: none"> • The maximum RSS grant level for Executive Directors is 400% of salary. <p><i>Note: The Committee may set the normal level of award at less than the percentage set out above – see Implementation of Remuneration Policy section of the Annual Report on Remuneration.</i></p>
Performance metrics ³	<ul style="list-style-type: none"> • Awards vest subject to the achievement of performance conditions reflecting the long-term strategy of the business at the time of grant. These may include (but are not limited to) measures such as TSR, the growth in DBVS, Company profitability, or any other relevant financial or strategic measures. • If more than one measure is used, the Committee will review the weightings between the measures chosen and the target ranges prior to each grant to provide that the overall balance and level of stretch remain appropriate. • A sliding scale of targets applies for financial metrics with no more than 25% vesting for threshold performance.

Notes to Variable Pay

1. The Committee operates the annual bonus plan and RSS according to their respective rules and in accordance with the Listing Rules. The Committee, consistent with normal market practice, retains discretion over a number of areas relating to the operation and administration of these plans and this discretion forms part of this Policy. See page 116 for further details.
2. All historical awards that were granted under any current or previous Directors' Remuneration Policy or share scheme operated by the Company that remain outstanding remain eligible to vest based on their original award terms, and therefore the terms of the annual bonus and RSS awards under the current and previous Policies form part of this Policy, including associated terms such as leaver treatment.
3. Performance measures are aligned to the Company's strategic objectives and therefore the Committee may change the performance measures from year to year under the annual bonus and from grant to grant under the RSS awards. The performance measures may include the KPIs shown on page 1 or others described within the Annual Report and Accounts Glossary commencing on page 196, or any other measure that supports the achievement of the Company's short- to long-term objectives. Financial performance targets are set based on an appropriate range with reference to internal performance expectations, market guidance and/or analyst forecasts. Strategic objectives are set by the Committee, typically with input from the Chair of the Board and/or CEO, and may include quantitative or qualitative targets.

Directors' Remuneration Report *continued*

Component	Operation/Key Features
Chair and Non-Executive Director fees	<ul style="list-style-type: none"> • Purpose and link to strategy: To recruit, motivate and retain a Chair and Non-Executive Directors of a high calibre by offering a market-competitive fee level. • Operation: <ul style="list-style-type: none"> • The Chair is paid a single fee for their responsibilities as Chair. The level of these fees is reviewed periodically by the Committee and the Group CEO by reference to broadly comparable businesses in terms of size and operations. • In general, the Non-Executive Directors are paid a single fee for all responsibilities, although supplemental fees may be payable where additional responsibilities are undertaken, including a Non-Executive Director role on a subsidiary board. The level of these fees is reviewed periodically by the Board (excluding the Non-Executive Directors) by reference to broadly comparable business in terms of size and operations. • Any reasonable business-related expenses (including any personal tax payable) can be reimbursed. • Opportunity: there is no maximum.
Shareholding requirements	<ul style="list-style-type: none"> • The Group Chief Executive Officer is expected to develop and maintain a shareholding equivalent in value to the normal annual RSS award, but no less than 350% of salary. Other Executive Directors are expected to develop and maintain an interest equivalent in value to no less than two times salary. • The requirement is to be achieved normally within five years of appointment (or within five years of any change in the applicable requirement). Until such time as the guideline threshold is achieved, Executive Directors are required to retain no less than 50% of vested shares. • Post employment, the Executive Directors are expected to maintain a holding of 200% of salary for a period of two years (or such other period or amount as the Committee may in the future determine) following the date of termination of employment of the relevant Executive Director. • For the purpose of this requirement, the shareholding is defined as wholly-owned shares, the net of tax value of awards which have vested but are unexercised and the net of tax value of unvested awards not subject to performance conditions. Wholly-owned shares include those owned by persons closely associated with the relevant Executive Director. • A nominee account may be established into which shares acquired under RSS awards (that is, on exercise of (nil-cost) options) will ordinarily be directed for the purposes of enforcing the guidelines and requirements. The Remuneration Committee shall retain a discretion to waive the requirements, in whole or in part, in exceptional circumstances such as death, critical illness or personal financial hardship. • In the event of a change of control (takeover) of LHL the guidelines and requirements shall cease to apply on the date of such change of control.
Malus and clawback	<ul style="list-style-type: none"> • Annual bonus and RSS awards are subject to malus and clawback provisions. • Malus and clawback provisions apply to the operation of the variable incentive award in the following circumstances, including but not limited to: <ol style="list-style-type: none"> i. a material misstatement of any financial statements; ii. an error in the calculation of any performance condition applicable to the award or in the information or assumptions on which the award was granted, vests or is released; iii. where an Executive ceases to be a Director or employee due to gross misconduct or material error on the part of the participant or on the part of an individual for whom the participant is responsible or accountable; iv. an incident of corporate failure which has resulted in the appointment of a liquidator or administrator or resulted in reaching a compromise agreement with its creditors v. an instance of material failure of risk management or material reputational damage; and/or vi. any other circumstances that the Board considers to be similar in their nature or effect to the circumstances above. • Annual bonus and RSS awards that have been paid or vested shall be subject to clawback provisions for up to the second anniversary of the vesting date. A two-year period is aligned with the two-year post-vesting holding period (which supports the enforcement of clawback, if needed). It is also aligned with the typical pattern of loss reserve development on the Group's insurance business.

Directors' Remuneration Report *continued*

Committee discretion

The Committee will operate the annual bonus plan and the RSS according to the rules of each respective plan and consistent with normal market practice and the Listing Rules, where relevant. The Committee will retain flexibility in a number of areas regarding the operation and administration of these plans, including, but not limited to, the following:

- Who participates in the plans;
- When to make awards and payments;
- How to determine the size of an award, a payment, or when and how much of an award should vest;
- How to deal with a change of control or restructuring of the Group;
- In the case of stated good leaver reasons or otherwise, whether a Director is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest at the time of leaving or at the original vesting date(s) as relevant;
- How and whether an award may be adjusted in certain circumstances (for example, for a rights issue, a corporate restructuring or for special dividends); and
- In the event of a capital raise, whether a greater percentage of any annual bonus payable should be deferred, where performance metrics have been beneficially influenced by the capital actions taken; and whether the remuneration outcomes should be adjusted to limit the impact of such capital actions, where appropriate.

The Committee also has the discretion within the Policy to adjust targets and/or set different measures and alter weightings for annual bonus and the LTI if events happen that cause it to determine that the original targets or conditions are no longer appropriate and the amendment is required so that the targets or conditions achieve their original purpose and are not materially less difficult to satisfy. The Committee has the discretion to adjust the application of the minimum shareholding requirements, in role or post-cessation, to take account of exceptional circumstances. Any use of exceptional discretion to override formulaic outcomes would, where relevant, be explained in the Annual Report on Remuneration, as appropriate.

Approach to recruitment remuneration

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as is required to attract the most appropriate candidate. The Committee retains the flexibility to set base salary for a newly appointed Executive Director below typical market levels and/or the level of their predecessor, and may apply higher increases in future years as they develop in role. This decision would take into account all relevant factors noted above.

Similarly, the Committee retains the flexibility to set the base salary for a newly appointed Executive Director at a higher level to secure an individual who is considered by the Committee to possess significant and relevant experience which is critical to the delivery of the Company's strategy.

The annual bonus and LTI potential would be in line with the Policy. Participation in the annual bonus will normally be pro-rated for the year of joining. Depending on the timing of the appointment, the Committee may deem it appropriate to set different bonus performance measures for the performance year during which they become an Executive Director. The Committee may grant an LTI award to an Executive Director shortly after joining, up to the plan limits set out in the Remuneration Policy table (assuming the Company is not in a closed period).

In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an Executive Director leaving a previous employer. It would normally seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods (which may be less than three years), expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

The Committee may agree that the Company will meet certain relocation expenses as appropriate and is able to provide expatriate benefits including housing, a relocation allowance, assignment-related costs or tax equalisation.

Service contracts and loss of office payment policy for Executive Directors

Notice periods for Executive Directors will normally be limited to six months from either the Company or from the Executive Director. In the event of termination, an Executive Director will ordinarily receive payment up to a maximum of base salary plus the value of benefits to which the Executive Directors are contractually entitled for the unexpired portion of the notice period. The Company may pay statutory claims. No Executive Director has a contractual right in their employment terms to a bonus for any period of notice not worked.

The service contract for a new appointment will be on similar terms as existing Executive Directors, with the ability to include a notice period of no more than 12 months from either party.

Directors' Remuneration Report *continued*

The Company seeks to apply the principle of mitigation in the payment of compensation on the termination of the service contract of any Executive Director. There are no special provisions in the service contracts for payments to Executive Directors on a change of control of the Company.

In the event of an exit of an Executive Director, the overriding principle will be to honour contractual remuneration entitlements and determine, on an equitable basis, in accordance with the relevant plan rules, the appropriate treatment of deferred and performance-linked elements of the package, taking account of the circumstances. Failure will not be rewarded.

Depending on the leaver classification, an Executive Director may be eligible for certain payments or benefits continuation after cessation of employment.

If an Executive Director resigns or is summarily dismissed, salary, pension and benefits will cease on the last day of employment and there will be no further payments.

Leaver on arranged terms or good leaver

If an Executive Director leaves on agreed terms, including compassionate circumstances; or ceases to be a Director or employee of the Company for a "good leaver" reason, defined as:

- Death;
- Ill-health, injury or disability evidenced to the satisfaction of the Committee;
- Change of control; or
- For any other reason (other than gross misconduct) if the Committee at its discretion so decides there may be payments after cessation of employment.

In particular:

- Subject to performance, a bonus may be payable at the discretion of the Committee pro-rata for the portion of the financial year worked. The Committee has discretion to permit any bonus payable to be settled in cash with no deferral.
- Vested but unexercised deferred bonus RSS awards will remain exercisable. Unvested deferred bonus RSS awards will ordinarily vest in full on the normal vesting date. All such vested awards must be exercised within 12 months of the vesting date.
- Vested but unexercised RSS awards may remain exercisable for 12 months.
- Unvested RSS awards may vest on the normal vesting date unless the Committee determines that such awards shall instead vest earlier (but no sooner than the date of cessation). Unvested awards will only vest to the extent that the performance conditions have been satisfied (over the full or curtailed period as relevant). A pro-rata reduction in the size of awards may apply, based upon the period of time after the grant date and ending on the date of cessation of employment relative to the three-year or other relevant vesting period unless the Committee determined otherwise.

The Committee may, in its discretion, waive any post-vesting holding requirement for any good leaver.

Depending upon circumstances, the Committee may consider other payments in respect of any claims in connection with a termination of employment where deemed appropriate, including an unfair dismissal award, outplacement support and assistance with legal fees.

Cessation of employment in other circumstances

If an Executive Director ceases to be a Director or employee of the Company for any reason other than:

- Death;
- Ill-health, injury or disability evidenced to the satisfaction of the Committee;
- Change of control; or
- For any other reason (other than gross misconduct) if the Committee at its discretion so decides;

then they will not be eligible to receive a bonus for the relevant financial year (or any future financial year) and any unvested, or vested but unexercised, RSS awards shall lapse in full immediately on such cessation.

In the case of any vested but unexercised deferred bonus RSS awards, they will remain exercisable for a period of 12 months. Unvested deferred bonus RSS awards will ordinarily vest in full on the normal vesting date, and all such vested awards must be exercised within 12 months of the vesting date.

Terms of appointment for Non-Executive Directors

The Non-Executive Directors serve subject to the Company's Byelaws and under letters of appointment. They are appointed subject to re-election at the AGM and are also terminable by either party on six months' notice except in the event of earlier termination in accordance with the Byelaws. The Non-Executive Directors are typically expected to serve for up to six years, although the Board may invite a Non-Executive Director to serve for an additional period. Their letters of appointment are available for inspection at the Company's registered office and at each AGM.

In accordance with best practice under the Code, the Board ordinarily submits the Directors individually for re-election by the shareholders at each AGM.

Directors' Remuneration Report *continued*

Legacy arrangements

In approving the Policy, authority is given to the Company for the duration of the Policy to honour commitments paid, promised to be paid or awarded to: (i) current or former Directors prior to the date of this Policy being approved (provided that such payments or promises were consistent with any Remuneration Policy of the Company, which was approved by shareholders and was in effect at the time they were made); or (ii) an individual (who subsequently is appointed as a Director of the Company) at a time when the relevant individual was not a

Director of the Company and, in the opinion of the Committee, was not paid, promised to be paid or awarded as financial consideration of that individual becoming a Director of the Company, even where such commitments are inconsistent with the provisions of the revised Policy.

Outstanding deferred bonus RSS and RSS awards that remain unvested or unexercised at the date of this Annual Report and Accounts (including for current Executive Directors as detailed on page 126) remain eligible for vesting or exercise based on their original award terms.

Illustrations of annual application of Remuneration Policy

The charts below show the potential total remuneration opportunities for the Executive Directors in 2026 at different levels of performance under the Directors' Remuneration Policy:



- Fixed pay = 2026 Salary + Actual Value of 2025 Benefits + 2026 Pension Contribution.
- On-target = Fixed Pay + Target Bonus (being half the Maximum Bonus Opportunity) + Target Value of 2026 RSS grant (assuming 50% vesting with the face values of grant).
- Maximum = Fixed Pay + Maximum Bonus Opportunity + Maximum Value of 2026 RSS grant (assuming 100% vesting with the face values of grant).
- Maximum + 50% growth over performance period = Fixed Pay + Maximum Bonus Opportunity + Maximum Value of 2026 RSS grant + 50% share price appreciation (assuming 100% vesting with the face values of grant).

Annual Report on Remuneration

This Annual Report on Remuneration (pages 119 to 130), together with the Chair's Annual statement (pages 105 to 108), will be subject to an advisory vote at the 2026 AGM. The following sections in respect of Directors' emoluments have been audited by KPMG LLP:

- Single figure of remuneration;
- Non-Executive Director fees;
- Annual bonus payments in respect of 2025 performance;
- Long-term share awards with performance periods ending in the year – 2023 Performance RSS awards;
- Scheme interests awarded during the year;
 - Long-term Performance RSS;
 - Deferred bonus RSS awards; and
- Directors' shareholdings and share interests.

Single figure of remuneration

The following table presents the Executive Directors' emoluments in pounds sterling in respect of the years ended 31 December 2025 and 31 December 2024 for time served as an Executive Director: Each Executive Director has confirmed they have not received any other form of remuneration, other than that already disclosed in the single figure table. The charts set out the disclosed 2025 total remuneration received by serving Executive Directors as a percentage of their total 2025 remuneration:

Executive Director		Salary £'000	Pension £'000	Taxable benefits ⁵ £'000	Total fixed pay £'000	Annual bonus ² £'000	Long-term incentives (RSS) ^{3,4} £'000	Total variable pay £'000	Total £'000
Alex Maloney, Group CEO	2025	870	87	9	966	2,488	3,333	5,821	6,787
	2024	840	84	13	937	2,485	2,286	4,771	5,708
Natalie Kershaw, Group CFO	2025	571	57	9	637	1,697	2,100	3,797	4,434
	2024	551	55	9	615	1,630	1,170	2,800	3,415
Paul Gregory, Group CUO ¹	2025	725	73	7	805	2,073	2,520	4,593	5,398
	2024	467	47	6	520	1,380	1,728	3,108	3,628

1. Paul Gregory was appointed to the Board on 1 May 2024. For 2024, in accordance with the UK remuneration reporting regulations, the fixed pay and annual bonus amounts for Paul Gregory relate to his services as a Director from 1 May 2024 onwards, but the amount in relation to the RSS reflects the full award (without pro-rating for time on the Board).
2. The 2025 bonus earned by Executive Directors is 95.3% to 99.1% of the maximum for the Executive Directors, further details are set out on pages 121 to 123. One third of the Executive Directors' annual bonus is deferred into RSS awards without performance conditions, vesting at 33.3% per year over a three-year period.
3. For 2025, the long-term incentive values are based on the 2023 Performance RSS awards which will vest in full and are based on a three-year performance period that ended on 31 December 2025. The values above are based on the average share price for the final quarter of 2025, being £6.29, and include the value of dividend equivalents accrued on the vested shares up to 31 December 2025 being £980,384, £617,555 and £741,064 for the Group CEO, Group CFO and Group CUO respectively.
4. For 2024, the long-term incentive values are based on the 2022 Performance RSS awards which vested at 71.7%, and have been restated using the share price as at the date of vesting (6 March 2025) which was £5.87. The figures reflect the final number of shares that vested on 6 March 2025 and includes the value of dividend equivalents accrued on the vested shares up to 31 December 2024.
5. The benefits value shown reflects taxable benefits provided (private medical, travel insurance, critical illness, dental and gym reimbursement).

Directors' Remuneration Report *continued***Non-Executive Director fees**

The following table presents the Non-Executive Directors' fees in respect of the years ended 31 December 2025 and 31 December 2024 for time served as a Non-Executive Director:

Current Non-Executive Directors		Fee \$'000	Other \$'000	Total \$'000
Philip Broadley ¹	2025	350	–	350
	2024	292	–	292
Bob Cox ²	2025	175	–	175
	2024	–	–	–
Michael Dawson ³	2025	58	–	58
	2024	175	–	175
Jack Gressier	2025	175	–	175
	2024	175	–	175
Bryan Joseph ⁴	2025	175	100	275
	2024	175	100	275
Robert Lusardi ³	2025	58	–	58
	2024	175	–	175
Irene McDermott Brown	2025	175	–	175
	2024	175	–	175
Nathalie Rachou ⁵	2025	175	–	175
	2024	27	–	27
Linda Ventresca ⁶	2025	175	–	175
	2024	70	–	70
Sally Williams ⁴	2025	175	70	245
	2024	175	70	245

1. Philip Broadley was appointed to the Board on 8 November 2023, and assumed the role of Chair on 1 May 2024.

His fees for 2024 represent his time as Director and Chair.

2. Bob Cox was appointed to the Board on 1 January 2025.

3. Michael Dawson and Rob Lusardi stepped down from the Board on 30 April 2025 and their fees represent their 2025 tenure.

4. Bryan Joseph and Sally Williams are also members of the LSL Board and LUK Board respectively. LSL and LUK fees are paid in GBP at the average exchange rate for the month of payment.

5. Nathalie Rachou was appointed to the Board on 5 November 2024 and her fees for 2024 represent her time as a Director.

6. Linda Ventresca was appointed to the Board on 7 August 2024 and her fees for 2024 represent her time as a Director.

Annual bonus payments in respect of 2025 performance

As detailed in the Remuneration Policy, each Executive Director participates in the annual bonus plan, under which performance is measured over a single financial year.

Bonus targets were set at the beginning of 2025 and based on a clear split between Company financial performance and personal performance on a 75:25 basis. The target value of bonus was 150% of salary for the Group CEO, Group CFO and Group CUO respectively, and the maximum payable was two times the target value.

Financial performance

75% of the 2025 bonus was based on financial performance conditions, and the extent to which these were achieved is as follows:

Performance measure	Financial performance weighting (of total bonus) %	Threshold %	Target %	Max %	Actual performance %
Simple RoE	75	RFR +5% (9.2%)	RFR +8% (12.2%)	RFR +14% (18.2%)	RFR +15.3% (19.5%)
Payout	% of Target	25%	100%	200%	200%

For 2025 financial performance has been measured using Simple RoE. The RoE outturn was calculated using profit after tax divided by average shareholders' equity. Average equity was calculated as the average of the opening and closing shareholders' equity position. The RFR was 4.2%, calculated with reference to the average 13-week UST rates for the year.

Directors' Remuneration Report *continued*

Personal performance

25% of the 2025 bonus was based on performance against clearly defined personal objectives set at the start of the year.

The table below sets out a summary of the 2025 personal objectives for each Executive Director and some of the factors the Board has considered to determine whether the objectives have been met. The personal targets were tailored to each of the Executive Directors, according to their respective roles and areas of personal development:

Executive Director	Personal strategic objectives	Factors relevant to the Board's determination for the 2025 performance year	Executive Director	Personal strategic objectives	Factors relevant to the Board's determination for the 2025 performance year
Alex Maloney	<ul style="list-style-type: none"> Business management and leadership; including oversight of change, talent and succession and relationship to Lloyd's 	<ul style="list-style-type: none"> Maintained the inclusive and productive culture in the business through open and transparent dialogue and leadership. Delivered above-plan underwriting profitability and promoted underwriter confidence, particularly following the California wildfires so early in the year. Work has been undertaken to ensure a strong pipeline of underwriting and functional talent. Emissions reduction remains a key consideration with appropriate offsets in place. 	Natalie Kershaw	<ul style="list-style-type: none"> Business management and leadership, including oversight of change, relationship management and values 	<ul style="list-style-type: none"> Strong advocate and communicator of the culture and behaviours expected. Oversees high-performing business areas and continually pushes them to think differently, evolve and develop to deliver the best possible performance and outcomes for the Group.
	<ul style="list-style-type: none"> Business development; implementation of the long-term business strategy 	<ul style="list-style-type: none"> The underwriting portfolio has grown ahead of rate, particularly in the US. The US platform is developing and maturing with the appointment of a new divisional CEO reporting direct to the Group CEO, and the addition of a new product line during the year. 		<ul style="list-style-type: none"> Business development; implementation of the long-term business strategy 	<ul style="list-style-type: none"> Demonstrates a commercial focus and maintains excellent relationships with both internal and external stakeholders. Provides guidance and oversight across all areas within her purview and has assumed a leadership role in a number of key projects throughout the year, delivering positive outcomes. Investment returns continue to contribute strongly, and carbon intensity in the investment portfolio remains low.
	<ul style="list-style-type: none"> Leadership & Culture; with specific objectives related to leadership, talent and succession and governance 	<ul style="list-style-type: none"> The behaviours described within The Lancashire Way have been strongly embedded, evidenced by extremely positive outcomes from the Employee Engagement Survey. Talent development and succession is progressing well across the business. Alex also maintains positive relationships between Executive Directors and Independent Non-Executive Directors. 		<ul style="list-style-type: none"> Leadership & Culture; with specific objectives relating to leadership, talent and succession and governance 	<ul style="list-style-type: none"> Approachable and well respected across all business areas and geographies, Natalie has been pivotal in developing the talent identification and training strategy, in addition to supporting individual coaching and acting as a mentor. Delivered material projects throughout the year that have directly contributed to the positive culture in the business. Financial and management reporting remain clear, transparent and high quality.

Directors' Remuneration Report *continued*

Executive Director	Personal strategic objectives	Factors relevant to the Board's determination for the 2025 performance year
Paul Gregory	<ul style="list-style-type: none"> Business management and leadership, including the development of the underwriting strategy and function 	<ul style="list-style-type: none"> Delivered strong underwriting performance versus business plan. Changes to the senior underwriting team have been fully embedded and work has continued to develop talent across the function and ensure a sustainable pipeline for the future. Climate risk exposure has been managed in line with plan.
	<ul style="list-style-type: none"> Delivery and progression of Group underwriting in line with the strategy and risk tolerance framework 	<ul style="list-style-type: none"> The overall underwriting portfolio has continued to grow with the US platform developing well, expanding from the two founding classes of energy and property to a third in general casualty. Active additions to management in the US have provided a platform for continued growth and expansion of the underwriting portfolio in this region.
	<ul style="list-style-type: none"> Leadership & Culture; with specific objectives related to leadership, talent and succession, and governance 	<ul style="list-style-type: none"> Actively demonstrates the behaviours relating to The Lancashire Way and has been deliberate and thoughtful in managing underwriting talent to ensure we have the right people with the appropriate skills for now and for the future. The underwriting culture is collaborative and positively challenging.

During the 2025 annual performance reviews of each Executive Director, a performance rating was assigned to determine the level of bonus earned for delivery versus personal strategic objectives, determined following an evaluation process, and discussion and agreement of the outcomes with the Chair and members of the Board. This process determined that the bonus earned in relation to 2025 personal strategic objectives assessment was 61% of salary for the Group CEO and Group CUO (being 81% of the maximum available for this element) and, 72% of salary for the Group CFO (being 96% of the maximum available for this element) recognising her exceptional performance during 2025.

A table of performance measures and total 2025 bonus achievement is set out below:

Executive Director	Financial performance (max % of total bonus)	Personal performance (max % of total bonus)	Bonus % of maximum awarded	Total bonus value £'000	Value of bonus paid in cash (2/3 of total bonus) £'000	Value of bonus deferred into RSS awards (1/3 of total bonus) ¹ £'000
Alex Maloney	75% (of 75%)	20.3% (of 25%)	95.3 %	2,488	1,659	829
Natalie Kershaw	75% (of 75%)	24.1% (of 25%)	99.1 %	1,697	1,131	566
Paul Gregory	75% (of 75%)	20.3% (of 25%)	95.3 %	2,073	1,382	691

1. In line with the Remuneration Policy, one third of total bonus award will be deferred into RSS awards with one third of the award vesting annually over a three-year period with the first third becoming exercisable in March 2027, subject to the Company not being in a closed period. No additional performance conditions apply. Vesting is subject to continued employment.

Directors' Remuneration Report *continued*

Long-term share awards with performance periods ending in the year 2023 Performance RSS awards

The 2023 Performance RSS awards were based on a three-year performance period ending on 31 December 2025 and vest following the determination of performance outcomes by the Committee. There is a two-year post-vesting holding requirement for these awards for the Group CEO and Group CFO. This post-vesting holding requirement is not applicable to the Group CUO as he was not a member of the Board when the 2023 Performance RSS was granted. The tables below set out the achievement against the performance conditions attached to the award and the resulting vesting:

Performance level	Absolute compound annual growth in TSR (relevant to 15% of the 2023 RSS awards)		Annual Change in DBVS (within the three-year performance period) (relevant to 85% of the 2023 RSS awards) ¹	
	Performance required (%)	% vesting	Performance required (%)	% vesting
Below threshold	Below 8	–	Below 6	–
Threshold	8	25	6	25
Stretch or above	12 or above	100	13 or above	100
Actual achieved	22.6	100	see note 1	100

Note 1.	2023	2024	2025
Annual Change in DBVS	24.7%	23.4%	20.9%
Vesting % of one third by performance year	100%	100%	100%
Vesting % of Annual Change in DBVS element	33.3%	33.3%	33.3%

The overall vesting outcome for the 2023 Performance RSS awards is therefore 100%.

The detailed vesting for each Executive Director is shown below:

Executive Director	Number of shares at grant	Number of shares to vest	Dividend accrual on vested shares value ¹ £	Value of shares including dividend accrual ^{2,3} £
Alex Maloney	373,899	373,899	980,384	3,332,793
Natalie Kershaw	235,523	235,523	617,555	2,099,362
Paul Gregory	282,627	282,627	741,064	2,519,229

- Dividend equivalents accrue on awards at the record date of a dividend payment (total £2.62 per share, see page 3). Upon exercise, the cash value of the accrued dividend equivalent is paid to the employee on the number of vested awards.
- The value of vested shares is based on the 2023 RSS awards which will vest at 100% and is based on a three-year performance period that ended on 31 December 2025. The average share price rate for the final quarter of 2025 (£6.29) is used for this calculation.
- The value attributable to share price appreciation is £60,408, £38,052 and £45,662 respectively for the Group CEO, Group CFO and Group CUO.

Scheme interests awarded during the year Long-term performance RSS awards granted during the year

The table below sets out the Performance RSS awards that were granted to the serving Executive Directors as nil-cost options on 13 March 2025:

Executive Director	Grant date	% of salary	Number of awards granted during the year	Face value of awards granted during the year ¹ £	% vesting at threshold performance
Alex Maloney	13-Mar-25	350	512,108	3,045,000	25
Natalie Kershaw	13-Mar-25	275	264,085	1,570,250	25
Paul Gregory	13-Mar-25	300	365,792	2,175,000	25

- The awards were based on the five-day average closing share price prior to the Grant date of 13 March 2025, being £5.95 and the awards were granted as nil-cost options.

These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2027. There is a two-year post vesting holding requirement and they will become exercisable in the first open period following the release of the Company's 2029 year-end results. The table below sets out the performance conditions attached to 2025 RSS Awards:

	Weighting	Below threshold (0% vesting)	Threshold (25% vesting)	Maximum (100% vesting)
Annual internal rate of return of the Change in DBVS targets ¹	85%	<6%	6%	13%
Absolute compound annual growth in TSR targets ²	15%	<8%	8%	12%

- Within the three-year performance period, each of the separate financial years will be treated as a separate element, each one contributing one third to the overall outcome of the vesting of this element of the Performance RSS awards.
- Absolute TSR will be measured for compound annual growth over the full three-year performance period rather than looking at each year separately.

Deferred bonus RSS awards granted during the year

The table below sets out the deferred bonus RSS awards in respect of 33.3% of the 2024 bonuses that were granted to the serving Executive Directors as nil-cost options on 13 March 2025. Awards will vest in three equal tranches over three years.

Executive Director	Grant date	Number of awards granted during the year	Face value of awards granted during the year ¹ £	% vesting annually
Alex Maloney	13-Mar-25	139,284	828,188	33.3
Natalie Kershaw	13-Mar-25	91,405	543,498	33.3
Paul Gregory	13-Mar-25	116,070	690,156	33.3

- The awards were based on the five-day average closing share price prior to the Grant date of 13 March 2025, being £5.95 and the awards were granted as nil-cost options.

Directors' Remuneration Report *continued*

Implementation of Remuneration Policy for 2026

Base salary and fees

Executive Directors

Salaries effective from 1 January 2026 are set out below:

- Group CEO – £893,500, a 2.7% increase;
- Group CFO – £586,500, a 2.7% increase; and
- Group CUO – £744,500, a 2.7% increase.

The increase for Executive Directors is below the level for the wider workforce, which is skewed towards lower-paid staff, with an average increase of 3.6%.

Non-Executive Directors

The Chair's and Non-Executive Directors' fees are as follows for 2026 (unchanged from 2025):

- the fee for the Board Chair will remain at \$350,000 per annum; and
- the Non-Executive Director fee will remain at \$175,000 per annum.

Other fees

- Sally Williams is a Non-Executive Director of LUK in which capacity she will receive a fee of \$70,000 per annum (unchanged from 2025).
- Bryan Joseph is a Non-Executive Director of LSL in which capacity he will receive a fee of \$100,000 per annum (unchanged from 2025).

Annual bonus

Award levels

For 2026, the Group CEO, the Group CFO and Group CUO will have a target bonus of 150% of salary and a maximum opportunity of 300% of salary. This is within the Policy limit and is in line with last year's opportunity, and represents a maximum bonus opportunity which is 100% of salary, less than the maximum Policy limit. The financial and personal portions of the annual bonus will remain unchanged, with 75% on financial performance and 25% on personal performance.

Financial performance (75%)

Financial performance for bonus purposes will be measured on an appropriate operational metric to measure the growth in value over the course of the financial year, such as Return on Equity. The Committee considers that the specific performance targets are commercially sensitive and will therefore be disclosed retrospectively in the 2026 report.

Personal performance (25%)

This element of the bonus plan is based upon the collective achievement of clearly articulated objectives created at the beginning of each year. The 2026 shared objectives are set under the following three headings:

- Business management, including oversight of change, relationship management and values;
- Business development, implementation of the long-term business strategy; and
- Leadership & Culture, with specific objectives related to leadership, talent and succession, and governance.

Due to their close link to business strategy detail, shared strategic objectives for Executive Directors are considered commercially sensitive at the present time. Detailed objectives have been presented to and approved by the Committee, and will be described in the 2026 Annual Report.

Restricted Share Scheme

Award levels

2026 Performance RSS award levels are as follows:

- Group CEO – RSS awards in respect of shares to the value of £3,127,250 (being 350% of salary);
- Group CFO – RSS awards in respect of shares to the value of £1,612,875 (being 275% of salary); and
- Group CUO – RSS awards in respect to the value of £2,233,500 (being 300% of salary).

The number of shares subject to the awards shall be determined based on the closing average share price for a period of five trading days immediately prior to the date of the award.

Weighting

For 2026, the weighting is 85% on annual Change in DBVS and 15% on absolute TSR.

Target ranges

The annual Change in DBVS target range for 2026 awards is:

- threshold – 6%; and
- maximum – 13%.

Within the three-year performance period, each of the separate financial years will be treated as a separate element, each one contributing one third to the overall outcome of the vesting of this element of the Performance RSS award. In each year, performance will be measured against the target range to determine the ultimate level of vesting in respect of one third of the Performance RSS award. Vesting will only occur after completion of the full three-year performance period, and subject to continued employment of the Executive Director at the time of vesting.

Directors' Remuneration Report *continued*

The relevant elements of the RSS award will not vest if the annual Change in DBVS is below threshold, 25% of the relevant element of the Performance RSS award will vest at threshold, and 100% of the relevant element of the RSS award will vest at maximum. Performance between threshold and maximum is determined on a straight-line basis.

The TSR target range for 2026 awards is:

- threshold – 8% compound annual growth; and
- maximum – 12% compound annual growth.

Absolute TSR will be measured for compound annual growth over the full three-year performance period rather than looking at each year separately.

None of the relevant elements of the award will vest if absolute TSR is below threshold, 25% of the award will vest at threshold, and 100% of the award will vest at maximum. Performance between threshold and maximum is determined on a straight-line basis.

Post-vesting holding period

It is a requirement that Executive Directors hold vested Performance RSS awards (or the resultant net of tax shares) for a two-year period after vesting.

Shareholding requirements

Subject to the approval of the Policy, the Group CEO is subject to a shareholding requirement equal to 350% of salary, whilst the other Executive Directors are subject to a requirement equal to 200% of salary. Until this requirement is met, following exercise of an award, a Director is required to retain at least 50% of the net of tax shares.

In addition, Executive Directors must continue to maintain a shareholding of 200% of salary for a period of two years following cessation of employment.



Directors' Remuneration Report *continued*

Directors' shareholdings and share interests

The guidelines under the Policy approved at the 2023 AGM require the Group Executive Directors to build and maintain a shareholding in the Company worth two times annual salary.

Details of the Directors' interests in shares are shown in the table below.

	Number of common shares and nil-cost option share interests						Shareholding guideline achieved ⁴
	Total as at 1 January 2025	As at 31 December 2025					
	Legally owned	Unvested and not subject to performance conditions	Unvested and subject to performance conditions	Vested, but unexercised	Total ^{2,3}		
Alex Maloney	2,249,601	1,047,505	223,395	1,340,974	N/A	2,611,874	Yes
Natalie Kershaw	879,910	104,841	148,913	734,200	187,263	1,175,217	Yes
Paul Gregory	1,548,385	649,819	186,495	973,395	N/A	1,809,709	Yes
Philip Broadley	51,615	63,695				63,695	N/A
Bob Cox ¹	N/A	2,000				2,000	N/A
Michael Dawson ²	35,000						N/A
Jack Gressier	-	-				-	N/A
Bryan Joseph	12,246	13,446				13,446	N/A
Rob Lusardi ³	48,000						N/A
Irene McDermott Brown	8,663	8,663				8,663	N/A
Nathalie Rachou	-	-				-	N/A
Linda Ventresca	-	-				-	N/A
Sally Williams	11,082	11,950				11,950	N/A

On 21 March 2025, Alex Maloney, Group CEO, exercised 349,070 RSS nil-cost options with an average exercise price of £5.49. The total gain on exercise of the awards was £1,919,355, of which shares to the value of £943,132 were sold to cover applicable taxes and fees. The balance of the amount was held.

On 21 March 2025, Paul Gregory, Group CUO, exercised 267,923 RSS nil-cost options with an average exercise price of £5.53. The total gain on exercise of the awards was £1,484,005, of which shares to the value of £729,210 were sold to cover applicable taxes and fees. The balance of the amount was held.

1. For Bob Cox, who was appointed to the Board during the year, there is no comparison to prior year.

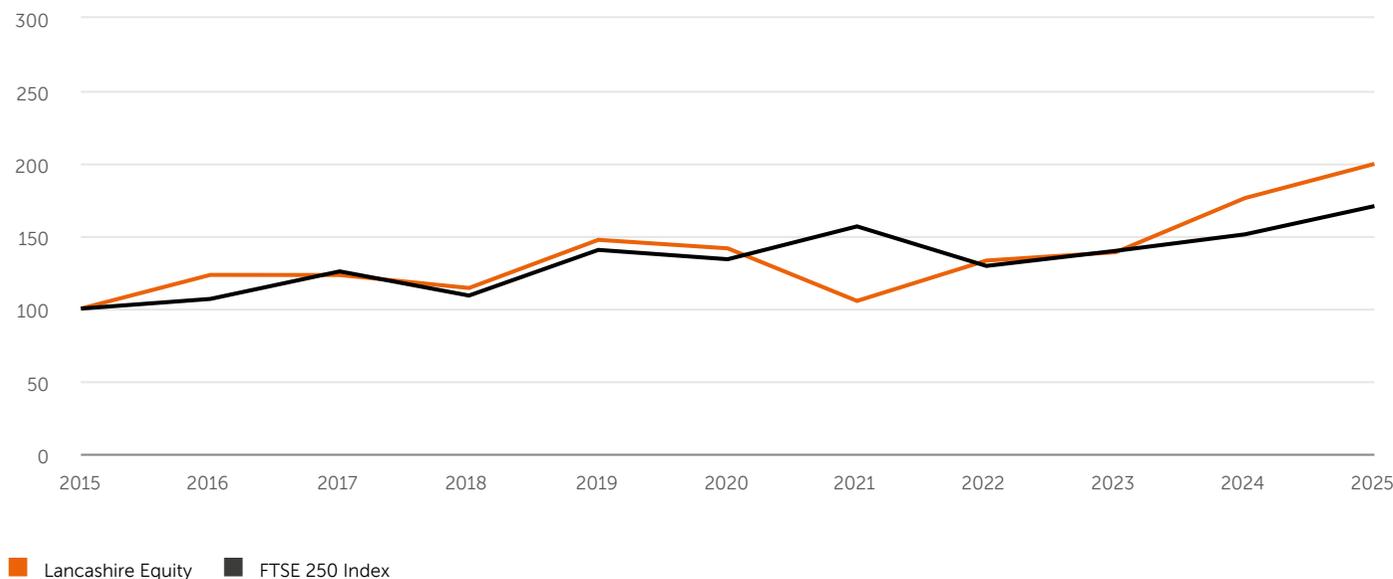
2. Michael Dawson ceased being a Director on 30 April 2025. Mr Dawson held 35,000 shares in the Company as at 30 April 2025.

3. Rob Lusardi ceased being a Director on 30 April 2025. Mr Lusardi held 48,000 shares in the Company as at 30 April 2025.

4. Share ownership interest equivalent is defined as wholly owned shares or the net of taxes value of Performance RSS awards which have vested, but are unexercised, and the net of tax value of deferred bonus RSS and/or non-performance RSS awards. Shares include those owned by persons closely associated with the relevant Executive Director.

Directors' Remuneration Report *continued*

Performance graph and total remuneration history for Group CEO



The graph shows the ten-year history of the Company's performance, measured by TSR, compared with the performance of the FTSE 250 Index. The Company's common shares commenced trading on the main market of the LSE on 16 March 2009. It shows the value at 31 December 2025, of £100 invested in LHL on 31 December 2015 compared with the value of £100 invested in the FTSE 250 Index. The other points plotted are the values at intervening financial year ends. The Company joined the FTSE 250 Index on 22 June 2009, and is currently a constituent of this index.

	2012 ³	2013 ³	2014 ^{4,3}	2014 ^{2,3}	2015 ³	2016 ³	2017 ³	2018 ³	2019 ³	2020 ³	2021	2022	2023	2024	2025
Total remuneration (£000s)	6,599	6,511	6,088	1,453	2,511	2,758	1,517	1,067	2,398	3,193	2,033	1,628	3,709	5,893	6,787
Annual bonus (% of maximum)	73	80	80	73	73	76	17	19	80	60	19	22	98	99	95
LTI vesting (% of maximum)	99	100	61	50	50	67	23	nil	nil	48	48	20	28	72	100

The table sets out a history of the total single figure of remuneration for the Group CEOs, with the annual bonus paid as a percentage of the maximum and the long-term share awards vesting as a percentage of maximum in each year.

- Richard Brindle was the Group CEO from 2005 until he retired from the Group and as a Director on 30 April 2014. Mr Brindle was afforded good leaver status and all RSS award interests were vested upon his departure, using estimated TSR and RoE values (as then defined) at the time of his retirement. The amounts in the table above reflect all awards which vested in 2014. Further particulars of the vesting were reported in the Group's 2014 Annual Report and Accounts.
- Alex Maloney was appointed Group CEO effective 1 May 2014, after the retirement of Mr Brindle. For the purposes of this table his numbers have been pro-rated to account for only his time in office as CEO for 2014.
- For the years 2012 – 2020 these figures were converted to GBP using the average exchange rate for the relevant year.

Directors' Remuneration Report *continued*

Group Chief Executive Pay Ratio

Prior to 2023, the Group had fewer than 250 UK employees, and as such was exempt from disclosing the CEO pay ratio. Since 2023, the Group has employed more than 250 UK employees, and as such now discloses the CEO pay ratio in accordance with the applicable regulations.

Lancashire has chosen to use methodology A (as defined in the applicable regulations) to calculate the figures in the tables. The pay ratio is calculated using data for UK employees employed on 31 December 2025, with remuneration figures determined by reference to the financial year ending 31 December 2025 (consistent with the approach taken in previous years).

The total pay and benefits for each employee were calculated using the single figure of remuneration methodology, consistent with that applied to the CEO. No elements of pay were omitted. Where appropriate, remuneration amounts were adjusted on an approximate basis to reflect full-time and full-year equivalent pay, based on the employee's full-time equivalent hours at the year end and the proportion of the year for which they were employed. No other adjustments were made.

In reviewing the pay ratios, the Committee noted that the CEO's remuneration package is more heavily weighted towards variable pay (both annual bonus and long-term incentive) compared to that of the wider workforce. This reflects the nature and seniority of the role and results in the pay ratio being more susceptible to fluctuations depending on both Company and individual performance.

All permanent employees are eligible to participate in a short-term variable pay, whilst long-term awards for the wider workforce are subject only to continuous service. Performance conditions apply to long-term incentive awards solely for Executive Directors and a small number of other very senior employees.

Short-term financial performance outcomes in 2025 are similar to that of 2024 (for the purposes of determining the annual bonus). Consequently, the impact of short-term incentive awards on remuneration figures for both the CEO and the wider workforce are broadly consistent with prior year. Accordingly, the primary driver of the change in CEO pay ratio from 2024 to 2025 was the improvement in long-term incentive outcomes.

The Committee notes that the 2025 pay ratios appropriately reflect the structure of the CEO's remuneration package, which is more heavily weighted towards variable pay than that of other employees, in line with the Group's reward policies. The Committee is satisfied that the resulting pay ratios are consistent with those policies.

The table below sets out how the single total figure of remuneration (STFR) for the Group CEO compares to the STFR of the UK employees at the 25th percentile, median and 75th percentile in 2025, 2024 and 2023.

	Method	25 th percentile Total Pay Ratio	Median Total Pay Ratio	75 th percentile Total Pay Ratio
2025	A	87:1	53:1	27:1
2024	A	78:1	48:1	26:1
2023	A	54:1	31:1	18:1

The table below sets out the split between total remuneration (fixed and variable pay and benefits) and the salary component of that total for the relevant 2025 employees.

	25 th percentile pay ratio		Median pay ratio		75 th percentile pay ratio	
	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)	Total remuneration (£)	Base salary (£)
2025	78,073	57,000	127,678	84,375	247,563	130,000
	87:1	15:1	53:1	10:1	27:1	7:1

Directors' Remuneration Report *continued***Percentage change in Directors' remuneration¹**

The following table sets out the percentage change in the aggregate value of salary, benefits and bonus for the Directors from the preceding year, and the average percentage change in respect of the employees of the Group taken as a whole:

As at	2025			2024			2023			2022			2021		
	Base salary/ fees	Benefits ²	Bonus	Base salary/ fees	Benefits ²	Bonus	Base salary/ fees	Benefits ²	Bonus	Base salary/ fees	Benefits ²	Bonus	Base salary/ fees	Benefits ²	Bonus
Executive Directors															
Alex Maloney	3.6	(1.2)	0.1	10.1	13.6	10.2	5.0	5.0	365.5	4.0	4.3	23.1	(0.2)	(0.5)	(223.1)
Natalie Kershaw ³	3.6	-	4.1	5.0	6.1	5.1	15.9	16.0	407.2	16.0	13.4	16.0	16.2	11.1	(197.0)
Paul Gregory ⁴	55.2	16.7	50.2	N/A	N/A	N/A									
Non-Executive Directors⁵															
Philip Broadley ⁶	20.0	-	N/A	1026.5	-	N/A	N/A	N/A	N/A						
Bob Cox ⁷	N/A	N/A	N/A												
Michael Dawson ⁸	(66.7)	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Jack Gressier ⁹	-	-	N/A	-	-	N/A	134	-	N/A	N/A	N/A	N/A			
Bryan Joseph ¹⁰	-	-	N/A	70.1	-	N/A	N/A	N/A	N/A						
Robert Lusardi ⁸	(66.7)	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A
Irene McDermott Brown	-	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	N/A	N/A	N/A
Nathalie Rachou ¹¹	554.5	-	N/A	N/A	N/A	N/A									
Linda Ventresca ¹²	151.4	-	N/A	N/A	N/A	N/A									
Sally Williams	-	-	N/A	0.3	-	N/A	13.5	N/A	N/A	34.1	N/A	N/A	-	N/A	N/A
Employees of the parent company¹³															
Employees of the Group	6.7	4.2	6.8	8.3	11.8	5.6	10.4	14.1	168.5	7.5	7.9	105	15.2	27.5	(57.9)

1. The change in remuneration is based on employees employed in the year ended 31 December 2025 and the year ended 31 December 2024.

2. Benefits include pension and all taxable benefits as reported on page 119 in the Single Figure on Remuneration table. For Executive Directors and employees, there were no changes in benefits provision between 2024 and 2025.

3. For Natalie Kershaw, there was no change in her salary from 2020 to 2021. The apparent increase has arisen due to her 2020 salary shown being pro-rata following her appointment as Group CFO on 1 March 2020. The change in salary in 2022 and 2023 reflects a mid-year adjustment during 2022.

4. Paul Gregory, was appointed to the Board on 1 May 2024, the apparent increases shown in the table for 2025, are due to his salary, benefits and bonus for 2024 shown being pro-rata. He received an actual increase of 3.6% on his annual salary effective 1 January 2025.

5. Non-Executive Director fee levels were unchanged between 2024 and 2025.

6. Philip Broadley was appointed to the Board on 8 November 2023. His fees for 2023 represent his time as a Director. He assumed the role of Chair on 1 May 2024. His fees for 2024 represent his time as a Director and Chair.

7. Bob Cox was appointed to the Board during the year, therefore there is no comparison to prior year.

8. Michael Dawson and Rob Lusardi stepped down from the Board on 30 April 2025 and their fees represent their 2025 tenure.

9. Jack Gressier was appointed to the Board on 26 July 2022, and his 2022 fees represent his time as a Director.

10. Bryan Joseph was appointed to the Board on 26 April 2023, and to the LSL Board on 1 August 2023. His fees for 2023 represent his time as a Director.

11. Nathalie Rachou was appointed to the Board on 5 November 2024 and her fees represent her time as a Director.

12. Linda Ventresca was appointed to the Board on 7 August 2024 and her fees represent her time as a Director.

13. As the parent company does not have any employees, it is not possible to provide a percentage change in their pay and therefore the comparison is to the Group as a whole.

Directors' Remuneration Report *continued*

Relative importance of the spend on pay

The following table sets out the percentage change in dividends related to and overall spend on pay in the year ended 31 December 2025, compared with the year ended 31 December 2024:

	2025 \$m	2024 \$m	Percentage change %
Total employee benefits	182.1	150.7	20.8
Dividends	296.5	354.2	(16.3)

Committee members, attendees and advice

For Remuneration Committee membership and attendance at meetings through 2025, please refer to page 102 of this Annual Report and Accounts. The Group CEO and other senior executives may attend Remuneration Committee meetings where appropriate, noting that no one is involved in decisions regarding their own remuneration.

The Remuneration Committee's responsibilities are contained in its Terms of Reference, a copy of which is available on the Company's website.

These responsibilities include determining the framework for the remuneration, including pension arrangements, for all Executive Directors, the Chair and senior executives.

The Committee is also responsible for approving employment contracts for senior executives.

Remuneration Committee adviser

The Remuneration Committee is advised by the Executive Compensation practice at PwC since their appointment in July 2023. Advisers hold discussions with the Remuneration Committee Chair regularly on Committee processes and topics which are of particular relevance to the Company.

The primary role of the Committee adviser is to provide independent and objective advice and support to the Committee's Chair and members. The Committee is satisfied that the advice that it receives is objective and independent, noting that PwC is a signatory to the Remuneration Consultants Group ('RCG') Code of Conduct which sets out guidelines for managing conflicts of interest, and has confirmed to the Committee its compliance with the RCG Code.

The total fees paid to PwC in respect of its services to the Committee for the year ended 31 December 2025 were \$190,499. Fees are predominantly charged on a fixed fee basis for a core scope of activities, with additional fees for items outside of this scope charged on a 'time spent' basis.

Engagement with shareholders

Details of votes cast for and against the resolution to approve last year's Remuneration Report, are shown below, along with the votes to approve the 2023 Remuneration Policy. Any matters discussed with shareholders during 2023 are provided in the Annual Statement for 2023, starting on page 101, details on the 2023 AGM vote are also outlined in the statement.

Please see page 103 for the Chair's discussion of the 2025 AGM Remuneration vote outcomes.

	Vote to approve 2024 Annual Report on Remuneration (at the 2025 AGM)		Vote to approve 2023-2025 Remuneration Policy (at the 2023 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	173,866,419	95.0	166,150,636	92.9
Against	9,113,216	5.0	12,769,776	7.1
Total	182,979,635	100.0	178,920,412	100.0
Abstentions	5,100,724		1,213,622	

Approved by the Board of Directors and signed on behalf of the Board.

Irene McDermott Brown
Chair of the Remuneration Committee

4 March 2026

Directors' Report

Overview of the Group

LHL is a Bermuda incorporated company (Registered Company No. 37415) with operating subsidiaries in Bermuda, London, the US, and Australia, and two syndicates at Lloyd's.

The Company's common shares were admitted to trading on AIM in December 2005 and were subsequently moved up to the Official List and to trading on the main market of the LSE on 16 March 2009. The shares have been included in the FTSE 250 Index since 22 June 2009, and are categorised as Equity Shares (Commercial Companies).

Principal activities

The Company's principal activity, through its wholly-owned subsidiaries, is the provision of global specialty, catastrophe and casualty insurance and reinsurance products. An analysis of the Group's business performance can be found in the underwriting and business review starting on page 19.

Dividends

During the year ended 31 December 2025, the following dividends were declared:

- a special dividend of \$0.25 per common share was declared on 6 March 2025 and paid on 11 April 2025 in pounds sterling at the pound/US dollar exchange rate of 1.29390 or £0.19321 per common share.
- a final dividend of \$0.15 per common share was declared on 6 March 2025 subject to shareholder approval, which was received at the 2025 AGM. The final dividend was paid on 13 June 2025 in pounds sterling at the pound/US dollar exchange rate of 1.32930 or £0.11284 per common share;
- an interim dividend of \$0.075 per common share was declared on 6 August 2025 and paid on 15 September 2025 in pounds sterling at the pound/US dollar exchange rate of 1.35610 or £0.05531 per common share; and
- a special dividend of \$0.75 per common share was declared on 5 November 2025 and paid on 12 December 2025 in pounds sterling at the pound/US dollar exchange rate of 1.3140 or £0.57078 per common share.

Dividend policy

The Group intends to maintain a strong balance sheet at all times, while generating an attractive risk-adjusted total return for shareholders. We actively manage capital to achieve those aims. Capital management is expected to include the payment of a sustainable annual (interim and final) ordinary dividend, supplemented by special dividends from time to time. Dividends will be linked to past performance and future prospects.

Under most scenarios, the annual ordinary dividend is not expected to reduce from one year to the next. Special dividends are expected to vary substantially in size and in timing. The Board may cancel the payment of any dividend between declaration and payment for purposes of compliance with regulatory requirements or for exceptional business reasons.

Current Directors

- Philip Broadley (Non-Executive Chair)
- Alex Maloney (Group Chief Executive Officer)
- Natalie Kershaw (Group Chief Financial Officer)
- Paul Gregory (Group Chief Underwriting Officer)
- Bob Cox (Non-Executive Director)
- Jack Gressier (Non-Executive Director)
- Bryan Joseph (Non-Executive Director)
- Irene McDermott Brown (Senior Independent Non-Executive Director)
- Nathalie Rachou (Non-Executive Director)
- Linda Ventresca (Non-Executive Director)
- Sally Williams (Non-Executive Director)

Directors' Report *continued*

Directors' interests

The Directors' beneficial interests in the Company's common shares as at 31 December 2025 and 2024, including interests held by family members, were as follows (share prices rounded to two decimal places):

Directors	Common shares held as at 31 December 2025	Common shares held as at 31 December 2024
Philip Broadley ¹	63,695	51,615
Bob Cox ²	2,000	—
Michael Dawson ³	—	35,000
Paul Gregory ⁴	649,819	513,548
Jack Gressier	—	—
Bryan Joseph ⁵	13,446	12,246
Natalie Kershaw	104,841	104,841
Robert Lusardi ⁶	—	48,000
Alex Maloney ⁷	1,047,505	869,961
Irene McDermott Brown	8,663	8,663
Nathalie Rachou	—	N/A
Linda Ventresca	—	N/A
Sally Williams ⁸	11,950	11,082

1. Philip Broadley conducted the following transactions in the Company's shares during 2025:

- 2 May 2025 - purchase of 1,800 shares at a price of £5.83 per share, costing £10,489.57.
- 18 September 2025 - purchase of 4,700 shares at a price of £6.37 per share, costing £29,945.11.
- 12 December 2025 - purchase of 5,580 shares at a price of £5.94 per share, costing £33,145.20.

2. Bob Cox was appointed to the Board with effect from 1 January 2025. Mr Cox conducted the following transactions in the Company's shares during 2025:

- 14 November 2025 - purchase of 2,000 shares at a price of £5.82 per share, costing £11,640.

3. Michael Dawson ceased being a Director on 30 April 2025. Mr Dawson held 35,000 shares in the Company as at 30 April 2025.

4. Includes 458,575 shares owned by Paul Gregory's spouse, Helen Gregory. Mr Gregory conducted the following transactions in the Company's shares during 2025:

- 21 March 2025 - exercise of 267,923 RSS awards and related sale of 131,652 shares at a price of £5.54 per share, realising £729,210.29.

5. Bryan Joseph conducted the following transactions in the Company's shares during 2025:

- 15 August 2025 - purchase of 1,200 shares at a price of £6.09 per share, costing £7,313.02.

6. Robert Lusardi ceased being a Director on 30 April 2025. Mr Lusardi held 48,000 shares in the Company as at 30 April 2025.

7. Includes 181,819 shares owned by Alex Maloney's spouse, Amanda Maloney. Mr Maloney conducted the following transactions in the Company's shares during 2025:

- 21 March 2025 - exercise of 349,070 RSS awards and related sale of 171,526 shares at a price of £5.50 per share, realising £943,132.48.

8. Sally Williams conducted the following transactions in the Company's shares during 2025:

- 17 June 2025 - purchase of 868 shares at a price of £5.75 per share, costing £4,995.25.

As at 4 March 2026 no further material changes have been notified to the Company.

Share capital and transactions in own shares

Details of the Company's share capital and other reserves are set out in note 19 on page 191. The Company did not repurchase any of its own common shares during 2025.

The authority to repurchase shares, for an amount of up to 10% of the then issued common share capital, was renewed at the 2025 AGM, and it is expected that the Company will seek approval for that same authority to be renewed at the 2026 AGM.

Directors' remuneration and loss of office

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. Details of the Directors' remuneration, including arrangements relating to loss of office, are set out in the Directors' Remuneration Report starting on page 105.

Substantial shareholders

The Company was aware of the following interests of 5% or more in the Company's issued share capital:

Shareholder	No. of Shares	% of issued ISC
Man GLG	19,743,229	8.09
Blackrock	16,416,625	6.73
Polar Capital	16,250,000	6.66
Setanta Asset Management	13,717,785	5.62
Vanguard Group	13,576,844	5.56

Figures as at 31 January 2026. As at 4 March 2026 no further material changes have been notified to the Company.

Corporate governance - compliance statement

The Company's approach to compliance with the Code is detailed in the Chair's introduction to the ESG report on page 43. The Company's own annual report and the Group's consolidated annual report are presented as a single report.

The Board considers, and the Company confirms, in accordance with the principle of 'comply or explain', that the Company has applied the principles and complied with the provisions and guidance set out in the Code throughout the year ended 31 December 2025.

Directors' Report *continued*

The Company's internal control and risk management systems in relation to the financial reporting process, and, more widely, are summarised in the Enterprise Risk Management report starting on page 28, in the Corporate Governance report on page 77, and in the Audit Committee report on page 91.

Political and charitable donations

The Group made no political donations during the year. For information concerning the Group's charitable contributions and activities, please see pages 47 to 49.

Health and safety

The Group considers the health and safety of its employees to be a management responsibility equal to that of any other function. The Group operates in compliance with health and safety legislative requirements.

Greenhouse gas emissions and TCFD reporting

The Group's greenhouse gas emissions are detailed on page 68. The Group's TCFD Report is included in this Annual Report and Accounts, starting on page 50.

Employees

The Group is an equal opportunities employer and does not tolerate discrimination of any kind in any area of employment or corporate life. The Group believes that education and training for employees is a continuous process, and employees are encouraged to discuss training needs with their managers. The Group's health and safety, equal opportunities, training and other employment policies are available to all employees in the staff handbook, which is located on the Group's Employee HR portal. See pages 63 to 66.

Creditor payment policy

The Group aims to pay all creditors promptly and in accordance with contractual and legal obligations.

Financial instruments and risk exposures

Information regarding the Group's risk exposures is included in the ERM report starting on page 28, and in the risk disclosures section starting on page 158 of the consolidated financial statements. The Group's use of derivative financial instruments can be found on pages 167 to 169.

Listing rule disclosures

Details of required disclosures under LR 6.6.1R(3) regarding long-term incentive schemes are detailed in the Directors' remuneration report on pages 105 to 130, and note 7 "Employee benefits" on page 178.

Details of required disclosures under LR 6.6.1R(9) regarding contracts of significance are detailed in note 22 "Related party disclosures" on page 192.

Accounting standards

The consolidated financial statements of the Group have been prepared on a going concern basis in compliance with the IFRS accounting standards, as adopted by the UK.

Annual General Meeting

The Notice of the 2026 AGM, to be held on 29 April 2026 at the Company's head office, Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda, is contained in a separate circular to shareholders. The Notice is also available on the Company's website.

Electronic and website communications

Provisions of the Bermuda Companies Act 1981 enable companies to communicate with shareholders by electronic and/or website communications.

The Company will notify shareholders (either in writing or by other permitted means) when a relevant document or other information is placed on the website and a shareholder may request a hard copy version of the document or information.

Directors' Report *continued*

Going concern and viability statement

The performance review section starting on page 23 sets out details of the Group's financial performance, capital management, business environment and outlook. In addition, further discussion of the principal risks and material uncertainties affecting the Group can be found on pages 28 to 37. Starting on page 158, the risk disclosures section of the consolidated financial statements sets out the principal risks to which the Group is exposed, including insurance, market, liquidity, credit, operational and strategic, together with the Group's policies for monitoring, managing and mitigating its exposures to these risks. Where relevant, the above principal risks make reference to the risk in respect of climate change. Further details of the Group's scenario testing and resilience to climate change risk can be found in the TCFD Report starting on page 50.

The Board considers annually and on a rolling basis, a strategic plan for the business which the Group implements. The strategic plan approved by the Board at its meeting on 5 August 2025 covers the period to the year 2031. The Board also approved at its meeting on 4 November 2025 a detailed three-year business forecast covering 2026 to 2028, which will be revised and reviewed by the Board at each of its quarterly meetings throughout 2026. The three-year business plan period aligns to the predominantly short-tail nature of the Group's liabilities and the Group's ability to re-price and reposition its risk exposures within its business model, allowing the Group to both hold and utilise capital and solvency effectively and efficiently in response to market cycles, events and opportunities. This is consistent with the outlook period in the Group's ORSA report. The Board receives quarterly reports from the Group CRO and sets, approves, and monitors risk tolerances for the business.

During 2025, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. As part of this assessment, the business plan was stressed for a number of severe but plausible scenarios and the impact on capital evaluated. As we note in the Audit Committee report on page 87 and throughout this Annual Report and Accounts, the Board continues to monitor Group reserves for a number of loss events including various natural catastrophe and specialty market loss events, including those related to various evolving geopolitical conflicts. The Board also continued to monitor the conditions within the global investment markets. The Audit Committee also considered a formal and thorough 'going concern' analysis from management at both its August 2025 and March 2026 meetings, including appropriate stress and sensitivity analysis in respect of capital, climate change and financial results (for further details see page 87 in the Audit Committee report). The Directors believe that the Group is well placed to manage its business risks successfully, having considered the current economic outlook. Accordingly, the Board has a reasonable expectation that, taking into account the Group's current position, and subject to the principal risks faced by the business, the Group will be able to continue in operation and to meet its liabilities as they fall due for the period up to 31 December 2028, being the period considered under the Group's current three-year business plan.

Going concern

Based on the going concern assessment performed as at 31 December 2025, 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 and to adopt the going concern basis of accounting. The Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence as a going concern in the foreseeable future, for a period of at least 12 months from the date of signing the Group's consolidated financial statements.

Auditors

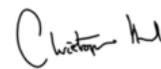
Resolutions will be proposed at the Company's 2026 AGM to re-appoint KPMG LLP as the Company's auditors and to authorise the Directors to set the auditors' remuneration. During 2025, the Audit Committee and the Board conducted an audit tender process, further details of which are given on page 90. Following the 2026 financial year the Board will recommend to shareholders that the firm of EY LLP be appointed as the Group's external auditor for the 2027 financial year.

Disclosure of information to the auditors

Each of the persons who is a Director at the date of approval of this Annual Report and Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board.



Christopher Head
Company Secretary

4 March 2026

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group's consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they are required to prepare the consolidated financial statements in accordance with IFRS accounting standards, as adopted by the UK.

In preparing each of the consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with the IFRS standards;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Group's consolidated financial statements;
- provide additional disclosures where compliance with the specific requirements of IFRS standards are considered to be insufficient to enable users to understand the impact of particular transactions, events and conditions on the financial position and performance;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its consolidated financial statements comply with applicable laws and regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

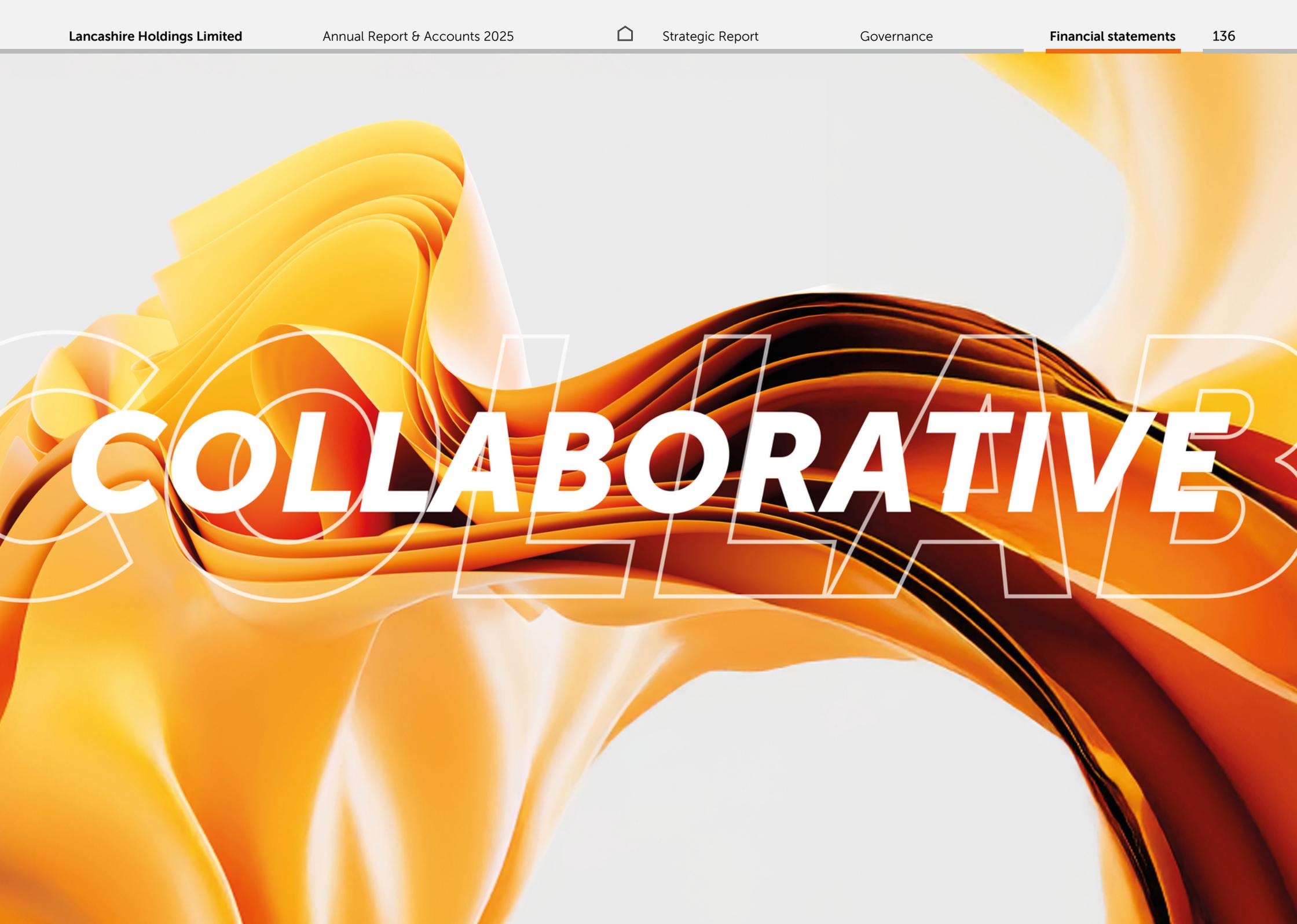
Directors' responsibility statement

The Directors confirm that to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with the IFRS accounting standards as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; and
- the strategy report including the business review section of this Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Legislation in Bermuda governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions. In addition, the rights of shareholders under Bermuda law may differ from those for shareholders of companies incorporated in other jurisdictions.

By order of the Board
4 March 2026



COLLABORATIVE

Independent Auditor's Report to the Members of Lancashire Holdings Limited

1. Our opinion is unmodified

We have audited the consolidated financial statements of Lancashire Holdings Limited ("the Company" or "the Group") for the year ended 31 December 2025 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the related notes, including the accounting policies on pages 150 to 157 of this Annual Report and Accounts.

In our opinion:

- The consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2025 and of the Group's profit for the year then ended; and
- the consolidated financial statements have been properly prepared in accordance with UK-adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above. This matter was addressed, in the context of, our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Estimation of incurred but not reported element of both liability for incurred claims and asset for incurred claims

Risk vs 2024: <>

(Claims incurred but not reported is an element of both the liability for incurred claims and the asset for incurred claims at 31 December 2025: \$2,644.8 million liability for incurred claims, \$757.0 million asset for incurred claims (31 December 2024: \$2,237.7 million liability for incurred claims, \$608.5 million asset for incurred claims)

Refer to pages 86 to 92 (Audit Committee report), page 151 to 153 (accounting policy) and pages 183 to 186 (financial disclosures)

Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

The risk

The Group maintains liabilities (and related reinsurance assets) for incurred claims to cover the estimated ultimate cost of settling all losses and loss adjustment expenses arising from events which have occurred up to the balance sheet date, regardless of whether those losses have been reported to the Group. Incurred but not reported ("IBNR") claims is the most subjective component of the liability for incurred claims and the asset for incurred claims.

There is high level of uncertainty within the IBNR portion of the liability (and asset) for incurred claims related to the estimate of the fulfilment cash flows for IBNR.

Subjective valuation:

The liability for incurred claims represents the single largest liability for the Group and the estimation of the IBNR element is the most subjective. Valuation of the fulfilment cash flows related to incurred but not reported liabilities is highly judgemental because it requires a number of assumptions to be made with high estimation uncertainty such as initial expected loss ratios, large loss assumptions and claim development patterns. The net to gross ratio assumptions used to derive the valuation of the related reinsurance asset for incurred claims are also considered to be complex.

The effect of these matters is that, as part of our risk assessment, we determined that valuation of the liability and asset for incurred claims has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the consolidated financial statements as a whole, and possibly many times that amount.

Our response

We have used our own actuarial specialists to assist us in performing our procedures in this area:

Our procedures included:

Controls design and implementation

Evaluating and testing the design and implementation of key controls around review and approval of the liability (and asset) for incurred claims related to undiscounted IBNR fulfilment cash flows.

Assessment of assumptions

Assessing and challenging the reserving assumptions (on a gross and net of outwards reinsurance basis) based on our understanding of the reserving policy within the Group.

Historical experience

Evaluating the reliability of the Group's reserving estimates by monitoring the development of losses against initial estimates.

Independent re-projections

Applying our own assumptions, across all attritional classes of business, to perform re-projections on the liability for incurred claims (fulfilment cash flows) and asset for incurred claims and comparing these to the Group's projected results. Where there were significant variances in the results, we have challenged the Group's assumptions with respect to the selected initial expected loss ratios or development patterns.

Sector experience and benchmarking of large losses

Assessing and challenging the reserving assumptions by comparing the Group's loss experience to peers in the market, on a gross and net of outwards reinsurance basis, including on a contract by contract basis for selected large loss and catastrophe events.

Assessing transparency

Considering the adequacy of the Group's disclosures in respect of the valuation of the liability (and asset) for incurred claims.

We performed the tests above over the valuation rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

We continue to perform procedures over the Eligibility for the Premium Allocation Approach ("PAA"). However, based on our risk assessment we have not assessed this as the most significant risk of material misstatement in our current year audit and, therefore, it is not separately identified in our report.

Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

3 Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the consolidated financial statements as a whole was set at \$16.9 million (2024: \$15.8 million), determined with reference to a benchmark of Group insurance revenue of which it represents 0.9% (2024: 0.9%). We consider insurance revenue to be the most appropriate benchmark given the size and complexity of the business as it provides a stable measure year on year.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances aggregate to a material amount across the consolidated financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the consolidated financial statements as a whole, which equates to \$12.6 million (2024: \$11.8 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$0.8 million (2024: \$0.8 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the consolidated financial statements and which procedures to perform at these components to address those risks.

In total, we identified twelve components (2024: twelve components), having considered our evaluation of the Group's legal structure and our ability to perform audit procedures centrally.

Of those, we identified three quantitatively significant components (2024: three components) which contained the largest percentages of either total insurance revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected two components (2024: two components) with accounts contributing to the specific risk of material misstatements of the consolidated financial statements.

Accordingly, we performed audit procedures on five components (2024: five components), of which we involved component auditors in performing the audit work on three components (2024: two components).

We set the component materialities, ranging from \$6.0 million to \$13.0 million (2024: \$3.5 million to \$12.2 million), having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 100% (2024: 100%) of Group insurance revenue. We performed audit procedures in relation to components that accounted for 99.5% (2024: 99.8%) of Group profit before tax and 99.6% (2024: 99.9%) of Group total assets.

Group auditor oversight

In working with component auditors, we:

- Included the component auditors' engagement partners and managers in the Group planning discussions to facilitate inputs from component auditors in the identification of matters relevant to the Group audit.
- Issued Group audit instructions to component auditors on the scope and nature of their work.
- Visited one (2024: nil) overseas component auditor in person, and spent time with the remaining component auditors (all based in the UK), as the audit progressed to understand and evaluate their work, and organised video conferences with the component auditors. At this visit and video conferences, the results of the planned procedures and further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditors.
- We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistency between communicated findings and work performed with a particular focus on testing of valuation of liability (asset) for incurred claims and management override of controls.

Impact of controls on our Group audit

We identified the following key IT systems which were relevant to the audit:

- the general ledger system used across all components of the Group to record journal entries; and
- the IT systems used to record the underlying transactions in relation to premium, claims and reinsurance for three components.

We used IT specialists to assist us in evaluating the design and operating effectiveness of the IT general controls and automated controls over the above IT systems, which are managed centrally from the UK. Following our testing, including testing mitigating controls where relevant, we relied on the IT general controls for these systems in determining the work to be performed in the audit.



Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

We also tested the operating effectiveness of automated and key manual controls for in-scope components in the premiums, claims and reinsurance processes and placed reliance on these controls. This reduced the amount of substantive testing performed in the audit of these areas.

We relied on automated controls to reduce our substantive testing over certain system created journal entries. However, we were unable to rely on the controls over manual journal entries which resulted in our audit approach over manual journal entries being fully substantive. Following incremental risk assessment procedures, we assessed that no significant changes were required to our planned audit approach.

4 The impact of climate change on our audit

In planning our audit, we performed a risk assessment, including enquiries of management, to determine how the impact of commitments made by the Group in respect of the transition to net zero carbon emissions, as well as the physical risks of climate change, and transition risks faced by the Group's customer base, could impact on the consolidated financial statements and our audit. Through the procedures we performed, we did not identify any material impact of climate change on the Group's material accounting estimates and there was no significant impact of this assessment on our key audit matters.

The Group underwrites short-tail catastrophe risks. Climate change may result in an increase in the frequency and severity of climate-related catastrophe events, leading to higher insurance pay-outs. However, the short-term nature of the Group's insurance contracts means that the impact of losses from catastrophes for the year ended 31 December 2025 is already recorded within the Group's liability for incurred claims at the balance sheet date. The Group considers this loss experience in evaluating individual risk exposures, and the setting of insurance premium rates for both new policies and the periodic renewal of its existing insurance underwriting portfolio. The Group expects any increase in the frequency and severity of climate-related catastrophe events to be reflected in future market premium rates. These considerations are factored into the Group's going concern assessments, in the assessment of which the Group performed a specific climate change stress scenario.

The Group also holds investments and assesses climate risk exposure within the portfolio. Given the predominantly short-term nature of these investments, we have assessed that there is no significant risk related to climate with regards to the valuation of these investments at the balance sheet date.

Taking into account the extent of the headroom of the recoverable amount over the carrying amount of the cash generating units including the Group's intangible assets with indefinite useful lives, we assessed the risk of climate change to the carrying amount of these assets at the balance sheet date to be not significant.

We have read the disclosures of climate related information in the Annual Report and Accounts and considered their consistency with the consolidated financial statements and our audit knowledge.

5 Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's available financial resources over this period was the valuation of the liability for incurred claims given the estimation and judgement involved in setting these reserves.

We also considered less predictable but realistic second order impacts that could affect demand in the Group's markets, such as the impact of climate change on the Group's results and operations, the performance of the investment portfolio, credit ratings for key insurance subsidiaries, solvency and capital adequacy.

We considered whether these risks could plausibly affect the liquidity and solvency in the going concern period by comparing severe, but plausible downside scenarios and the degree of downside changes in assumptions that, individually and collectively, could result in a liquidity and solvency issue taking into account the Group's current and projected financial resources (a reverse stress test).

We considered whether the going concern disclosure on page 148 of the consolidated financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period; and

Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

- we have nothing material to add or draw attention to in relation to the directors' statement in page 135 to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for the going concern period, and we found the going concern disclosure in page 148 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

6 Fraud and breaches of laws and regulations – ability to detect Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors, the Audit Committee, Internal Audit, the Chief Risk Officer, Head of Group Legal and the Company Secretary, together with inspection of policy documentation, as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Considering remuneration incentive schemes and performance conditions for management remuneration which includes the annual change in diluted book value per share and return on equity.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communications from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and requests to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of liability and asset for incurred claims. On this audit we do not believe there is a fraud risk related to revenue recognition because insurance revenue is recognised based on standard non-complex revenue earning patterns.

We also identified a fraud risk in relation to the following area:

- The valuation of liability and asset for incurred claims due to the estimation required in setting these liabilities (and associated reinsurance asset) and the ability for changes in the valuation to be used to impact profit.

In order to address the risk of fraud specifically as it relates to the valuation of liability and asset for incurred claims, we involved actuarial specialists to assist in our challenge of management. We challenged management in relation to the selection of assumptions and the consistency of those assumptions both year on year and across different aspects of the financial reporting process.

Further detail in respect of our procedures around the valuation of liability (and asset) for incurred claims is set out in the key audit matter disclosures in section 2 of this independent auditor's report.

In determining these audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls. The Audit Committee report on pages 86 to 92 also references the entity level controls in operation across the Group.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who do not frequently post journals, those posted with descriptions containing key words or phrases, those posted to unusual accounts including those related to cash, insurance revenue and post-closing journals meeting certain criteria.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As certain entities within the Group are regulated, our assessment of risks involved gaining an understanding of the control environment including an entity's procedures for complying with regulatory requirements. This was achieved through the procedures noted above.

Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the consolidated financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and regulatory capital, solvency and liquidity regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related consolidated financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines, litigation or loss of regulatory approval to write insurance contracts. We identified the following areas as those most likely to have such an effect: anti-bribery and certain aspects of company legislation, recognising the financial and regulated nature of certain of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 We have nothing to report on the other information in the Annual Report and Accounts

The directors are responsible for the other information presented in the Annual Report together with the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' remuneration report

In addition to our audit of the consolidated financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company was required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006, as if those requirements applied to the Company.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the consolidated financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 134 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the emerging and principal risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report to the Members of Lancashire Holdings Limited *continued*

Our work is limited to assessing these matters in the context of only the knowledge acquired during our consolidated financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the consolidated financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the consolidated financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and consolidated financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the consolidated financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 135, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these consolidated financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Salim Tharani

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

4 March 2026

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	Notes	2025 \$m	2024 \$m
Insurance revenue	2, 13	1,860.4	1,765.1
Insurance service expenses	2, 3, 6, 13	(1,451.2)	(1,186.1)
Insurance service result before reinsurance contracts held		409.2	579.0
Allocation of reinsurance premium	2, 13	(423.5)	(439.4)
Amounts recoverable from reinsurers	2, 3, 13	395.4	240.3
Net expense from reinsurance contracts held		(28.1)	(199.1)
Insurance service result		381.1	379.9
Net investment return	2, 4	218.0	162.2
Finance expense from insurance contracts issued	2, 3	(133.6)	(77.9)
Finance income from reinsurance contracts held	2, 3	30.7	24.0
Net insurance and investment result		496.2	488.2
Share of profit of associate	15	3.2	8.6
Other income	5	7.3	10.4
Net foreign exchange gains (losses)		1.7	(2.6)
Other operating expenses	2, 6	(146.2)	(115.9)
Equity based compensation	7	(23.5)	(19.0)
Financing costs	8	(33.8)	(33.0)
Profit before tax		304.9	336.7
Tax charge	9	(11.5)	(15.4)
Profit after tax		293.4	321.3
Earnings per share			
Basic	20	\$1.21	\$1.34
Diluted	20	\$1.17	\$1.30

Consolidated statement of financial position

As at 31 December 2025

	Notes	2025 \$m	2024 \$m
Assets			
Cash and cash equivalents	10, 18	561.4	684.3
Accrued interest receivable		24.6	22.0
Investments	11, 12, 18	3,109.9	2,864.9
Reinsurance contract assets	13	717.8	557.2
Other receivables	21	101.2	20.5
Corporation tax receivable		0.4	—
Investment in associate	12, 15	4.8	9.1
Right-of-use assets	16	22.7	16.2
Property, plant and equipment		8.2	8.7
Intangible assets	17	253.0	197.0
Total assets		4,804.0	4,379.9
Liabilities			
Insurance contract liabilities	13	2,712.1	2,300.4
Other payables		89.8	91.9
Corporation tax payable		—	2.7
Deferred tax liability	14	15.6	22.3
Lease liabilities	16	29.7	22.3
Long-term debt	18	447.5	447.0
Total liabilities		3,294.7	2,886.6
Shareholders' equity			
Share capital	19	122.0	122.0
Own shares	19	(8.7)	(20.5)
Other reserves	19	1,249.6	1,242.3
Retained earnings		146.4	149.5
Total shareholders' equity		1,509.3	1,493.3
Total liabilities and shareholders' equity		4,804.0	4,379.9

The consolidated financial statements were approved by the Board of Directors on 4 March 2026 and signed on its behalf by:

Philip Broadley
Director/Chair

Natalie Kershaw
Director/CFO

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2025

	Notes	Share capital \$m	Own shares \$m	Other reserves \$m	Retained earnings \$m	Total shareholders' equity \$m
Balance as at 31 December 2023		122.0	(29.7)	1,233.2	182.4	1,507.9
Profit for the year		—	—	—	321.3	321.3
Distributed by the trust	19	—	9.2	(11.3)	—	(2.1)
Dividends on common shares	19	—	—	—	(354.2)	(354.2)
Net deferred tax	14	—	—	0.8	—	0.8
Equity based compensation		—	—	19.6	—	19.6
Balance as at 31 December 2024		122.0	(20.5)	1,242.3	149.5	1,493.3
Profit for the year		—	—	—	293.4	293.4
Distributed by the trust	19	—	11.8	(16.9)	—	(5.1)
Dividends on common shares	19	—	—	—	(296.5)	(296.5)
Net deferred tax	14	—	—	0.3	—	0.3
Equity based compensation		—	—	23.9	—	23.9
Balance as at 31 December 2025		122.0	(8.7)	1,249.6	146.4	1,509.3



Consolidated statement of cash flows
For the year ended 31 December 2025

	Notes	2025 \$m	2024 \$m
Cash flows from operating activities			
Profit before tax		304.9	336.7
Adjustments for:			
Tax paid		(20.9)	(7.7)
Depreciation		7.3	6.3
Amortisation on intangible assets	17	3.0	1.2
Impairment of internally generated intangible assets	17	10.3	—
Interest expense on long-term debt	8, 18	25.8	25.8
Interest expense on lease liabilities	16	1.4	1.3
Interest income		(145.4)	(131.5)
Dividend income		(18.5)	(16.6)
Net unrealised gains on investments	4	(58.2)	(20.4)
Net realised gains on investments	4	(1.3)	(2.7)
Equity based compensation		23.5	19.0
Foreign exchange losses		4.4	1.2
Share of profit of associate	15	(3.2)	(8.6)
Changes in operational assets and liabilities			
Insurance and reinsurance contracts		210.5	316.9
Other assets and liabilities		(21.3)	52.9
Net cash flows from operating activities		322.3	573.8

	Notes	2025 \$m	2024 \$m
Cash flows used in investing activities			
Interest income received		142.9	126.2
Dividend income received		18.5	16.6
Purchase of property, plant and equipment		(2.3)	(1.5)
Purchase of syndicate participation rights	17	(68.0)	(11.2)
Internally generated intangible assets	17	(1.3)	(5.9)
Investment in associate	22	7.5	15.7
Advance to purchase private investment fund	21	(70.0)	—
Purchase of investments		(1,586.2)	(1,785.8)
Proceeds on sale of investments		1,425.3	1,394.0
Net cash flows used in investing activities		(133.6)	(251.9)
Cash flows used in financing activities			
Interest paid		(25.8)	(25.8)
Lease liabilities paid	16	(6.0)	(4.0)
Dividends paid	19	(296.5)	(354.2)
Distributions by trust		(5.1)	(2.1)
Net cash flows used in financing activities		(333.4)	(386.1)
Net decrease in cash and cash equivalents		(144.7)	(64.2)
Cash and cash equivalents at beginning of year		684.3	756.9
Effect of exchange rate fluctuations on cash and cash equivalents		16.1	(8.2)
Effect of other items on cash and cash equivalents ¹		5.7	(0.2)
Cash and cash equivalents at end of year		561.4	684.3

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

Accounting policies

For the year ended 31 December 2025

Summary of material accounting policies

The basis of preparation, use of judgements, estimates and assumptions, consolidation principles, and material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS (as issued by the International Accounting Standards Board), as adopted by the UK.

The Group transitioned to IFRS, as adopted by the UK within its consolidated financial statements effective from 1 January 2025. This transition, from IFRS as adopted by the EU, constitutes a change in accounting framework, however there has been no impact on recognition, measurement or disclosure during the period of these financial statements as a result of this change in accounting framework.

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis. In assessing the Group's going concern position as at 31 December 2025, 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 of climate change.

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

The Group's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing these consolidated financial statements. To assess the Group's going concern, the financial stability of the Group was modelled for a period of at least 12 months, and a number of sensitivity, stress, and scenario tests were applied. This included a best estimate forecast, and incorporated different magnitudes of reserve releases and attritional, large and catastrophe loss events, plus optimistic and pessimistic investment return scenarios.

To further stress the financial stability of the Group, additional stress testing was performed.

This included modelling the breakeven capital requirements of our regulators and rating agencies, the impact of potential management actions to reduce the Group's exposure to climate change-related risks, and a combination of large losses and catastrophe losses, which would result in a net loss for the Group, and finally a reverse stress test scenario designed to render the business model unviable. The testing identified that even under the more severe but plausible stress scenarios, the Group had more than adequate liquidity and solvency headroom.

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, being a period of at least 12 months from the date of signing these consolidated financial statements.

Currency and liquidity

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

Use of judgements, estimates and assumptions

The preparation of the Group's 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 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

The Group has considered both key assumptions concerning the future, and sources of estimation uncertainty, that may be expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in a subsequent financial year.

Insurance contracts issued and reinsurance contracts held

The Group has determined that its most significant area of estimation uncertainty is in relation to the measurement of insurance contracts issued and reinsurance contracts held. Changes in assumptions may materially change the FCF that make up these balances. The FCF are the current estimates of the future cash flows within the contract boundary of a group of insurance or reinsurance contracts that we expect to collect premiums from, and pay out for claims, benefits and expenses, adjusted to reflect the timing and uncertainty of those amounts.

Accounting policies *continued*

For the year ended 31 December 2025

Changes in the following key assumptions may change the FCF 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.

The estimation of the FCF is a complex actuarial process which incorporates a significant amount of judgement, in particular, in relation to the estimation of the LIC and AIC. Delays in reporting losses to the Group, together with unforeseen loss development, increase uncertainty over the accuracy of loss reserves. A significant portion of the Group's business is in classes with high attachment points of coverage, and therefore a low frequency but high severity of claims. This adds further complexity to the reserving process due to the limited volume of industry data available from which to reliably predict ultimate losses following a loss event. Volatility for the majority of losses is limited on a net basis by the reinsurance protection purchased by the Group.

Information about these key assumptions and estimates are included in our risk disclosures and in note 13.

Management judgements, other than those involving estimations

Lancashire is an insurance group whose primary focus is on underwriting and proactively balancing risk and return throughout the underwriting and claims cycles. In doing so, the Group focuses on ensuring premium revenue and investment return exceeds the cost of claims, outwards reinsurance and operating expenses. The main areas in which judgement is applied are therefore the measurement and recognition of insurance contracts and financial assets.

Simplified premium allocation measurement model

Management applies judgement to determine if the Group is eligible to apply the simplified PAA measurement model under IFRS 17.

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. The Group applies the PAA to simplify the measurement of all its insurance contracts issued and reinsurance contracts held.

In the years prior to IFRS 17 adoption, and in the initial year of adoption, this assessment was made through detailed quantitative modelling of all portfolios and groups of insurance contracts. Given consistency in the Group's business mix, together with relatively stable economic factors, the PAA eligibility assessment has been undertaken through a combination of qualitative and quantitative analysis for the year ended 31 December 2025. This testing confirmed that the PAA measurement model remained appropriate.

Level of aggregation

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.

The following considerations have been given most weight in the definition of similar risks:

- risk aggregations used for other business purposes such as reserving;
- segmentations used for underwriting; and
- perils covered and incidence of risk over time.

Each portfolio of insurance contracts is then further disaggregated into annual cohorts, and each annual cohort is classified into a maximum of three groups of contracts for recognition and measurement purposes based on their expected profitability. See accounting policies and note 13.

Onerous contract assessment

Management applies judgement to assess whether facts and circumstances indicate that a group of insurance 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. See accounting policies and note 13.

Classification of investment portfolio

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 they are therefore classified at FVTPL. See risk disclosures and note 11.

Level (iii) investments

The Group holds a relatively straightforward investment portfolio consisting mainly of standard fixed maturity products. Level (iii) investments are securities for which valuation techniques are not based on observable market data, and therefore require management judgement to determine an appropriate fair value. The Group determines securities classified as Level (iii) to include private investment funds and hedge funds. The estimation of fair value, specifically for Level (iii) investments, is discussed within the risk disclosures and note 11.

Annual impairment assessments

The syndicate participation rights and goodwill are intangible assets with an indefinite life and subject to an annual impairment assessment. The Group applies judgement when determining the input assumptions for the value in use calculation. The input assumptions and their sensitivity are disclosed in note 17.

For the Group's internally generated intangible assets, an impairment review is performed when it is concluded there are sufficient indicators of impairment as disclosed within note 17.

Current and deferred tax

The Group is exposed to changes in tax legislation which are complex to interpret and evolve over time. The Group applies management expertise and judgement to interpret and assess the impact of these changes in tax legislation. Third-party specialists provide tax guidance and tax opinions at the request of management where considered appropriate. Recent changes in tax legislation are disclosed in note 14.

Accounting policies

For the year ended 31 December 2025

Changes in accounting policies

IFRS 18, Presentation and Disclosure in Financial Statements

On 9 April 2024, the 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 has been monitoring the UK endorsement process, which formally adopted IFRS 18 in December 2025, and is also undertaking an assessment into the impact of implementing IFRS 18.

The key changes to the Group's financial statements are expected to include:

- the classification of the consolidated statement of comprehensive income into IFRS 18 operating, investing, financing and income tax categories alongside the inclusion of mandatory sub-totals to aid comparability;
- disclosure of management-defined performance measures; and
- enhanced disclosures relating to the aggregation and disaggregation of financial information.

IFRS 18 will be adopted on a fully retrospective basis. The focus of IFRS 18 is on presentation and disclosure. The Group does not anticipate any valuation adjustments to arise on adoption of IFRS 18.

There are also amendments to other existing standards and interpretations that are mandatory for the first time for financial periods beginning 1 January 2025, specifically Amendments to IAS 21, Lack of Exchangeability. These are not currently relevant for the Group and do not impact the consolidated financial statements of the Group.

Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments, which is effective from 1 January 2026, is not expected to impact the Group.

Consolidation principles

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at, and for the year ended, 31 December 2025. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Intercompany balances, profits and transactions are eliminated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary.

The Group participates in two syndicates at Lloyd's, which are managed by the Group's Lloyd's managing agent subsidiary. In view of the several liability of underwriting members at Lloyd's, the Group recognises its proportion of all the transactions undertaken by the syndicates in which it participates within its consolidated statement of comprehensive income. Similarly, the Group's proportion of the syndicates' assets and liabilities has been reflected in its consolidated statement of financial position. This proportion is calculated by reference to the Group's participation as a percentage of each syndicate's total capacity for each underwriting year of account.

Subsidiaries' accounting policies are generally consistent with the Group's accounting policies. Where they differ, adjustments are made on consolidation to bring the subsidiaries' accounting policies in line with that of the Group.

Associates

Investments in which the Group has significant influence over the operational and financial policies of the investee, are recognised at cost and thereafter accounted for using the equity method. Under this method, the Group records its proportionate share of income or loss from such investments in its consolidated statement of comprehensive income for the period. Adjustments are made to the associate's accounting policies, where necessary, so there is consistency with the Group's accounting policies.

Foreign currency

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities' operations are conducted (the 'functional currency'). The functional currency is US dollars for all of the Group's entities, other than the Group's Australian entities, which have a functional currency of Australian dollars. The Group's consolidated financial statements are presented in US dollars (the 'presentation currency').

Transactions and balances

Foreign currency transactions are recorded in the functional currency for each entity using the exchange rates prevailing at the dates of the transactions, or at the average rate for the period when this is a reasonable approximation. Monetary assets and liabilities denominated in foreign currencies are revalued at period end exchange rates. The resulting exchange differences on revaluation are recorded in profit or loss within net foreign exchange gains (losses) in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in a foreign currency are carried at historic rates. Non-monetary assets and liabilities carried at estimated fair value and denominated in a foreign currency are translated at the exchange rate on the date that the estimated fair value was determined.

Foreign operations

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate on the period end date;
- income and expenses are translated at the average exchange rates for the period; and
- all resulting foreign exchange differences are recognised in other comprehensive income, and as a separate component of shareholders' equity.

On disposal of foreign operations, cumulative exchange differences previously recognised in other comprehensive income are recognised in the consolidated statement of comprehensive income as part of the gain or loss on disposal.

Accounting policies *continued*

For the year ended 31 December 2025

Insurance contracts issued and reinsurance contracts held

Classification

Insurance contracts issued under IFRS 17 are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Contracts that have a legal form of insurance risk but do not transfer significant insurance risk are classified as investment contracts and follow financial instrument accounting under IFRS 9. The Group does not issue any contracts with direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant insurance risk if it transfers substantially all the insurance risk resulting from the insured or reinsured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise.

Level of aggregation of insurance contracts issued and reinsurance contracts held

Insurance contracts issued and reinsurance contracts held that are subject to similar risks and managed together are classified into portfolios of contracts. These are disaggregated into annual cohorts and then further classified into three groups based on their expected profitability. The groups are:

- insurance contracts issued that are onerous at initial recognition, or reinsurance contracts held for which there is a net gain at initial recognition;
- insurance contracts issued that at initial recognition have no significant possibility of becoming onerous, or reinsurance contracts held where there is no significant possibility of a net gain arising subsequently; or
- a group of the remaining insurance contracts issued, or reinsurance contracts held.

These groups represent the level of aggregation at which insurance contracts issued are initially recognised and measured, and they are not subsequently reconsidered.

Initial recognition of insurance contracts issued and reinsurance contracts held

An insurance contract issued by the Group is recognised at the earliest of:

- the beginning of the coverage period;
- when the first payment from the policyholder is due, or actually received if there is no due date; or
- the date when facts and circumstances indicate that the group of contracts is onerous.

Groups of reinsurance contracts held are initially recognised at the beginning of the coverage period. In the case of proportional reinsurance contracts held, this may be delayed until the initial recognition date of any underlying insurance contract. Reinsurance contracts held which cover an underlying onerous group of insurance contracts issued, are recognised on the same date as the related onerous group of contracts.

Insurance contracts issued are initially added to the relevant groups of insurance contracts in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Measurement applying the PAA measurement model - PAA eligibility

The Group considers that it is eligible to apply the PAA to simplify the measurement of groups of insurance contracts issued and reinsurance contracts held, as the measurement of the LRC and ARC is not reasonably expected to differ materially from that calculated under the GMM. The PAA has been applied to all groups of contracts.

Contract boundary

The measurement of a group of insurance contracts issued or reinsurance contracts held includes all of the cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of each contract if they arise from substantive rights and obligations that exist during the period. In the case of insurance contracts issued, this is where the Group can compel the policyholder to pay premiums, or the Group has substantive obligations to provide the policyholder with insurance coverage or other services. In the case of reinsurance contracts held, this is where the Group is compelled to pay amounts to the reinsurer, or has a substantive right to receive insurance coverage, or other services, from the reinsurer.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder, and as a result can set a price or level of benefits that fully reflects those risks; or
- the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract, and as a result can set a price or level of benefits that fully reflects the risks of the portfolio; and
- the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

A substantive right to receive services from the reinsurer ceases when the reinsurer:

- has the practical ability to reassess the risks transferred to it, and as a result can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting period to include the effect of change in circumstances on the Group's rights and obligations, and may change over time.

Cash flows not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

Accounting policies *continued*

For the year ended 31 December 2025

Fulfilment cash flows within the contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of insurance contracts. These include premiums, claims, acquisition costs and administrative expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows are based on an unbiased probability weighted mean of the full range of possible outcomes. They reflect current estimates, factoring in expected credit losses or non-performance risk of reinsurers, and are determined from the perspective of the Group.

The Group uses assumptions to measure the estimates of the future cash flows for a group of reinsurance contracts held that are consistent with the underlying group of insurance contracts issued. Reinsurance cash flows that are contingent on claims incurred by the underlying insurance contracts issued are therefore included as part of the cash flows that are expected to be reimbursed under the relevant reinsurance contracts held.

Discounting

The FCF within the LIC and the AIC are discounted using current discount rates to reflect the time value of money and the financial risks related to those cash flows. The discount rates reflect the characteristics of the cash flows arising from each group of insurance contracts, including the timing, currency, and liquidity of the cash flows. The Group does not discount the LRC or the ARC. This would be required if the LRC or the ARC included a significant financing component.

Risk adjustment for non-financial risk

The measurement of the LIC and the AIC includes an explicit risk adjustment for non-financial risk. This is estimated separately from the discounted FCF and is applied to the present value of the estimated future cash flows. It reflects the compensation the Group requires, or transfers to a reinsurer, for bearing uncertainty in respect of the amount and timing of the cash flows from non-financial risk as the Group fulfils its insurance contracts issued.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the cost of selling, underwriting, and initiating a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. These include:

- contract specific costs, such as brokerage; and
- a systematic and rational allocation of fixed and variable overheads to groups of contracts based on insurance revenue.

Initial measurement of insurance contracts issued applying the PAA

The carrying amount of the LRC is measured with reference to the premiums received on initial recognition from either policyholders or intermediaries, minus any insurance acquisition cash flows allocated to the relevant group at that date, less the derecognition of any assets or liabilities previously recognised for cash flows related to the group.

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If such evidence exists, the Group determines if the contract will result in a net cash outflow. The Group recognises an insurance service expense for the net cash outflow, and an onerous loss component is added to the LRC.

Subsequent measurement of insurance contracts issued applying the PAA

The carrying amount of a group of insurance contracts issued is the sum of the LRC and the LIC, and is measured at the end of each reporting period. The measurement of the LRC includes:

- any premiums received, less amounts recognised as insurance revenue;
- less insurance acquisition cash flows paid, plus amortisation of any insurance acquisition cash flows recognised as insurance service expense in the period; and
- less any non-distinct investment components either paid, or transferred to the LIC.

Groups of insurance contracts that were not onerous at initial recognition can subsequently become onerous if facts and circumstances change during the coverage period. Onerous groups of contracts are assessed at the end of each reporting period with changes in the expected net cash outflow recognised in the carrying amount of the LRC and insurance service expenses. The Group amortises the onerous loss component within the LRC based on the passage of time over the remaining coverage period within insurance service expenses. The equivalent basis is also applied to any relevant reinsurance recovery component.

The Group recognises the LIC for a group of insurance contracts as the amount of FCF relating to the incurred claims that have not yet been paid, including claims that have been incurred but not yet reported, together with the associated expenses, including all claims handling expenses that relate to incurred claims which have not yet been paid. The FCF are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of the risk adjustment for non-financial risk.

Initial and subsequent measurement of reinsurance contracts held applying the PAA

The carrying amount of a group of reinsurance contracts held is the sum of the ARC and the AIC, and is measured at the end of each reporting period. The Group measures a group of reinsurance contracts held on the same basis as a group of insurance contracts issued, with adaptations to reflect the features of reinsurance contracts held that differ from the insurance contracts issued.

Derecognition and modification under the PAA

The Group derecognises an insurance contract issued, or a reinsurance contract held, when it is extinguished (that is, when the specified obligations in the contract expire, are discharged, or cancelled), or the contract is modified.

Accounting policies *continued*

For the year ended 31 December 2025

Modifications to a contract are accounted for as a change in the estimate of the FCF. A contract is derecognised and treated as a new contract if the modification to the contract either:

- changes the measurement model;
- brings the contract, or separable component parts of the contract, outside the scope of IFRS 17;
- substantially changes the contract boundary; or
- results in the contract being allocated to a different group.

When an insurance contract is extinguished, transferred to a third-party, or modified in such a way that results in derecognition, any adjustments made to the FCF are recorded within the consolidated statement of comprehensive income.

Presentation within the financial statements

Portfolios of insurance contracts issued, and portfolios of reinsurance contracts held, that are assets, and those that are liabilities, are presented separately in the consolidated statement of financial position.

The Group disaggregates amounts recognised in the consolidated statement of comprehensive income into an insurance service result, and insurance finance income and expense.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance services result (which represents the change related to non-financial risk), and insurance finance income or expenses (which represents the effect of the time value of money and changes in the time value of money).

Income and expenses from reinsurance contracts held are presented separately from the income and expenses on insurance contracts issued.

Insurance revenue and insurance service expenses exclude any non-distinct investment components.

Insurance revenue from insurance contracts issued

Insurance revenue from groups of insurance contracts issued is the amount of expected premiums net of ceding commission payable. Expected premiums exclude any investment components.

Insurance revenue is recognised based on the passage of time over the coverage period.

The amount of insurance revenue recognised in the period reflects the provision of insurance services and the corresponding consideration the Group expects to be entitled to in exchange for those services.

Insurance service expenses from insurance contracts issued

Insurance service expenses are recognised as they are incurred, and comprise the following items:

- incurred claims, net of inwards reinstatement premiums, and net of the initial discount on incurred claims;
- adjustments to the LIC (including the risk adjustment) that do not arise from the effects of the time value of money, financial risk and changes therein;
- amortisation of insurance acquisition cash flows based on the passage of time over the relevant coverage period;
- other directly attributable insurance service expenses, including an allocation of fixed and variable overhead costs; and
- losses on onerous contracts and the reversal of such losses.

Expenses not meeting the above criteria are included within other operating expenses in the consolidated statement of comprehensive income.

Allocation of reinsurance premium and amounts recoverable from reinsurers

The allocation of reinsurance premiums is the amount of expected reinsurance premium payments net of commission income receivable for a group of reinsurance contracts held, and is recognised based on the passage of time over the relevant coverage period of the reinsurance contract.

Amounts recoverable from reinsurers are recognised as they are incurred and include reinsurance recovery cash flow assumptions that are consistent with underlying insurance contracts issued, recognition of movements in onerous loss recovery components, and the effect of any risk of non-performance by the issuer of the reinsurance contract.

Finance income or expenses from insurance contracts issued and reinsurance contracts held

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued, or reinsurance contracts held, arising from the effect of the time value of money, financial risk and changes therein. These include:

- the unwind of the initial discount (that is, the effective interest accreted on the LIC or AIC); and
- the effect of changes in interest rate assumptions.

The Group has elected to include insurance finance income and expenses within the consolidated statement of comprehensive income and does not disaggregate these between profit and loss and other comprehensive income.

Non-distinct investment components

The non-distinct investment component of an insurance contract is the amount that the Group would be required to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The receipt of this investment component and the subsequent repayment do not relate to insurance services. Non-distinct investment components are therefore excluded from insurance revenue and insurance service expenses, and are considered as a settlement of an insurance contract liability.

Accounting policies *continued*

For the year ended 31 December 2025

Financial instruments

Financial assets

On initial recognition, a financial asset is classified as either measured at amortised cost, FVTPL or FVOCI. The classification is dependent on the Group's business model for managing the financial asset, and the contractual terms of the cash flows.

Financial assets are classified as measured at amortised cost if they are held to collect contractual cash flows, and where those cash flows represent solely payments of principal and interest.

Financial assets are classified as measured at FVOCI if they are held to both collect contractual cash flows and sell, and where those cash flows represent solely payments of principal and interest.

All financial assets not classified as measured at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets in this FVTPL category are those that are managed in a fair value business model, or that have been designated as FVTPL by management upon initial recognition.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing those financial assets, in which case the affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at amortised cost and include cash in hand, deposits held on call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

Interest income earned on cash and cash equivalents is recognised by applying the effective interest rate method. The carrying value of accrued interest income approximates estimated fair value due to its short-term nature and high liquidity.

Investments

Investments are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures financial assets held at FVTPL at their fair value on acquisition. Transaction costs in respect of financial assets carried at FVTPL are expensed within the consolidated statement of comprehensive income as they are incurred. Financial assets held at FVTPL are subsequently measured at their fair value.

The Group's investment portfolio, comprising fixed maturity securities, private investment funds and hedge funds, is managed in a fair value business model and is therefore mandatorily classified as FVTPL.

The Group's investment portfolio includes quoted and unquoted investments. The fair values of the investments are determined based on bid prices from recognised exchanges, broker-dealers, recognised indices or pricing vendors. Unrealised gains or losses from changes in the fair value of investments are presented in the consolidated statement of comprehensive income, within net investment return. Interest income is recognised by applying the effective interest rate method and is presented in the consolidated statement of comprehensive income within net investment return. The carrying value of accrued interest receivable approximates fair value due to its short-term nature and high liquidity.

Investments are derecognised when the Group has transferred substantially all of the risks and rewards of ownership, or when the right to receive cash flows from the asset has expired, with any realised gains or losses recognised in the consolidated statement of comprehensive income within net investment return.

Derivatives

Derivatives are classified as financial assets or liabilities at FVTPL. They are initially recognised at fair value on the date a contract is entered into, the trade date, and are subsequently carried at fair value. Derivative instruments with a positive fair value are recorded as derivative financial assets, and those with a negative fair value are recorded as derivative financial liabilities.

They derive their value from the underlying instrument and are subject to the same risks as that underlying instrument, including liquidity risk, credit risk, and market risk. Estimated fair values are based on exchange or broker-dealer quotations, where available, or discounted cash flow models, which incorporate the pricing of the underlying instrument, yield curves and other factors. Changes in the estimated fair value of derivative instruments are recognised in the consolidated statement of comprehensive income within net investment return. The Group does not currently hold any derivatives classified as hedging instruments. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates, and the discount rate used is an appropriate market rate.

Derivative financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only to the extent there is a legally enforceable right of offset, and there is an intention to settle on a net basis, or to realise the assets and liabilities simultaneously. Derivative financial assets and liabilities are derecognised when the Group has transferred substantially all of the risks and rewards of ownership, or the liability is discharged, cancelled or expired, with any realised gains or losses recognised in the consolidated statement of comprehensive income within net investment return.

Accounting policies *continued*

For the year ended 31 December 2025

Other receivables

Other receivables includes trade receivables and contract assets. Trade receivables that do not have a significant financing component are measured on initial recognition at their fair value, which is typically their transaction price, and are subsequently measured at amortised cost using the effective interest rate method, less an expected credit loss allowance where applicable. The other receivables held by the Group are short term in nature.

Impairment

The Group applies the simplified approach to measuring ECL, which uses a lifetime ECL for all receivables and contract assets (other than those recognised under IFRS 17). The lifetime ECL is measured from the date of the initial recognition of trade receivables and contract assets. The Group calculates the lifetime ECL using three main components: a probability of default, a loss given default and the exposure at default (collectively the expected loss rates).

To measure the lifetime ECL, receivables and contract assets are grouped based on shared credit risk characteristics. The expected loss rates are based on the payment profiles over the three years prior to the period end and the corresponding credit losses experienced within this three-year period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability to collect receivables.

Financial liabilities

Other payables

Other payables represent goods and services provided to the Group prior to the financial year end which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition. Other payables are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest method. Other payables are derecognised on the settlement date, which is typically the date on which the contractual obligation to pay cash is extinguished.

Long-term debt

Long-term debt is recognised initially at fair value, net of transaction costs incurred. Thereafter it is measured at amortised cost using the effective interest method. Derecognition occurs when the obligation has been extinguished. The difference between the carrying amount that has been extinguished and the consideration paid is recognised within the consolidated statement of comprehensive income. Liabilities related to long-term debt are derecognised on the settlement date, which is typically the date on which the contractual obligation to pay cash is extinguished.

Intangible assets

The Group's intangible assets comprise indefinite life intangible assets and internally generated intangible assets.

The Group's indefinite life intangible assets comprise syndicate participation rights and goodwill. The cost of syndicate participation rights and goodwill acquired in a business combination is their fair value as at the date of acquisition. Additional syndicate participation rights may be purchased from time to time and are recorded at the cost on the date of the relevant syndicate capacity auction. As a result of their anticipated ability to continue to generate cash flows for the Group on a long-term basis, goodwill and syndicate participation rights are considered to have an indefinite useful life, and are not amortised. They are carried at cost less any accumulated impairment losses. Intangible assets with an indefinite useful life are tested annually for impairment at the CGU level by comparing the net present value of the future cash flow stream of the CGU to the carrying value of the net assets of the CGU, including the related intangible assets. The useful life of an indefinite life intangible asset is reviewed annually, to determine if the assessment that it has an indefinite life continues to be supportable.

Internally generated intangible assets represent directly attributable costs incurred in the development phase of implementing cloud-based software to support the Group's target operating model. An internally generated intangible asset is recognised if it can be demonstrated that there is an intent, available resources, and technical feasibility to complete the intangible asset so that it is available for use, and that it will generate probable future economic benefits. The costs must be capable of being measured reliably. Such intangible assets are carried at cost less any accumulated impairment losses. Intangible assets not yet available for use are tested annually for impairment at the CGU level by comparing the net present value of the future cash flow stream of the CGU to the carrying value of the net assets of the CGU, including the related intangible assets.

Internally generated intangible assets available for use are considered to have a finite life. Applying the cost model, intangible assets with finite lives are amortised over their estimated useful economic life, and assessed for impairment whenever there are indicators of impairment.

The useful lives and amortisation period of the internally generated intangibles are estimated to be between five to seven years, and will be amortised using the straight-line method with no residual value. The amortisation, and where applicable any impairment, of these internally generated intangibles is recognised within other operating expenses.

Accounting policies *continued*

For the year ended 31 December 2025

Other income

Other income is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties.

Nature of services

The table below details the type of services from which the Group derives its other income.

Services	Nature, timing of satisfaction of performance obligation, and significant payment terms
LCM underwriting fees	The Group recognises underwriting fees over the underwriting cycle based on the underlying exposure of the covered contracts. Underwriting fees are received on or before the collateral funding date, which is prior to commencement of the underwriting cycle.
LCM profit commission	The Group recognises profit commission following the end of the underwriting cycle based on the underlying performance of the covered contracts and as collateral is released. Profit commissions may only be received once the profit commission hurdle has been met.
LSL consortium management fees	The Group recognises consortium fees over the risk period based on the underlying exposure of the covered contracts. Consortium fees are received quarterly.
LSL consortium profit commission	The Group recognises profit commission in line with the underlying performance of covered contracts once the year of account closes, which is also when the profit commissions are received.
LSL managing agency fees	The Group recognises managing agency fees in line with the services provided in respect of each underwriting year of account. Managing agency fees are received quarterly.
LSL managing agency profit commission	The Group recognises profit commission on open years of account when measurement is highly probable. Profit commissions are received once the underwriting year of account closes.
LSL coverholder fee income	The Group recognises coverholder fee income in line with services provided. Coverholder fee income is received quarterly.

Property, plant and equipment

Property, plant and equipment is carried at historical cost, less accumulated depreciation, and any impairment in value. Depreciation is calculated to write off the cost over the estimated useful economic life on a straight-line basis as follows:

IT equipment	33% per annum
Office furniture and equipment	20% to 33% per annum
Leasehold improvements	20% per annum

Indicators of impairment, together with the assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant or equipment is derecognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on the disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount of the asset, and are included in the consolidated statement of comprehensive income. Costs for repairs and maintenance are charged to the statement of comprehensive income as incurred.

Leases

The Group assesses whether a contract is, or contains, a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date. Lease payments are discounted using the rate implicit in the lease, if readily determinable, or otherwise at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the lease; or
- payments in respect of purchase options, lease termination options, or lease extension options that the Group is reasonably certain to exercise.

The lease liability is subsequently measured by increasing the lease carrying amount to reflect the interest on the lease liability using the effective interest rate method, and by reducing the carrying amount to reflect the lease payments made.

Accounting policies *continued*

For the year ended 31 December 2025

The Group remeasures the lease liability and the related right-of-use asset whenever:

- the lease term changes as a result of the Group changing its assessment of whether it will exercise a purchase, extension, or termination option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the corresponding lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, and an estimate of any costs to be incurred at expiration of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses. Straight-line depreciation is calculated from the commencement date of the lease to the earlier of the end date of the lease term, or the useful life of the underlying asset.

The Group applies IAS 36, Impairment of Assets, to determine whether a right-of-use asset is impaired and recognises any identified impairment loss within the consolidated statement of comprehensive income.

Employee benefits

Equity compensation plans

The Group currently operates an RSS under which nil-cost options have been granted. The fair value of the equity instruments granted is estimated on the date of grant. The estimated fair value is recognised as an expense pro-rata over the vesting period of the instrument, adjusted for the impact of any non-market vesting conditions. No adjustment to vesting assumptions is made in respect of market vesting conditions.

At each reporting date, the Group revises its estimate of the number of RSS nil-cost options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, as an equity-based compensation expense in the consolidated statement of comprehensive income over the remaining vesting period, and a corresponding adjustment is made to other reserves within shareholders' equity.

Upon exercise, the differences between the expense charged to the consolidated statement of comprehensive income and the actual cost to the Group, if any, are transferred to other reserves within shareholders' equity.

Pensions

The Group operates a defined contribution plan. On payment of contributions to the plan there is no further obligation for the Group. Contributions are recognised as employee benefits in the consolidated statement of comprehensive income in the period when the employee's services are rendered.

Tax

The tax charge or credit represents the sum of the tax currently payable and any deferred tax. The tax payable is calculated based on taxable profit for the period using tax rates and tax laws enacted, or substantively enacted, at the year-end reporting date, and any adjustments to tax payable in respect of prior periods. Taxable profit for the period can differ from that reported in the consolidated statement of comprehensive income due to non-taxable income, and certain items which are not tax deductible, or which are deferred to subsequent periods.

Deferred tax is recognised on all temporary differences between the assets and liabilities in the consolidated statement of financial position and their tax base, except when the deferred tax liability arises from the initial recognition of goodwill. Deferred tax assets or liabilities are accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that realising the related tax benefit through future taxable profits is probable, and are reassessed in each period for recognition.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

At the date equity-based compensation awards are exercised, and where the current estimated fair value of an award exceeds the estimated fair value at the date they were granted, corporation tax on this excess amount is recognised within equity. At the period end date, equity-based compensation awards that have not been exercised, and for which the current estimated fair value of an award exceeds the estimated fair value at the date they were granted, have deferred tax on this excess amount recognised within shareholders' equity.

The Corporate Income Tax Amendment (No. 2) Act 2025 and the Tax Credits Act 2025 was effective in Bermuda from 11 December 2025 and is designed to incentivise and support an enhanced on-island presence. Job-based and expense-based tax credits have been recognised in total expenses for the year ending 31 December 2025 under the new legislation.

Own shares

Own shares include shares repurchased under share repurchase authorisations and held as treasury shares, plus shares repurchased and held in trust, for the purposes of employee equity-based compensation schemes. Own shares are deducted from shareholders' equity. No gain or loss is recognised on the purchase, sale, cancellation, or issue of own shares, and any consideration paid or received is recognised directly in shareholders' equity.

Risk Disclosures

Risk disclosures: introduction

The Group is exposed to risks from various sources, which are classified into six primary risk categories. These risk categories are:

- | | |
|--------------------|--------------------------|
| A. Insurance risk; | D. Credit risk; |
| B. Market risk; | E. Operational risk; and |
| C. Liquidity risk; | F. Strategic risk. |

The most significant risk to the Group is considered to be insurance risk. The primary objective of the Group's ERM framework is to ensure that the capital resources held are matched to the risk profile of the Group, and that the balance between risk and return is considered as part of all key business decisions. The Group has formulated, and keeps under review, a risk appetite which is set by the Board of Directors. The Group's appetite for risk will vary from time to time to reflect the potential risks and returns that present themselves. However, protecting the Group's capital and maximising risk-adjusted returns for investors over the long-term remain constant elements of the Group's strategy. The risk appetite of the Group is central to how the business is run and permeates into the risk appetites that the individual operating entity boards of directors have adopted. These risk appetites are expressed through detailed risk tolerances at both a Group and an operating entity level. Risk tolerances represent the maximum amount of capital, generally on a modelled basis, that the Group and its entities are prepared to expose to certain risks.

The Board of Directors is responsible for setting and monitoring the Group's risk appetite and tolerances, whereas the individual entity boards of directors are responsible for setting and monitoring entity level risk tolerances. All risk tolerances are subject to at least an annual review and consideration by the respective boards of directors. The LHL Board and individual entity boards of directors review actual risk levels versus tolerances, emerging risks, and any risk learning events at least quarterly. In addition, management assesses the modelled potential catastrophe losses against the risk tolerances and seeks to ensure that risk levels are managed in accordance with them.

Emerging risks**Artificial Intelligence (AI)**

AI refers to the advancement of computer systems capable of performing tasks that typically require human intelligence. Generative AI, a specialised subset, creates content using deep learning models based on existing data patterns.

While AI offers significant potential, it also introduces risks such as misinformation, data privacy concerns, intellectual property challenges, and ethical issues. The Group continues to evaluate AI integration into business processes with robust risk mitigation measures to help ensure responsible use.

Over the past year, we have matured and strengthened governance across AI evaluation, implementation, and monitoring, seeking to align with regulatory and ethical standards.

The Group remains a cautious adopter, prioritising safe and controlled deployment to protect client data, uphold compliance, and manage emerging risks.

Risk management works closely with IT and the business to identify, assess, and approve AI solutions, supporting their implementation in a secure and responsible manner.

Insufficient cloud capacity

The rapid growth of AI is significantly increasing global demand for cloud capacity, creating a risk that available data-centre capacity will be insufficient to meet companies' operational and resilience needs. Cloud providers are facing GPU and hardware shortages, rising energy demands, and regional capacity limits, which may restrict compute availability and increase cloud costs.

Economic capital models

The Group maintains economic capital models at the LICL, LUK and syndicate levels. These models are primarily focused on insurance risks; however, they are also used to model other risks, including market, credit and operational risks. The syndicate models are reviewed and approved by Lloyd's as part of its own capital and solvency regulations.

The economic capital models produce data in the form of stochastic distributions for all classes, including non-elemental classes. The distributions include the mean outcome and the result at various return periods, including very remote events. Projected financial outcomes for each insurance class are calculated, as well as the overall portfolio, including diversification credit. Diversification credit arises as individual risks are generally not strongly correlated and are unlikely to all produce profits or losses at the same time.

A. Insurance risk

Insurance risk is the risk that the Group's underwriting, reserving, claims management, or reinsurance decisions and judgements result in a detrimental financial impact to the Group. The Group underwrites worldwide insurance and reinsurance contracts that transfer insurance risk, including risks exposed to both natural and man-made catastrophes. The Group's exposure in connection with insurance or reinsurance contracts underwritten is whether, in the event of insured losses, premiums will be sufficient to cover the loss payments and expenses. Insurance and reinsurance markets are cyclical and premium rates and terms and conditions vary by line of business depending on market conditions and the stage of the underwriting cycle. Market conditions are impacted by capacity and recent loss events, and broader economic cycle impacts, amongst other factors. The Group's underwriters assess likely losses using their experience and knowledge of past loss experience, industry trends, and current circumstances. This allows them to estimate the premiums sufficient to meet likely losses and expenses and desired levels of profitability.

Risk Disclosures *continued*

The Group considers insurance risk at an individual contract level, at a segment level, at a geographic level, and at an aggregate portfolio level. This promotes careful risk selection, consideration of concentration levels and appropriate portfolio diversification. The level of insurance risk tolerance per peril is set by the Board and the boards of directors at individual entity level and at the overall aggregate Group level.

A number of controls are deployed by the Group to manage the amount of insurance exposure assumed:

- a rolling strategic plan that helps establish the business goals that the Board of Directors aims to achieve;
- a detailed three-year business plan is produced annually. The plan is approved by the Board of Directors and is monitored, reviewed and updated on an ongoing basis;
- for LSL, the syndicates' business forecasts and business plans are subject to review and approval by Lloyd's;
- economic capital models are used to model risk levels and capital requirements;
- each authorised class has a predetermined normal maximum line structure;
- each underwriter has a clearly defined limit of underwriting authority;
- the Group and individual operating entities have predetermined tolerances on probabilistic and deterministic losses of capital for certain single events, which are monitored on a regular basis;
- pricing and aggregation models are used to assist with the underwriting process; and
- reinsurance is purchased to mitigate both frequency and severity of losses on a facultative, excess of loss treaty or proportional treaty basis.

Some of the Group's business provides coverage for natural catastrophes (for example, hurricanes, earthquakes, wildfires and floods) and is subject to potential seasonal variation and the effects of climate change. A proportion of the Group's business is exposed to large catastrophe losses in North America, Europe and Japan as a result of windstorms. The level of windstorm activity, and landfall thereof, during the North American, European and Japanese wind seasons may materially impact the Group's loss experience. The North American and Japanese wind seasons are typically June to November, and the European wind season is typically November to March. The Group also has exposure to large losses arising from other non-seasonal natural catastrophes, such as earthquakes, tsunamis, droughts, floods and tornadoes, from risk losses throughout the year and from war, terrorism and political risk, and other events.

Climate change may expose the Group to the risk of heightened severity and frequency of weather-related losses. Climate-related risks are identified and assessed as part of the usual risk identification and management process, which includes, but is not limited to, discussions with risk owners and subject matter experts across the Group, discussions at the Emerging Risk Forum, and at the ESG Committee.

Climate-related risks specific to the (re)insurance portfolios are identified and assessed as part of the day-to-day underwriting process by individual underwriters in their analysis of specific risk information, and more broadly in the context of the wider portfolio during the individual class of business QBR process, and through the RRC meetings.

These reviews include: the physical location of assets insured, weather-related perils that have impacted the location and their historical frequency and severity, as well as expected short-term and long-term changes. Various underwriting committees and forums assess climate-related risks of both current and anticipated future risks, which include, but are not limited to, transition risk arising from a decline in the value of assets to be insured, changing energy costs, and liability risks that could arise from climate-related litigation.

Physical, transition and liability risks are considered by business segment and geographical location, and the expected impact from the risks identified is considered with respect to both magnitude and timescale.

The Group manages climate risk by using stochastic models from third-party vendors that have a long history of data quality governance. The Group adapts these models based upon views of climate risk, as well as clients' exposure data, to create aggregate loss scenarios. Underwriting guidelines support the underwriting process and provide guidance to assist underwriters in their decision-making. Performance against guidelines is monitored through the regular meetings, QBRs and related reporting. We have clear tolerances and preferences in place to actively manage exposures, and the Board regularly monitors our PMLs.

The Group accepts risks for periods primarily of one year, which mitigates the potential short-term impacts of climate risk. The Group has the ability to re-evaluate the portfolio on an annual basis and therefore reprice physical risk and reset exposure levels to consider new data regarding the frequency and severity of elemental catastrophe events.

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 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.

		31 December 2025		31 December 2024	
		\$m	% of tangible capital	\$m	% of tangible capital
100 year return period estimated net loss ¹					
Zones	Perils				
Gulf of Mexico ²	Hurricane	337.1	19.8%	335.8	19.3%
California	Earthquake	255.1	15.0%	247.6	14.2%
Non-Gulf of Mexico – US	Hurricane	239.5	14.1%	233.4	13.4%
Pan-European	Windstorm	109.6	6.4%	129.4	7.4%
Japan	Earthquake	78.7	4.6%	107.3	6.2%
Japan	Typhoon	78.8	4.6%	102.3	5.9%
Pacific North West	Earthquake	41.6	2.4%	34.3	2.0%

Risk Disclosures *continued*

		31 December 2025		31 December 2024	
250 year return period estimated net loss ¹		\$m	% of tangible capital	\$m	% of tangible capital
Zones	Perils				
Gulf of Mexico ²	Hurricane	464.4	27.3%	435.4	25.0%
California	Earthquake	284.3	16.7%	302.6	17.4%
Non-Gulf of Mexico – US	Hurricane	421.5	24.7%	525.9	30.2%
Pan-European	Windstorm	173.4	10.2%	195.9	11.2%
Japan	Earthquake	164.6	9.7%	189.5	10.9%
Japan	Typhoon	114.7	6.7%	155.0	8.9%
Pacific North West	Earthquake	177.6	10.4%	170.9	9.8%

1. Estimated net loss balances presented in the table are unaudited.

2. 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.

Geopolitical risks

The conflict in Ukraine shows no clear resolution, and tensions between Russia and the West continue to escalate. Add to that US China relations; European and Arctic nations facing rising threats of tariffs; and tensions between the US and Europe concerning the sovereignty of Greenland; and you have a highly unstable geopolitical environment. Underwriting discipline and informed decision-making are key in this environment.

Insurance revenue geographical split and operating segment

The following table provides an analysis of the Group's insurance revenue by operating segment and geographical location:

For the year ended 31 December	2025			2024		
	Reinsurance \$m	Insurance \$m	Total \$m	Reinsurance \$m	Insurance \$m	Total \$m
US and Canada	487.8	362.5	850.3	437.7	318.7	756.4
Worldwide – multi territory	324.0	360.5	684.5	314.2	311.6	625.8
Europe	55.0	86.2	141.2	58.8	99.2	158.0
Rest of world	37.6	146.8	184.4	44.4	180.5	224.9
Total insurance revenue	904.4	956.0	1,860.4	855.1	910.0	1,765.1

I. Reinsurance segment

The Group's reinsurance segment comprises property reinsurance, specialty reinsurance and casualty reinsurance. The property reinsurance portfolio is predominantly written on an excess of loss basis with the 'catastrophe' portfolio exposed to large natural disasters and the 'risk' portfolio exposed to individual man-made losses, such as fire and explosion. The specialty reinsurance portfolio has a mix of exposures, with natural disasters exposing the retrocession portfolio, and large, man-made risks from complex exposures, such as offshore energy platforms, exposing the marine, energy, terror and aviation portfolios. This is underwritten through a combination of excess of loss and proportional reinsurance. Casualty reinsurance is primarily written through quota share reinsurance, assuming a mix of general liability and professional lines exposures, predominantly from within the US.

II. Insurance segment

The Group's insurance segment is usually written on a direct or facultative basis and comprises aviation insurance, casualty insurance, energy and marine insurance, property insurance and specialty insurance. Within aviation, aviation deductible, aviation hull, aviation liability, aviation war, and AV52 are the main exposures. Casualty insurance covers accident and health policies, as well as a small number of consortia arrangements within Lloyd's. Energy insurance covers a variety of energy exposures, from upstream and energy construction, downstream processing and storage risks, power generation, and energy liability. Marine risks include cargo and specie risks, as well as liability, hull and war. The property insurance portfolio contains worldwide property exposure with a mix of Fortune 500 business and smaller accounts with exposure in an individual location. Specialty insurance includes political risk, terror and credit exposures, and is often written on a multi-year basis.

Risk Disclosures *continued*

Outwards reinsurance

The Group, in the normal course of business and in accordance with its risk management practices, seeks to reduce certain types of losses that may arise from events that could cause unfavourable underwriting results by entering into external outwards reinsurance arrangements. Reinsurance does not relieve the Group of its obligations to policyholders. Under the Group's reinsurance security policy, reinsurers are assessed and approved based on their financial strength ratings, together with other factors. The Group RSC considers reinsurers that are not rated or do not fall within the predefined rating categories on a case-by-case basis, and may require collateral to be provided to support the reinsurer's obligations. There are specific guidelines for these collateralised contracts. The Group ORIF monitors the Group's reinsurers on an ongoing basis, and formally reviews the Group's reinsurance arrangements as deemed necessary. Exposure to the Group's reinsurance counterparties, compared to the Board-approved tolerances, is reported to the Board of Directors on a quarterly basis.

Reinsurance protection is typically purchased on an excess of loss basis; however, it may also include ILW covers, or proportional treaty arrangements. The mix of reinsurance cover is dependent on the specific loss mitigation requirements, market conditions, and available capacity. Reinsurance may also be purchased to optimise the risk-adjusted return of the underwriting portfolio. The structure varies between types of peril and sub-class. The Group regularly reviews its catastrophe and other exposures, and may purchase reinsurance to reduce its net exposure to a large natural catastrophe loss and/or to reduce net exposures to other large losses. The Group can purchase both facultative and treaty reinsurance with varying cover and attachment points. The reinsurance coverage is not intended to be available to meet all potential loss circumstances. The Group will retain some losses, as the cover purchased is unlikely to transfer the totality of the Group's exposure. Any loss amount which exceeds the Group's reinsurance programme is retained by the Group. Some parts of the reinsurance programme have limited reinstatements, therefore the number of claims which may be recovered from second or subsequent losses in those particular circumstances is restricted.

Reserving

Estimates of future cash flows to fulfil insurance contracts issued

The Group measures the carrying amount of the LIC and the AIC at the end of each reporting period, being the amount of the FCF. The FCF in respect of the LIC and the AIC comprises:

- unbiased probability-weighted best estimates of future cash flows within the boundary of each insurance and reinsurance contract;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows (see interest rate risk section); and
- a risk adjustment for non-financial risk.

Further detail on each of these is provided in the section below.

Probability-weighted best estimate of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available at the reporting date. The Group uses internal and external information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is calculated to represent the mean of a range of theoretical scenarios that consider the full range of possible outcomes.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount and timing. These include payments to, or on behalf of, policyholders, and other costs incurred in fulfilling contracts. Other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Where expenses are contract specific, these costs are taken directly and aggregated, as required, to groups of insurance contracts. Where expenses are not contract specific (for example, overheads) these are allocated to groups of insurance contracts in a systematic way.

For all our contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims.

The Group estimates the ultimate costs of settling claims incurred but unpaid at the reporting date, and the value of salvage and other expected recoveries, by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques (including the Bornhuetter-Ferguson, loss ratio and chain-ladder methods). Actuarial techniques typically assume that historic claims experience is indicative of future claims development patterns and, therefore ultimate claims cost. The ultimate cost of settling all claims is estimated separately for each class of business.

The assumptions used, including loss ratios and future claims inflation, are derived from a combination of historical information and judgement, that allows for where past trends might not apply in the future and future trends that may emerge.

For each nominal fulfilment amount, the timing of future cash flows is determined by applying cash flow assumptions based, where available, on the Group's historical experience for the given portfolio of contracts. Where there is insufficient historical experience, reliance may be placed on external benchmarks or portfolios which are believed to exhibit similar cash flow characteristics.

Risk Disclosures *continued***Methods used to measure the risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty in respect of 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.

Under the PAA, the risk adjustment for non-financial risk is limited to the LIC and the AIC, with the exception of onerous groups of contracts, where it is implicitly considered in determining the required adjustment to the LRC and the ARC. The undiscounted risk adjustment within the LIC and the AIC is set with reference to the Group's reserve risk appetite and aligns with the Group's management margin, which depends on the prevailing uncertainty in the FCF of the LIC and the AIC at each reporting date. The management margin is set through a combination of initial expected loss ratio uplifts for attritional IBNR provisions and on a case-by-case basis for individual reported events. This process is overseen by the Reserve and Audit Committees. Given this granular approach, no further allocation of the risk adjustment to groups of insurance contracts is required. The undiscounted risk adjustment is then discounted to allow for the time value of money alongside the wider FCF within the LIC and the AIC. Changes in the risk adjustment for non-financial risk are disaggregated into insurance services and insurance financing components in the same way as the best estimate FCF.

The Group estimates that FCF within the net of reinsurance LIC (including the risk adjustment for non-financial risks) correspond to a confidence level of 85% (31 December 2024 – 86%) on an ultimate time horizon.

The risk adjustment for non-financial risk is subject to discounting, and the confidence level is inferred for the purpose of disclosure. The inference of the confidence level requires assumptions around the perceived volatility of each portfolio and the aggregation to the overall entity level. Volatility parameters are set with reference to historical internal and external data, but may be adjusted at each reporting date to reflect the prevailing environment and associated reserve uncertainties. Given the inference of the confidence level, the Group generally expects this to fall within the range of the 80th to 90th percentile. Movements within this range between periods are to be expected due to, for example, specific loss events or a change in the mix of business such as an increase in longer-tail casualty business written. The Group would expect to remain within this range, unless there is a change in reserving risk appetite. The Group's reserve risk appetite and methods used to determine the risk adjustment for non-financial risk, and the resulting confidence level, were not changed for the current financial year.

Sensitivity analysis

The following table presents information on how reasonably possible changes in assumptions made by the Group impact the valuation of the net insurance contract liabilities, profit after tax and shareholders' equity. Under the PAA, and given the current amount of the Group's loss component, only the LIC component of insurance contract liabilities and the AIC component of reinsurance contract assets are considered sensitive to possible changes in insurance risk variables.

	LIC as at 31 December 2025 \$m	Impact on profit after tax and shareholders' equity \$m	LIC as at 31 December 2024 \$m	Impact on profit after tax and shareholders' equity \$m
Insurance contract liabilities	2,644.8		2,237.7	
Reinsurance contract assets	(757.0)		(608.5)	
Net insurance contract liabilities	1,887.8		1,629.2	
20% increase in unpaid claims and expenses				
Insurance contract liabilities	3,173.8	(478.6)	2,685.2	(391.2)
Reinsurance contract assets	(908.4)	123.5	(730.2)	99.6
Net insurance contract liabilities	2,265.4	(355.1)	1,955.0	(291.6)

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Risk Disclosures *continued*

B. Market risk

Market risk is the risk that decisions, movements, trends, or other factors in global or local financial markets impact the Group in a way that is financially detrimental. The Group's main market risks include:

- I. Insurance market risk;
- II. Investment risk;
- III. Debt risk; and
- IV. Currency risk.

These risks, and the management thereof, are described below.

I. Insurance market risk

Insurance market risk is the risk that factors within either the global insurance market, or the relevant local insurance markets in which the Group operates, have a detrimental financial impact on the Group. The Group is exposed to insurance market risk from several sources, including the following:

- the advent or continuation of a soft market, which may result in a stabilisation or decline in premium rates and/or terms and conditions for certain lines, or across all lines;
- the actions and reactions of key competitors, which may directly result in volatility in premium volumes and rates, fee levels and other input costs;
- market events, including unusual inflation in rates, which may result in a limit in the availability of cover, resulting in political intervention or national remedies;
- failure to maintain broker, binding authority and client relationships, leading to a limited or substandard choice of risks which are inconsistent with the Group's risk appetite;
- changes in regulation including capital, governance or licensing requirements; and
- changes in the geopolitical environment.

The most important method to mitigate insurance market risk is to maintain strict underwriting standards. The Group manages insurance market risk in numerous ways, including the following:

- reviews and amends underwriting plans and outlook as necessary;
- reduces exposure to market sectors where conditions have reached unattractive levels;
- purchases appropriate, cost-effective reinsurance cover to mitigate loss exposures;
- closely monitors changes in premium rates and terms and conditions;
- continuous regulatory capital management to seek to ensure that it does not allow surplus capital to unduly influence underwriting appetite;
- has a collegiate approach towards taking risk, with most authority requiring at least four eyes and pre-authorisation peer review;
- reviews all new and renewal business post-underwriting for LSL;
- reviews outputs from the economic capital models to assess up-to-date profitability of classes and sectors;
- holds a monthly RRC meeting to discuss risk and reinsurance;
- holds a quarterly UURC meeting to review underwriting strategy; and
- holds regular meetings with regulators.

Risk Disclosures *continued*

II. Investment risk

Investment risk is the risk that movements, trends or other factors, within either public or private investment markets, have a detrimental financial impact on the price of securities within the Group's investment portfolio. Movements in investments resulting from changes in prices, interest rates, inflation rates, and currency exchange rates, amongst other factors, may lead to an adverse impact on the value of the Group's investment portfolio.

Investment guidelines are established by the Investment Committee to manage this risk. Investment guidelines set parameters within which the Group's external investment managers must operate. All of the Group's fixed income managers and the majority of the private investment managers are signatories of the UNPRI, which approximates to 96.7% (31 December 2024 – 96.7%) of the Group's externally managed assets. Important parameters include guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance with guidelines is monitored on a monthly basis. Any adjustments to the investment guidelines are approved by the Investment Committee and the Board of Directors.

The Group's business model emphasises the preservation of capital and the provision of sufficient liquidity for the prompt payment of claims, in conjunction with providing a stable income stream as far as possible. Management reviews the composition, duration and asset allocation of the investment portfolio regularly to respond to changes in interest rates, and other market conditions.

The Group's fixed maturity portfolios are managed by external investment managers. The Group also has a portfolio consisting of hedge funds, principal protected products, and private investment funds. The performance of the managers is monitored on an ongoing basis.

The 'core' investment portfolio is aligned with the Group's long-term financial goals and risk tolerance while the 'surplus' investment portfolio aims for higher returns and greater diversification by investing in a wider array of assets with higher risk-return profiles, such as high-yield securities, private investment funds, and hedge funds.

Within the Group's investment guidelines are subsets of guidelines for the core portion of funds required to meet near-term obligations and cash flow needs following an extreme event. These guidelines add further requirements, including reducing permitted asset classes, higher credit quality, shorter duration, and higher liquidity. The primary objectives for this portion of assets are capital preservation and providing liquidity to meet insurance and other near-term obligations. Alongside internally managed cash, the core portfolio holds funds specifically allocated to cover potential liabilities, aligning their duration with that of the insurance liabilities within an agreed range. The core portfolio is invested in fixed maturity securities, fixed maturity funds, and cash and cash equivalents. The core portfolio may, at times, contain assets significantly in excess of those required to meet insurance liabilities or other defined funding needs.

Assets in excess of those required to be held in the core portfolio are typically held in the surplus portfolio. The surplus portfolio is invested in fixed maturity securities, principal protected products, derivative instruments, cash and cash equivalents, private investment funds, and hedge funds. In general, the duration of the surplus portfolio is slightly longer than the core portfolio.

The Group reviews the composition, duration and asset allocation of its investment portfolio on a regular basis to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within management's risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of management's risk tolerance levels, an adjustment to the asset allocation may be made to reduce the risks in the portfolio.

The investment portfolio is currently structured to perform similarly in risk-on and risk-off environments. The Group endeavours to limit losses in both risk-on, risk-off, and interest rate hike scenarios. The Group models various periods of significant stress to better understand the investment portfolio's risks and exposures. The scenarios represent what could, and most likely will, occur (albeit not in the exact form of the scenarios, which are based on historic periods of volatility). The Group also monitors the portfolio impact of more severe disaster scenarios consisting of extreme shocks.

The Investment Committee oversees a strategic asset allocation study on a bi-annual basis, which assesses the Group's overall strategy and seeks to determine if there is an alternative asset allocation to achieve the highest risk-adjusted return within our risk tolerances.

The IRRC meets quarterly to seek to ensure that the Group's strategic and tactical investment actions are consistent with investment risk preferences, appetite, risk and return objectives and tolerances. The IRRC also helps further develop the risk tolerances to be incorporated into the ERM framework.

Risk Disclosures *continued*

The investment mix of the Group's investment portfolio is as follows:

As at 31 December	2025			2024		
	Core \$m	Surplus \$m	Total \$m	Core \$m	Surplus \$m	Total \$m
Short-term investments	13.0	2.0	15.0	27.9	4.6	32.5
Fixed maturity funds	30.4	—	30.4	23.1	—	23.1
US treasuries	364.5	28.4	392.9	382.8	127.1	509.9
Other government bonds	46.5	74.4	120.9	31.5	33.8	65.3
US municipal bonds	9.7	1.4	11.1	9.1	6.7	15.8
US government agency debt	—	4.0	4.0	0.2	17.0	17.2
Asset backed securities	111.4	192.0	303.4	81.6	190.1	271.7
US government agency MBS	244.6	161.4	406.0	181.3	145.2	326.5
Non-agency MBS	62.4	35.4	97.8	22.5	33.0	55.5
US government agency CMBS	—	1.1	1.1	—	—	—
Non-agency commercial MBS	36.8	17.8	54.6	—	20.5	20.5
Bank loans	—	153.7	153.7	—	153.4	153.4
Corporate bonds	913.9	305.4	1,219.3	827.9	280.1	1,108.0
Other fixed maturities	—	—	—	—	4.4	4.4
Total fixed maturity securities	1,833.2	977.0	2,810.2	1,587.9	1,015.9	2,603.8
Private investment funds	—	291.2	291.2	—	253.1	253.1
Hedge funds	—	8.8	8.8	—	7.9	7.9
Other investments	—	(0.3)	(0.3)	—	0.1	0.1
Total investments	1,833.2	1,276.7	3,109.9	1,587.9	1,277.0	2,864.9

The concentration risk of the Group's fixed maturity securities by location and sector is as follows:

As at 31 December	2025						Total ³ \$m
	Financials \$m	Industrial & consumer \$m	Utility \$m	Government & government agencies \$m	Structured ¹ \$m	Other ² \$m	
United States	338.3	654.4	19.1	829.3	222.5	—	2,063.6
Cayman Islands	—	—	—	—	174.9	—	174.9
Canada	33.1	23.4	—	77.3	—	—	133.8
United Kingdom	50.3	25.6	0.3	—	—	—	76.2
Europe ⁴	64.8	53.0	—	13.6	2.1	—	133.5
Other	48.5	54.0	9.1	29.9	56.3	30.4	228.2
Total fixed maturity securities	535.0	810.4	28.5	950.1	455.8	30.4	2,810.2

As at 31 December	2024						Total ³ \$m
	Financials \$m	Industrial & consumer \$m	Utility \$m	Government & government agencies \$m	Structured ¹ \$m	Other ² \$m	
United States	316.3	635.5	12.6	869.3	138.5	27.3	1,999.5
Cayman Islands	—	1.2	—	—	151.8	—	153.0
Canada	37.0	17.4	—	27.8	—	—	82.2
United Kingdom	41.5	20.2	—	2.2	—	—	63.9
Europe ⁴	58.5	37.1	—	6.6	2.6	4.4	109.2
Other	29.4	51.2	7.9	28.8	54.8	23.9	196.0
Total fixed maturity securities	482.7	762.6	20.5	934.7	347.7	55.6	2,603.8

1. Structured products excludes any government structured products.
2. Other includes Lloyd's overseas deposits. Short term investments have been allocated to sector in the current period.
3. Location represents the country of risk for the majority of the fixed maturity securities. If the country of risk is not available, the location will reflect the country of the Issuer.
4. Europe excludes the United Kingdom.

The Group's net asset value is directly impacted by movements in the fair value of investments held. Fair values can be impacted by movements in interest rates, credit ratings, exchange rates, the current economic environment and outlook.

Risk Disclosures *continued***Interest rate risk****(i) Investments**

Interest rate risk is the risk that movements in market interest rates, which are typically correlated with the interest rates set by central banks, have a detrimental financial impact on the value of the Group's assets and liabilities. The Group's investment portfolio is mainly comprised of fixed maturity securities and cash and cash equivalents. Fixed maturity funds are overseas deposits held by the syndicates in trust for the benefit of the policyholders in those overseas jurisdictions. They consist of high-quality, short-duration fixed maturity securities. The fair value of the Group's fixed maturity portfolio is generally inversely correlated to movements in market interest rates. If market interest rates fall, the fair value of the Group's fixed maturity securities would tend to rise, and vice versa.

The sensitivity of the price of fixed maturity securities, and certain derivatives, to movements in interest rates is indicated by their duration. The greater a security's duration, the greater its price volatility to movements in interest rates. The sensitivity of the Group's fixed maturity investment portfolio to interest rate movements is detailed below, assuming linear movements in interest rates:

As at 31 December	2025		2024	
	\$m	%	\$m	%
Immediate shift in yield (basis points)				
100	(62.9)	(2.2)	(62.2)	(2.4)
75	(47.2)	(1.7)	(46.6)	(1.8)
50	(31.4)	(1.1)	(31.1)	(1.2)
25	(15.7)	(0.6)	(15.5)	(0.6)
(25)	15.7	0.6	13.7	0.5
(50)	31.4	1.1	27.5	1.1
(75)	47.1	1.7	41.2	1.6
(100)	62.8	2.2	54.9	2.1

The Group mitigates interest rate risk on the investment portfolio by establishing and monitoring duration ranges in its investment guidelines. The duration of the core portfolio is matched to the modelled duration of the net insurance contract liabilities, within a permitted range. The permitted duration range for the surplus portfolio is between one and five years.

The overall duration for fixed maturity securities, managed cash and cash equivalents is 2.1 years (31 December 2024 – 2.0 years).

In addition to duration management, the Group monitors VaR to measure potential losses in the estimated fair values of its cash and invested assets, and to understand and monitor risk. The VaR calculation is performed using variance/covariance risk modelling to capture the cash flows and embedded optionality of the investment portfolio. Securities are valued individually using standard market pricing models. These security valuations serve as the input to risk analytics, including full valuation risk analyses, as well as parametric methods that rely on option-adjusted risk sensitivities to approximate the risk and return profiles of the portfolio.

The principal VaR measure that is produced is an annual VaR at the 99th percentile confidence level. Under normal conditions, the investment portfolio value is not expected to decrease more than the VaR metric listed in the table below 99% of the time over a one-year time horizon. The appropriateness of this measure is considered by the Investment Committee, on behalf of the Board of Directors, on an annual basis.

The Group's annual VaR calculations are as follows:

As at 31 December	2025		2024	
	\$m	% of shareholders' equity	\$m	% of shareholders' equity
99th percentile confidence level ¹	119.6	7.9	157.8	10.6

1. Including the impact of internal foreign exchange hedges.

(ii) Discounting approach on the LIC and the AIC

The Group's LIC and AIC are discounted on initial recognition and remeasured to current interest rates at each quarter end date, and are therefore sensitive to changes in market interest rates.

The Group applies the bottom-up approach when deriving its discount rates for discounting the LIC and the AIC. This approach requires the use of an appropriate (liquid) risk-free yield curve, plus a specific illiquidity premium above the risk-free yield curve to represent the reduced liquidity of the insurance contract cash flows compared to the observable risk-free rates. The risk-free yields and illiquidity premium are derived using reference data supplied by third parties with management judgement applied where appropriate, in particular in the derivation of the illiquidity premium, which is informed by the implied illiquidity premium of a representative portfolio of corporate bonds determined using the top-down method.

The Group writes predominantly short-duration contracts and has not identified any significant financing component in the LRC or the ARC, and has therefore applied judgement to determine that there is no requirement to discount these balances.

Risk Disclosures *continued*

The following table sets out the one-, three-, five- and seven-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:

As at 31 December	2025				2024			
	1 year	3 years	5 years	7 years	1 year	3 years	5 years	7 years
USD	3.83%	4.03%	4.31%	4.55%	5.33%	4.40%	4.29%	4.34%
GBP	3.94%	4.23%	4.51%	4.75%	5.31%	4.34%	4.14%	4.16%
EUR	2.57%	3.08%	3.43%	3.68%	4.03%	3.21%	3.21%	3.33%
JPY	1.30%	2.02%	2.35%	2.60%	0.65%	0.96%	1.24%	1.52%

The following table presents information on how reasonably possible changes in the yield curve could impact the valuation of the net insurance contract liabilities, profit after tax and shareholders' equity. Under the PAA, and given the current amount of the Group's loss component, only the LIC component of insurance contract liabilities and the AIC component of reinsurance contract assets are sensitive to possible changes in interest rate risk variables.

	LIC as at 31 December 2025 \$m	Impact on profit after tax and shareholders' equity \$m	LIC as at 31 December 2024 \$m	Impact on profit after tax and shareholders' equity \$m
Insurance contract liabilities	2,644.8		2,237.7	
Reinsurance contract assets	(757.0)		(608.5)	
Net insurance contract liabilities	1,887.8		1,629.2	
1% increase in yield curves				
Insurance contract liabilities	2,589.7	54.3	2,195.6	37.9
Reinsurance contract assets	(747.1)	(11.4)	(600.6)	(6.7)
Net insurance contract liabilities	1,842.6	42.9	1,595.0	31.2

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Price risk

Price risk is the risk that the fair value of the Group's investment portfolio will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual investment or other market factors.

The Group's price risk exposure relates to private investment funds and hedge funds. Listed investments that are quoted in an active market are recognised at quoted bid price, which is deemed to be the approximate exit price. If the market for the investment is not considered to be active, then the Group establishes fair value using valuation techniques (refer to note 11). This includes comparison to comparable orderly transactions between active market participants, reference to benchmarks or other indices to assess reasonableness, and other valuation techniques that are commonly used by market participants.

A 10% asset price decrease at 31 December 2025 would reduce the value of our private investment funds and hedge funds by approximately \$30.0 million (31 December 2024 – \$26.1 million).

Derivative financial instruments

The Group's investment guidelines permit the investment managers to utilise forward foreign currency contracts to manage foreign currency exposure. These positions are monitored regularly. The Group may also use OTC or exchange-traded managed derivatives to mitigate interest rate risk and foreign currency exposures. The Group principally has exposure to derivatives related to the following types of risks: interest rate risk, foreign currency risk, and credit risk.

Risk Disclosures *continued***Forward foreign currency contracts**

A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date, at a defined rate. The Group may utilise forward foreign currency contracts to gain exposure to a certain currency or market rate, to manage the impact of fluctuations in foreign currencies on the value of its foreign currency denominated investments, debt, insurance-related currency exposures and/or expenses.

Forward contracts expose the Group to credit, market and liquidity risks. Credit risk arises from the potential inability of counterparties to perform under the terms of the contract. The Group is exposed to market risk to the extent that adverse changes occur in the exchange rate of the underlying foreign currency. Liquidity risk represents the possibility that the Group may not be able to rapidly adjust the size of its forward positions at a reasonable price in times of high volatility and financial stress. These risks are mitigated by requiring a minimum counterparty credit quality, restricting the maximum notional exposure as a percentage of the investment portfolio's estimated fair value, and restricting exposures to foreign currencies, individually and in aggregate, as a percentage of the investment portfolio's estimated fair value.

Where forward foreign currency contracts are within externally managed investment portfolios, they are disclosed as other investments. Where they are managed directly by the Group, they are disclosed as either other receivables, or other payables, as appropriate.

The notional amount of a derivative contract is the underlying quantity upon which payment obligations are calculated. A long position is equivalent to buying the underlying currency, whereas a short position is equivalent to having sold the underlying currency.

The net gains or losses on the Group's derivative financial instruments recognised in the consolidated statement of comprehensive income are as follows:

For the year ended 31 December	2025 \$m	2024 \$m
Net foreign exchange losses on forward foreign currency contracts	(1.2)	(2.3)

The estimated fair values of the Group's derivative instruments are as follows:

As at 31 December	2025			2024		
	Other investments \$m	Other receivables \$m	Other payables \$m	Other investments \$m	Other receivables \$m	Other payables \$m
Forward foreign currency contracts	(0.3)	—	(1.0)	0.1	0.2	(0.4)

The Group has the following open forward foreign currency contracts:

	2025			2024		
	Notional long \$m	Notional short \$m	Net notional long (short) \$m	Notional long \$m	Notional short \$m	Net notional long (short) \$m
As at 31 December						
Canadian Dollar	—	48.0	(48.0)	—	25.3	(25.3)
Euro	—	2.6	(2.6)	31.6	2.3	29.3
Australian Dollar	—	2.8	(2.8)	—	—	—
Sterling	54.0	0.8	53.2	—	0.5	(0.5)
Danish Krone	—	0.3	(0.3)	—	0.2	(0.2)
Total	54.0	54.5	(0.5)	31.6	28.3	3.3

III. Debt risk

Debt risk is the risk that the Group will not be able to service either the interest payment, or the principal repayment, amounts on its external borrowings as they fall due. In 2021, the Group issued \$450.0 million (in aggregate principal amount) of 5.625% fixed-rate reset junior subordinated notes, repayable on 18 September 2041 (see note 18). The fixed interest rate will reset on 18 September 2031 at a rate per annum equal to the prevailing five-year treasury rate, plus a credit spread of 4.08% and a 100 basis point step up.

The Group is exposed to interest rate risk in the future if prevailing rates at the time of reset are materially different from the existing rates on the debt issue.

Risk Disclosures *continued***IV. Currency risk**

Currency risk is the risk that movements in currency exchange rates have a detrimental financial impact on the Group. The Group underwrites from multiple locations and risks are assumed on a worldwide basis. Risks assumed are predominantly denominated in US dollars. The Group is exposed to currency risk to the extent its assets and liabilities are denominated in different currencies to its US dollar reporting currency. The exchange gains and losses which arise on these assets and liabilities impact the consolidated statement of comprehensive income.

The Group hedges monetary non-US dollar liabilities primarily with non-US dollar assets, but may also use derivatives to mitigate foreign currency exposures. The Group's main foreign currency exposure relates to its insurance contract liabilities and reinsurance contract assets, investments and cash and cash equivalents, and other monetary assets and liabilities. The Group uses forward foreign currency contracts for the purposes of managing currency exposures. The Group's assets and liabilities, categorised by currency at their translated carrying amount, are as follows:

	2025					
	US \$ \$m	Sterling \$m	Euro \$m	Japanese Yen \$m	Other \$m	Total \$m
Assets						
Cash and cash equivalents	375.2	67.2	48.3	12.9	57.8	561.4
Accrued interest receivable	23.6	—	0.5	—	0.5	24.6
Investments	2,917.0	36.0	73.6	—	83.3	3,109.9
Reinsurance contract assets	650.9	28.5	37.8	(0.6)	1.2	717.8
Other receivables	88.1	11.5	0.8	—	0.8	101.2
Corporation tax receivable	0.2	0.2	—	—	—	0.4
Investment in associate	4.8	—	—	—	—	4.8
Right-of-use assets	8.6	13.5	—	—	0.6	22.7
Property, plant and equipment	2.4	5.8	—	—	—	8.2
Intangible assets	143.4	109.6	—	—	—	253.0
Total assets as at 31 December	4,214.2	272.3	161.0	12.3	144.2	4,804.0

	2025					
	US \$ \$m	Sterling \$m	Euro \$m	Japanese Yen \$m	Other \$m	Total \$m
Liabilities						
Insurance contract liabilities	2,318.1	135.1	153.2	10.1	95.6	2,712.1
Other payables	32.2	55.3	0.6	—	1.7	89.8
Deferred tax liability	10.8	5.1	—	—	(0.3)	15.6
Lease liabilities	8.7	20.3	—	—	0.7	29.7
Long-term debt	447.5	—	—	—	—	447.5
Total liabilities as at 31 December	2,817.3	215.8	153.8	10.1	97.7	3,294.7

	2024					
	US \$ \$m	Sterling \$m	Euro \$m	Japanese Yen \$m	Other \$m	Total \$m
Assets						
Cash and cash equivalents	449.8	141.0	21.5	17.9	54.1	684.3
Accrued interest receivable	21.3	—	0.4	—	0.3	22.0
Investments	2,721.4	27.0	59.1	—	57.4	2,864.9
Reinsurance contract assets	497.9	25.3	36.4	(0.2)	(2.2)	557.2
Other receivables	8.9	10.5	—	—	1.1	20.5
Investment in associate	9.1	—	—	—	—	9.1
Right-of-use assets	1.4	14.8	—	—	—	16.2
Property, plant and equipment	0.8	7.9	—	—	—	8.7
Intangible assets	153.8	43.2	—	—	—	197.0
Total assets as at 31 December	3,864.4	269.7	117.4	17.7	110.7	4,379.9

	2024					
	US \$ \$m	Sterling \$m	Euro \$m	Japanese Yen \$m	Other \$m	Total \$m
Liabilities						
Insurance contract liabilities	1,948.7	117.5	129.0	15.6	89.6	2,300.4
Other payables	43.8	46.2	—	—	1.9	91.9
Corporation tax payable	(0.3)	3.0	—	—	—	2.7
Deferred tax liability	11.3	11.2	—	—	(0.2)	22.3
Lease liabilities	1.4	20.8	—	—	0.1	22.3
Long-term debt	447.0	—	—	—	—	447.0
Total liabilities as at 31 December	2,451.9	198.7	129.0	15.6	91.4	2,886.6

The impact on net income of a proportional foreign exchange movement of 10.0% up and 10.0% down for the aggregated total of all non-US dollar currencies against the US dollar, taken at the year-end spot rates, would be an decrease or increase of \$1.7 million (31 December 2024 – an increase or decrease of \$1.5 million).

Risk Disclosures *continued***C. Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring an unreasonable cost. The Group's main exposures to liquidity risk are with respect to its insurance, investment, and operational activities. The Group is exposed to such risk if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts issued. The Group can be exposed to daily calls on its available investment assets, principally to settle insurance claims and to fund trust accounts following a large catastrophe loss.

The most significant exposures in relation to the Group's insurance activities are as follows:

- large catastrophic events, or multiple medium-sized events in quick succession, resulting in a requirement to pay a large value of claims within a relatively short time frame, or to fund trust accounts;
- failure of insureds or cedants to meet their contractual obligations with respect to the payment of premiums in a timely manner; and
- failure of reinsurers to meet their contractual obligations with respect to the payment of claims in a timely manner.

The most significant exposures in relation to the Group's investment activities are as follows:

- adverse market movements and/or a duration mismatch to obligations, resulting in investments being disposed of at a significant realised loss; and
- an inability to liquidate investments due to market conditions.

The maturity dates of the Group's fixed maturity portfolio are as follows:

As at 31 December	2025			2024		
	Core \$m	Surplus \$m	Total \$m	Core \$m	Surplus \$m	Total \$m
Less than one year	217.8	31.3	249.1	255.3	39.7	295.0
Between one and two years	348.3	48.3	396.6	346.1	77.3	423.4
Between two and three years	348.6	70.9	419.5	263.7	67.9	331.6
Between three and four years	136.2	102.8	239.0	195.5	120.4	315.9
Between four and five years	104.6	93.4	198.0	80.7	88.9	169.6
Over five years	222.5	222.6	445.1	161.2	232.9	394.1
ABS and MBS	455.2	407.7	862.9	285.4	388.8	674.2
Total fixed maturity securities	1,833.2	977.0	2,810.2	1,587.9	1,015.9	2,603.8

The maturity profile of the insurance contracts issued and financial liabilities of the Group is as follows:

As at 31 December 2025	Years until liability becomes due - undiscounted values					Total \$m
	Statement of financial position \$m	Less than one \$m	One to three \$m	Three to five \$m	Over five \$m	
Insurance contract liabilities ¹	2,712.1	1,053.4	963.5	447.5	452.6	2,917.0
Other payables	89.8	89.8	—	—	—	89.8
Lease liabilities	29.7	6.0	12.6	10.3	6.7	35.6
Long-term debt ²	447.5	25.3	50.6	50.6	475.3	601.8
Total	3,279.1	1,174.5	1,026.7	508.4	934.6	3,644.2

As at 31 December 2024	Years until liability becomes due - undiscounted values					Total \$m
	Statement of financial position \$m	Less than one \$m	One to three \$m	Three to five \$m	Over five \$m	
Insurance contract liabilities ¹	2,300.4	1,017.5	861.4	342.0	248.8	2,469.7
Other payables	91.9	91.9	—	—	—	91.9
Lease liabilities	22.3	5.8	7.4	7.2	5.8	26.2
Long-term debt ²	447.0	25.3	50.6	50.6	500.6	627.1
Total	2,861.6	1,140.5	919.4	399.8	755.2	3,214.9

1. Since the Group applies the PAA model for all insurance contracts issued, the maturity profile represents only the liability for incurred claims, and has been presented on an undiscounted basis.
2. The maturity profile of long-term debt includes accrued interest.

Within the tables shown above, the insurance contract liabilities balance discloses the period when the claims in respect of insurance contracts issued by the Group are expected to be settled. All other liability balances within the table disclose the earliest period in which the relevant counterparty could contractually require the Group to make payment. Actual maturities of the above may differ from contractual maturities because certain counterparties have the right to call or prepay certain obligations with or without call or prepayment penalties.

While the estimation of future cash flows in relation to ultimate claims settlement is complex and incorporates a significant amount of judgement, the timing of the payment of claims is also uncertain and cannot be predicted as simply as for other financial liabilities. Actuarial and statistical techniques, past experience, and management's judgement have been used to determine a likely settlement pattern based on the earliest period in which the Group could be required by the relevant counterparty to make payment. There are no amounts contained within the insurance contract liabilities or reinsurance contract assets as at 31 December 2025 (31 December 2024 – nil) that are payable on demand.

Risk Disclosures *continued*

As at 31 December 2025, cash and cash equivalents were \$561.4 million (31 December 2024 – \$684.3 million). The Group manages its liquidity risks through its investment strategy to hold high-quality, liquid securities, sufficient to meet its insurance liabilities and other near-term liquidity requirements. The core portfolio, with its subset of guidelines, aims to ensure funds are readily available to meet potential insurance liabilities, plus other liquidity requirements, in an extreme event. In addition, the Group has established asset allocation and duration parameters within the investment guidelines, such that the majority of the investments are in high-quality assets which could be converted into cash promptly and at minimal expense. The Group monitors market changes and outlook, and reallocates assets as deemed necessary.

As at 31 December 2025, the Group considers that it has more than adequate liquidity to pay its obligations as they fall due.

D. Credit risk

Credit risk is the risk that a counterparty may fail to pay, or repay, a debt or obligation.

The Group is exposed to credit risk in respect of its fixed maturity investment portfolio, cash and cash equivalents, accrued interest receivable, derivative financial instruments, amounts recoverable from reinsurers within reinsurance contract assets, amounts receivable from insureds and cedants included within insurance contract liabilities, and other receivables.

Credit risk on the fixed maturity portfolio is mitigated through the Group's policy to invest in instruments of high credit quality issuers, and to limit the amounts of credit exposure with respect to particular ratings categories and any one issuer. Securities rated below an S&P or equivalent rating of BBB-/Baa3 may comprise no more than 15.0% of total market value of the fixed maturity portfolio. In addition, no one issuer, with the exception of US government and agency securities, other G10 government guaranteed securities (excluding Italy), and Australian sovereign debt, should exceed 5.0% of total market value of the fixed maturity portfolio. The Group is therefore not exposed to any significant credit concentration risk on either its fixed maturity investment portfolio, or cash and cash equivalents, except for fixed maturity securities issued by the US government and government agencies, and other highly-rated governments.

Credit risk on insurance contract cash flows from insureds and cedants is managed by conducting business with reputable broking organisations, with whom the Group has established relationships, and by rigorous cash collection procedures. The Group also has a broker approval process in place. Binding authorities are subject to standard market controls, including credit control. Credit risk from reinsurance contract cash flows is primarily managed by the review and approval of reinsurer security, as discussed in the outwards reinsurance section above.

Reinsurance contracts held in the table below represent the credit exposed components of reinsurance contract assets. These have been presented on an undiscounted basis, and represent the maximum exposure to credit risk considering the Group's ability to offset balances, where applicable, under the relevant reinsurance contracts held.

The table below presents an analysis of the Group's maximum exposures to counterparty credit risk, based on their rating:

	2025			2024		
	Cash and cash equivalents \$m	Fixed maturity securities \$m	Credit exposed component of reinsurance contracts held \$m	Cash and cash equivalents \$m	Fixed maturity securities \$m	Credit exposed component of reinsurance contracts held \$m
As at 31 December						
AAA	304.2	405.5	—	487.9	265.0	—
AA+, AA, AA-	—	1,054.1	3.9	—	1,073.0	1.8
A+, A, A-	257.2	758.2	750.0	195.9	748.8	593.7
BBB+, BBB, BBB-	—	428.6	0.4	0.5	360.2	1.0
Other ¹	—	163.8	43.6	—	156.8	41.6
Total	561.4	2,810.2	797.9	684.3	2,603.8	638.1

1. Reinsurance contracts held classified as 'other' include \$31.6 million as at 31 December 2025 (2024 – \$32.1 million) which are fully collateralised. Other under fixed maturity securities mainly consists of bank loans for which no rating is available.

Reinsurance is ceded across all geographic regions in which the Group operates. The Group does not have a significant concentration of credit risk with any single reinsurer.

The Group's maximum exposure to credit risk arising from insurance contracts issued is \$838.4 million (31 December 2024 – \$777.5 million), which relates to the elements of the insurance contract liabilities balance which are considered to be exposed to credit risk, specifically, premium receivables and reinstatement premium receivables, net of profit commissions payable on inwards reinsurance business.

ECL have been determined to be immaterial as at 31 December 2025 and 31 December 2024.

E. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel, systems, or non-insurance external events. The Group and its subsidiaries have identified and evaluated their key operational risks, and these are incorporated in the risk registers and modelled within the subsidiaries' capital models. The Group has also established, and monitors compliance with, internal operational risk tolerances. The RRC reviews operational risk on at least an annual basis and operational risk is covered in the Group CRO's quarterly ORSA report to the LHL Board of Directors, entity level boards, and in the LSL RCC reporting.

To manage operational risks, the Group has implemented a robust governance framework. Policies and procedures are documented and identify the key risks and controls within processes. Key risk indicators have been established and are monitored on a regular basis, and a formal loss event and near-miss reporting process has been implemented. The risk management function facilitates a quarterly risk and control affirmation process and performs detailed control validation and testing, the outcomes of which inform the CRO's quarterly opinion of the overall control environment.

Risk Disclosures *continued*

The Group's internal audit function provides independent feedback with regard to the accuracy and completeness of key risks and controls, and independently verifies the effective operation of these through sample testing. The highest rated risk areas are considered for audit annually, medium risk areas every two years and the lowest risk areas every three to five years.

It is widely recognised that the current geopolitical risks have also increased the risk of cyber attacks. Whilst the Group does not write standalone cyber as a separate class of business, it does have some exposure within broader policy coverage of existing classes of business. The Group also has exposure from the operational risk of suffering a cyber attack on its systems, the resultant downtime of systems, the expense in getting back up and running and the potential for missed business opportunities during the downtime.

To mitigate this risk, the Group has established an information security function which works with a specialist third-party to identify, assess, monitor and manage cyber risk. A robust cyber risk framework has been developed, this includes a range of key risk and performance indicators which are monitored and reported against regularly. A cyber incident response plan has been developed and is tested on an annual basis.

The operational cyber risk that comes with employees working from home is managed through enhanced monitoring of network activity, targeted staff training, a quarterly risk and control affirmation process, annual testing of business continuity plans and disaster recovery plans, and a cyber security incident response plan. The risk is monitored on an ongoing basis through the use of a series of quantitative key risk indicators, which are the aggregate of key performance indicators monitored by the Group's information security function.

Management continue to closely monitor the progress of the legislative process in the jurisdictions in which it operates as it relates to OECD global minimum tax and Bermuda corporate income tax. Further details are outlined in note 14.

F. Strategic risk

Strategic risk is the risk that the Group does not develop and implement an appropriate long-term strategy to meet its business goals. The Group has identified several strategic risks. These include: i) business planning risk, ii) inflation risk, iii) capital management risk, iv) retention risk, v) growth risk and vi) climate change risk.

I. Business planning risk

Business planning risk is the risk that either the poor execution of the business plan or an inappropriate business plan, results in a strategy that fails to adequately consider and reflect the current trading environment, resulting in an inability of the Group to optimise performance, increasing reputational risk. The Group addresses the risks associated with the planning and execution of the business plan through a combination of the following:

- an iterative annual forward-looking business planning process with cross-departmental involvement;
- evaluation and approval of the annual business plan by the Board of Directors;
- regular monitoring of actual versus planned results;
- periodic review and re-forecasting as market conditions change; and
- evaluation of climate-related risks and the potential short-, medium- and long-term implications/considerations for the business.

The forward-looking business planning process covers a three-year period from 2026 to 2028, and applies a number of sensitivity, stress and scenario tests. These tests include consideration of climate-related risks. The sensitivity and stress testing has confirmed that even under the more extreme stress scenarios, the Group had more than adequate liquidity and regulatory solvency capital headroom.

II. Inflation risk

Both UK and worldwide inflation rates have decreased from their peak in 2022 with UK rates starting to trend upwards again during 2025 from its low in 2024. The Group routinely monitors inflation and factors the impact of inflation in its RPI (Renewal Price Index) and estimated claims costs. On this basis, inflation remains a focus for management and those charged with governance at both the Board of Directors and the appropriate committees.

III. Capital management risk

Capital management risk is the risk of the Group failing to maintain adequate capital, accessing capital at an inflated cost, or the inability to access capital. This includes unanticipated changes in vendor, regulatory and/or rating agency models, that could result in an increase in capital requirements, or a change in the type of capital required. The total capital of the Group is as follows:

As at 31 December	2025 \$m	2024 \$m
Shareholders' equity	1,509.3	1,493.3
Long-term debt	447.5	447.0
Total capital	1,956.8	1,940.3
Less: intangible assets	253.0	197.0
Total tangible capital	1,703.8	1,743.3

Risks associated with the effectiveness of the Group's capital management are mitigated as follows:

- regular monitoring of current and prospective regulatory and rating agency capital requirements;
- regular discussion with the LSL management team regarding Lloyd's capital requirements;
- oversight of capital requirements by the Board of Directors, including regulatory capital requirements;
- ability to purchase sufficient, cost-effective reinsurance;
- maintaining contact with vendors, regulators and rating agencies to stay abreast of upcoming developments; and
- participation in industry groups such as the International Underwriters Association, the Association of Bermuda Insurers and Reinsurers and the Lloyd's Market Association.

Risk Disclosures *continued*

The Group reviews the level and composition of capital on an ongoing basis with a view to:

- maintaining sufficient capital for underwriting opportunities and to meet obligations to policyholders;
- maximising the risk-adjusted return to shareholders within predetermined risk tolerances;
- maintaining adequate financial strength ratings; and
- meeting internal, rating agency and regulatory capital requirements.

Increases in the Group's capital are held within the Group, invested, or returned to shareholders as appropriate. The retention of earnings generated by the Group leads to an increase in capital. Capital raising can include debt or equity, and returns of capital may be made through dividends, share repurchases, a redemption of debt, or any combination thereof. All capital actions require approval by the Board of Directors.

Internal methods have been developed to review the profitability of classes of business and their estimated capital requirements, and the capital requirements of the combination of a wide range of other business activities. These approaches are used by management in decision-making.

The Group's long-term debt held is approved as 'Tier 2 Ancillary Capital' by the BMA.

The Group's aim is to maximise risk-adjusted returns for its shareholders across the cycle. The return is measured by management in terms of the change in DBVS in the period. This aim is a long-term goal, acknowledging that management expects both higher and lower results in the shorter term. The cyclical and volatility of the insurance market is expected to be the largest driver of this pattern. Management monitors these peaks and troughs by adjusting the Group's insurance portfolio to make the most effective use of available capital and seeking to maximise the risk-adjusted return.

The sources of capital used by the Group are equity shareholders' funds and borrowings. As a holding company, LHL relies on dividends from its operating entities to provide the cash flow required for debt service and dividends to shareholders. The operating entities' ability to pay dividends and make capital distributions is subject to the legal and regulatory restrictions of the jurisdictions in which they operate.

Both the Group and LICL are regulated by the BMA, and are required to monitor their enhanced capital requirement under the BMA's regulatory framework, which has been assessed as equivalent to the Solvency II regime. Bermuda is also recognised as a qualified and reciprocal jurisdiction by the US NAIC, and LICL is approved as a reciprocal reinsurer. The Group and LICL's capital requirements are calculated using the BSCR standard formula model. For the years ended 31 December 2025 and 31 December 2024, both the Group and LICL were more than adequately capitalised under the BMA's regulatory regime.

The Group's UK-regulated insurance companies are required to comply with the Solvency II regime and are regulated by the PRA and FCA. LSL is also regulated by Lloyd's. Under Solvency II, the basis for assessing regulatory capital and solvency comprises a market-consistent economic balance sheet and a SCR, determined using either an internal model or the standard formula.

LUK calculates its SCR using the standard formula. LUK's Solvency II own funds that comprise Tier 1 items for the years ended 31 December 2025 and 31 December 2024. Tier 1 capital is the highest-quality capital under Solvency II with the greatest loss-absorbing capacity, comprising share capital and retained earnings. For the years ended 31 December 2025 and 31 December 2024, LUK was more than adequately capitalised under the Solvency II regime.

The Group's underwriting capacity in its Lloyd's syndicates must be supported by providing a deposit in the form of cash, investment securities, or LOCs, which are referred to as FAL. The capital framework at Lloyd's requires each managing agent to calculate the capital requirement for each syndicate they manage. Solvency II internal models are used to determine capital requirements for Syndicate 2010 and Syndicate 3010 based on the uSCR. Lloyd's has the discretion to take into account other factors at syndicate or member level to uplift the calculated uSCR. This may include perceived deficiencies in the internal model result, as well as the need to maintain Lloyd's overall security rating. Currently, as a minimum, Lloyd's applies a 35.0% uplift to each syndicate's uSCR to arrive at the ECA.

Lloyd's then uses each syndicate's ECA as a basis for determining member level capital requirements, which is backed by FAL. For the 2026 calendar year, the Group's corporate member's FAL requirement was set at 69.9% (2025 – 66.6%) of underwriting capacity. Further solvency adjustments are made to allow for open-year profits and losses of the syndicates on which the corporate member participates. The Group has a FAL requirement of £559.2 million as at 31 December 2025 (31 December 2024 – £478.7 million).

For the years ended 31 December 2025 and 31 December 2024, the regulatory capital requirements of all the Group's regulatory jurisdictions were met.

IV. Retention risk

Retention risk is the risk of inappropriate succession planning, poor staff retention in key roles, and poor management of key person risks. Risks associated with succession planning, staff retention and key person risks are mitigated through a combination of resource planning processes and controls, including:

- the identification of key personnel, together with appropriate succession plans;
- documented recruitment procedures, position descriptions and employment contracts;
- resource monitoring and the provision of appropriate compensation, including equity based compensation which vests over a defined time horizon;
- the use of KRIs for the voluntary turnover of members of staff; and
- training schemes.

Risk Disclosures *continued*

V. Growth risk

Growth risk is the risk of organisational stretch as the Group grows, in terms of volume of business written and number of employees, as well as from transformation programmes designed to ensure the Group has appropriate systems, infrastructure and data in place to support business activities. Growth risk is mitigated through continuous monitoring of the Group's current state against the Group's business plan and goals, together with engagement with individual management teams across the Group to validate that they have the resources they require to deliver their own business objectives.

VI. Climate change risk

The Group is exposed to both climate change-related risks and opportunities. The two major categories of risk being transition risk and physical risk.

Transition risks are those risks relating to the transition to a lower-carbon economy and include risks such as policy and legal risk, technology risk, market risk and reputation risk. Physical risks are those relating to the physical impacts of climate change which can be acute (those from increased frequency and severity of climate-related events) or chronic (due to longer-term shifts in climate patterns). As a (re)insurance underwriter, the Group is more significantly affected by physical risk through its potential exposure to acute and chronic climate change. The potential financial impact from these climate-related risks is assessed through scenario testing and mitigated by the Group's strategic and risk management decisions around managing these risks. A risk radar has been prepared to illustrate the risks identified and the likelihood and magnitude of these risks; this diagram can be found on page 58. The risk assessment also considers the products currently offered by the Group and how these might change over time during the transition to a lower-carbon economy. A table summarising potential opportunities, their time frame, likelihood and magnitude is included on page 54. The Group's current assessment of risk in relation to climate change is discussed in more detail within the TCFD report on pages 50 to 62.

The Group's process in identifying, assessing and managing climate risk with respect to insurance risk, investment risk (a component of market risk) and business plan risk (a component of strategic risk) is discussed further within the relevant sections above.



Notes to the financial statements

For the year ended 31 December 2025

1. General information

The Group is a provider of global specialty (re)insurance products with operations in London, Bermuda, the US, and Australia. LHL (registered number 37415) was incorporated under the laws of Bermuda and its common shares trade on the main market of the LSE. LHL's head office and registered office is Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The consolidated financial statements for the year ended 31 December 2025 include LHL's subsidiary companies, the Group's investment in associate, and the Group's share of the syndicates' assets and liabilities, and income and expenses. A full listing of the Group's related parties can be found in note 22.

2. Segmental reporting

Management and the Board of Directors review the Group's insurance 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 are written primarily, but not exclusively, on a reinsurance or insurance basis.

Operating segment performance is measured by the insurance service result and 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 the Group's associate, see note 15. There are no significant inter-segmental transactions, and there are no significant insurance or reinsurance contracts that insure or reinsure risks located in Bermuda, the Group's country of domicile.

For the year ended 31 December	2025		
	Reinsurance \$m	Insurance \$m	Total \$m
Insurance revenue	904.4	956.0	1,860.4
Insurance service expenses	(511.9)	(939.3)	(1,451.2)
Insurance service result before reinsurance contracts held	392.5	16.7	409.2
Allocation of reinsurance premium	(163.7)	(259.8)	(423.5)
Amounts recoverable from reinsurers	63.6	331.8	395.4
Net (expense) income from reinsurance contracts held	(100.1)	72.0	(28.1)
Insurance service result	292.4	88.7	381.1
Finance expense from insurance contracts issued	(75.5)	(58.1)	(133.6)
Finance income from reinsurance contracts held	12.3	18.4	30.7
Net insurance financing result	(63.2)	(39.7)	(102.9)
Net investment return			218.0
Other operating expenses			(146.2)
Net other unallocated (expenses) and income			(45.1)
Profit before tax			304.9
Net insurance ratio	60.5%	87.3%	73.5%
Net operating expense ratio			10.2%
Combined ratio (discounted)			83.7%
Discounting impact on combined ratio			9.4%
Combined ratio (undiscounted)			93.1%

Notes to the financial statements *continued*

For the year ended 31 December 2025

For the year ended 31 December	2024		
	Reinsurance \$m	Insurance \$m	Total \$m
Insurance revenue	855.1	910.0	1,765.1
Insurance service expenses	(420.0)	(766.1)	(1,186.1)
Insurance service result before reinsurance contracts held	435.1	143.9	579.0
Allocation of reinsurance premium	(168.2)	(271.2)	(439.4)
Amounts recoverable from reinsurers	(2.8)	243.1	240.3
Net expense from reinsurance contracts held	(171.0)	(28.1)	(199.1)
Insurance service result	264.1	115.8	379.9
Finance expense from insurance contracts issued	(41.0)	(36.9)	(77.9)
Finance income from reinsurance contracts held	11.9	12.1	24.0
Net insurance financing result	(29.1)	(24.8)	(53.9)
Net investment return			162.2
Other operating expenses			(115.9)
Net other unallocated (expenses) and income			(35.6)
Profit before tax			336.7
Net insurance ratio	61.6%	81.9%	71.3%
Net operating expense ratio			8.7%
Combined ratio (discounted)			80.0%
Discounting impact on combined ratio			9.1%
Combined ratio (undiscounted)			89.1%

3. Net insurance financing result

Insurance contracts issued, and reinsurance contracts held, are accounted for on a discounted basis. The table below shows the total impact of discounting recognised in the consolidated statement of comprehensive income for the years ended 31 December 2025 and 31 December 2024:

For the year ended 31 December	2025			2024		
	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	169.3	(33.9)	135.4	144.4	(24.1)	120.3
Unwind of discount	(101.1)	23.6	(77.5)	(95.5)	26.9	(68.6)
Impact of change in assumptions	(32.5)	7.1	(25.4)	17.6	(2.9)	14.7
Finance (expense) income	(133.6)	30.7	(102.9)	(77.9)	24.0	(53.9)
Total net discounting income (expense)	35.7	(3.2)	32.5	66.5	(0.1)	66.4

The discounting approach and the yield curves used to discount the cash flows of insurance contracts issued and reinsurance contracts held for our major currencies are provided in the interest rate risk disclosures.

The relationship between the Group's total finance income and expense from insurance contracts issued, and reinsurance contracts held, is not typically expected to correlate directly with the Group's net investment return since:

- the Group's investment portfolio is of greater magnitude than its insurance contract liabilities, net of its reinsurance contract assets;
- the discount rates used in respect of the Group's insurance contract liabilities, and reinsurance contract assets, are set with specific reference to the Group's insurance contracts, and not its investment portfolio; and
- there are a mixture of securities within the Group's investment portfolio, certain of which do not have their valuation directly or primarily affected by changes in interest rates.

Notes to the financial statements *continued*

For the year ended 31 December 2025

4. Net investment return

	2025 \$m	2024 \$m
For the year ended 31 December		
Interest and dividend income on financial investments at FVTPL	143.1	115.3
Interest on cash and cash equivalents	21.6	29.5
Net realised gains	1.3	2.7
Net unrealised gains	58.2	20.4
Investment income	224.2	167.9
Investment management fees	(6.2)	(5.7)
Total net investment return	218.0	162.2

5. Other income

	2025 \$m	2024 \$m
For the year ended 31 December		
Lancashire Capital Management		
Profit commission	1.0	0.8
Lancashire Syndicates		
Managing agency fees	0.7	1.0
Consortium fees	1.3	2.0
Consortium profit commission	1.0	1.0
Coverholder commission income	0.3	0.2
Managing agency profit commission	3.0	5.4
Total other income	7.3	10.4

As at 31 December 2025, contract assets in relation to other income amounted to \$6.8 million (31 December 2024 – \$6.4 million). These contract assets are presented within other receivables in the consolidated statement of financial position.

6. Expenses

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

	2025			2024		
	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m
For the year ended 31 December						
Employee remuneration costs	91.1	67.5	158.6	70.5	61.2	131.7
Operating expenses	55.1	51.8	106.9	45.4	44.1	89.5
Total	146.2	119.3	265.5	115.9	105.3	221.2

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.

Auditor's remuneration included within other operating expenses incurred by the Group in the reporting period is outlined in the table below:

	2025 \$m	2024 \$m
For the year ended 31 December		
Group audit fees	4.8	4.4
Other services	0.7	0.6
Total	5.5	5.0

During the years ended 31 December 2025 and 31 December 2024, KPMG LLP provided non-audit services in relation to the Group's half-year reporting review, Solvency II reporting and regulatory reporting. Fees for non-audit services provided in 2025 totalled \$0.7 million (2024 – \$0.6 million).

Notes to the financial statements *continued*

For the year ended 31 December 2025

7. Employee benefits

	2025			2024		
	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m	Other operating expenses \$m	Directly attributable expenses \$m	Total expenses \$m
For the year ended 31 December						
Employee remuneration costs	91.1	67.5	158.6	70.5	61.2	131.7
Total cash compensation	91.1	67.5	158.6	70.5	61.2	131.7
RSS – performance	6.2	–	6.2	5.4	–	5.4
RSS – ordinary	14.4	–	14.4	11.7	–	11.7
RSS – bonus deferral	2.9	–	2.9	1.9	–	1.9
Total equity based compensation	23.5	–	23.5	19.0	–	19.0
Total employee benefits	114.6	67.5	182.1	89.5	61.2	150.7

Equity based compensation

The Group's equity based compensation scheme is its RSS. All outstanding and future RSS grants have an exercise price of \$nil.

The fair value of any TSR component of the nil-cost options is estimated using a stochastic model. For all other components, the Black-Scholes model is used to estimate the fair value.

The following table lists the assumptions used in the stochastic model for the RSS awards granted during the years ended 31 December 2025 and 31 December 2024:

Assumptions	2025	2024
Expected volatility ¹	30.0%	31.2%
Risk-free interest rate ²	4.1%	4.1%
Expected average life of options	2.9 years	2.9 years
Share price	\$7.34	\$8.29

1. The expected volatility of the LHL share prices are calculated based on the movement in the share prices over a period prior to the grant date, equal in length to the expected life of the award.

2. The risk-free interest rate is consistent with three-year UK government bond yields on the date of grant.

The calculation of the equity based compensation expense assumes forfeitures due to employee turnover of 10.0% (2024 – 10.0%) per annum prior to vesting, with subsequent adjustments to reflect actual experience.

RSS – Performance

The performance RSS options vest after a three-year period and are dependent on certain performance criteria. A maximum of 85.0% (2024 – 85.0%) of the performance RSS options will vest only on the achievement of a change in DBVS in excess of a required amount. A maximum of 15.0% (2024 – 15.0%) of the performance RSS options will vest only on the achievement of an absolute TSR in excess of a required amount. An amount equivalent to the dividends paid between the grant date and the exercise date accrues and is paid at the time of exercise, pro-rata according to the number of RSS options that vest. The exercise period is ten years from the grant date.

	2025	2024
Opening total number of nil-cost options as of 31 December	3,178,894	3,502,144
Granted	1,141,985	1,014,535
Exercised	(605,686)	(432,310)
Forfeited	–	(43,565)
Lapsed	(331,537)	(861,910)
Closing total number of nil-cost options as of 31 December	3,383,656	3,178,894
Exercisable	335,087	102,053
Weighted average remaining contractual life	8.0 years	8.0 years
Weighted average fair value at date of grant during the year	\$5.62	\$7.02
Weighted average share price at date of exercise during the year	\$7.30	\$8.04



Notes to the financial statements *continued*

For the year ended 31 December 2025

RSS – Ordinary

The ordinary RSS options vest three years from the date of grant and do not have associated performance criteria. An amount equivalent to the dividends paid between the grant date and the exercise date accrues and is paid at the time of exercise. The exercise periods range from three to ten years from the grant date.

	2025	2024
Opening total number of nil-cost options as of 31 December	6,347,114	5,502,042
Granted	2,501,411	2,220,400
Exercised	(1,243,764)	(981,396)
Forfeited	(260,378)	(393,932)
Closing total number of nil-cost options as of 31 December	7,344,383	6,347,114
Exercisable	1,145,696	892,331
Weighted average remaining contractual life	7.3 years	7.9 years
Weighted average fair value at date of grant during the year	\$7.34	\$8.29
Weighted average share price at date of exercise during the year	\$8.00	\$8.12

RSS – Bonus deferral

The vesting periods of the bonus deferral RSS options range from one to three years from the date of grant and do not have associated performance criteria. An amount equivalent to the dividends paid between the grant date and the exercise date accrues and is paid at the time of exercise. The exercise period is ten years from the grant date.

	2025	2024
Opening total number of nil-cost options as of 31 December	484,373	230,672
Granted	457,463	395,179
Exercised	(125,476)	(141,478)
Closing total number of nil-cost options as of 31 December	816,360	484,373
Exercisable	79,273	41,300
Weighted average remaining contractual life	8.6 years	8.8 years
Weighted average fair value at date of grant during the year	\$7.34	\$8.29
Weighted average share price at date of exercise during the year	\$7.43	\$7.99

8. Financing costs

For the year ended 31 December	2025 \$m	2024 \$m
Interest expense on long-term debt	25.8	25.8
Interest expense on lease liabilities	1.4	1.3
Other financing costs	6.6	5.9
Total financing costs	33.8	33.0

Refer to note 18 for details of long-term debt and financing arrangements, and to note 16 for details of lease liabilities.

9. Tax

For the year ended 31 December	2025 \$m	2024 \$m
Corporation tax charge for the period	18.7	9.0
Adjustments in respect of prior period corporation tax	(0.8)	(0.5)
Deferred tax (credit) charge for the period (see note 14)	(7.2)	5.8
Adjustment in respect of prior period deferred tax (see note 14)	0.8	1.1
Total tax charge	11.5	15.4

Tax reconciliation ¹	2025 \$m	2024 \$m
Profit before tax	304.9	336.7
Tax calculated at the standard corporation tax rate applicable in Bermuda 15% (2024: 0%)	45.7	—
Effect of income taxed at a higher rate	4.6	14.1
Effect of income taxed at lower rate for Bermuda entities currently out of scope	(39.7)	—
Adjustments in respect of prior period	—	0.6
Differences related to equity based compensation	0.3	0.1
Other expense permanent differences	0.6	0.6
Total tax charge	11.5	15.4

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

The total tax charge as a percentage of the Group's profit before tax is 3.8% (2024 – 4.6%).

The UK, US and Australia subsidiaries of LHL are subject to corporation tax on all their taxable profits. Refer to note 14 for details of OECD global minimum tax and Bermuda corporate income tax developments.

Notes to the financial statements *continued*

For the year ended 31 December 2025

10. Cash and cash equivalents

As at 31 December	2025 \$m	2024 \$m
Cash at bank and in hand	243.0	267.5
Cash equivalents	318.4	416.8
Total cash and cash equivalents	561.4	684.3

Cash equivalents have an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Refer to note 18 for the cash and cash equivalent balances on deposit as collateral. Cash and cash equivalents include managed cash and cash equivalents of \$161.2 million (31 December 2024 – \$294.4 million).

11. Investments

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 recognised pricing services. The Group receives independent assurance reports to assess the design and operating effectiveness of controls over these processes. 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 the pricing provided by its third-party investment managers for either the year ending 31 December 2025 or the year ending 31 December 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 through 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 therefore require management judgement to determine an appropriate fair value. The Group determines securities classified as Level (iii) to include private investment funds, hedge funds, and loans made by the Group's Lloyd's syndicate platforms to the Lloyd's central fund.

The fair value of the Group's private investment funds and hedge fund 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 fair value hierarchy of the Group's investment holdings is as follows:

	As at 31 December 2025			
	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m
Short-term investments	7.8	7.2	—	15.0
Fixed maturity funds	—	30.4	—	30.4
US treasuries	392.9	—	—	392.9
Other government bonds	24.6	96.3	—	120.9
US municipal bonds	2.3	8.8	—	11.1
US government agency debt	2.3	1.7	—	4.0
Asset backed securities	1.6	301.8	—	303.4
US government agency MBS	15.0	391.0	—	406.0
Non-agency MBS	—	97.8	—	97.8
US government agency CMBS	—	1.1	—	1.1
Non-agency CMBS	—	54.6	—	54.6
Bank loans	—	153.7	—	153.7
Corporate bonds	1,051.5	167.8	—	1,219.3
Other fixed maturities	—	—	—	—
Total fixed maturity securities¹	1,498.0	1,312.2	—	2,810.2
Private investment funds	—	—	291.2	291.2
Hedge funds	—	—	8.8	8.8
Other investments	—	(0.3)	—	(0.3)
Total investments	1,498.0	1,311.9	300.0	3,109.9

1. The nature of our fixed maturity securities are presented in the investment risk disclosures.

Notes to the financial statements *continued*

For the year ended 31 December 2025

	As at 31 December 2024			
	Level (i) \$m	Level (ii) \$m	Level (iii) \$m	Total \$m
Short-term investments	27.9	4.6	—	32.5
Fixed maturity funds	3.8	19.3	—	23.1
US treasuries	509.9	—	—	509.9
Other government bonds	19.6	45.7	—	65.3
US municipal bonds	3.7	12.1	—	15.8
US government agency debt	7.2	10.0	—	17.2
Asset backed securities	8.5	263.2	—	271.7
US government agency MBS	122.1	204.4	—	326.5
Non-agency MBS	—	55.5	—	55.5
US government agency CMBS	—	—	—	—
Non-agency CMBS	—	20.5	—	20.5
Bank loans	—	153.4	—	153.4
Corporate bonds	1,012.6	95.4	—	1,108.0
Other fixed maturities	—	2.3	2.1	4.4
Total fixed maturity securities	1,715.3	886.4	2.1	2,603.8
Private investment funds	—	—	253.1	253.1
Hedge funds	—	—	7.9	7.9
Other investments	—	0.1	—	0.1
Total investments	1,715.3	886.5	263.1	2,864.9

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 and capital contributions	84.6	—	—	84.6
Sales and return of capital	—	(3.2)	(1.0)	(4.2)
Net realised gains	—	0.5	—	0.5
Net unrealised gains (losses)	4.1	0.7	(0.1)	4.7
Net unrealised foreign exchange (losses)	(1.2)	—	—	(1.2)
As at 31 December 2024	253.1	7.9	2.1	263.1
Transfers into level (iii)	2.1	—	—	2.1
Purchases and capital contributions	38.7	—	—	38.7
Sales and return of capital	(19.5)	(0.2)	(4.2)	(23.9)
Net realised gains (losses)	0.2	—	(0.1)	0.1
Net unrealised gains	11.4	1.1	2.2	14.7
Net unrealised foreign exchange gains	5.2	—	—	5.2
As at 31 December 2025	291.2	8.8	—	300.0

1. Included within other fixed maturity securities are the Lloyd's Central Fund loans which are classified at Level (iii) within the fair value hierarchy. The loans to the Lloyd's Central Fund were fully repaid by Lloyds in Q4.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by reassessing the categorisation at the end of each reporting period. Transfers to Level (iii) securities amounted to \$2.1 million during the year ended 31 December 2025.

The transfer to Level (iii) resulted from a change in valuation technique following the repayment of the senior secured portion of the investment. The fair value of the remaining interest is based on NAV statements received from the administrator on a quarterly in arrears basis.

Transfers between Level (i) to Level (ii) securities amounted to \$148.9 million, and transfers from Level (ii) to Level (i) securities amounted to \$6.9 million during the year ended 31 December 2025.

Included within net unrealised gains (losses) recognised in profit or loss as shown in the table above, are net unrealised gains related to Level (iii) investments still held as at 31 December 2025 of \$12.5 million (31 December 2024 – \$5.0 million).

Notes to the financial statements *continued*

For the year ended 31 December 2025

12. Interest in structured entities

Unconsolidated structured entities in which the Group has an interest

The Group provides capital contributions to the EBT to enable it to meet its obligations to employees under the various Group equity based compensation plans (see note 7). The Group has a contractual agreement which may require it to provide financial support to the EBT (see note 19 and note 22).

As at 31 December 2025 the Company held \$16.0 million (31 December 2024 – \$14.1 million) of private investment funds through LICL Investments Holdings Limited, a wholly owned subsidiary of LICL.

As part of its investment activities, the Group invests in unconsolidated structured entities. The Group does not sponsor any of the unconsolidated structured entities.

A summary of the Group's interest in unconsolidated structured entities is as follows:

As at 31 December	2025			2024		
	Investments \$m	Interest in associate \$m	Total \$m	Investments \$m	Interest in associate \$m	Total \$m
Fixed maturity securities						
Asset backed securities	303.4	—	303.4	271.7	—	271.7
US gov agency MBS	406.0	—	406.0	326.5	—	326.5
Non-agency MBS	97.8	—	97.8	55.5	—	55.5
U.S. gov agency CMBS	1.1	—	1.1	—	—	—
Non-agency CMBS	54.6	—	54.6	20.5	—	20.5
Total fixed maturity securities	862.9	—	862.9	674.2	—	674.2
Investment funds						
Private investment funds	275.2	—	275.2	239.0	—	239.0
Hedge funds	8.8	—	8.8	7.9	—	7.9
Total investment funds	284.0	—	284.0	246.9	—	246.9
Specialised investment vehicle						
KHL (note 15)	—	4.8	4.8	—	9.1	9.1
Total	1,146.9	4.8	1,151.7	921.1	9.1	930.2

Fixed maturity structured entities are typically created to meet specific investment needs of borrowers and investors which cannot be met from standardised financial instruments available in the capital markets. As such, they provide liquidity to the borrowers in these markets and provide investors with an opportunity to diversify risk away from standard fixed maturity securities. Whilst individual securities may differ in structure, the principles of the instruments are broadly the same, and it is considered appropriate to aggregate the investments into the categories detailed above.

The primary risks that the Group faces in respect of its investments in structured entities are similar to the risks it faces in respect of other financial investments held on the consolidated statement of financial position, in that the fair value is determined by market supply and demand. This is in turn driven by investor evaluation of the credit risk of the structure, and changes in the term structure of interest rates, which change investors' expectation of the cash flows associated with the instrument, and therefore its value in the market. The total assets of these structured entities are not considered meaningful for the purpose of understanding the related risks, and therefore have not been presented.

The maximum potential exposure to loss in respect of these structured entities is the carrying value of the instruments that the Group holds as at 31 December 2025. Generally, default rates would have to increase substantially from their current level before the Group would suffer a loss on maturity, and this assessment is made prior to investing, and regularly through the holding period for the security. The Group has not provided any financial or other support in addition to that described above as at either the current or prior reporting date, and there is no intention to provide support in relation to any other unconsolidated structured entities in the foreseeable future.

As at 31 December 2025, the Group has a commitment of \$50.0 million (31 December 2024 – \$50.0 million) with respect to one credit facility fund. The Group, through the fund, provided collateral for revolving credit facilities purchased at a discount from financial institutions, and was at risk for its portion of any defaults on those revolving credit facilities. There are no assets or liabilities remaining in the fund as at 31 December 2025 and the fund will be liquidated in 2026.

Notes to the financial statements *continued*

For the year ended 31 December 2025

13. Insurance contracts issued and reinsurance contracts held

A. Movements in the carrying amount - Insurance contract liabilities

The table below shows how the net carrying amounts of insurance contracts issued changed during the year ended 31 December 2025:

	Liability for remaining coverage		Liability for incurred claims		Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m		
Net insurance contract liabilities (assets) as at 31 December 2024	62.7	1,914.2	323.5	2,300.4	
Insurance revenue	(1,860.4)	—	—	(1,860.4)	
Insurance service expenses:					
Incurred claims and other insurance service expenses	—	1,121.6	113.3	1,234.9	
Changes in liability for incurred claims	—	74.6	(86.4)	(11.8)	
Losses and reversals of losses on onerous underlying contracts	8.2	—	—	8.2	
Amortisation of insurance acquisition cash flows	219.9	—	—	219.9	
Insurance service result before reinsurance contracts held	(1,632.3)	1,196.2	26.9	(409.2)	
Finance expense from insurance contracts issued	—	114.0	19.6	133.6	
Effects of movements in exchange rates	10.9	35.8	2.0	48.7	
Total changes in comprehensive income	(1,621.4)	1,346.0	48.5	(226.9)	
Investment components	(62.5)	62.5	—	—	
Other ¹	0.1	24.3	(0.2)	24.2	
Other changes	(62.4)	86.8	(0.2)	24.2	
Premiums received net of insurance acquisition cash flows	1,688.4	—	—	1,688.4	
Claims and other expenses paid	—	(1,074.0)	—	(1,074.0)	
Total cash flows	1,688.4	(1,074.0)	—	614.4	
Net insurance contract liabilities (assets) as at 31 December 2025	67.3	2,273.0	371.8	2,712.1	

1. Other includes the effect of the 2022 and prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2023 underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.

2. The liability for remaining coverage as at 31 December 2025 includes an onerous loss component of \$11.5 million.

The table below shows how the net carrying amounts of insurance contracts issued changed during the year ended 31 December 2024:

	Liability for remaining coverage		Liability for incurred claims		Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m		
Net insurance contract liabilities (assets) as at 31 December 2023	57.8	1,411.5	354.4	1,823.7	
Insurance revenue	(1,765.1)	—	—	(1,765.1)	
Insurance service expenses:					
Incurred claims and other insurance service expenses	—	897.4	120.8	1,018.2	
Changes in liability for incurred claims	—	122.8	(166.5)	(43.7)	
Losses and reversals of losses on onerous underlying contracts	2.3	—	—	2.3	
Amortisation of insurance acquisition cash flows	209.3	—	—	209.3	
Insurance service result before reinsurance contracts held	(1,553.5)	1,020.2	(45.7)	(579.0)	
Finance expense from insurance contracts issued	—	63.2	14.7	77.9	
Effects of movements in exchange rates	(7.7)	(7.6)	(0.9)	(16.2)	
Total changes in comprehensive income	(1,561.2)	1,075.8	(31.9)	(517.3)	
Investment components	(57.0)	57.0	—	—	
Other ¹	—	0.1	1.0	1.1	
Other changes	(57.0)	57.1	1.0	1.1	
Premiums received net of insurance acquisition cash flows	1,623.1	—	—	1,623.1	
Claims and other expenses paid	—	(630.2)	—	(630.2)	
Total cash flows	1,623.1	(630.2)	—	992.9	
Net insurance contract liabilities (assets) as at 31 December 2024	62.7	1,914.2	323.5	2,300.4	

1. Other includes the effect of the 2021 and prior underwriting years of account 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.

2. The liability for remaining coverage as at 31 December 2024 includes an onerous loss component of \$3.3 million.



Notes to the financial statements *continued*

For the year ended 31 December 2025

B. Movements in the carrying amount - Reinsurance contracts held

The table below shows how the net carrying amounts of reinsurance contracts held changed during the year ended 31 December 2025:

	Asset for remaining coverage		Asset for incurred claims		Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m		
Net reinsurance contract (assets) liabilities as at 31 December 2024	51.3	(541.8)	(66.7)	(557.2)	
Allocation of reinsurance premium paid	423.5	—	—	423.5	
Amounts recoverable from reinsurers:					
Recoveries of incurred claims and other insurance service expenses	—	(186.7)	(21.8)	(208.5)	
Change in assets for incurred claims in relation to past service	—	(171.7)	5.0	(166.7)	
Reinsurance expenses	(17.0)	—	—	(17.0)	
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(4.0)	—	—	(4.0)	
Effect of changes in non-performing risk of reinsurers	—	0.8	—	0.8	
Net expenses from reinsurance contracts held	402.5	(357.6)	(16.8)	28.1	
Finance income from reinsurance contracts held	—	(27.0)	(3.7)	(30.7)	
Effects of movements in exchange rates	(13.0)	(6.0)	(0.1)	(19.1)	
Total changes in comprehensive income	389.5	(390.6)	(20.6)	(21.7)	
Other ¹	(0.1)	(13.2)	—	(13.3)	
Other changes	(0.1)	(13.2)	—	(13.3)	
Reinsurance premiums paid net of ceding commissions and other directly attributable expenses	(401.5)	—	—	(401.5)	
Recoveries from reinsurance	—	275.9	—	275.9	
Total cash flows	(401.5)	275.9	—	(125.6)	
Net reinsurance contract (assets) liabilities as at 31 December 2025	39.2	(669.7)	(87.3)	(717.8)	

1. Other includes the effect of the 2022 and prior underwriting years of account losses and loss adjustment expenses, and reinsurance recoveries, being reinsured to close into the 2023 underwriting year of account, to the extent where the Group's syndicate participation has changed between those years of account.
2. The asset for remaining coverage as at 31 December 2025 includes an onerous loss recovery component of \$5.4 million.

The table below shows how the net carrying amounts of reinsurance contracts held changed during the year ended 31 December 2024:

	Asset for remaining coverage		Asset for incurred claims		Total \$m
	Including loss component \$m	Estimates of the present value of future cash flows \$m	Risk adjustment \$m		
Net reinsurance contract (assets) liabilities as at 31 December 2023	42.5	(315.0)	(115.3)	(387.8)	
Allocation of reinsurance premium paid	439.4	—	—	439.4	
Amounts recoverable from reinsurers:					
Recoveries of incurred claims and other insurance service expenses	—	(107.0)	(13.5)	(120.5)	
Change in assets for incurred claims in relation to past service	—	(165.8)	67.2	(98.6)	
Reinsurance expenses	(16.6)	—	—	(16.6)	
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(1.3)	—	—	(1.3)	
Effect of changes in non-performing risk of reinsurers	—	(3.3)	—	(3.3)	
Net expenses from reinsurance contracts held	421.5	(276.1)	53.7	199.1	
Finance income from reinsurance contracts held	—	(19.1)	(4.9)	(24.0)	
Effects of movements in exchange rates	3.9	2.0	0.1	6.0	
Total changes in comprehensive income	425.4	(293.2)	48.9	181.1	
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	(416.6)	—	—	(416.6)	
Recoveries from reinsurance	—	66.6	—	66.6	
Total cash flows	(416.6)	66.6	—	(350.0)	
Net reinsurance contract (assets) liabilities as at 31 December 2024	51.3	(541.8)	(66.7)	(557.2)	

1. Other includes the effect of the 2021 and prior underwriting years of account 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.
2. The asset for remaining coverage as at 31 December 2024 includes an onerous loss recovery component of \$1.4 million.

Notes to the financial statements *continued*

For the year ended 31 December 2025

C. Claims development

The development of claims in respect of insurance contracts issued, net of reinsurance contracts held, is indicative of the Group's ability to accurately estimate the ultimate value of its net liability for incurred claims. Actual claim payments are compared with previous estimates within the claims development disclosures below for both the undiscounted liability for incurred claims, and the undiscounted asset for incurred claims, as at 31 December 2025.

Accident year	2018 \$m	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m	2025 \$m	Total \$m
Liability for incurred claims - undiscounted									
Estimate of ultimate liability ¹									
At end of accident year	456.2	357.9	475.5	828.4	1,137.4	815.0	1,145.6	1,409.1	
One year later	479.0	353.5	435.6	759.5	1,046.0	773.8	1,075.6		
Two years later	445.7	320.8	388.0	727.7	1,143.0	710.2			
Three years later	429.3	308.1	387.6	677.9	1,375.0				
Four years later	403.0	312.3	384.2	656.7					
Five years later	394.5	317.2	376.8						
Six years later	391.6	316.4							
Seven years later	381.9								
Cumulative claims and other directly attributable expense paid	(367.9)	(284.1)	(323.1)	(581.1)	(853.8)	(405.5)	(381.9)	(354.9)	
Liability for incurred claims - undiscounted	14.0	32.3	53.7	75.6	521.2	304.7	693.7	1,054.2	2,749.4
Liability for incurred claims - undiscounted - prior years									84.7
Effect of discounting									(272.2)
Non-distinct investment components									82.9
Liability for incurred claims									2,644.8
Accident year	2018 \$m	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m	2025 \$m	Total \$m
Asset for incurred claims - undiscounted									
Estimate of ultimate asset ¹									
At end of accident year	123.7	102.9	83.4	185.8	349.8	69.2	128.6	229.8	
One year later	164.3	104.2	79.4	165.4	285.3	64.1	137.6		
Two years later	157.6	92.0	72.1	151.0	415.9	64.5			
Three years later	149.0	94.4	72.6	140.7	628.0				
Four years later	140.1	98.3	71.7	124.6					
Five years later	136.4	99.1	70.6						
Six years later	138.3	97.6							
Seven years later	128.6								
Cumulative claim recoveries and other directly attributable expenses paid	(122.7)	(76.3)	(55.1)	(75.4)	(290.2)	(36.8)	(23.3)	(21.7)	
Asset for incurred claims - undiscounted	5.9	21.3	15.5	49.2	337.8	27.7	114.3	208.1	779.8
Asset for incurred claims - undiscounted - prior years									20.3
Effect of discounting									(43.1)
Asset for incurred claims									757.0

1. Adjusted for the revaluation of foreign currencies as at 31 December 2025 exchange rates.

Notes to the financial statements *continued*

For the year ended 31 December 2025

During 2025, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$277.0 million. Catastrophe and weather losses were \$184.7 million. The net loss impact of the California wildfires of \$163.4 million, which is within the original range disclosed, represents the majority of this figure. The Group also experienced net losses (undiscounted, excluding reinstatement premiums) from large risk events totalling \$92.3 million. None of the large risk event losses were individually material for the Group.

In comparison, during 2024, the Group experienced net losses (undiscounted, excluding reinstatement premiums) from catastrophe, weather and large loss events totalling \$215.2 million.

Favourable prior accident year loss development for the undiscounted net movement in loss reserves was \$122.8 million during 2025. This was primarily due to general IBNR, catastrophe and large loss reserve releases on the 2024 and 2023 accident years and a further strengthening in reserves of \$32.9 million relating to direct and indirect losses from the Ukraine conflict.

In comparison, the favourable prior accident year undiscounted net movement in loss reserves during 2024 was \$93.3 million.

The estimation of the ultimate loss and loss adjustment expense liability is a complex process which incorporates a significant amount of judgement. The Ukraine conflict has caused significant disruption to worldwide economies, both directly through the invasion and indirectly through sanctions being imposed on Russia by the UK, EU and US. Reserves have been set on a case by case basis for the Contingent War exposure and on a probability basis for Operator policy exposure and Aviation XoL exposures.

Loss information after these catastrophe and large risk loss type of events can take some time to emerge. As additional information becomes available, the Group's actual ultimate net losses may vary, perhaps materially, from current estimates. It is reasonably possible that uncertainties inherent in the reserving process, delays in insureds or ceding companies reporting losses to the Group, together with the potential for unforeseen adverse developments, could lead to a material change in estimated losses and loss adjustment expenses. Furthermore, the recoverability of associated reinsurance balances is also subject to uncertainty. Current loss estimates and reinsurance recoveries are based on information available at the reporting date.

There were no other individually significant net loss events for the years ended 31 December 2025 and 31 December 2024.

14. Provision for deferred tax

As at 31 December	2025 \$m	2024 \$m
Equity based compensation	(14.3)	(11.1)
Syndicate underwriting profits	11.4	11.8
Syndicate participation rights	18.8	18.8
Other temporary differences	(0.3)	2.8
Net deferred tax liability	15.6	22.3

Deferred tax assets are recognised to the extent that realising the related tax benefit through future taxable profits is probable. It is anticipated that sufficient taxable profits will be available within the Group in 2026 and subsequent years to utilise the deferred tax assets recognised when the underlying temporary differences reverse, and the tax losses carried forward.

For the years ended 31 December 2025 and 31 December 2024, the Group had no uncertain tax positions (see note 9). The table below reconciles the movements within the net deferred tax liability. All deferred tax assets and liabilities are classified as non-current.

As at 31 December	2025 \$m	2024 \$m
Opening net deferred tax liability	22.3	16.2
Deferred tax (credit) charge for the period	(7.2)	5.8
Adjustment in respect of prior period deferred tax	0.8	1.1
Deferred tax in equity	(0.3)	(0.8)
Closing net deferred tax liability	15.6	22.3

OECD global minimum tax and Bermuda corporate income tax

Subsidiary companies in a number of jurisdictions in which the Group operates are subject to a global minimum tax of 15% from 1 January 2024. The legislation brings into effect the Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax, although these have not had any impact on the Group.

As a response to the Pillar Two reform, legislation was passed in Bermuda to implement a Bermuda Corporate Income Tax of 15% from 1 January 2025. To the extent the Bermuda CIT results in an effective tax rate of less than 15%, the shortfall in tax will be collected by applying the Pillar Two undertaxed payments rule, which was implemented on 1 January 2025. Any shortfall in tax will be collected in a jurisdiction that has implemented the undertaxed 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 and provided it continues to meet the relevant conditions, Lancashire expects to benefit from exclusion from the undertaxed payment rule for a period of five years, from 2025 to 2029.

The Group is also not expected to become subject to Bermuda CIT until 1 January 2030, provided it continues to meet the relevant conditions within the Bermuda CIT rules which allows groups with a limited international presence to be excluded from scope for a period of up to five years.

The Lancashire Group has not established any deferred tax assets under the ETA rules of the Bermuda CIT Act and expects to opt out of the ETA rules.

Notes to the financial statements *continued*

For the year ended 31 December 2025

15. Investment in associate

The Group holds an interest in the preference shares of each segregated account of KHL. KHL is a company incorporated in Bermuda and its operating subsidiary, KRL, is authorised by the BMA as a Special Purpose Insurer. KRL commenced writing insurance business on 1 January 2014. As at 31 December 2025, the carrying value of the Group's investment in KHL was \$4.8 million (31 December 2024 – \$9.1 million). The Group's share of profit for KHL for 2025 was \$3.2 million (2024 – \$8.6 million).

Key financial information for KHL is as follows:

	2025 \$m	2024 \$m
Assets	137.2	230.6
Liabilities	108.7	159.1
Shareholders' equity	28.5	71.5
Insurance revenue	—	(1.2)
Comprehensive income	23.4	37.0

The Group has the power to participate in the operational and financial policy decisions of KHL and KRL, and has therefore classified its investment in KHL as an investment in associate.

Refer to note 22 for details of transactions between the Group and its associate.

16. Leases

As at 31 December 2025, the Group leases nine (31 December 2024 – seven) properties and various items of office equipment.

Right-of-use assets

The Group had the following right-of-use assets in relation to the leases it has entered into:

	Property \$m	Equipment \$m	Total \$m
Net book value as at 31 December 2023	19.2	0.1	19.3
Additions	0.2	0.3	0.5
Modifications	0.2	—	0.2
Depreciation charge	(3.7)	(0.1)	(3.8)
Net book value as at 31 December 2024	15.9	0.3	16.2
Additions	6.1	—	6.1
Modifications	4.9	—	4.9
Depreciation charge	(4.4)	(0.1)	(4.5)
Net book value as at 31 December 2025	22.5	0.2	22.7

Lease liabilities

As at 31 December	2025 \$m	2024 \$m
Due in less than one year	6.0	5.8
Due between one and five years	22.9	14.6
Due in more than five years	6.7	5.8
Total undiscounted lease liabilities	35.6	26.2
Total discounted lease liabilities	29.7	22.3
Current	4.7	4.9
Non-current	25.0	17.4

During the year ended 31 December 2025, the Group recognised a net non-cash increase of \$13.4 million (31 December 2024 – \$1.6 million) in respect of its lease liabilities. The Group does not face a significant liquidity risk regarding its lease liabilities.

Amounts recognised in the consolidated statement of comprehensive income

For the year ended 31 December	2025 \$m	2024 \$m
Depreciation of right-of-use assets	4.5	3.8
Interest expense on lease liabilities	1.4	1.3
Expenses relating to short-term leases and variable leases	2.6	1.5
Total	8.5	6.6

Total lease payments amounted to \$6.0 million for the year ended 31 December 2025 (31 December 2024 – \$4.0 million).

Notes to the financial statements *continued*

For the year ended 31 December 2025

17. Intangible assets

	Syndicate participation rights \$m	Goodwill \$m	Internally generated intangible assets \$m	Total \$m
Net book value as at 31 December 2023	91.0	71.2	18.9	181.1
Additions	11.2	—	5.9	17.1
Amortisation	—	—	(1.2)	(1.2)
Net book value as at 31 December 2024	102.2	71.2	23.6	197.0
Additions	68.0	—	1.3	69.3
Amortisation	—	—	(3.0)	(3.0)
Impairment	—	—	(10.3)	(10.3)
Net book value as at 31 December 2025	170.2	71.2	11.6	253.0

Syndicate participation rights and goodwill

As a result of acquiring capacity in the 2024 capacity auctions, CCL 1998 had greater than 75% of the allocated capacity of managed Syndicate 2010 for the 2025 underwriting year of account. It was therefore required, under Paragraph 2 of the Mandatory Offer Byelaw, to make a mandatory offer to the remaining members of the syndicate to acquire all of the unaligned prospective participations of Syndicate 2010 for the 2026 and each subsequent underwriting year.

On 26 June 2025, CCL 1998 made a formal offer of 62p in cash for £1 of capacity to all other members of Syndicate 2010. The offer closed on 25 July 2025 and CCL 1998 increased its allocated capacity on Syndicate 2010 for the 2026 underwriting year of account to 99.4%. A subsequent application was then made to, and approved by, the Council of Lloyd's for permission to effect a minority buy-out in respect of the remaining 0.6% of capacity on Syndicate 2010. CCL 1998 has therefore secured 100% of the allocated capacity on the 2026 underwriting year of account for Syndicate 2010 (2025 underwriting year of account: 79.7%).

Indefinite life intangible assets are tested annually for impairment. For the purpose of impairment testing, the syndicate participation rights and goodwill have been allocated to the LSL CGU.

The recoverable amount of the LSL CGU is determined based on its value in use. Value in use is calculated using the projected cash flows of the LSL CGU. These are approved by management and cover a three-year period. The most significant assumptions used to derive the projected cash flows include an assessment of business prospects, business plans approved by Lloyd's, expected future market conditions, premium growth rates, outwards reinsurance expenditure, projected loss ratios, investment returns, and where applicable, consideration of the potential impact of climate change. The Group accepts insurance risk for periods primarily of one year. This provides the Group with the ability to re-evaluate the impact of climate risk on its insurance portfolio on an annual basis. The Group can reprice the relevant elements of risk, and also reset exposure levels to consider new data regarding the frequency and severity of elemental catastrophe events, where appropriate.

A pre-tax discount rate of 8.8% (2024 – 8.9%) has been used to discount the projected cash flows. This discount rate reflects the current market assessment of the time value of money and the risks specific to the asset for which the projected cash flow estimates have not been adjusted. The discount rate is determined with reference to a combination of factors, including the Group's expected weighted average cost of equity and cost of borrowing. This has been calculated using independent measurements of the risk-free rate of return and is indicative of the Group's risk profile relative to the market. This current pre-tax discount rate has remained consistent with the prior period discount rate, and reflects a consistent overall cost of equity and cost of borrowing within the Group's weighted average cost of capital calculation for both periods. Within the cost of equity calculation there have been offsetting movements within the risk-free rate, beta value, and equity risk premium rate assumptions. The growth rate used to extrapolate the cash flows is 2.5% (2024 – 2.5%) and is based on historical growth rates, as well as management's best estimate of future growth rates, taking into account current economic market conditions.

Sensitivity testing has been performed to model the impact of reasonably possible changes in input assumptions to the base case impairment analysis and headroom. The discount rate has been flexed to 100 basis points above the central assumption (resulting in a 18% reduction in headroom), the growth rate has been flexed to 100 basis points below the central assumption (resulting in a 16% reduction in headroom), and the pre-tax projected cash flows have been flexed to 500 basis points below the central assumption (resulting in a 6% reduction in headroom). Within these ranges, the recoverable amount remains supportable.

No impairment loss has been recognised in respect of either the syndicate participation rights or the goodwill intangible assets for the years ended 31 December 2025 and 31 December 2024.

Internally generated intangible assets

Internally generated intangible assets represent directly attributable costs incurred in the development phase of implementing cloud-based software to support the Group's target operating model. As at 31 December 2025, the internally generated intangible assets are available for use and have commenced amortisation. During the year ended 31 December 2025, management considered the relevant indicators of impairment at an individual intangible asset level and performed an impairment review where it was determined appropriate. Following the completion of this review, an impairment loss of \$10.3 million has been recognised for the year ended 31 December 2025 (2024 – nil).

Notes to the financial statements *continued*

For the year ended 31 December 2025

18. Long-term debt and financing arrangements

Long-term debt

In 2021, LHL issued \$450.0 million (being the aggregate principal amount) of 5.625% fixed-rate reset junior subordinated notes, repayable on 18 September 2041. The long-term debt was issued in two tranches forming part of the same series of notes, with \$400.0 million issued on 18 March 2021, and \$50.0 million issued on 31 March 2021. Interest is payable semi-annually in arrears on 18 March and 18 September of each year. The fixed interest rate will reset on 18 September 2031 and each reset date thereafter, at a rate per annum equal to the prevailing five-year treasury rate, plus a credit spread of 4.08% and a 100 basis point step-up.

The carrying value of the Company's issued \$450.0 million junior subordinated notes are shown below:

As at 31 December	2025 \$m	2024 \$m
Carrying value in the consolidated statement of financial position	447.5	447.0
Fair value (classified within Level (iii) of fair value hierarchy)	446.1	417.9
Accrued interest (included within other payables)	7.2	7.2

LHL has the option to redeem some or all of the junior subordinated notes prior to the maturity date. There are no negative or financial covenants attached to the issued junior subordinated notes. Refer to note 8 for details of the interest expense for the year included within financing costs.

Letters of credit

As both LICL and LUK are non-admitted (re)insurers throughout the US, the terms of certain contracts require them to provide LOCs to policyholders as collateral. These LOCs are required to be fully collateralised.

LICL has a \$150.0 million (31 December 2024 - \$150.0 million) syndicated collateralised credit facility, which is guaranteed by LHL. The credit facility was renewed in 2024 and the expiry date extended to 28 March 2028. The facility is available for the issue of LOCs to ceding companies. The facility is also available for LICL to issue LOCs to LUK to collateralise certain insurance obligations.

The terms of the \$150.0 million syndicated collateralised credit facility include standard default and cross-default provisions, which require certain covenants to be adhered to. These include the following:

- an A.M. Best financial strength rating of at least B++;
- a maximum debt to capital ratio of 30.0%, where the junior subordinated notes are excluded as debt from this calculation;
- unsecured indebtedness incurred by LHL or LICL must be subordinated in right of payment to the obligations and liabilities of LHL and LICL under the facility; and
- a maximum aggregated indebtedness incurred by CCL 1998, LHL or LICL in the ordinary course of business in connection with coming into line requirements of \$450.0 million.

The following LOCs have been issued by the Group:

As at 31 December	2025 \$m	2024 \$m
Issued to third parties	26.8	3.5

As at 31 December 2025, there is a syndicated uncollateralised LOC facility of \$335.5 million (31 December 2024 - \$265.5 million), and a \$70.0 million collateral pledge facility (31 December 2024 - \$70.0 million). Both facilities are available for utilisation by LICL and guaranteed by LHL for FAL purposes. As at 31 December 2025, a \$335.5 million LOC was issued under the syndicated uncollateralised LOC facility, due to expire on 31 December 2029, and \$70.0 million of agreed collateral had been deposited with Lloyd's, due to expire on 31 December 2026.

The terms of these facilities include standard default and cross-default provisions, which require certain covenants to be adhered to. These include the following:

- an A.M. Best financial strength rating of at least B++;
- a maximum debt to capital ratio of 30.0%, where the junior subordinated notes are excluded as debt from this calculation; and
- maintenance of a minimum net worth requirement.

As at all reporting dates, the Group was in compliance with all covenants under these facilities.

Syndicate bank facilities

As at 31 December 2025 and 31 December 2024, Syndicate 2010 had in place a \$60.0 million LOC catastrophe facility. The facility is available to assist in paying claims and providing the gross funding of catastrophes for Syndicate 2010. A separate uncommitted overdraft facility of \$20.0 million is also available to Syndicate 2010.

There are no balances outstanding under the syndicate bank facilities as at 31 December 2025 and 31 December 2024.

Trust and restricted balances

The Group has several trust arrangements in place in favour of policyholders and ceding insurers in order to comply with the security requirements of certain reinsurance contracts and/or the regulatory requirements of certain jurisdictions.

In 2012, LICL established an MBRT to collateralise certain reinsurance liabilities associated with US domiciled clients. However, following LICL's approval as a reciprocal reinsurer in all relevant US states and territories, the MBRT is no longer required for new business written with policyholders domiciled in the US and its relevant territories where LICL has received reciprocal reinsurer approval. LICL has now put in place alternative collateral arrangements with respect to remaining reinsurance liabilities owed to US cedents that were formerly secured in the MBRT and as at 31 December 2025 there are no remaining liabilities secured by the MBRT. LICL is in the process of terminating the MBRT, however, in the interim the MBRT remains subject to the relevant US state rules and regulations, and the respective deeds of trust. These rules and regulations include minimum capital funding requirements, investment guidelines, capital distribution restrictions, and regulatory reporting requirements.

Notes to the financial statements *continued*

For the year ended 31 December 2025

The Group holds a portion of its assets as FAL to support the underwriting capacity of both Syndicate 2010 and Syndicate 3010. FAL is restricted in its use and can only be drawn down by Lloyd's to pay cash calls to the syndicates supported by the Group. FAL requirements are formally assessed and revised twice a year.

In addition to the FAL, certain cash and investments held by Syndicate 2010 and Syndicate 3010 are only available for paying the syndicates' claims and expenses. See the capital management risk disclosures for more information regarding the capital requirements for Syndicate 2010 and Syndicate 3010.

As at and for the years ended 31 December 2025 and 31 December 2024, the Group was in compliance with all covenants under its trust facilities.

The following cash and cash equivalents, and investment balances are held in trust collateral accounts in favour of third parties, or are otherwise restricted:

	2025			2024		
	Cash and cash equivalents \$m	Fixed maturity securities \$m	Total \$m	Cash and cash equivalents \$m	Fixed maturity securities \$m	Total \$m
As at 31 December						
FAL	4.3	141.9	146.2	0.3	137.5	137.8
MBRT accounts	2.2	93.0	95.2	1.5	217.4	218.9
Syndicate accounts	71.5	137.4	208.9	57.8	111.9	169.7
In trust accounts for policyholders	30.8	282.3	313.1	48.9	151.3	200.2
In favour of LOCs	8.9	28.6	37.5	2.6	6.4	9.0
Loan to Lloyd's Central Fund	—	—	—	—	2.1	2.1
Total	117.7	683.2	800.9	111.1	626.6	737.7

19. Share capital and other reserves

Authorised common shares of \$0.50 each	Number	\$m
As at 31 December 2025 and 2024	3,000,000,000	1,500.0

Allocated, called up and fully paid common shares of \$0.50 each	Number	\$m
As at 31 December 2025 and 2024	244,010,007	122.0

Own shares held in Trust	Total number of own shares	\$m
As at 31 December 2023	4,972,030	29.7
Shares distributed	(1,546,818)	(9.2)
As at 31 December 2024	3,425,212	20.5
Shares distributed	(1,974,926)	(11.8)
As at 31 December 2025	1,450,286	8.7

The number of common shares in issue with voting rights (allocated share capital, less shares held in treasury or pursuant to a custody arrangement) as at 31 December 2025 was 244,010,007 (31 December 2024 – 244,010,007). As at 31 December 2025 there were no shares held in treasury (31 December 2024 – nil). Common shares in issue (other than shares held in treasury) carry voting rights which rank *pari passu*, and the same rights to receive any dividends and other distributions declared, made or paid by the Company.

Share repurchases

At the AGM held on 30 April 2025, LHL's shareholders approved a renewal of the Company's Repurchase Programme authorising the repurchase of a maximum of 24,401,000 common shares, with such authority to expire on the conclusion of the 2026 AGM of the Company or, if earlier, 15 months from the date the resolution approving the Repurchase Programme was passed.

During the year ended 31 December 2025, no shares were repurchased by the Company under the Repurchase Programme (2024 – nil).

Dividends

The Board of Directors has authorised the following dividends:

Type	Per share amount	Record date	Payment date	\$m
Special	\$0.50	15 Mar 2024	12 Apr 2024	119.9
Final	\$0.15	10 May 2024	7 Jun 2024	36.0
Interim	\$0.075	16 Aug 2024	13 Sep 2024	18.0
Special	\$0.75	15 Nov 2024	13 Dec 2024	180.3
Special	\$0.25	14 Mar 2025	11 Apr 2025	60.2
Final	\$0.15	16 May 2025	13 Jun 2025	36.3
Interim	\$0.075	15 Aug 2025	15 Sep 2025	18.1
Special	\$0.75	14 Nov 2025	12 Dec 2025	181.9

Other reserves

The Group's other reserves of \$1,249.6 million (31 December 2024 – \$1,242.3 million) comprises contributed surplus and an equity based compensation reserve. The equity based compensation reserve comprises \$60.0 million (31 December 2024 – \$49.1 million) of this balance and relates to the Group's equity compensation plans (see note 7).

Notes to the financial statements *continued*

For the year ended 31 December 2025

20. Earnings per share

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

For the year ended 31 December	2025 \$m	2024 \$m
Profit after tax	293.4	321.3
	2025 Number of shares	2024 Number of shares
Basic weighted average number of shares	241,805,113	239,948,359
Dilutive effect of RSS	8,378,387	6,826,530
Diluted weighted average number of shares	250,183,500	246,774,889
Earnings per share	2025	2024
Basic	\$1.21	\$1.34
Diluted	\$1.17	\$1.30

Equity based compensation awards are only treated as dilutive when their conversion to common shares would decrease the earnings per share, or increase the 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.

21. Commitments and contingencies

Credit facility fund

As at 31 December 2025, the Group has a commitment of \$50.0 million (31 December 2024 – \$50.0 million) relating to one credit facility fund (refer to note 12).

Private investment funds

The table below shows the dates on which the Group committed to invest in six different private investment funds and the amount of the total commitment that remains undrawn as at 31 December 2025.

Amount and date of commitment to invest in private investment fund	Undrawn commitment \$m
GBP 50 million on 20 November 2024	33.0
USD 50 million on 31 July 2024	14.0
Euro 40 million on 11 January 2024	20.5
USD 34 million on 28 July 2021	8.5
USD 25 million on 9 December 2020	0.5
USD 25 million on 5 November 2019	1.0
Total commitment to invest in private investment fund	77.5

On 30 December 2025, the Company advanced \$70.0 million toward a new private investment fund, with the subscription becoming effective on 1 January 2026. As at 31 December 2025, this amount is presented within other receivables in the consolidated statement of financial position as the subscription had not yet been completed at the reporting date.

Legal proceedings and regulations

The Group operates in the insurance industry and is therefore, from time to time, 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 the Group's results and financial position.

Notes to the financial statements *continued*

For the year ended 31 December 2025

22. Related party disclosures

The Group's consolidated financial statements include LHL and the entities listed below:

Name	Principal Business	Domicile
Subsidiaries¹		
CCHL	Holding company	United Kingdom
CCL ²	Holding company	United Kingdom
CCL 1998 ³	Lloyd's corporate member	United Kingdom
CCL 1999	Non-trading	United Kingdom
CUL	Non-trading	United Kingdom
LAPL	Non-trading	Australia
LICLIHL	Holding company	Bermuda
LCM	Insurance agent services	Bermuda
LCMMSL	Support services	United Kingdom
LICL	General insurance business	Bermuda
LUS	Surplus lines broker	United States of America
LIHL	Holding company	United Kingdom
LHUS	Holding company	United States of America
LIMSL	Insurance mediation activities	United Kingdom
LISL	Support services	United Kingdom
LHAPL	Holding company	Australia
LMSCS	Support services	Canada
LSL	Lloyd's managing agent	United Kingdom
LUAPL	Lloyd's service company	Australia
LUK	General insurance business	United Kingdom
Associate		
KHL ⁴ (and its subsidiary KRL)	Holding company / General insurance business	Bermuda
Other controlled entities		
EBT	Trust	Jersey

1. Unless otherwise stated, the Group owns 100% of the ordinary share capital and voting rights in its subsidiaries listed above.
2. CCL was dissolved on 24 September 2024.
3. 79.7% participation on the 2025 year of account, and 100% participation on the 2026 year of account, for Syndicate 2010.
4. The Group has a 16.7% holding through its interest in the preference shares of each segregated account of KHL.

The EBT was established to assist in the administration of the Group's employee equity based compensation schemes. While the Group does not have legal ownership of the EBT, and the ability of the Group to influence the actions of the EBT is limited by the trust deed in place, the EBT was set up by the Group with the sole purpose of assisting in the administration of these schemes. It is therefore considered to be controlled by the Group, and is consolidated within both the Group's consolidated statement of comprehensive income and consolidated statement of financial position.

The Group has a loan facility agreement (the 'Facility') with JTC PLC, the trustee of the EBT. The Facility is an interest-free revolving credit facility under which the trustee can request advances on demand, within the terms of the Facility, up to a maximum aggregate amount of \$80.0 million. The Facility may only be used by the trustee for the purpose of achieving the objectives of the EBT. During the year ended 31 December 2025, the Group had made advances of \$nil (31 December 2024 – \$nil) to the EBT under the terms of the Facility.

During the year ended 31 December 2025, no common shares were donated by the Company to the EBT (2024 – nil). LHL did not issue any common shares to the EBT during the years ended 31 December 2025 or 31 December 2024.

As at 31 December 2025, LICL holds \$318.0 million (31 December 2024 – \$266.4 million) of cash and cash equivalents, fixed maturity securities, and accrued interest in trust for the benefit of LUK relating to intra-group reinsurance agreements. In addition, LICL provides 100% of the required FAL to support the underwriting activities of Syndicate 2010 and Syndicate 3010. LICL holds \$146.2 million (31 December 2024 – \$137.8 million) of cash and cash equivalents and fixed maturity securities in FAL, with the remaining FAL requirement covered by a LOC and a collateral pledge facility (refer to note 18).

Mr Maloney and his spouse acquired 100% of the shares in Nameco on 7 November 2016. Nameco provides capacity to a number of Lloyd's syndicates, including Syndicate 2010 which is managed by LSL. Mr Maloney receives a proportionate share of the underwriting results of Syndicate 2010 to which he is contractually entitled through his participation. As a result of the mandatory offer and subsequent minority buy-out of Syndicate 2010 (see note 17), Nameco received \$0.2 million from the Group in respect of the acquisition of Nameco's prospective participations on Syndicate 2010. These transactions occurred on an arm's length basis. Nameco has not provided capacity to Syndicate 2010 for the 2026 year of account (2025 year of account – \$0.2 million),

Notes to the financial statements *continued*

For the year ended 31 December 2025

Key management compensation

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

For the year ended 31 December	2025 \$m	2024 \$m
Short-term compensation	9.0	7.9
Equity based compensation	8.3	6.0
Directors' fees	2.7	2.6
Total	20.0	16.5

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

Transactions with the Group's associate and the associate's subsidiary

In 2013, LCM entered into an underwriting services agreement with KRL and KHL to provide various insurance-related services. In the years ended 31 December 2025 and 31 December 2024, no new underwriting cycles were entered into, and LCM recognised profit commission of \$1.0 million (31 December 2024 – \$0.8 million). During 2025, KHL returned \$7.5 million (2024 – \$15.7 million) of capital to the Group.

As at 31 December 2025, the consolidated financial statements includes reinsurance contract assets of \$10.9 million (31 December 2024 – \$16.0 million) due from KRL, together with a corresponding net expense of \$5.0 million (2024 – \$3.1 million).

23. Subsequent events

Dividends

On 4 March 2026, Lancashire's Board of Directors declared a final ordinary dividend of \$0.15 (approximately £0.12) per common share, subject to a shareholder vote of approval at the AGM to be held on 29 April 2026, which will result in an aggregate payment of approximately \$36.0 million. The dividend will be paid in pounds sterling on 12 June 2026 (the "Dividend Payment Date") to shareholders of record on 15 May 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Lancashire's Board of Directors has declared a special dividend of \$0.50 per common share (approximately £0.37 per common share at the current exchange rate), which will result in an aggregate payment of approximately \$121.0 million. The dividend will be paid in pounds sterling on 17 April 2026 (the "Dividend Payment Date") to shareholders of record on 20 March 2026 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date.

Private investment fund commitment

See note 21 for details of a commitment to invest in a new private investment fund on 1 January 2026.

Shareholder information

Shareholder information

Annual General Meeting

The Company's AGM is scheduled for 29 April 2026 and is to be held at the Company's registered and head office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda. If you have any queries regarding the AGM, please contact Chris Head, Company Secretary, at chris.head@lancashiregroup.com.

Further information

Lancashire Holdings Limited is registered in Bermuda under company number EC 37415 and has its registered office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda. Further information about the Group including this Annual Report and Accounts, press releases and the Company's share price is available on our website at www.lancashiregroup.com. Please address any enquiries to info@lancashiregroup.com.

Note regarding forward-looking statements

Some of the statements in this document include forward-looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward-looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements containing the words 'believes', 'anticipates', 'aims', 'plans', 'projects', 'forecasts', 'guidance', 'policy', 'intends', 'expects', 'estimates', 'predicts', 'may', 'can', 'likely', 'will', 'seeks', 'should' or, in each case, their negative or comparable terminology and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve known and unknown risks and uncertainties. Accordingly, there are or will be 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.

These factors include, but are not limited to: the impact of the ongoing conflict in Ukraine, including any escalation or expansion thereof, the continued uncertainty of the situation in Russia, including issues relating to coverage and the impact of sanctions, the securities in our investment portfolio and on global financial markets generally, as well as any governmental or regulatory change arising therefrom; and other adverse market conditions generally; the potential further hostilities in the Middle East, including any escalation thereof and its impact on the stability of the region, global supply routes and insurance and financial markets; the actual development of losses and expenses impacting estimates for claims which arise as a result of the wildfires in California, which occurred in the first quarter of 2025, hurricanes Milton, Debby and Helene, the Calgary hailstorms and European storm Boris, all of which occurred in the second half of 2024, the impact of the collapse of the Francis Scott Key Bridge in Baltimore, which occurred in the first quarter of 2024; hurricane Ian, which occurred in the third quarter of 2022, the COVID-19 pandemic, the Kentucky tornadoes, hurricane Ida and the European storms which occurred in the second half of 2021, winter storm Uri which occurred during the first quarter of 2021, hurricanes Laura and Sally, the Midwest Derecho storm and the wildfires in California which occurred in 2020, the 2020 and 2021 large loss events across the Group's specialty business lines, and further hurricanes, typhoons, marine losses, earthquakes and wildfires, which occurred in 2017 to 2020, the impact of complex and unique causation and coverage issues associated with attribution of losses to wind or flood damage or other perils such as fire or business interruption relating to such events; potential uncertainties relating to reinsurance recoveries, reinstatement premiums and other factors inherent in loss estimations; the Group's ability to integrate its business and personnel; the successful retention and motivation of the Group's key management; the increased regulatory burden facing the Group; 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 premium rates which may be available at the time of such renewals within its targeted business lines; potentially unusual loss frequency; the impact that the Group's future operating results, capital position and rating agency and other considerations may have on the execution of any capital management initiatives or dividends; the possibility of greater frequency or severity of claims and loss activity than the Group's underwriting, reserving or investment practices have anticipated; the reliability of, and changes in assumptions to, catastrophe pricing, accumulation and estimated loss models; increased competition from existing alternative capital providers and insurance-linked funds and collateralised special purpose insurers, and the related demand and supply dynamics as contracts come up for renewal; the effectiveness of its loss limitation methods; the potential loss of key personnel; a decline in the Group's operating subsidiaries' ratings with A.M. Best, S&P Global Ratings, Moody's or other rating agencies; increased competition on the basis of pricing, capacity, coverage terms or other factors; cyclical downturns of the industry; the impact of a deteriorating credit environment for issuers of fixed maturity investments; the impact of swings in market interest rates, currency exchange rates and securities prices; changes by central

Shareholder information *continued*

banks regarding the level of interest rates; the impact of inflation or deflation in relevant economies in which the Group operates; the effect, timing and other uncertainties surrounding future business combinations within the insurance and reinsurance industries; the impact of terrorist activity in the countries in which the Group writes risks; a rating downgrade of, or a market decline in, securities in its investment portfolio; changes in governmental regulations or tax laws in jurisdictions where the Group conducts business; Lancashire or its Bermudian subsidiaries becoming subject to income taxes in the United States or in the United Kingdom; the impact of the change in tax residence on stakeholders of the Group; the availability to the Group of the exclusion that removes companies with a limited international presence from the scope of Bermuda corporate income tax for a period of up to five years from 1 January 2025 and the impact of the United Kingdom's withdrawal from the European Union on the Group's business, regulatory relationships, underwriting platforms or the industry generally, the focus and scrutiny on ESG-related matters regarding the insurance industry from key stakeholders of the Group, and any adverse asset, credit, financing or debt or capital market conditions generally which may affect the ability of the Group to manage its liquidity.

Any estimates relating to loss events involve the exercise of considerable judgement and reflect a combination of ground-up evaluations, information available to date from brokers and insureds, market intelligence, initial and/or tentative loss reports and other sources.

Judgements in relation to losses arising from natural catastrophe and man-made events are influenced by complex factors. The Group cautions as to the preliminary nature of the information used to prepare any such estimates as subsequently available information may contribute to an increase in these types of losses.

These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking (save as required to comply with any legal or regulatory obligations, including the rules of the LSE) 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 paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Glossary

Glossary

ABS

Asset backed securities

Active Underwriter

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

Aggregate

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

AGM

Annual General Meeting

AI

Artificial intelligence

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

BMA

Bermuda Monetary Authority

Board of Directors or 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

CMA

Competition & Markets Authority

CMBS

Commercial mortgage backed securities

CCHL

Cathedral Capital Holdings Limited

CCF

Corporate carbon footprint

CCL

Cathedral Capital Limited

CCL 1998

Cathedral Capital (1998) Limited

CCL 1999

Cathedral Capital (1999) Limited

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 at www.frc.org.uk

Combined ratio (discounted)

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

Combined ratio (undiscounted)

Ratio, in per cent, of the sum of net insurance expenses 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

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, divided by the sum of all shares and dilutive restricted stock units (as calculated under the treasury stock method), 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

Glossary *continued***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

ERF

Emerging Risk Forum

ESG

Environmental, Social and Governance

ETA

Economic Transition Adjustment, under the Bermuda Corporate Income Tax (CIT) regime

EU

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

EY or EY LLP

Ernst & Young LLP, a UK limited liability partnership

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)

FTC

Fixed-term contract

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

GEC

Group Executive Committee

GHG

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

GHG Protocol

Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

GloBE Rules

The Global Anti-Base Erosion Rules

GMM

General Measurement Model

The Group or the Lancashire Group

LHL and its subsidiaries

GPU

Graphics processing unit

GPW

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

IFRS

International Financial Reporting Standard(s), created by the IASB, for the preparation and presentation of financial statements

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

Glossary *continued*

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 the regulatory bodies of the internal audit function with the Company and its subsidiaries

IAS

International Accounting Standard(s), created by the IASB, for the preparation and presentation of financial statements. Now largely superseded by IFRS

International Accounting Standards Board (IASB)

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

IIR

Income Inclusion Rule, under the OECD Pillar Two reform

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 or 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 Limited

LCM

Lancashire Capital Management Limited

LCMMSL

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

LEN

Lancashire Employee Network

LHAPL

Lancashire Holdings Australia Pty Limited

LHL (The Company)

Lancashire Holdings Limited

LHUS

Lancashire Insurance Holdings (US) 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

LMSCS

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 Syndicate 2010 and Syndicate 3010

LUAPL

Lancashire Underwriting Australia Pty Limited

LUK or Lancashire UK

Lancashire Insurance Company (UK) Limited

LUS or Lancashire Insurance US

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

MBS

Mortgage backed securities

MGA

Managing General Agent

Glossary *continued*

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

NAIC

The National Association of Insurance Commissioners

Nameco

Nameco (No. 801) Limited

NAV

Net asset value

NDIC

Non-distinct investment component

Net insurance expense

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

Net insurance ratio

Ratio, in per cent, of net insurance expense 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 equity-based compensation expense, to net insurance revenue

ORIF

Outwards Reinsurance Forum

ORSA

Own Risk and Solvency Assessment

OTC

Over the counter

P&C

Property and casualty

PAA

Premium Allocation Approach

PIPA

Personal Information Protection Act

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

QBR

Quarterly Business Review

QDMTT

Qualified Domestic Minimum Top-up Tax, under the OECD Pillar Two reform

RCC

Risk and Compliance Committee

RDS

Realistic Disaster Scenarios

RFI

Request for information

RFP

Request for proposal

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 US Treasury bill rate, unless otherwise stated

RMF

Risk Management Framework

RoE

Return on equity

Glossary *continued*

<p>RRC Risk and Return Committee</p> <p>RSC Reinsurance Security Committee</p> <p>RSS Restricted share scheme</p> <p>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</p> <p>SCR Solvency Capital Requirement</p> <p>SECR Streamlined Energy and Carbon Reporting</p> <p>SID Senior Independent Director</p> <p>Simple RoE For the purpose of a remuneration metric, Simple RoE is profit after tax divided by average equity</p> <p>Syndicate 2010 Lloyd's Syndicate 2010, managed by LSL</p>	<p>Syndicate 3010 Lloyd's Syndicate 3010, managed by LSL</p> <p>TCFD Task Force on Climate-related Financial Disclosures</p> <p>The syndicates Syndicate 2010 and Syndicate 3010</p> <p>TOBA Terms of business agreement</p> <p>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, and including net foreign exchange, produced by the Group's managed investment and cash and cash equivalent portfolio</p> <p>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 (included at the ex-dividend date)</p> <p>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</p>	<p>UK United Kingdom</p> <p>UNEP FI The United Nations Environment Programme Finance Initiative</p> <p>UNL Ultimate net loss</p> <p>UNPRI UN-supported Principles for Responsible Investment</p> <p>US United States of America</p> <p>uSCR Ultimate Solvency Capital Requirement</p> <p>US GAAP Accounting principles generally accepted in the United States</p> <p>UTPR Undertaxed Profits Rule</p> <p>UURC The Underwriting and Underwriting Risk Committee, a Committee of the Board</p> <p>Value at Risk (VaR) A measure of the risk of loss of a specific portfolio of financial assets</p>
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Alternative performance measures

As is common practice within the insurance industry, the Group also utilises certain non-GAAP measures to evaluate, monitor and manage the business and to aid users' understanding of the Group. Management believes that APMs 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 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 use is described below. This information has not been audited.

All amounts, excluding share data, ratios, percentages, or where otherwise stated, are in millions of US 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 year ended 31 December	2025	2024
Insurance service expenses	1,451.2	1,186.1
Amounts recoverable from reinsurers	(395.4)	(240.3)
Net insurance expenses	1,055.8	945.8
Insurance revenue	1,860.4	1,765.1
Allocation of reinsurance premium	(423.5)	(439.4)
Net insurance revenue	1,436.9	1,325.7
Net insurance ratio	73.5%	71.3%

Operating expense ratio:

Ratio, in per cent, of other operating expenses, excluding equity-based compensation expense, to net insurance revenue.

For the year ended 31 December	2025	2024
Other operating expenses	146.2	115.9
Net insurance revenue	1,436.9	1,325.7
Operating expense ratio	10.2%	8.7%

Combined ratio (discounted):

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

For the year ended 31 December	2025	2024
Net insurance ratio	73.5%	71.3%
Operating expense ratio	10.2%	8.7%
Combined ratio (discounted)	83.7%	80.0%

Combined ratio (undiscounted) (KPI):

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

For the year ended 31 December	2025	2024
Combined ratio (discounted)	83.7%	80.0%
Discount included in net insurance expenses	135.4	120.3
Net insurance revenue	1,436.9	1,325.7
Discounting impact on combined ratio	9.4%	9.1%
Combined ratio (undiscounted)	93.1%	89.1%

Alternative performance measures *continued*

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

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

As at 31 December 2025	2025	2024
Shareholders' equity attributable to the Group	1,509.3	1,493.3
Common voting shares outstanding*	242,559,721	240,584,795
Shares relating to dilutive restricted stock	8,555,268	6,877,762
Fully converted book value denominator	251,114,989	247,462,557
Diluted book value per share	\$6.01	\$6.03

* 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 31 December 2025	2025	2024
Opening DBVS	\$6.03	\$6.17
Q1 dividend per share	\$0.25	\$0.50
Q2 dividend per share	\$0.15	\$0.15
Q3 dividend per share	\$0.075	\$0.075
Q4 dividend per share	\$0.75	\$0.75
Closing DBVS	\$6.01	\$6.03
Change in DBVS	20.9%	23.4%

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 geometrically linked to provide a total return for the period, which includes the net impact of foreign exchange. The total investment return can be approximated by dividing the total net investment return, excluding interest on non-managed cash and cash equivalents, and including net foreign exchange gains and losses related to investments and managed cash and cash equivalents, by the average portfolio net asset value, including managed cash and cash equivalents.

For the year ended 31 December	2025	2024
Net investment return	218.0	162.2
Less interest income on non-managed cash and cash equivalents	(13.8)	(13.6)
Net foreign exchange gains (losses) related to investments and managed cash and cash equivalents	15.8	(6.0)
Net investment return adjusted for interest and foreign exchange	220.0	142.6
Average invested assets including managed cash and cash equivalents*	3,215.2	2,939.3
Approximate total investment return	6.8%	4.9%
Reported total investment return	7.0%	5.0%

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

Alternative performance measures *continued*

Total shareholder return (KPI):

Determined using the simple method of calculating the increase/(decrease) in the Group's share price, adjusted for dividends (included at the ex-dividend date) as recalculated below. This measurement basis will generally approximate the increase/(decrease) in share price in the period measured on a total return basis, which assumes the reinvestment of dividends.

As at 31 December 2025	2025	2024
Opening share price	\$8.25	\$7.96
Q1 dividend per share	\$0.25	\$0.50
Q2 dividend per share	\$0.15	\$0.15
Q3 dividend per share	\$0.075	\$0.075
Q4 dividend per share	\$0.75	\$0.75
Q4 closing share price	\$8.62	\$8.25
Total shareholder return	19.4%	22.1%

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 year ended 31 December	2025	2024
Gross premiums written	2,259.3	2,149.6
Change in unearned premiums	(57.3)	(105.9)
Gross premiums earned	2,202.0	2,043.7
Adjust for reinstatement premiums	(44.6)	(5.3)
Less commission and non-distinct investment components	(297.0)	(273.3)
Total insurance revenue	1,860.4	1,765.1

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 year ended 31 December	2025	2024
Gross premiums written by the Group	2,259.3	2,149.6
LSL Syndicate 2010 - external Names portion of gross premiums written (unconsolidated)	81.0	120.5
Total gross premiums written under management	2,340.3	2,270.1

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