LANCASHIRE HOLDINGS LIMITED

11 February 2022
Hamilton, Bermuda

STRONG PREMIUM GROWTH IN A CHALLENGING YEAR

Lancashire Holdings Limited ("Lancashire" or "the Group") announces its results for the year ended 31 December 2021.

Highlights:

- **Gross premiums written increased by 50% year-on-year to a record $1.2 billion.**
- **Group RPI (Renewal Price Index) of 109%.**
- **Expansion into new classes of business and the addition of three new teams.**
- **Combined ratio of 107.3%, driven by significant weather and large loss events of $306.4 million.**
- **Final dividend declared of $0.10 per common share.**

	Year ended	
	31 December 2021	**31 December 2020**
Financial highlights ($m)		
Gross premiums written	1,225.2	814.1
Net premiums written	816.1	519.4
Underwriting profit	69.0	77.0
(Loss) profit before tax	(56.8)	5.9
Comprehensive (loss) income[1]	(92.9)	24.3
Change in FCBVS[2,3]	(5.8%)	10.2%
Financial ratios		
Total investment return	0.1%	3.9%
Net loss ratio	67.6%	59.6%
Combined ratio	107.3%	107.8%
Per share data		
Fully converted book value per share	$5.77	$6.28
Dividends per common share for the financial year	$0.15	$0.15
Diluted (loss) earnings per share	($0.26)	$0.02

1 These amounts are attributable to Lancashire and exclude non-controlling interests.
2 Defined as the change in fully converted book value per share, adjusted for dividends. See the section headed "Alternative Performance Measures" below.
3 The change in FCBVS excluding the impact of the capital raise in June 2020 as at 31 December 2020 would have been 2.4%.

Alex Maloney, Group Chief Executive Officer, commented:

"2021 saw Lancashire successfully continue the long-term build-out of its franchise and expand into a number of new classes, with gross premiums written increasing by 50%. Much of this premium will continue to earn through in 2022 and is expected to provide earnings resilience in future years. Delivery against this aspect of our strategy means we are well-positioned for profitable growth in the most attractive market conditions of recent years.

However, 2021 was also a poor one for returns. With Winter Storm Uri, hurricane Ida, European storms and floods, and Midwest U.S. tornadoes, among others, industry-wide estimates place insured losses from natural catastrophes between $105 billion and $130 billion making it one of the costliest years on record. These events show the critical role the industry plays in delivering risk solutions that protect people, economies, and businesses from uncertainty. When the worst happens, it means disruption and hardship for many and we recognise the human impacts these events have.

Financial losses are always disappointing but 2021 was only the second full financial year that Lancashire made an overall loss since its inception. Strong underlying profitability after nearly four years of rate increases, as illustrated by improvement in our attritional loss ratio, was offset by weather and large risk events during the year. Given the magnitude and frequency of industry losses in 2021, these insurance losses were in line with our expectations and risk tolerances. Importantly, we have followed our usual conservative reserving philosophy to estimate the impact, which has served us well over time.

Nevertheless, the overall impact of these events was a comprehensive loss of $92.9 million, a combined ratio of 107.3%, and a negative change in FCBVS of 5.8% for the year. Of this comprehensive loss $31.6 million relates to unrealised investment losses.

Despite the disappointing returns of the past year, we are fully energised by the prospects for 2022 and profitable growth remains our main goal.

Our strong capital position allows us to execute our ambitious business plans in which we expect further rate increases on our existing portfolio, with new underwriting teams delivering additional premiums and new business growth within both our catastrophe and non-catastrophe lines.

I would like to thank all our colleagues, investors, clients, and their brokers for their support during 2021."

Business Update

Delivering on our strategy

2021 was an exceptional year of growth with gross premiums written increasing to a record $1.2 billion.

This delivers on our long-held strategic ambitions to maximise the underwriting opportunity as market conditions improve and is testament to the strong foundations that we have put in place during the past few years.

We continue to play to our strengths in those product segments where we have built excellence over many years and are excited by the profitable contribution that our newer product lines should bring in the longer term as well as diversifying our portfolio mix.

As the market cycle has continued to improve, we have retained a strict focus on underwriting discipline and deployed our capital to take advantage of new opportunities.

Our balance sheet strength and the work we have done to enhance our franchise during this period of improved pricing has allowed us to navigate a tough 12 months.

Building on our expertise

Lancashire has always been an 'underwriting first' business and this allows us to attract talented people who value empowerment, inclusivity, and meritocracy.

Our ongoing investment in new teams, in both underwriting and support functions, is part of our journey to build resilience for the business across the cycle with a clear focus on long-term profitability.

These new teams, much like our existing underwriters, are highly experienced within their individual classes of business with proven track records. We have talented people at Lancashire, with a strong and vibrant corporate culture, and our new employees join what we believe is already one of the strongest overall teams in the sector. We have also continued to promote existing talent to more senior roles within the business in recognition of their expertise and commitment.

COVID-19

As the COVID-19 pandemic continued during 2021, we retained our 'business as usual' operations and responded through flexible and hybrid working models. Many of our people have been impacted personally and our thoughts are with them and everyone who has been affected. We would also like to thank those who have worked to cope with the pandemic in our health service and more broadly.

Underwriting results

Gross premiums written	Year ended 31 December				
	2021	2020	Change	Change	RPI
	$m	$m	$m	%	%
Property and casualty reinsurance	560.0	279.8	280.2	100.1	109
Property and casualty insurance	210.5	147.1	63.4	43.1	106
Aviation	176.4	151.0	25.4	16.8	108
Energy	184.8	144.7	40.1	27.7	110
Marine	93.5	91.5	2.0	2.2	109
Total	**1,225.2**	**814.1**	**411.1**	**50.5**	**109**

Property and casualty reinsurance
Gross premiums written in this segment have doubled since 2020, both from increases in existing lines of business and the addition of new lines. These classes also include reinstatement premiums received after the catastrophe losses in the year. A significant amount of the capital raised in 2020 was used to fund expansion in the property catastrophe and property retrocession lines where the rating environment continued to improve in 2021.

The segment also benefited from the addition of new underwriting teams and three new classes of business comprising accident and health, casualty reinsurance and specialty reinsurance. In these new product lines the support from clients and brokers enabled us to grow the premium base ahead of our initial expectations.

Property and casualty insurance
The increase in the property and casualty insurance segment was principally due to growth in the property direct and facultative class as we continued to build out our book of business, again utilising the capital raised in 2020 to support the growth. We also saw opportunities to write new business in the property political risk class which benefited from increasing transactions globally and opportunities in new territories. New business flow in the political risk class of business is generally less predictable than other classes due to the specific one-off nature of each deal.

Aviation
Our aviation segment continued to grow as market conditions improved, with an overall RPI of 108%. The increase in this segment was mostly driven by new business growth in the aviation hull and liability class of business and rate and exposure increases in the aviation war class. More than half of the increase in gross premiums written occurred during the fourth quarter which is the major renewal period for the aviation segment and the majority of this premium will be earned in 2022.

Energy
Significant increases in the energy segment were achieved in the power, energy liabilities and downstream energy classes. In the power class, the Group expanded its offering across underwriting platforms to take advantage of improving market conditions. There was also strong new business growth in the energy liabilities class of business, where the Group has added additional underwriting expertise. Rate and exposure increases drove the growth in the downstream energy class which is now well established after we commenced underwriting this class in 2018.

Marine
In the Marine segment, new business growth was seen across all products. This growth was largely offset by timing differences in the marine liability and marine hull and total loss products where a number of multi-year or non-annual policies were not yet up for renewal.

Outwards reinsurance premiums
Although the proportion of outwards reinsurance premiums to gross premiums written decreased as we retained more risk in the hardening market, there was an overall increase in reinsurance spend of $114.4 million, or 38.8%, in 2021 compared to 2020. This increase was due to cover purchased to protect the new classes of inwards business that were entered into as well as reinstatement premiums, rate increases and increased limits, particularly within our property and casualty reinsurance segment.

Net insurance losses
The Group's net loss ratio for 2021 was 67.6% compared to 59.6% in 2020. The accident year loss ratio for 2021, including the impact of foreign exchange revaluations, was 81.0% compared to 71.4% in 2020.

During 2021, we experienced net losses from significant weather and large loss events of $306.4 million, excluding the impact of reinstatement premiums. Within this, catastrophe losses for the full year, excluding the impact of reinstatement premiums, were $237.6 million, including the impacts of Winter Storm Uri, Hurricane Ida and European storms and floods, and Q4 weather events including the Midwest tornadoes in the U.S., and the Australian storms.

Large risk losses for the year amounted to $68.8 million, and were principally related to unrest in South Africa in July 2021.

These loss events reflect the nature of the insurance products offered by the Group's trading subsidiaries as part of their usual business and were within the Group's risk tolerances. The Group's final ultimate losses may vary, perhaps materially, from the current estimates.

Excluding the impact of foreign exchange revaluations, the table below shows the impact of the current year loss events on the Group's net loss ratio for the year ended 31 December 2021:

	Net Losses $m	Net Loss ratio %
Reported at 31 December 2021	470.5	67.6%
Absent catastrophe events - noted above	232.9	33.2%
Absent large losses - noted above	401.7	57.7%
Absent catastrophe events and large loss events	164.1	23.4%

Note: The table does not sum to a total due to the impact of reinstatement premium.

In 2020 our total net catastrophe and large losses, excluding the impact of reinstatement premiums, were $149.5 million. These included the impact of COVID-19 related losses, hurricanes Laura and Sally, the Midwest Derecho storm, the wildfires in California, as well as other large losses.

Excluding the impact of foreign exchange revaluations, the table below shows the impact of prior year loss events on the Group's net loss ratio for the year ended 31 December 2020:

	Net Losses $m	Net Loss ratio %
Reported at 31 December 2020	283.8	59.6%
Absent catastrophe events	216.8	45.5%
Absent COVID-19 losses	244.1	51.0%
Absent catastrophe and COVID-19 losses	177.1	36.9%

Note: The table does not sum to a total due to the impact of reinstatement premium.

Prior year loss development
Prior year favourable development for 2021 was $86.5 million, compared to $52.0 million of favourable development in 2020. The favourable development in 2021 was primarily driven by general IBNR releases on the 2020 accident year across most lines of business due to a lack of reported claims. 2021 also included favourable development on the 2017 accident year, mainly from reserve releases on natural catastrophe loss events within the property and casualty reinsurance segment, as well as some

beneficial claims settlements from earlier accident years. The Group's COVID-19 related losses remained stable during 2021.

In the prior year, the Group benefited from general IBNR releases across most lines of business due to a lack of reported claims. There was favourable development on the 2017 catastrophe loss events partially offset by a number of late reported losses from the 2019 accident year, reserve deterioration on a couple of marine claims in the 2017 and 2019 accident years, and adverse development on the 2010 New Zealand earthquake.

The table below provides further detail of the prior years' loss development by class, excluding the impact of foreign exchange revaluations.

Year ended 31 December	**2021**	**2020**
	$m	**$m**
Property and casualty reinsurance	22.8	25.0
Property and casualty insurance	21.9	21.6
Aviation	12.2	3.3
Energy	24.9	17.2
Marine	4.7	(15.1)
Total	**86.5**	**52.0**

Note: Positive numbers denote favourable development.

The table below provides further detail of the prior years' loss development by accident year, excluding the impact of foreign exchange revaluations.

Year ended 31 December	**2021**	**2020**
	$m	**$m**
2016 accident year and prior	17.7	(0.9)
2017 accident year	18.4	20.7
2018 accident year	7.1	25.3
2019 accident year	8.8	6.9
2020 accident year	34.5	–
Total	**86.5**	**52.0**

Note: Positive numbers denote favourable development.

Investments

Net investment income, excluding realised and unrealised gains and losses, was $23.0 million for 2021, a decrease of 20.7% compared to 2020. Total investment return, including net investment income, net other investment income, net realised gains and losses, impairments and net change in unrealised gains and losses, was a gain of $1.3 million for 2021 compared to a gain of $69.1 million for 2020.

In a year of significant volatility, the investment portfolio generated a return of 0.1%. The returns were driven primarily by unrealised losses in the fixed maturity portfolios, given the significant increase in treasury yields, particularly between the 2-year and 5-year treasuries. These losses were mitigated somewhat by the majority of the risk assets which generated strong returns, notably the bank loans, hedge funds, and the private investment funds.

In 2020, the investment portfolio generated a strong total return of 3.9%, with positive returns generated from all asset classes. The returns were driven primarily by the fixed maturity portfolios, given the decline in treasury yields and the tightening of credit spreads during the year. The tighter spreads and stronger equity markets also drove significant returns in the hedge fund and private debt portfolios. All other asset classes also had positive returns on a year-to-date basis, similar to 2019.

The managed portfolio was as follows:

	As at 31 December 2021	As at 31 December 2020
Fixed maturity securities	78.4%	82.8%
Managed cash and cash equivalents	11.2%	8.5%
Private investment funds	4.6%	4.7%
Hedge funds	4.5%	4.0%
Index linked securities	1.3%	–
Total	**100.0%**	**100.0%**

Key investment portfolio statistics for our fixed maturities and managed cash were:

	As at 31 December 2021	As at 31 December 2020
Duration	1.8 years	2.0 years
Credit quality	A+	A+
Book yield	1.3%	1.7%
Market yield	1.0%	0.7%

Third Party Capital Management

The total contribution from third party capital activities consisted of the following items:

Year ended 31 December	2021 $m	2020 $m
Lancashire Capital Management underwriting fees	10.6	10.0
Lancashire Capital Management profit commission	5.2	1.8
Lancashire Syndicates' fees and profit commission	2.4	3.5
Total other income	**18.2**	**15.3**
Share of (loss) profit of associate	(3.9)	10.7
Total net third party capital management income	**14.3**	**26.0**

The amount of Lancashire Capital Management profit commission recognised is driven by the timing of loss experience, settlement of claims and collateral release and therefore varies year on year. The share of (loss) profit of associate reflects Lancashire's equity interest in the Lancashire Capital Management managed vehicle. The loss of $3.9 million in 2021 is primarily driven by the active natural catastrophe loss environment experienced during the first and third quarters of 2021.

Other operating expenses

Other operating expenses increased by $5.2 million compared to 2020. Higher employment costs due to an increase in number of employees from 255 in the prior year to 306 in the current year were more than offset by a reduction in variable compensation given the Group's financial performance in 2021. Non-employment costs increased due to a number of project initiatives during the year. The strengthening of the Sterling/U.S. dollar exchange rate in the year also contributed to an overall increase in other operating expenses.

Capital

As at 31 December 2021, total capital available to Lancashire was approximately $1.9 billion, comprising shareholders' equity of $1.4 billion and $0.5 billion of long-term debt. Tangible capital was $1.7 billion. Leverage was 24.0% on total capital and 26.2% on total tangible capital. Total capital and total tangible capital as at 31 December 2020 were $1.9 billion and $1.7 billion respectively.

Long-term debt
During 2021, the Group issued $450.0 million in aggregate principal amount of 5.625% fixed-rate reset junior subordinated notes due 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. The fixed-rate interest is payable semi annually.

The majority of the net proceeds from the long-term debt issuance was used by the Group to redeem its then-existing senior and subordinated indebtedness, with the balance being used for general corporate purposes. Included in financing costs of $45.8 million during 2021 were $18.7 million of one-off costs associated with the refinancing of the long-term debt.

The new long-term debt was approved as "Tier 2 Ancillary Capital" by the Bermuda Monetary Authority and has further improved the Group's coverage ratio of available statutory capital and surplus over the BMA's enhanced capital requirement.

Share repurchases
Pursuant to and in accordance with the general authority granted by shareholders at Lancashire's Annual General Meeting held on 28 April 2021, Lancashire purchased 1,000,000 of its common shares in order to satisfy a number of future exercises of awards under its Restricted Share Scheme.

Dividends
The Lancashire Board declared the following dividends during 2021:

- A final dividend relating to 2020 of $0.10 per common share; and
- An interim dividend of $0.05 per common share.

Lancashire announces that its Board of Directors has declared a final dividend for 2021 of $0.10 (approximately £0.07) per common share, subject to a shareholder vote of approval at the AGM to be held on 27 April 2022, which will result in an aggregate payment of approximately $24.2 million. On the basis that the final dividend is approved by shareholders at the AGM, the dividend will be paid in Pounds Sterling on 10 June 2022 (the "Dividend Payment Date") to shareholders of record on 13 May 2022 (the "Record Date") using the £ / $ spot market exchange rate at 12 noon London time on the Record Date.

Shareholders interested in participating in the dividend reinvestment plan ("DRIP"), or other services including international payment, are encouraged to contact the Group's registrars, Link Asset Services, for more details.

Financial Information

The Audited Consolidated Financial Statements for the year ended 31 December 2021 are published on Lancashire's website at www.lancashiregroup.com.

The 2021 Annual Report and Accounts are expected to be circulated to shareholders' from 7 March 2022 and will also be made available on Lancashire's website.

Analyst and Investor Earnings Conference Call

There will be an analyst and investor conference call on the results at 1:00pm UK time / 9:00am Bermuda time / 8:00am EDT on Friday 11 February 2022. The conference call will be hosted by Lancashire management.

Participant Access:
Dial in 5-10 minutes prior to the start time using the number / confirmation code below:

United Kingdom Toll-Free: 08003589473

United Kingdom Toll: +44 3333000804

United States Toll-Free: +1 855 85 70686

United States Toll: +1 6319131422

PIN code: 43568004#

URL for additional international dial in numbers:
https://events-ftp.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

The call can also be accessed via webcast, for registration and access:
https://onlinexperiences.com/scripts/Server.nxp?LASCmd=AI:4;F:QS!10100&ShowUUID=9D34AC23-0C86-4275-90F8-346BECCBE530

A webcast replay facility will be available for 12 months and accessible at:
https://www.lancashiregroup.com/en/investors/results-reports-and-presentations.html

For further information, please contact:

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About Lancashire

Lancashire, through its UK and Bermuda-based operating subsidiaries, is a provider of global specialty insurance and reinsurance products. The Group companies carry the following ratings (unchanged from 2020):

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

(1) Financial Strength Rating and Financial Strength Outlook apply to Lancashire Insurance Company Limited and Lancashire Insurance Company (UK) Limited.
(2) Long Term Issuer Rating applies to Lancashire Holdings Limited.

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

Lancashire has capital of approximately $1.9 billion and its common shares trade on the premium segment of the Main Market of the London Stock Exchange under the ticker symbol LRE. Lancashire has its head office and registered office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The Bermuda Monetary Authority ("BMA") is the Group Supervisor of the Lancashire Group.

For more information, please visit Lancashire's website at www.lancashiregroup.com.

This release contains information, which may be of a price sensitive nature, that Lancashire is making public in a manner consistent with the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, and other regulatory obligations. The information was submitted for publication, through the agency of the contact persons set out above, at 07:00 GMT on 11 February 2022.

Alternative Performance Measures (APMs)

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

In compliance with the Guidelines on APMs of the European Securities and Markets Authority, as applied by the FCA, information on APMs which the Group uses is described below. This information has not been audited. All amounts, excluding share data, ratios, percentages or where otherwise stated, are in millions of U.S. dollars.

Net loss ratio:

Ratio, in per cent, of net insurance losses to net premiums earned. This ratio gives an indication of the amount of claims expected to be paid out per $1.00 of net premium earned in the financial year. The net loss ratio may also be presented with net insurance losses absent catastrophe and other large losses.

	31 December 2021	31 December 2020
Net insurance losses	**470.5**	283.8
Divided by net premiums earned	**696.5**	475.8
Net loss ratio	**67.6%**	59.6%

Net acquisition cost ratio:

Ratio, in per cent, of net insurance acquisition expenses to net premiums earned. This ratio gives an indication of the amount expected to be paid out to insurance brokers and other insurance intermediaries per $1.00 of net premium earned in the financial year.

	31 December 2021	31 December 2020
Net acquisition expense	**157.0**	115.0
Divided by net premiums earned	**696.5**	475.8
Net acquisition cost ratio	**22.5%**	24.2%

Net expense ratio:

Ratio, in per cent, of other operating expenses, excluding restricted stock expenses, to net premiums earned. This ratio gives an indication of the amount of operating expenses expected to be paid out per $1.00 of net premium earned in the financial year.

	31 December 2021	31 December 2020
Other operating expenses	**119.6**	114.4
Divided by net premiums earned	**696.5**	475.8
Net expense ratio	**17.2%**	24.0%

Combined ratio (KPI):

Ratio, in per cent, of the sum of net insurance losses, net acquisition expenses and other operating expenses to net premiums earned. The Group aims to price its business to ensure that the combined ratio across the cycle is less than 100%.

	31 December 2021	31 December 2020
Net loss ratio	**67.6%**	59.6%
Net acquisition cost ratio	**22.5%**	24.2%
Net expense ratio	**17.2%**	24.0%
Combined Ratio	**107.3%**	107.8%

Accident year loss ratio:
The accident year loss ratio is calculated using the accident year ultimate liability revalued at the current balance sheet date, divided by net premiums earned. This ratio shows the amount of claims expected to be paid out per $1.00 of net premium earned in an accident year.

	31 December 2021	31 December 2020
Net insurance losses current accident year	**557.0**	339.1
Net premiums earned current accident year*	**687.9**	474.9
Accident year loss ratio	**81.0%**	71.4%

*For the accident year loss ratio, net premiums earned excludes inwards and outwards reinstatement premium from prior accident years.

Fully converted book value per share ('FCBVS') attributable to the Group:
Calculated based on the value of the total shareholders' equity attributable to the Group and dilutive restricted stock units as calculated under the treasury method, divided by the sum of all shares and dilutive restricted stock units, assuming all are exercised. Shows the Group net asset value on a diluted per share basis for comparison to the market value per share.

	31 December 2021	31 December 2020
Shareholders' equity attributable to the Group	**1,412,308,553**	1,538,466,664
Common voting shares outstanding*	**241,839,109**	241,811,908
Shares relating to dilutive restricted stock	**2,805,365**	3,333,356
Fully converted book value denominator	**244,644,474**	245,145,264
Fully converted book value per share	**$ 5.77**	$ 6.28

*Common voting shares outstanding comprise issued share capital less amounts held in the Employee Benefit Trust.

Change in FCBVS (KPI):
The internal rate of return of the change in FCBVS in the period plus accrued dividends. Sometimes referred to as ROE. The Group's aim is to maximise risk-adjusted returns for shareholders across the cycle through a purposeful and sustainable business culture.

	31 December 2021	31 December 2020
Opening FCBVS	**$ (6.28)**	$ (5.84)
Q1 dividend per share	**$ —**	$ —
Q2 dividend per share	**$ 0.10**	$ 0.10
Q3 dividend per share	**$ 0.05**	$ 0.05
Q4 dividend per share + closing FCBVS	**$ 5.77**	$ 6.28
Change in FCBVS*	**(5.8%)**	10.2%

*Calculated using the internal rate of return.

Total investment return (KPI):
Total investment return in percentage terms, is calculated by dividing the total investment return excluding foreign exchange by the investment portfolio net asset value, including managed cash on a daily basis. These daily returns are then annualized through geometric linking of daily returns. The return can be approximated by dividing the total investment return excluding foreign exchange by the average portfolio net asset value, including managed cash. The Group's primary investment objectives are to preserve capital and provide adequate liquidity to support the Group's payment of claims and other obligations. Within this framework we aim for a degree of investment portfolio return.

	31 December 2021	31 December 2020
Total investment return	**1.3**	69.1
Average invested assets*	**2,167.5**	1,873.9
Approximate total investment return	**0.1%**	3.7%
Reported total investment return	**0.1%**	3.9%

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

Total shareholder return (KPI):

The increase/(decrease) in share price in the period, measured on a total return basis, which assumes the reinvestment of dividends. The Group's aim is to maximise the Change in FCBVS over the longer term and we would expect that to be reflected in our share price and multiple. This is a long-term goal, recognising that the cyclicality and volatility of both the insurance market and the financial markets in general will impact management's ability to maximise the Change in FCBVS in the immediate term. The total return measurement basis used will generally approximate the simple method of calculating the increase/(decrease) in share price adjusted for dividends as recalculated below.

	31 December 2021	**31 December 2020**
Opening share price	**$ 9.88**	$ (10.17)
Q1 dividend per share	**$ —**	**$ —**
Q2 dividend per share	**$ 0.10**	$ 0.10
Q3 dividend per share	**$ 0.05**	$ 0.05
Q4 dividend per share + closing share price	**$ 7.17**	$ 9.88
Total shareholder return	**(25.8%)**	(1.4%)

Comprehensive income returned to shareholders (KPI):

The percentage of comprehensive income returned to shareholders equals the total capital returned to shareholders through dividends and share repurchases in a given year, divided by the Group's comprehensive income. The Group aims to carry the right level of capital to match attractive underwriting opportunities, utilising an optimal mix of capital tools. Over time, through proactive and flexible capital management across the cycle, we aim to maximise risk-adjusted returns for shareholders.

	31 December 2021	**31 December 2020**
Capital returned	**43.3**	32.3
Comprehensive (loss) income attributable to the Group	**(92.9)**	24.3
Comprehensive income return to shareholders	**n/a***	132.9%

*The % comprehensive income returned to shareholders is n/a when reporting a comprehensive loss for the period.

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 LSL Syndicate 2010 plus the gross premiums written in LCM. The Group aims to operate nimbly through the cycle. We will grow in existing and new classes where favourable and improving market conditions exist, whilst monitoring and managing our risk exposures and not seek top-line growth for the sake of it in markets where we do not believe the right opportunities exist.

	31 December 2021	**31 December 2020**
Gross premiums written by the group	**1,225.2**	814.1
Names portion of gross premiums written (unconsolidated)	**142.3**	126.6
LCM gross premiums written (unconsolidated)	**135.9**	126.4
Total gross premiums written under management	**1,503.4**	1,067.1

NOTE REGARDING RPI METHODOLOGY

THE RENEWAL PRICE INDEX ("RPI") IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI 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 THE ASSESSMENT NOTED ABOVE. TO ENHANCE THE RPI METHODOLOGY, MANAGEMENT MAY REVISE THE METHODOLOGY AND ASSUMPTIONS UNDERLYING THE RPI, SO THE TRENDS IN PREMIUM RATES REFLECTED IN THE RPI MAY NOT BE COMPARABLE OVER TIME. CONSIDERATION IS ONLY GIVEN TO RENEWALS OF A COMPARABLE NATURE SO IT DOES NOT REFLECT EVERY CONTRACT IN THE PORTFOLIO OF CONTRACTS. THE FUTURE PROFITABILITY OF THE PORTFOLIO OF CONTRACTS WITHIN THE RPI IS DEPENDENT UPON MANY FACTORS BESIDES THE TRENDS IN PREMIUM RATES.

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS "BELIEVES", "ANTICIPATES", "AIMS", "PLANS", "PROJECTS", "FORECASTS", "GUIDANCE", "INTENDS", "EXPECTS", "ESTIMATES", "PREDICTS", "MAY", "CAN", "LIKELY", "WILL", "SEEKS", "SHOULD", OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. ALL SUCH STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDING, WITHOUT LIMITATION, THE FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP"), THE GROUP'S TAX RESIDENCY, LIQUIDITY, RESULTS OF OPERATIONS, PROSPECTS, GROWTH, CAPITAL MANAGEMENT PLANS AND EFFICIENCIES, ABILITY TO CREATE VALUE, DIVIDEND POLICY, OPERATIONAL FLEXIBILITY, COMPOSITION OF MANAGEMENT, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS (INCLUDING DEVELOPMENT PLANS AND OBJECTIVES RELATING TO THE GROUP'S INSURANCE BUSINESS) ARE FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: THE ACTUAL DEVELOPMENT OF LOSSES AND EXPENSES IMPACTING ESTIMATES FOR CLAIMS WHICH ARISE AS A RESULT OF THE COVID-19 PANDEMIC WHICH IS AN ONGOING EVENT AS AT THE DATE OF THIS RELEASE, 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, MIDWEST DERECHO STORM AND THE WILDFIRES IN CALIFORNIA WHICH OCCURRED DURING THE SECOND HALF OF 2020, TYPHOON HAGIBIS WHICH OCCURRED IN THE FOURTH QUARTER OF 2019, HURRICANE DORIAN AND TYPHOON FAXAI WHICH OCCURRED IN THE THIRD QUARTER OF 2019, THE CALIFORNIAN WILDFIRES AND HURRICANE MICHAEL WHICH OCCURRED IN THE FOURTH QUARTER OF 2018, HURRICANE FLORENCE AND THE TYPHOONS THAT OCCURRED IN THE THIRD QUARTER OF 2018; 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 BUSINESSES 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 IMPLEMENT SUCCESSFULLY ITS BUSINESS STRATEGY DURING 'SOFT' AS WELL AS 'HARD' MARKETS; THE PREMIUM RATES WHICH MAY BE AVAILABLE AT THE TIME OF SUCH RENEWALS WITHIN THE GROUP'S TARGETED BUSINESS LINES; THE POSSIBLE LOW FREQUENCY OF LARGE EVENTS; 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, INSURANCE LINKED FUNDS AND COLLATERALISED SPECIAL PURPOSE INSURERS, AND THE RELATED DEMAND AND SUPPLY DYNAMICS AS CONTRACTS COME UP FOR RENEWAL; THE EFFECTIVENESS OF THE GROUP'S 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 BANKS REGARDING THE LEVEL OF INTEREST RATES AND THE TIMING AND EXTENT OF ANY SUCH CHANGES; 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 THE GROUP'S INVESTMENT PORTFOLIO; CHANGES IN GOVERNMENTAL REGULATIONS OR TAX LAWS IN JURISDICTIONS WHERE THE GROUP CONDUCTS BUSINESS; LANCASHIRE HOLDINGS LIMITED OR ANY OF THE GROUP'S 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 COMPANY; THE IMPACT OF THE EXPIRATION OF THE TRANSITION PERIOD ON 31 DECEMBER 2020 FOLLOWING THE UK'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 CAPITAL MARKET CONDITIONS GENERALLY, WHICH MAY AFFECT THE ABILITY OF THE GROUP TO MANAGE ITS LIQUIDITY.

ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE HOLDINGS LIMITED EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL

FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS RELEASE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

Consolidated statement of comprehensive (loss) income

For the year ended 31 December 2021

	2021 $m	2020 $m
Gross premiums written	1,225.2	814.1
Outwards reinsurance premiums	(409.1)	(294.7)
Net premiums written	**816.1**	**519.4**
Change in unearned premiums	(140.0)	(51.5)
Change in unearned premiums on premiums ceded	20.4	7.9
Net premiums earned	**696.5**	**475.8**
Net investment income	23.0	29.0
Net other investment income	3.8	6.5
Net realised gains (losses) and impairments	6.1	12.8
Share of (loss) profit of associate	(3.9)	10.7
Other income	18.2	15.3
Net foreign exchange gains	3.5	1.4
Total net revenue	**747.2**	**551.5**
Insurance losses and loss adjustment expenses	667.6	363.6
Insurance losses and loss adjustment expenses recoverable	(197.1)	(79.8)
Net insurance acquisition expenses	157.0	115.0
Equity based compensation	11.1	12.3
Other operating expenses	119.6	114.4
Total expenses	**758.2**	**525.5**
Results of operating activities	**(11.0)**	**26.0**
Financing costs	45.8	20.1
(Loss) profit before tax	**(56.8)**	**5.9**
Tax charge	(4.8)	(1.4)
(Loss) profit after tax	**(61.6)**	**4.5**
Non-controlling interests	(0.6)	(0.3)
(Loss) profit after tax attributable to Lancashire	**(62.2)**	**4.2**
Net change in unrealised gains/losses on investments	(31.6)	20.8
Tax credit (charge) on net change in unrealised gains/losses on investments	0.9	(0.7)
Other comprehensive (loss) income	**(30.7)**	**20.1**
Total comprehensive (loss) income attributable to Lancashire	**(92.9)**	**24.3**
Net loss ratio	67.6%	59.6%
Net acquisition cost ratio	22.5%	24.2%
Administrative expense ratio	17.2%	24.0%
Combined ratio	**107.3%**	**107.8%**

Consolidated balance sheet

As at 31 December 2021

	2021 $m	2020 $m
Assets		
Cash and cash equivalents	517.7	432.4
Accrued interest receivable	7.1	8.0
Investments	2,048.1	1,856.0
Inwards premiums receivable from insureds and cedants	490.6	371.9
Reinsurance assets		
- Unearned premiums on premiums ceded	117.8	97.4
- Reinsurance recoveries	418.8	338.7
- Other receivables	38.2	31.1
Other receivables	18.8	27.3
Investment in associate	118.7	127.2
Property, plant and equipment	0.8	0.7
Right-of-use asset	13.4	16.1
Deferred acquisition costs	121.6	89.0
Intangible assets	157.9	154.5
Total assets	**4,069.5**	**3,550.3**
Liabilities		
Insurance contracts		
- Losses and loss adjustment expenses	1,291.1	952.8
- Unearned premiums	597.9	457.9
- Other payables	20.3	22.5
Amounts payable to reinsurers	205.6	151.7
Deferred acquisition costs ceded	27.0	19.6
Other payables	37.4	46.1
Corporation tax payable	1.6	1.5
Deferred tax liability	12.2	10.9
Lease liability	17.9	20.9
Long-term debt	445.7	327.5
Total liabilities	**2,656.7**	**2,011.4**
Shareholders' equity		
Share capital	122.0	122.0
Own shares	(18.1)	(21.2)
Other reserves	1,221.6	1,221.6
Accumulated other comprehensive income	2.9	33.6
Retained earnings	83.9	182.5
Total shareholders' equity attributable to equity shareholders of Lancashire	**1,412.3**	**1,538.5**
Non-controlling interest	0.5	0.4
Total shareholders' equity	**1,412.8**	**1,538.9**
Total liabilities and shareholders' equity	**4,069.5**	**3,550.3**

Consolidated statement of cash flows

For the year ended 31 December 2021

	2021 $m	2020 $m
Cash flows from operating activities		
(Loss) profit before tax	(56.8)	5.9
Adjustments for:		
Tax paid	(3.2)	(1.6)
Depreciation	3.3	3.3
Interest expense on long-term debt	25.8	15.7
Interest expense on lease liabilities	1.1	1.3
Interest income	(34.1)	(36.9)
Net amortisation of fixed maturity securities	7.0	4.9
Redemption cost on senior and subordinated loan notes	12.8	–
Net realised / unrealised losses (gains) on interest rate swaps	3.4	(1.1)
Equity based compensation	11.1	12.3
Foreign exchange gains	(0.4)	(3.2)
Share of loss (profit) of associate	3.9	(10.7)
Net other investment income	(4.7)	(7.4)
Net realised (gains) losses and impairments	(6.1)	(12.8)
Changes in operational assets and liabilities		
- Insurance and reinsurance contracts	285.6	84.5
- Other assets and liabilities	(4.9)	26.7
Net cash flows from operating activities	**243.8**	**80.9**
Cash flows used in investing activities		
Interest received	42.7	39.9
Purchase of property, plant and equipment	(0.7)	–
Purchase of underwriting capacity	(0.2)	–
Internally generated intangible asset	(3.2)	–
Investment in associate	4.6	(8.2)
Purchase of investments	(1,348.5)	(1,129.7)
Proceeds on sale of investments	1,118.5	837.9
Net cash flows used in investing activities	**(186.8)**	**(260.1)**
Cash flows from financing activities		
Interest paid	(20.8)	(15.9)
Interest rate swap	(3.4)	–
Lease liabilities paid	(4.0)	(3.5)
Proceeds from issuance of common shares	–	340.3
Proceeds from issue of long-term debt	445.4	–
Redemption of long-term debt	(339.6)	–
Dividends paid	(36.4)	(32.3)
Dividends paid to minority interest holders	(0.5)	(0.5)
Share repurchases	(6.9)	—
Distributions by trust	(1.0)	(0.8)
Net cash flows from financing activities	**32.8**	**287.3**
Net increase in cash and cash equivalents	**89.8**	**108.1**
Cash and cash equivalents at the beginning of year	432.4	320.4
Effect of exchange rate fluctuations on cash and cash equivalents	(4.5)	3.9
Cash and cash equivalents at end of period	**517.7**	**432.4**