

Underwriting comes **first**

Effectively **balance** risk and return

Operate **nimbly** through the cycle

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELED 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”, “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 GROUP’S FINANCIAL POSITION, 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 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’ RATING WITH A.M. BEST, STANDARD & POOR’S, MOODY’S OR OTHER RATING AGENCIES; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR OTHER FACTORS; A CYCLICAL DOWNTURN OF THE INDUSTRY; THE IMPACT OF A DETERIORATING CREDIT ENVIRONMENT FOR ISSUERS OF FIXED INCOME 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; THE IMPACT OF INFLATION OR DEFLATION IN RELEVANT ECONOMIES IN WHICH WE OPERATE; 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 WE WRITE 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; ANY OF THE GROUP’S BERMUDIAN SUBSIDIARIES BECOMING SUBJECT TO INCOME TAXES IN THE UNITED STATES OR THE UNITED KINGDOM; THE INAPPLICABILITY TO THE GROUP OF SUITABLE EXCLUSIONS FROM THE UK CFC REGIME; ANY CHANGE IN UK GOVERNMENT POLICY WHICH IMPACTS THE CFC REGIME OR OTHER TAX CHANGES; AND THE IMPACT OF THE “BREXIT” VOTE AND FUTURE NEGOTIATIONS REGARDING THE U.K.’S RELATIONSHIP WITH THE E.U. IN THE RECENT IN-OR-OUT REFERENDUM ON OUR BUSINESS, REGULATORY RELATIONSHIPS, UNDERWRITING PLATFORMS OR THE INDUSTRY GENERALLY.

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

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basis of presentation and non-GAAP financial measures

LANCASHIRE HOLDINGS LIMITED'S ("LANCASHIRE" OR "THE GROUP") AUDITED CONSOLIDATED FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") ENDORSED BY THE EUROPEAN UNION. WHERE IFRS IS SILENT, AS IT IS IN RESPECT OF THE MEASUREMENT OF INSURANCE PRODUCTS, THE IFRS FRAMEWORK ALLOWS REFERENCE TO ANOTHER COMPREHENSIVE BODY OF ACCOUNTING PRINCIPLES. IN SUCH INSTANCES, MANAGEMENT DETERMINES APPROPRIATE MEASUREMENT BASES, TO PROVIDE THE MOST USEFUL INFORMATION TO USERS OF THE CONSOLIDATED FINANCIAL STATEMENTS, USING THEIR JUDGMENT AND CONSIDERING THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES ("US GAAP").

THIS FINANCIAL SUPPLEMENT HAS NOT BEEN AUDITED AND MAY CONTAIN DIFFERENCES TO NUMBERS AND DISCLOSURES PROVIDED IN OUR AUDITED AND / OR INTERIM FINANCIAL STATEMENTS. THESE DIFFERENCES ARE DUE TO MANAGEMENT'S PREFERRED PRESENTATION OR TO AID USERS' UNDERSTANDING OF THE GROUP.

THE FOLLOWING INFORMATION INCLUDED IN THIS DOCUMENT HAS NOT BEEN PREPARED IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLES USED BY LANCASHIRE FOR ITS AUDITED AND / OR INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND INCLUDES NON IFRS/US GAAP MEASURES:

NET OPERATING INCOME (LOSS) ATTRIBUTABLE TO LANCASHIRE - NET OPERATING INCOME (LOSS) EXCLUDES: REALISED GAINS AND LOSSES NET OF IMPAIRMENTS; FOREIGN EXCHANGE AND TAX .

NET LOSS RATIO - THE NET LOSS RATIO IS THE NET INSURANCE LOSSES AND LOSS ADJUSTMENT EXPENSES DIVIDED BY NET PREMIUMS EARNED.

ACCIDENT YEAR LOSS RATIO - THE ACCIDENT YEAR LOSS RATIO IS CALCULATED USING THE ULTIMATE LIABILITY REVALUED AT THE CURRENT BALANCE SHEET DATE, DIVIDED BY PREMIUMS EARNED.

NET ACQUISITION COST RATIO - THE NET ACQUISITION COST RATIO IS THE NET ACQUISITION EXPENSES DIVIDED BY NET PREMIUMS EARNED.

ADMINISTRATIVE EXPENSE RATIO - THE ADMINISTRATIVE EXPENSE RATIO IS THE GENERAL AND ADMINISTRATIVE EXPENSES ("OTHER OPERATING EXPENSES"), BUT EXCLUDING OPTIONS AND RESTRICTED STOCK EXPENSES, DIVIDED BY NET PREMIUMS EARNED.

COMBINED RATIO - THE COMBINED RATIO IS THE SUM OF THE NET LOSS RATIO, THE NET ACQUISITION COST RATIO AND THE ADMINISTRATIVE EXPENSE RATIO.

FULLY CONVERTED BOOK VALUE PER SHARE ("FCBVS") ATTRIBUTABLE TO LANCASHIRE - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE PLUS THE PROCEEDS THAT WOULD BE RECEIVED FROM THE EXERCISE OF ALL DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS AS CALCULATED UNDER THE TREASURY METHOD; DIVIDED BY: THE SUM OF ALL SHARES, DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, ASSUMING ALL ARE EXERCISED. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE ADJUSTED FOR DIVIDENDS - THE CALCULATION IS THE INTERNAL RATE OF RETURN OF THE CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE IN THE PERIOD PLUS DIVIDENDS ACCRUED.

COMPOUND ANNUAL CHANGE IN FULLY CONVERTED BOOK VALUE PER SHARE ADJUSTED FOR DIVIDENDS ABOVE 3 MONTH TREASURY - THE CALCULATION IS THE INTERNAL RATE OF RETURN ON THE MOVEMENT IN FULLY CONVERTED BOOK VALUE SINCE INCEPTION ON AN ANNUALISED BASIS PLUS DIVIDENDS ACCRUED LESS THE ANNUALISED 3 MONTH TREASURY RATE.

FULLY DILUTED BOOK VALUE PER SHARE ("FDBVS") ATTRIBUTABLE TO LANCASHIRE - THE CALCULATION IS BASED ON THE FOLLOWING: THE VALUE OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE DIVIDED BY: THE SUM OF ALL SHARES OUTSTANDING AFTER THE EXERCISE OF ALL DILUTIVE WARRANTS AND DILUTIVE RESTRICTED STOCK UNITS, AS CALCULATED UNDER THE TREASURY METHOD, ASSUMING ALL ARE EXERCISED. TANGIBLE FULLY CONVERTED BOOK VALUE PER SHARE ATTRIBUTABLE TO LANCASHIRE EXCLUDES INTANGIBLE ASSETS FROM CAPITAL.

DEBT TO TOTAL CAPITAL RATIO - THE CALCULATION IS BASED ON THE FOLLOWING AND IS AN INDICATION OF THE LEVERAGE OF THE COMPANY: LONG-TERM DEBT DIVIDED BY LONG-TERM DEBT PLUS SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE.

DEBT TO TOTAL TANGIBLE CAPITAL RATIO - THE CALCULATION IS BASED ON THE FOLLOWING AND IS AN INDICATION OF THE LEVERAGE OF THE COMPANY: LONG-TERM DEBT DIVIDED BY LONG-TERM DEBT PLUS SHAREHOLDERS' EQUITY ATTRIBUTABLE TO LANCASHIRE LESS INTANGIBLE ASSETS.

MANAGED CASH INCLUDES BOTH CASH MANAGED BY EXTERNAL INVESTMENT MANAGERS AND NON-OPERATING CASH MANAGED INTERNALLY.

ALL AMOUNTS, EXCLUDING SHARE DATA OR WHERE OTHERWISE STATED, ARE IN MILLIONS OF UNITED STATES DOLLARS.

MANAGEMENT BELIEVES THE FINANCIAL MEASURES INCLUDED IN THIS FINANCIAL SUPPLEMENT ARE IMPORTANT FOR UNDERSTANDING THE GROUP'S OVERALL RESULTS OF OPERATIONS. WE BELIEVE THAT THE MEASURES INCLUDED IN THIS DOCUMENT ARE IMPORTANT TO INVESTORS AND OTHER INTERESTED PARTIES AND THAT SUCH PERSONS BENEFIT FROM HAVING A CONSISTENT BASIS FOR COMPARISON WITH OTHER COMPANIES WITHIN THE INDUSTRY. HOWEVER, THESE MEASURES MAY NOT BE COMPARABLE TO SIMILARLY LABELED MEASURES USED BY COMPANIES INSIDE OR OUTSIDE THE INSURANCE INDUSTRY. IN ADDITION, THE INFORMATION HEREIN SHOULD NOT BE VIEWED AS A SUBSTITUTE FOR THE MEASURES DETERMINED IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLES USED BY THE GROUP FOR ITS AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND IN ACCORDANCE WITH IFRS/US GAAP. WHERE INDICATED THROUGHOUT THIS DOCUMENT, REFERENCE SHOULD BE MADE TO COMPARABLE INFORMATION IN THE GROUP'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM RESULTS ANNOUNCEMENT.

Lancashire Holdings Limited
consolidated financial highlights

	q3 2016	q3 2015	% change q3 - 16 vs. q3 - 15	ytd 2016	ytd 2015	% change ytd - 16 vs. ytd - 15
highlights						
gross premiums written	\$ 108.2	\$ 120.4	(10%)	\$ 538.8	\$ 544.0	(1%)
net premiums written	92.0	110.1	(16%)	370.6	394.4	(6%)
net premiums earned	109.3	138.7	(21%)	359.9	436.3	(18%)
net insurance losses	27.7	36.6	(24%)	100.7	131.7	(24%)
net investment income	7.0	7.8	(10%)	23.0	22.4	3%
net realised gains (losses) and impairments	1.9	(2.4)	179%	(5.5)	(2.0)	(175%)
profit after tax attributable to Lancashire	42.9	34.1	26%	102.7	126.7	(19%)
change in net unrealised gains / losses on investments	(1.3)	(3.8)	66%	20.6	(1.9)	1,184%
comprehensive income attributable to Lancashire	41.6	30.3	37%	123.3	124.8	(1%)
net operating income attributable to Lancashire ⁽¹⁾	\$ 40.1	\$ 37.1	8%	\$ 98.1	\$ 127.6	(23%)
total investments and cash	\$ 2,132.7	\$ 2,258.5	(6%)			
shareholders' equity attributable to Lancashire	\$ 1,321.0	\$ 1,360.5	(3%)			
per share data attributable to Lancashire						
net operating income per share - diluted ⁽²⁾	\$ 0.20	\$ 0.18		\$ 0.49	\$ 0.65	
profit after tax per share - diluted ⁽²⁾	\$ 0.21	\$ 0.17		\$ 0.51	\$ 0.64	
fully converted book value per share	\$ 6.55	\$ 6.78		\$ 6.55	\$ 6.78	
change in FCBVS adj for dividends ⁽³⁾	3.1%	2.6%		10.5%	7.2%	
change in FCBVS adj for dividends - tangible ⁽⁴⁾	3.7%	2.9%		12.2%	7.6%	
change in FCBVS adj for dividends - excluding warrant exercises ⁽⁵⁾	3.1%	2.6%		10.5%	9.3%	
fully diluted book value per share	\$ 6.55	\$ 6.77		\$ 6.55	\$ 6.77	
change in FDBVS adj for dividends ⁽⁶⁾	3.1%	2.4%		10.5%	8.5%	
change in FDBVS adj for dividends - tangible ⁽⁷⁾	3.7%	2.9%		12.2%	10.0%	
financial ratios						
net loss ratio	25.3%	26.4%		28.0%	30.2%	
net acquisition cost ratio	26.6%	25.7%		26.7%	25.9%	
administrative expense ratio	21.9%	18.1%		20.9%	17.4%	
combined ratio	<u>73.8%</u>	<u>70.2%</u>		<u>75.6%</u>	<u>73.5%</u>	
accident year net loss ratio	29.6%	47.2%		45.0%	50.6%	
net return on total investments including internal FX hedges	0.6%	(0.2%)		2.2%	0.8%	
net return on total investments excluding internal FX hedges	0.5%	(0.3%)		2.2%	0.5%	

⁽¹⁾ excludes realised gains and losses, tax and foreign exchange gains and losses

⁽²⁾ earnings per share calculations use weighted average common shares outstanding - basic when in a net loss position

⁽³⁾ change in fully converted book value per share adjusted for dividends ("FCBVS") is the internal rate of return of the change in fully converted book value per share in the period adjusted for dividends accrued

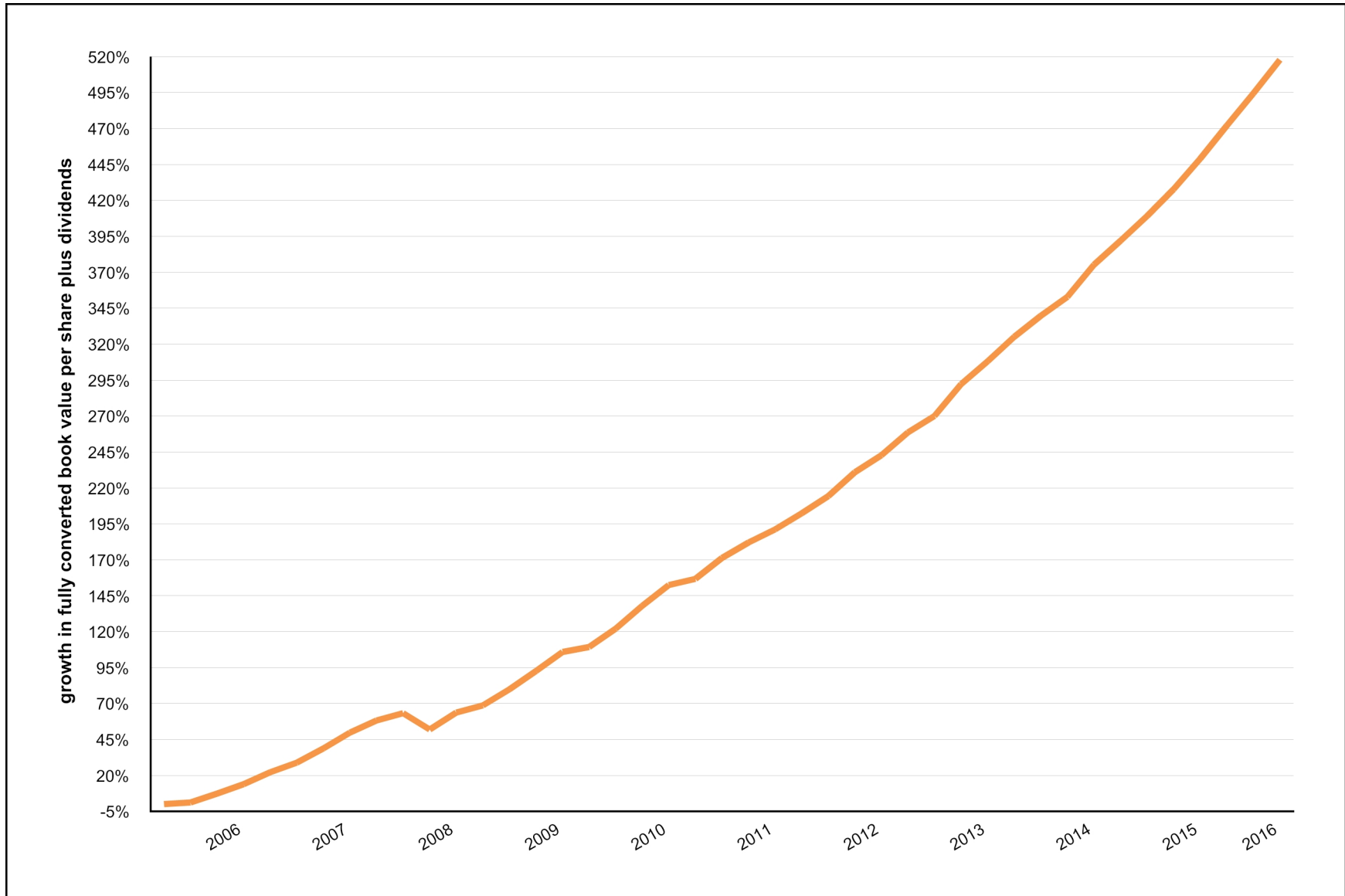
⁽⁴⁾ change in tangible fully converted book value per share adjusted for dividends ("FCBVS") excludes intangible assets from capital

⁽⁵⁾ change in tangible fully converted book value per share adjusted for dividends ("FCBVS") excludes the impact of warrants exercised. All remaining warrants were exercised during 2015 so there is no impact of warrants on 2016 FCBVS.

⁽⁶⁾ change in fully diluted book value per share adjusted for dividends ("FDBVS") is the internal rate of return of the change in fully diluted book value per share in the period adjusted for dividends accrued

⁽⁷⁾ change in tangible fully diluted book value per share adjusted for dividends ("FDBVS") excludes intangible assets from capital

growth in fully converted book value per share plus dividends since inception



* growth in fully converted book value per share plus dividends since inception to Q3 2016

Lancashire Holdings Limited
summary consolidated income statements

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
gross premiums written	\$ 108.2	\$ 199.8	\$ 230.8	\$ 97.1	\$ 120.4	\$ 538.8	\$ 544.0	\$ 641.1
outwards reinsurance premiums	(16.2)	(42.8)	(109.2)	(9.8)	(10.3)	(168.2)	(149.6)	(159.4)
net premiums written	92.0	157.0	121.6	87.3	110.1	370.6	394.4	481.7
change in unearned premiums	48.9	(38.2)	(58.9)	72.3	58.7	(48.2)	7.6	79.9
change in unearned premiums on premiums ceded	(31.6)	(5.4)	74.5	(28.8)	(30.1)	37.5	34.3	5.5
net premiums earned	109.3	113.4	137.2	130.8	138.7	359.9	436.3	567.1
net investment income	7.0	8.5	7.5	7.4	7.8	23.0	22.4	29.8
net other investment income (losses)	4.0	0.9	(1.4)	(0.2)	(5.3)	3.5	(1.1)	(1.3)
net realised gains (losses) and impairments	1.9	0.5	(7.9)	(0.8)	(2.4)	(5.5)	(2.0)	(2.8)
share of profit (loss) of associate	2.7	0.4	1.3	(0.2)	2.7	4.4	4.3	4.1
other income	3.0	4.6	2.6	5.0	5.1	10.2	14.9	19.9
net foreign exchange gains (losses)	0.8	3.2	(0.5)	2.6	(2.0)	3.5	(5.0)	(2.4)
total net revenue	128.7	131.5	138.8	144.6	144.6	399.0	469.8	614.4
insurance losses	43.9	87.8	47.1	24.1	38.2	178.8	153.4	177.5
insurance losses recoverable	(16.2)	(55.4)	(6.5)	(0.1)	(1.6)	(78.1)	(21.7)	(21.8)
net insurance acquisition expenses	29.1	33.5	33.5	33.1	35.7	96.1	113.1	146.2
equity based compensation	1.7	4.8	3.6	3.6	7.4	10.1	12.2	15.8
other operating expenses	23.9	25.5	25.7	30.7	25.1	75.1	75.9	106.6
total expenses	82.4	96.2	103.4	91.4	104.8	282.0	332.9	424.3
profit before tax and finance costs	46.3	35.3	35.4	53.2	39.8	117.0	136.9	190.1
financing costs	(3.4)	(5.2)	(8.9)	(3.0)	(6.9)	(17.5)	(15.4)	(18.4)
profit before tax	42.9	30.1	26.5	50.2	32.9	99.5	121.5	171.7
tax credit	0.1	1.4	1.9	4.3	1.4	3.4	5.7	10.0
profit after tax	\$ 43.0	\$ 31.5	\$ 28.4	\$ 54.5	\$ 34.3	\$ 102.9	\$ 127.2	\$ 181.7
income attributable to non-controlling interests	(0.1)	—	(0.1)	(0.1)	(0.2)	(0.2)	(0.5)	(0.6)
profit after tax attributable to Lancashire	\$ 42.9	\$ 31.5	\$ 28.3	\$ 54.4	\$ 34.1	\$ 102.7	\$ 126.7	\$ 181.1
change in net unrealised gains / losses on investments	(1.3)	7.1	14.8	(9.4)	(3.8)	20.6	(1.9)	(11.3)
comprehensive income attributable to Lancashire	\$ 41.6	\$ 38.6	\$ 43.1	\$ 45.0	\$ 30.3	\$ 123.3	\$ 124.8	\$ 169.8
net loss ratio	25.3%	28.6%	29.6%	18.3%	26.4%	28.0%	30.2%	27.5%
net acquisition cost ratio	26.6%	29.5%	24.4%	25.3%	25.7%	26.7%	25.9%	25.8%
administrative expense ratio	21.9%	22.5%	18.7%	23.5%	18.1%	20.9%	17.4%	18.8%
combined ratio	73.8%	80.6%	72.7%	67.1%	70.2%	75.6%	73.5%	72.1%
net return on total investments including internal FX hedges	0.6%	0.9%	0.7%	(0.2%)	(0.2%)	2.2%	0.8%	0.7%
net return on total investments excluding internal FX hedges	0.5%	0.8%	0.8%	(0.2%)	(0.3%)	2.2%	0.5%	0.2%
basic earnings per share attributable to Lancashire	\$ 0.22	\$ 0.16	\$ 0.14	\$ 0.27	\$ 0.17	\$ 0.52	\$ 0.65	\$ 0.93
diluted earnings per share attributable to Lancashire	\$ 0.21	\$ 0.16	\$ 0.14	\$ 0.27	\$ 0.17	\$ 0.51	\$ 0.64	\$ 0.91

Lancashire Holdings Limited
premiums by line of business

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
gross premiums written								
property cat excess of loss	\$ 22.6	\$ 25.0	\$ 49.7	\$ 1.6	\$ 18.0	\$ 97.3	\$ 89.0	\$ 90.6
property political risk	5.1	16.7	10.8	15.7	12.4	32.6	17.6	33.3
terrorism	5.4	10.3	14.2	8.0	6.6	29.9	35.8	43.8
property retrocession	2.1	3.1	7.8	0.2	1.1	13.0	13.4	13.6
property risk xl	3.4	3.7	4.0	1.7	2.0	11.1	8.3	10.0
other property	1.1	3.3	2.1	0.6	0.7	6.5	5.3	5.9
total property	39.7	62.1	88.6	27.8	40.8	190.4	169.4	197.2
worldwide offshore energy	11.2	32.4	25.7	15.1	17.0	69.3	77.7	92.8
gulf of mexico offshore energy	(0.8)	19.9	0.9	—	0.1	20.0	6.1	6.1
onshore energy	1.0	1.6	1.2	0.9	0.9	3.8	2.8	3.7
energy liabilities	0.6	1.3	1.5	0.2	—	3.4	3.1	3.3
construction energy	0.7	0.8	1.0	(1.2)	0.5	2.5	4.0	2.8
other energy	1.4	1.5	0.5	—	0.4	3.4	3.3	3.3
total energy	14.1	57.5	30.8	15.0	18.9	102.4	97.0	112.0
marine hull and total loss	2.3	5.0	4.2	5.2	1.7	11.5	14.7	19.9
marine builders risk	1.4	3.1	3.6	1.4	1.3	8.1	5.1	6.5
marine P&I clubs	0.2	1.1	5.9	1.4	0.3	7.2	11.6	13.0
marine hull war	0.6	1.2	1.6	0.9	1.6	3.4	5.1	6.0
other marine	0.4	0.8	1.0	0.3	(0.2)	2.2	1.9	2.2
total marine	4.9	11.2	16.3	9.2	4.7	32.4	38.4	47.6
AV 52	6.1	4.0	7.0	7.0	5.5	17.1	16.5	23.5
aviation satellite	3.8	1.5	3.9	2.8	3.5	9.2	9.4	12.2
other aviation	1.1	0.3	0.5	(0.2)	0.3	1.9	1.1	0.9
total aviation	11.0	5.8	11.4	9.6	9.3	28.2	27.0	36.6
property reinsurance	15.0	23.2	47.2	5.1	14.4	85.4	87.8	92.9
property direct and facultative	12.5	18.8	12.9	13.4	16.0	44.2	52.8	66.2
aviation and satellite	2.9	5.5	9.8	7.2	3.8	18.2	21.3	28.5
marine cargo	4.7	4.3	7.4	5.3	7.4	16.4	24.3	29.6
energy	1.7	8.1	3.4	2.3	2.9	13.2	17.8	20.1
terrorism	1.2	2.2	1.3	1.6	1.5	4.7	4.4	6.0
contingency	0.5	1.1	1.7	0.6	0.7	3.3	3.8	4.4
total lloyd's	38.5	63.2	83.7	35.5	46.7	185.4	212.2	247.7
total gross premiums written	\$ 108.2	\$ 199.8	\$ 230.8	\$ 97.1	\$ 120.4	\$ 538.8	\$ 544.0	\$ 641.1

Lancashire Holdings Limited
total premiums under management



	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
Lancashire gross premiums written								
property	39.7	62.1	88.6	27.8	40.8	190.4	169.4	197.2
energy	14.1	57.5	30.8	15.0	18.9	102.4	97.0	112.0
marine	4.9	11.2	16.3	9.2	4.7	32.4	38.4	47.6
aviation	11.0	5.8	11.4	9.6	9.3	28.2	27.0	36.6
lloyd's	38.5	63.2	83.7	35.5	46.7	185.4	212.2	247.7
total gross premiums written	\$ 108.2	\$ 199.8	\$ 230.8	\$ 97.1	\$ 120.4	\$ 538.8	\$ 544.0	\$ 641.1
additional premiums managed by Lancashire								
lloyd's 2010 syndicate	20.8	33.2	49.3	14.8	23.8	103.3	113.5	128.3
kinesis re	4.4	—	50.6	—	7.4	55.0	69.6	69.6
	25.2	33.2	99.9	14.8	31.2	158.3	183.1	197.9
total premiums managed by Lancashire	\$ 133.4	\$ 233.0	\$ 330.7	\$ 111.9	\$ 151.6	\$ 697.1	\$ 727.1	\$ 839.0

Lancashire Holdings Limited
summary consolidated underwriting segment results

	nine months ended 30 september 2016					
	property	energy	marine	aviation	lloyd's	consolidated
gross premiums written	\$ 190.4	\$ 102.4	\$ 32.4	\$ 28.2	\$ 185.4	\$ 538.8
net premiums written	133.1	61.7	24.2	19.8	131.8	370.6
net premiums earned	110.8	76.4	25.8	18.9	128.0	359.9
net insurance (recoveries) losses	(4.8)	35.1	10.5	(0.7)	60.6	100.7
net insurance acquisition expenses	20.4	35.1	6.8	6.1	27.7	96.1
other operating expenses ⁽¹⁾						75.1
	\$ 95.2	\$ 6.2	\$ 8.5	\$ 13.5	\$ 39.7	\$ 88.0
net loss ratio	(4.3%)	45.9%	40.7%	(3.7%)	47.3%	28.0%
net acquisition cost ratio	18.4%	45.9%	26.4%	32.3%	21.6%	26.7%
administrative expense ratio ⁽¹⁾						20.9%
combined ratio	14.1%	91.8%	67.1%	28.6%	68.9%	75.6%

	nine months ended 30 september 2015					
	property	energy	marine	aviation	lloyd's	consolidated
gross premiums written	\$ 169.4	\$ 97.0	\$ 38.4	\$ 27.0	\$ 212.2	\$ 544.0
net premiums written	120.8	64.3	27.1	18.0	164.2	394.4
net premiums earned	130.4	101.8	29.9	25.0	149.2	436.3
net insurance (recoveries) losses	8.4	53.3	2.7	14.2	53.1	131.7
net insurance acquisition expenses	24.5	38.1	10.5	6.4	33.6	113.1
other operating expenses ⁽¹⁾						75.9
	\$ 97.5	\$ 10.4	\$ 16.7	\$ 4.4	\$ 62.5	\$ 115.6
net loss ratio	6.4%	52.4%	9.0%	56.8%	35.6%	30.2%
net acquisition cost ratio	18.8%	37.4%	35.1%	25.6%	22.5%	25.9%
administrative expense ratio ⁽¹⁾						17.4%
combined ratio	25.2%	89.8%	44.1%	82.4%	58.1%	73.5%

⁽¹⁾ administrative expenses are not allocated by segment

Lancashire Holdings Limited
property segment - underwriting statement

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
underwriting income						
gross premiums written	\$ 39.7	\$ 62.1	\$ 88.6	\$ 27.8	\$ 40.8	\$ 197.2
outwards reinsurance premiums	(4.4)	(12.6)	(40.3)	(2.8)	(1.3)	(51.4)
net premiums written	35.3	49.5	48.3	25.0	39.5	145.8
change in unearned premiums	6.8	(8.8)	(38.9)	25.7	11.8	19.6
change in unearned premiums on premiums ceded	(12.4)	0.6	30.4	(9.8)	(9.7)	5.9
net premiums earned	\$ 29.7	\$ 41.3	\$ 39.8	\$ 40.9	\$ 41.6	\$ 171.3
underwriting expenses						
net insurance (recoveries) losses	(4.0)	4.0	(4.8)	9.8	20.3	18.2
net insurance acquisition expenses	6.0	7.7	6.7	7.1	7.7	31.6
total underwriting expenses	2.0	11.7	1.9	16.9	28.0	49.8
net underwriting income	\$ 27.7	\$ 29.6	\$ 37.9	\$ 24.0	\$ 13.6	\$ 121.5
net loss ratio (% of net premiums earned)	(13.5%)	9.7%	(12.1%)	24.0%	48.8%	10.6%
net acquisition cost ratio (% of net premiums earned)	20.2%	18.6%	16.8%	17.4%	18.5%	18.4%
	6.7%	28.3%	4.7%	41.4%	67.3%	29.0%

Lancashire Holdings Limited
energy segment - underwriting statement

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
underwriting income (loss)						
gross premiums written	\$ 14.1	\$ 57.5	\$ 30.8	\$ 15.0	\$ 18.9	\$ 112.0
outwards reinsurance premiums	(3.0)	(16.0)	(21.7)	2.1	(1.4)	(30.6)
net premiums written	11.1	41.5	9.1	17.1	17.5	81.4
change in unearned premiums	20.4	(25.4)	11.9	16.3	20.0	48.6
change in unearned premiums on premiums ceded	(8.7)	2.8	13.7	(8.7)	(8.1)	(3.5)
net premiums earned	\$ 22.8	\$ 18.9	\$ 34.7	\$ 24.7	\$ 29.4	\$ 126.5
underwriting expenses						
net insurance losses (recoveries)	3.8	10.4	20.9	(6.5)	3.6	46.8
net insurance acquisition expenses	10.5	11.2	13.4	9.2	11.9	47.3
total underwriting expenses	14.3	21.6	34.3	2.7	15.5	94.1
net underwriting income (loss)	\$ 8.5	\$ (2.7)	\$ 0.4	\$ 22.0	\$ 13.9	\$ 32.4
net loss ratio (% of net premiums earned)	16.7%	55.0%	60.2%	(26.3%)	12.2%	37.0%
net acquisition cost ratio (% of net premiums earned)	46.1%	59.3%	38.6%	37.2%	40.5%	37.4%
	62.8%	114.3%	98.8%	10.9%	52.7%	74.4%

Lancashire Holdings Limited
marine segment - underwriting statement

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
underwriting (loss) income						
gross premiums written	\$ 4.9	\$ 11.2	\$ 16.3	\$ 9.2	\$ 4.7	\$ 47.6
outwards reinsurance premiums	(0.5)	4.2	(11.9)	(0.6)	(0.3)	(11.9)
net premiums written	4.4	15.4	4.4	8.6	4.4	35.7
change in unearned premiums	5.0	1.0	(6.1)	1.6	6.7	1.9
change in unearned premiums on premiums ceded	(2.0)	(5.4)	9.1	(2.4)	(2.3)	0.1
net premiums earned	\$ 7.4	\$ 11.0	\$ 7.4	\$ 7.8	\$ 8.8	\$ 37.7
underwriting expenses						
net insurance losses (recoveries)	11.5	(6.0)	5.0	2.5	(0.4)	5.2
net insurance acquisition expenses	2.1	3.1	1.6	2.4	3.0	12.9
total underwriting expenses	13.6	(2.9)	6.6	4.9	2.6	18.1
net underwriting (loss) income	\$ (6.2)	\$ 13.9	\$ 0.8	\$ 2.9	\$ 6.2	\$ 19.6
net loss ratio (% of net premiums earned)	155.4%	(54.5%)	67.6%	32.1%	(4.5%)	13.8%
net acquisition cost ratio (% of net premiums earned)	28.4%	28.2%	21.6%	30.8%	34.1%	34.2%
	183.8%	(26.3%)	89.2%	62.9%	29.6%	48.0%

Lancashire Holdings Limited
aviation segment - underwriting statement

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
underwriting income						
gross premiums written	\$ 11.0	\$ 5.8	\$ 11.4	\$ 9.6	\$ 9.3	\$ 36.6
outwards reinsurance premiums	(1.3)	(4.4)	(2.7)	(5.2)	(1.8)	(14.2)
net premiums written	9.7	1.4	8.7	4.4	7.5	22.4
change in unearned premiums	(1.8)	2.3	(0.6)	1.4	1.6	6.4
change in unearned premiums on premiums ceded	(2.0)	1.1	0.1	2.6	(1.2)	4.6
net premiums earned	\$ 5.9	\$ 4.8	\$ 8.2	\$ 8.4	\$ 7.9	\$ 33.4
underwriting expenses						
net insurance (recoveries) losses	(0.4)	(0.3)	—	5.1	(1.1)	19.3
net insurance acquisition expenses	2.4	1.6	2.1	2.4	1.9	8.8
total underwriting expenses	2.0	1.3	2.1	7.5	0.8	28.1
net underwriting income	\$ 3.9	\$ 3.5	\$ 6.1	\$ 0.9	\$ 7.1	\$ 5.3
net loss ratio (% of net premiums earned)	(6.8%)	(6.3%)	—	60.7%	(13.9%)	57.8%
net acquisition cost ratio (% of net premiums earned)	40.7%	33.3%	25.6%	28.6%	24.1%	26.3%
	33.9%	27.0%	25.6%	89.3%	10.2%	84.1%

Lancashire Holdings Limited
lloyd's segment - underwriting statement

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
underwriting income						
gross premiums written	\$ 38.5	\$ 63.2	\$ 83.7	\$ 35.5	\$ 46.7	\$ 247.7
outwards reinsurance premiums	(7.0)	(14.0)	(32.6)	(3.3)	(5.5)	(51.3)
net premiums written	31.5	49.2	51.1	32.2	41.2	196.4
change in unearned premiums	18.5	(7.3)	(25.2)	27.3	18.6	3.4
change in unearned premiums on premiums ceded	(6.5)	(4.5)	21.2	(10.5)	(8.8)	(1.6)
net premiums earned	\$ 43.5	\$ 37.4	\$ 47.1	\$ 49.0	\$ 51.0	\$ 198.2
underwriting expenses						
net insurance losses	16.8	24.3	19.5	13.1	14.2	66.2
net insurance acquisition expenses	8.1	9.9	9.7	12.0	11.2	45.6
total underwriting expenses	24.9	34.2	29.2	25.1	25.4	111.8
net underwriting income	\$ 18.6	\$ 3.2	\$ 17.9	\$ 23.9	\$ 25.6	\$ 86.4
net loss ratio (% of net premiums earned)	38.6%	65.0%	41.4%	26.7%	27.8%	33.4%
net acquisition cost ratio (% of net premiums earned)	18.6%	26.5%	20.6%	24.5%	22.0%	23.0%
	57.2%	91.5%	62.0%	51.2%	49.8%	56.4%

Lancashire Holdings Limited

total contribution from third party capital activities

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
kinesis underwriting fees	\$ 2.2	\$ 0.6	\$ 0.5	\$ 1.5	\$ 2.6	\$ 3.3	\$ 4.1	\$ 5.6
kinesis profit commission	—	1.4	1.8	0.1	1.9	3.2	7.2	7.3
total kinesis	2.2	2.0	2.3	1.6	4.5	6.5	11.3	12.9
lloyd's managing agency fees	0.6	0.7	0.3	0.4	0.4	1.6	1.1	1.5
lloyd's consortium fees	0.2	0.3	—	0.1	0.2	0.5	0.2	0.3
lloyd's profit commission 2013 year of account	—	—	—	1.2	—	—	1.5	2.7
lloyd's profit commission 2014 year of account	—	(0.1)	—	1.7	—	(0.1)	0.8	2.5
lloyd's profit commission 2015 year of account	—	1.7	—	—	—	1.7	—	—
total lloyd's	0.8	2.6	0.3	3.4	0.6	3.7	3.6	7.0
other income	\$ 3.0	\$ 4.6	\$ 2.6	\$ 5.0	\$ 5.1	\$ 10.2	\$ 14.9	\$ 19.9
share of profit (loss) of associate	\$ 2.7	\$ 0.4	\$ 1.3	\$ (0.2)	\$ 2.7	\$ 4.4	\$ 4.3	\$ 4.1
total contribution from third party capital activities	\$ 5.7	\$ 5.0	\$ 3.9	\$ 4.8	\$ 7.8	\$ 14.6	\$ 19.2	\$ 24.0

Lancashire Holdings Limited
summary consolidated cash flows

cash flows	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
net cash flows from (used in) operating activities	\$ 23.9	\$ 29.6	\$ (13.0)	\$ 18.4	\$ 9.1	\$ 40.5	\$ 79.7	\$ 98.1
net cash flows (used in) from investing activities	(43.9)	2.4	42.9	213.0	(42.2)	1.4	21.1	234.1
net cash flows used in financing activities	(16.5)	(3.1)	(27.1)	(191.1)	(16.3)	(46.7)	(146.9)	(338.0)
net (decrease) increase in cash and cash equivalents	(36.5)	28.9	2.8	40.3	(49.4)	(4.8)	(46.1)	(5.8)
cash and cash equivalents opening	325.8	297.3	291.8	251.1	303.0	291.8	303.5	303.5
effect of exchange rate fluctuations	0.5	(0.4)	2.7	0.4	(2.5)	2.8	(6.3)	(5.9)
cash and cash equivalents closing	\$ 289.8	\$ 325.8	\$ 297.3	\$ 291.8	\$ 251.1	\$ 289.8	\$ 251.1	\$ 291.8

Lancashire Holdings Limited
summary consolidated balance sheets

	30 september 2016	30 june 2016	31 march 2016	31 december 2015	30 september 2015
assets					
cash and cash equivalents	\$ 289.8	\$ 325.8	\$ 297.3	\$ 291.8	\$ 251.1
accrued interest receivable	6.6	6.7	6.8	6.5	7.5
investments					
- fixed maturities - available for sale	1,645.0	1,607.7	1,583.7	1,576.9	1,766.9
- at fair value through profit or loss	25.4	24.8	24.7	24.8	55.1
- equity securities - available for sale	35.4	14.8	14.8	15.6	15.1
- hedge funds - at fair value through profit or loss	137.1	137.4	148.8	156.0	170.1
- other investments	—	0.1	(0.3)	—	0.2
reinsurance assets					
- unearned premiums on premiums ceded	67.7	99.3	104.7	30.2	59.0
- reinsurance recoveries	149.9	139.5	88.2	83.9	87.9
- other receivables	15.0	13.3	2.9	2.7	3.4
deferred acquisition costs	93.2	104.7	95.7	87.2	98.0
inwards premiums receivable from insureds and cedants	315.0	369.9	334.4	253.7	307.6
investment in associate	26.5	24.8	23.2	47.5	28.2
goodwill and other intangible assets	153.8	153.8	153.8	153.8	153.8
other assets	47.0	53.7	49.3	45.0	31.7
total assets	\$ 3,007.4	\$ 3,076.3	\$ 2,928.0	\$ 2,775.6	\$ 3,035.6
liabilities					
insurance contracts					
- losses and loss adjustment expenses	\$ 708.7	\$ 712.1	\$ 679.1	\$ 671.0	\$ 697.8
- unearned premiums	447.4	496.3	458.1	399.2	471.5
- other payables	38.9	43.1	38.2	36.2	42.4
amounts payable to reinsurers	64.2	92.2	72.8	26.6	39.0
deferred acquisition costs ceded	0.7	1.8	1.3	0.3	0.7
other payables	81.8	95.9	85.0	73.6	72.6
deferred tax liability	21.1	23.4	23.6	25.6	27.2
long-term debt	323.4	322.9	323.7	322.3	323.4
total liabilities	\$ 1,686.2	\$ 1,787.7	\$ 1,681.8	\$ 1,554.8	\$ 1,674.6
shareholders' equity					
share capital	100.7	100.7	100.7	100.7	100.2
own shares	(24.8)	(26.4)	(28.7)	(30.4)	(24.9)
other reserves	882.4	883.1	881.6	880.8	872.4
accumulated other comprehensive income (loss)	10.1	11.4	4.3	(10.5)	(1.1)
dividends	(29.8)	(19.8)	(19.8)	(317.5)	(128.9)
retained earnings	382.4	339.5	308.0	597.2	542.8
shareholders' equity attributable to Lancashire	\$ 1,321.0	\$ 1,288.5	\$ 1,246.1	\$ 1,220.3	\$ 1,360.5
non-controlling interests	0.2	0.1	0.1	0.5	0.5
total shareholders' equity	\$ 1,321.2	\$ 1,288.6	\$ 1,246.2	\$ 1,220.8	\$ 1,361.0
total liabilities and shareholders' equity	\$ 3,007.4	\$ 3,076.3	\$ 2,928.0	\$ 2,775.6	\$ 3,035.6
basic book value per share attributable to Lancashire	\$ 6.64	\$ 6.49	\$ 6.28	\$ 6.16	\$ 6.88
fully converted book value per share attributable to Lancashire	\$ 6.55	\$ 6.40	\$ 6.20	\$ 6.07	\$ 6.78
fully diluted book value per share attributable to Lancashire	\$ 6.55	\$ 6.40	\$ 6.20	\$ 6.07	\$ 6.77
debt to total capital ratio	19.7%	20.0%	20.6%	20.9%	19.2%
debt to total tangible capital ratio	21.7%	22.2%	22.9%	23.2%	21.1%

Lancashire Holdings Limited
composition of investment portfolio

	30 september 2016	%	30 june 2016	%	31 march 2016	%	31 december 2015	%	30 september 2015	%
type of investment										
short-term investments	\$ 11.8	0.6%	\$ 14.5	0.7%	\$ 17.3	0.9%	\$ 20.6	1.1%	\$ 42.0	1.9%
fixed maturity funds	14.7	0.7%	10.8	0.5%	11.4	0.6%	11.4	0.6%	11.3	0.5%
U.S. treasuries	416.4	20.5%	450.4	22.4%	384.6	19.7%	393.3	20.0%	390.2	18.0%
other government bonds	67.5	3.3%	61.6	3.0%	62.1	3.2%	65.4	3.3%	70.6	3.2%
U.S. municipal bonds	4.0	0.2%	4.1	0.2%	5.3	0.3%	5.2	0.3%	24.3	1.1%
U.S. government agency debt	84.5	4.2%	3.9	0.2%	4.9	0.3%	3.9	0.2%	18.3	0.8%
asset backed securities	116.6	5.8%	121.2	6.0%	111.9	5.7%	113.9	5.8%	180.9	8.3%
U.S. government agency mortgage backed securities	158.4	7.8%	161.6	8.0%	151.1	7.7%	143.8	7.3%	165.1	7.6%
non-agency mortgage backed securities	15.8	0.8%	17.0	0.8%	18.5	0.9%	21.8	1.1%	23.5	1.1%
agency commercial mortgage backed securities	—	—	—	—	—	—	—	—	1.6	0.1%
non-agency commercial mortgage backed securities	13.4	0.7%	16.8	0.8%	18.2	0.9%	28.8	1.5%	31.7	1.5%
bank loans	118.2	5.8%	119.3	5.9%	114.4	5.9%	115.0	5.9%	128.3	5.9%
corporate bonds	623.7	30.7%	626.5	31.1%	684.0	34.9%	653.8	33.2%	679.1	31.3%
total fixed maturities - available for sale	1,645.0	81.1%	1,607.7	79.6%	1,583.7	81.0%	1,576.9	80.3%	1,766.9	81.3%
fixed maturities - at fair value through profit or loss	25.4	1.3%	24.8	1.2%	24.7	1.3%	24.8	1.3%	55.1	2.5%
equity securities - available for sale	35.4	1.7%	14.8	0.7%	14.8	0.8%	15.6	0.8%	15.1	0.7%
hedge funds - at fair value through profit or loss	137.1	6.8%	137.4	6.8%	148.8	7.6%	156.0	8.0%	170.1	7.8%
other investments	—	—	0.1	—	(0.3)	—	—	—	0.2	—
managed cash	184.8	9.1%	235.2	11.7%	182.2	9.3%	187.5	9.6%	165.6	7.7%
total investments	\$ 2,027.7	100.0%	\$ 2,020.0	100.0%	\$ 1,953.9	100.0%	\$ 1,960.8	100.0%	\$ 2,173.0	100.0%
credit quality of fixed maturities - available for sale										
AAA	175.3	10.7%	179.9	11.2%	184.1	11.6%	215.4	13.7%	311.1	17.6%
AA+, AA, AA-	826.2	50.2%	778.7	48.4%	716.0	45.2%	722.6	45.8%	769.0	43.6%
A+, A, A-	287.2	17.4%	305.2	19.0%	325.6	20.6%	295.7	18.8%	336.3	19.0%
BBB+, BBB, BBB-	246.7	15.0%	234.5	14.6%	245.1	15.5%	230.7	14.6%	219.2	12.4%
other	109.6	6.7%	109.4	6.8%	112.9	7.1%	112.5	7.1%	131.3	7.4%
	\$ 1,645.0	100.0%	\$ 1,607.7	100.0%	\$ 1,583.7	100.0%	\$ 1,576.9	100.0%	\$ 1,766.9	100.0%
corporate bonds & bank loans (AFS) and fixed maturities (FVTPL)										
industrials	\$ 442.2	57.6%	\$ 449.9	58.4%	\$ 476.1	57.9%	\$ 457.9	57.7%	\$ 482.1	55.9%
financials	284.0	37.0%	285.3	37.0%	315.6	38.3%	308.5	38.9%	347.0	40.2%
utilities	40.9	5.4%	34.8	4.5%	30.8	3.7%	26.7	3.4%	32.8	3.8%
supranationals	0.2	—	0.6	0.1%	0.6	0.1%	0.5	—	0.6	0.1%
	\$ 767.3	100.0%	\$ 770.6	100.0%	\$ 823.1	100.0%	\$ 793.6	100.0%	\$ 862.5	100.0%
quarterly net return including the impact of internal FX hedges		0.6%		0.9%		0.7%		(0.2%)		(0.2%)
quarterly net return excluding the impact of internal FX hedges		0.5%		0.8%		0.8%		(0.2%)		(0.3%)
rolling 12 month net return including the impact of internal FX hedges		2.1%		1.3%		0.3%		0.7%		1.0%
rolling 12 month net return excluding the impact of internal FX hedges		1.9%		1.1%		0.4%		0.2%		0.5%
average book yield of fixed maturities and managed cash		1.7%		1.7%		1.7%		1.6%		1.6%
average market yield of fixed maturities and managed cash		1.5%		1.5%		1.7%		1.9%		1.6%
average duration of fixed maturities and managed cash		1.9 years		1.8 years		1.8 years		1.8 years		1.8 years
average duration of fixed maturities, managed cash and derivative instruments		1.7 years		1.7 years		1.6 years		1.5 years		1.5 years
average credit quality of fixed maturities and managed cash		AA-		AA-		A+		AA-		AA-
average credit quality of fixed maturities only		AA-		A+		A+		A+		AA-

Lancashire Holdings Limited
corporate & global bond holdings

	30 september 2016						
	par value units	estimated fair value	accrued interest	unrealised gain	credit quality ⁽¹⁾		
top twenty corporate holdings by issuer							
Barclays PLC	27.4	\$ 27.8	\$ —	\$ 0.4	A- ⁽²⁾		
Apple Inc.	11.8	11.8	—	—	AA+		
Westpac Banking Corporation	10.4	10.5	—	—	AA-		
JPMorgan Chase & Co.	10.1	10.4	0.1	0.1	A-		
Verizon Communications, Inc.	9.6	10.3	—	0.2	BBB+		
Morgan Stanley	9.6	9.9	0.1	0.2	BBB+		
Anheuser-Busch InBev	9.4	9.6	—	0.1	A-		
Ford Motor Company	8.6	9.5	0.1	0.1	BBB		
The Goldman Sachs Group, Inc.	8.1	8.7	0.1	0.3	BBB+		
Bank of America Corporation	8.2	8.3	0.1	0.1	A-		
Commonwealth Bank of Australia	8.0	8.1	—	0.1	AA-		
Cooperatieve Rabobank U.A.	7.6	7.9	0.1	0.2	A-		
Porsche Automobil Holding SE	7.1	7.2	0.1	—	BBB+		
Royal Dutch Shell PLC	6.9	7.0	0.1	—	A		
Stichting ING Aandelen	6.9	6.9	—	—	A		
Wells Fargo & Company	6.7	6.8	—	0.1	A+		
Comcast Corporation	6.4	6.7	0.1	—	A-		
National Australia Bank Limited	6.7	6.7	—	—	AA-		
UBS Group AG	6.4	6.7	—	0.1	A-		
Berkshire Hathaway Inc.	6.5	6.7	0.1	0.1	A+		
	<u>\$</u>	<u>187.5</u>	<u>\$</u>	<u>1.0</u>	<u>\$</u>	<u>2.1</u>	<u>A</u>

top twenty holdings as a % of corporate bonds (AFS) and fixed maturities (FVTPL)

28.9%

	30 september 2016							
	financials	other industries	total ⁽³⁾	other government bonds				
bonds by country								
United States	\$ 151.9	\$ 403.0	\$ 554.9	\$ —				
United Kingdom	40.7	12.0	52.7	1.8				
Canada	14.6	13.5	28.1	17.5				
Netherlands	20.2	13.4	33.6	7.1				
Australia	26.2	5.5	31.7	—				
Germany	7.7	8.6	16.3	11.2				
France	4.0	7.6	11.6	5.0				
Sweden	5.2	0.4	5.6	4.0				
Luxembourg	1.8	7.6	9.4	—				
Japan	6.5	—	6.5	—				
Norway	1.0	—	1.0	5.3				
Hong Kong	—	4.8	4.8	—				
Switzerland	2.9	1.6	4.5	—				
Russian Federation	—	—	—	2.9				
Austria	—	0.2	0.2	2.0				
Qatar	—	—	—	2.2				
Finland	—	—	—	2.1				
Spain	—	2.0	2.0	—				
Denmark	—	—	—	1.9				
Slovenia	—	—	—	1.5				
Brazil	—	—	—	1.4				
China	—	0.2	0.2	1.2				
Chile	1.3	—	1.3	—				
Mexico	—	1.0	1.0	—				
Other	0.2	1.7	1.9	0.4				
	<u>\$</u>	<u>284.2</u>	<u>\$</u>	<u>483.1</u>	<u>\$</u>	<u>767.3</u>	<u>\$</u>	<u>67.5</u>

⁽¹⁾ credit quality is calculated based on the weighted average credit ratings of the underlying debt securities.

⁽²⁾ includes capital protected structured notes, for which the credit rating of the underlying issuing bank has been used.

⁽³⁾ includes corporate bonds & bank loans (AFS) and fixed maturities (FVTPL).

Lancashire Holdings Limited

net losses and loss ratios

total	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
net reserves: start	\$ 572.6	\$ 590.9	\$ 587.1	\$ 609.9	\$ 650.7	\$ 640.2
paid losses	43.4	49.6	42.0	45.7	81.1	214.5
change in prior AY ⁽¹⁾	(4.9)	(39.3)	(17.7)	(16.6)	(29.9)	(107.7)
current year incurred losses	32.6	71.7	58.3	40.6	66.5	263.4
foreign exchange	1.9	(1.1)	5.2	(1.1)	3.7	5.7
net reserves: end	\$ 558.8	\$ 572.6	\$ 590.9	\$ 587.1	\$ 609.9	\$ 587.1
net premiums earned	109.3	113.4	137.2	130.8	138.7	567.1
net loss ratio	25.3%	28.6%	29.6%	18.3%	26.4%	27.5%
IBNR as % of net reserves	37.0%	38.1%	32.6%	35.2%	35.4%	35.2%

property	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
net reserves: start	\$ 124.4	\$ 138.5	\$ 147.1	\$ 147.8	\$ 147.1	\$ 170.5
paid losses	6.2	19.5	7.5	10.7	24.8	53.3
change in prior AY ⁽¹⁾	(9.0)	(9.6)	(12.0)	4.7	(3.4)	(26.4)
current year incurred losses	5.0	13.6	7.2	5.1	23.7	44.6
foreign exchange	2.2	1.4	3.7	0.2	5.2	11.7
net reserves: end	\$ 116.4	\$ 124.4	\$ 138.5	\$ 147.1	\$ 147.8	\$ 147.1
net premiums earned	29.7	41.3	39.8	40.9	41.6	171.3
net loss ratio	(13.5%)	9.7%	(12.1%)	24.0%	48.8%	10.6%

energy	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	full year 2015
net reserves: start	\$ 195.5	\$ 189.4	\$ 178.0	\$ 196.5	\$ 199.1	\$ 161.3
paid losses	10.0	4.7	10.6	11.9	5.8	29.6
change in prior AY ⁽¹⁾	(3.0)	(10.8)	(6.9)	(8.5)	(9.3)	(35.2)
current year incurred losses	6.8	21.2	27.8	2.0	12.9	82.0
foreign exchange	0.3	0.4	1.1	(0.1)	(0.4)	(0.5)
net reserves: end	\$ 189.6	\$ 195.5	\$ 189.4	\$ 178.0	\$ 196.5	\$ 178.0
net premiums earned	22.8	18.9	34.7	24.7	29.4	126.5
net loss ratio	16.7%	55.0%	60.2%	(26.3%)	12.2%	37.0%

⁽¹⁾ AY = accident year

Lancashire Holdings Limited
net losses and loss ratios (cont.)

	q3 2016		q2 2016		q1 2016		q4 2015		q3 2015		full year 2015	
marine												
net reserves: start	\$	62.4	\$	71.9	\$	68.1	\$	70.6	\$	74.5	\$	78.8
paid losses		4.3		3.4		1.5		5.1		3.9		15.9
change in prior AY ⁽¹⁾		8.0		(10.1)		0.8		(3.1)		(3.6)		(13.8)
current year incurred losses		3.5		4.1		4.2		5.6		3.2		19.0
foreign exchange		0.3		(0.1)		0.3		0.1		0.4		—
net reserves: end	\$	69.9	\$	62.4	\$	71.9	\$	68.1	\$	70.6	\$	68.1
net premiums earned		7.4		11.0		7.4		7.8		8.8		37.7
net loss ratio		155.4%		(54.5%)		67.6%		32.1%		(4.5%)		13.8%
aviation												
net reserves: start	\$	5.8	\$	11.3	\$	16.2	\$	11.1	\$	33.2	\$	20.0
paid losses		0.1		5.1		5.0		—		21.4		23.0
change in prior AY ⁽¹⁾		(0.8)		(1.0)		(1.4)		(0.6)		(2.5)		(2.9)
current year incurred losses		0.4		0.7		1.4		5.7		1.4		22.2
foreign exchange		—		(0.1)		0.1		—		0.4		(0.1)
net reserves: end	\$	5.3	\$	5.8	\$	11.3	\$	16.2	\$	11.1	\$	16.2
net premiums earned		5.9		4.8		8.2		8.4		7.9		33.4
net loss ratio		(6.8%)		(6.3%)		—		60.7%		(13.9%)		57.8%
lloyd's												
net reserves: start	\$	184.5	\$	179.8	\$	177.7	\$	183.9	\$	196.8	\$	209.6
paid losses		22.8		16.9		17.4		18.0		25.2		92.7
change in prior AY ⁽¹⁾		(0.1)		(7.8)		1.8		(9.1)		(11.1)		(29.4)
current year incurred losses		16.9		32.1		17.7		22.2		25.3		95.6
foreign exchange		(0.9)		(2.7)		—		(1.3)		(1.9)		(5.4)
net reserves: end	\$	177.6	\$	184.5	\$	179.8	\$	177.7	\$	183.9	\$	177.7
net premiums earned		43.5		37.4		47.1		49.0		51.0		198.2
net loss ratio		38.6%		65.0%		41.4%		26.7%		27.8%		33.4%

⁽¹⁾ AY = accident year

Lancashire Holdings Limited
losses by accident year excluding Lloyd's

gross losses excluding Lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
estimate of ultimate liability:											
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	176.9	138.1	173.5	—
one year later	34.7	131.2	417.4	107.8	209.4	371.9	290.9	155.6	100.5	—	—
two years later	32.0	103.5	377.5	73.1	204.2	362.3	290.1	129.4	—	—	—
three years later	27.6	94.8	345.1	66.0	204.4	381.1	282.8	—	—	—	—
four years later	27.2	83.5	340.8	64.7	197.4	396.6	—	—	—	—	—
five years later	24.4	81.0	346.9	62.6	201.8	—	—	—	—	—	—
six years later	24.0	81.7	343.6	61.2	—	—	—	—	—	—	—
seven years later	24.9	82.3	347.1	—	—	—	—	—	—	—	—
eight years later	25.0	81.9	—	—	—	—	—	—	—	—	—
nine years later	24.7	—	—	—	—	—	—	—	—	—	—
as at 31 december 2015	\$ 24.7	\$ 81.9	\$ 347.1	\$ 61.2	\$ 201.8	\$ 396.6	\$ 282.8	\$ 129.4	\$ 100.5	\$ 173.5	\$ —
as at 30 september 2016	\$ 24.7	\$ 83.3	\$ 347.1	\$ 61.2	\$ 201.2	\$ 392.4	\$ 279.3	\$ 136.5	\$ 89.8	\$ 138.5	\$ 145.9
payments made	(24.5)	(79.3)	(338.1)	(56.4)	(189.0)	(298.5)	(227.9)	(103.2)	(65.1)	(52.9)	(11.8)
total gross liability	\$ 0.2	\$ 4.0	\$ 9.0	\$ 4.8	\$ 12.2	\$ 93.9	\$ 51.4	\$ 33.3	\$ 24.7	\$ 85.6	\$ 134.1
accident year gross loss ratio ⁽¹⁾	8.2%	12.0%	51.0%	9.4%	30.7%	61.7%	38.4%	20.9%	15.1%	29.5%	45.7%

net losses excluding Lloyd's segment

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
estimate of ultimate liability:											
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	176.9	138.1	165.8	—
one year later	34.7	125.0	370.3	106.5	185.8	319.3	182.7	155.6	100.5	—	—
two years later	32.0	99.5	334.4	72.4	180.1	310.1	181.9	129.5	—	—	—
three years later	27.6	91.3	304.2	65.3	179.9	324.8	174.5	—	—	—	—
four years later	27.2	80.2	302.7	64.0	172.8	325.6	—	—	—	—	—
five years later	24.4	77.9	307.7	62.0	177.0	—	—	—	—	—	—
six years later	24.0	78.5	304.8	60.7	—	—	—	—	—	—	—
seven years later	24.9	79.1	307.7	—	—	—	—	—	—	—	—
eight years later	25.0	78.7	—	—	—	—	—	—	—	—	—
nine years later	24.7	—	—	—	—	—	—	—	—	—	—
as at 31 december 2015	24.7	78.7	307.7	60.7	177.0	325.6	174.5	129.5	100.5	165.8	—
as at 30 september 2016	24.7	80.1	307.1	60.7	176.6	321.4	171.0	136.4	89.8	130.9	95.8
payments made	(24.5)	(76.1)	(299.4)	(55.9)	(165.8)	(251.1)	(119.7)	(103.1)	(65.1)	(45.3)	(7.2)
total net liability	0.2	4.0	7.7	4.8	10.8	70.3	51.3	33.3	24.7	85.6	88.6
accident year net loss ratio ⁽¹⁾	10.1%	13.1%	50.6%	10.2%	28.8%	55.9%	29.4%	25.8%	17.9%	35.5%	41.3%
initial accident year net loss ratio	16.1%	24.7%	66.5%	27.2%	42.9%	59.3%	34.6%	33.5%	27.5%	44.9%	n/a
reduction in net loss ratio post accident year end	6.0%	11.6%	15.9%	17.0%	14.1%	3.4%	5.2%	7.7%	9.6%	9.4%	n/a

⁽¹⁾ accident year loss ratio is calculated using the ultimate liability revalued at the current balance sheet date

Lancashire Holdings Limited
losses by accident year - lloyd's

gross losses lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
estimate of ultimate lloyd's segment liability:											
at acquisition ⁽²⁾	35.6	5.8	8.8	25.0	31.4	89.2	64.5	71.2	—	—	—
as at 31 december 2013 ⁽²⁾	35.7	5.9	8.7	24.4	31.4	84.7	59.5	103.1	—	—	—
as at 31 december 2014	33.6	5.5	7.3	19.1	32.0	69.3	48.7	104.2	136.7	—	—
as at 31 december 2015	\$ 31.8	\$ 4.7	\$ 6.5	\$ 11.7	\$ 29.6	\$ 63.4	\$ 44.1	\$ 94.6	\$ 126.2	\$ 102.5	\$ —
as at 30 september 2016	\$ 30.9	\$ 4.2	\$ 5.9	\$ 11.2	\$ 29.9	\$ 63.1	\$ 42.8	\$ 92.5	\$ 123.2	\$ 99.0	\$ 96.0
payments made	(6.5)	(2.3)	(2.0)	(4.2)	(19.2)	(47.9)	(28.2)	(76.7)	(89.9)	(45.1)	(21.2)
total gross liability	\$ 24.4	\$ 1.9	\$ 3.9	\$ 7.0	\$ 10.7	\$ 15.2	\$ 14.6	\$ 15.8	\$ 33.3	\$ 53.9	\$ 74.8
accident year gross loss ratio ⁽¹⁾								58.6%	44.8%	39.4%	56.0%

net losses lloyd's segment

<u>accident year</u>	<u>2006 & prior</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
estimate of ultimate lloyd's segment liability:											
at acquisition ⁽²⁾	10.7	4.7	7.4	15.8	22.7	47.8	49.8	65.3	—	—	—
as at 31 december 2013 ⁽²⁾	10.6	5.1	7.2	15.1	22.4	44.5	45.9	93.2	—	—	—
as at 31 december 2014	8.5	4.6	6.3	12.7	22.2	36.7	34.9	95.3	118.9	—	—
as at 31 december 2015	\$ 7.1	\$ 3.8	\$ 5.5	\$ 9.7	\$ 19.8	\$ 31.1	\$ 31.2	\$ 85.7	\$ 112.1	\$ 94.9	\$ —
as at 30 september 2016	\$ 6.9	\$ 3.4	\$ 5.0	\$ 9.2	\$ 19.0	\$ 31.5	\$ 30.0	\$ 83.7	\$ 110.2	\$ 93.0	\$ 66.0
payments made	(3.4)	(1.7)	(1.6)	(4.5)	(10.0)	(23.1)	(20.1)	(69.9)	(82.0)	(43.2)	(20.9)
total net liability	\$ 3.5	\$ 1.7	\$ 3.4	\$ 4.7	\$ 9.0	\$ 8.4	\$ 9.9	\$ 13.8	\$ 28.2	\$ 49.8	\$ 45.1
accident year net loss ratio ⁽¹⁾								67.8%	51.5%	46.9%	51.6%
initial accident year net loss ratio								70.1%	55.5%	47.9%	n/a
reduction in net loss ratio post accident year end								2.3%	4.0%	1.0%	n/a

⁽¹⁾ accident year loss ratio is calculated using the ultimate liability revalued at the current balance sheet date

⁽²⁾ accident year loss allocations for the lloyd's segment at acquisition and at 31 December 2013 have been re-estimated to bring in line with the Lancashire Group methodology

Lancashire Holdings Limited
losses by accident year - group

gross losses group

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
estimate of ultimate liability:											
at end of accident year	39.1	154.8	444.6	163.3	297.4	397.0	250.3	280.0	274.8	276.0	—
one year later	34.7	131.2	417.4	107.8	209.4	371.9	350.4	259.8	226.7	—	—
two years later	32.0	103.5	377.5	73.1	204.2	447.0	338.8	224.0	—	—	—
three years later	27.6	94.8	345.1	66.0	235.8	450.4	326.9	—	—	—	—
four years later	27.2	83.5	340.8	89.1	229.4	460.0	—	—	—	—	—
five years later	24.4	81.0	355.6	81.7	231.4	—	—	—	—	—	—
six years later	24.0	87.6	350.9	72.9	—	—	—	—	—	—	—
seven years later	60.6	87.8	353.6	—	—	—	—	—	—	—	—
eight years later	58.6	86.6	—	—	—	—	—	—	—	—	—
nine years later	56.5	—	—	—	—	—	—	—	—	—	—
as at 31 december 2015	\$ 56.5	\$ 86.6	\$ 353.6	\$ 72.9	\$ 231.4	\$ 460.0	\$ 326.9	\$ 224.0	\$ 226.7	\$ 276.0	\$ —
as at 30 september 2016	\$ 55.6	\$ 87.5	\$ 353.0	\$ 72.4	\$ 231.1	\$ 455.5	\$ 322.1	\$ 229.0	\$ 213.0	\$ 237.5	\$ 241.9
payments made	(31.0)	(81.6)	(340.1)	(60.6)	(208.2)	(346.4)	(256.1)	(179.9)	(155.0)	(98.0)	(33.0)
total gross liability	\$ 24.6	\$ 5.9	\$ 12.9	\$ 11.8	\$ 22.9	\$ 109.1	\$ 66.0	\$ 49.1	\$ 58.0	\$ 139.5	\$ 208.9

accident year gross loss ratio ⁽¹⁾ 23.7% 24.5% 32.9% 49.3%

net losses group

accident year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
estimate of ultimate liability:											
at end of accident year	39.1	151.2	403.9	161.7	263.6	340.8	201.4	270.1	257.0	260.7	—
one year later	34.7	125.0	370.3	106.5	185.8	319.3	228.6	250.9	212.6	—	—
two years later	32.0	99.5	334.4	72.4	180.1	354.6	216.8	215.2	—	—	—
three years later	27.6	91.3	304.2	65.3	202.3	361.5	205.7	—	—	—	—
four years later	27.2	80.2	302.7	79.1	195.0	356.7	—	—	—	—	—
five years later	24.4	77.9	314.9	74.7	196.8	—	—	—	—	—	—
six years later	24.0	83.6	311.1	70.4	—	—	—	—	—	—	—
seven years later	35.5	83.7	313.2	—	—	—	—	—	—	—	—
eight years later	33.5	82.5	—	—	—	—	—	—	—	—	—
nine years later	31.8	—	—	—	—	—	—	—	—	—	—
as at 31 december 2015	\$ 31.8	\$ 82.5	\$ 313.2	\$ 70.4	\$ 196.8	\$ 356.7	\$ 205.7	\$ 215.2	\$ 212.6	\$ 260.7	\$ —
as at 30 september 2016	\$ 31.6	\$ 83.5	\$ 312.1	\$ 69.9	\$ 195.6	\$ 352.9	\$ 201.0	\$ 220.1	\$ 200.0	\$ 223.9	\$ 161.8
payments made	(27.9)	(77.8)	(301.0)	(60.4)	(175.8)	(274.2)	(139.8)	(173.0)	(147.1)	(88.5)	(28.1)
total net liability	\$ 3.7	\$ 5.7	\$ 11.1	\$ 9.5	\$ 19.8	\$ 78.7	\$ 61.2	\$ 47.1	\$ 52.9	\$ 135.4	\$ 133.7

accident year net loss ratio ⁽¹⁾ 28.8% 27.9% 39.5% 45.0%

initial accident year net loss ratio 36.1% 35.9% 46.0% n/a
reduction in net loss ratio post accident year end 7.3% 8.0% 6.5% n/a

⁽¹⁾ accident year loss ratio is calculated using the ultimate liability revalued at the current balance sheet date

⁽²⁾ accident year loss allocations for the lloyd's segment at acquisition and at 31 December 2013 have been re-estimated to bring in line with the Lancashire Group methodology

Lancashire Holdings Limited
estimated exposures to peak zone elemental losses

zones	perils	1 october 2016 ⁽²⁾ 100 year return period		1 october 2016 ⁽²⁾ 250 year return period	
		estimated gross loss	estimated net loss	estimated gross loss	estimated net loss
gulf of mexico ⁽¹⁾	hurricane	\$ 386.6	\$ 175.7	\$ 566.5	\$ 257.0
non gulf of mexico - US	hurricane	447.6	155.9	764.0	324.9
california	earthquake	284.4	85.5	446.8	143.1
pacific northwest	earthquake	49.5	27.5	185.3	65.7
pan-european	windstorm	224.7	70.4	351.3	118.1
japan	earthquake	141.5	49.1	375.2	122.6
japan	typhoon	146.8	49.2	227.6	67.4

THE GROUP HAS DEVELOPED THE ESTIMATES OF LOSSES EXPECTED FROM CERTAIN CATASTROPHES FOR ITS PORTFOLIO OF PROPERTY AND ENERGY CONTRACTS USING COMMERCIALY AVAILABLE CATASTROPHE MODELS, WHICH ARE APPLIED AND ADJUSTED BY THE GROUP. THESE ESTIMATES INCLUDE ASSUMPTIONS REGARDING THE LOCATION, SIZE AND MAGNITUDE OF AN EVENT, THE FREQUENCY OF EVENTS, THE CONSTRUCTION TYPE AND DAMAGEABILITY OF PROPERTY IN A ZONE, AND THE COST OF REBUILDING PROPERTY IN A ZONE, AMONG OTHER ASSUMPTIONS. RETURN PERIOD REFERS TO THE FREQUENCY WITH WHICH LOSSES OF A GIVEN AMOUNT OR GREATER ARE EXPECTED TO OCCUR.

GROSS LOSS ESTIMATES ARE NET OF REINSTATEMENT PREMIUMS AND GROSS OF OUTWARD REINSURANCE, BEFORE INCOME TAX. NET LOSS ESTIMATES ARE NET OF REINSTATEMENT PREMIUMS AND NET OF OUTWARD REINSURANCE, BEFORE INCOME TAX.

THE ESTIMATES OF LOSSES ABOVE ARE BASED ON ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES. IN PARTICULAR, MODELLED LOSS ESTIMATES DO NOT NECESSARILY ACCURATELY PREDICT ACTUAL LOSSES, AND MAY SIGNIFICANTLY DEVIATE FROM ACTUAL LOSSES. SUCH ESTIMATES, THEREFORE, SHOULD NOT BE CONSIDERED AS A REPRESENTATION OF ACTUAL LOSSES AND INVESTORS SHOULD NOT RELY ON THE ESTIMATED EXPOSURE INFORMATION WHEN CONSIDERING INVESTMENT IN THE GROUP. THE GROUP UNDERTAKES NO DUTY TO UPDATE OR REVISE SUCH INFORMATION TO REFLECT THE OCCURRENCE OF FUTURE EVENTS.

⁽¹⁾ landing hurricane from florida to texas

⁽²⁾ gross and net losses include lloyd's segment

Lancashire Holdings Limited
earnings per share



	q3 2016	q3 2015	ytd 2016	ytd 2015	full year 2015
basic earnings per share:					
profit after tax attributable to Lancashire	\$ 42.9	\$ 34.1	\$ 102.7	\$ 126.7	\$ 181.1
net operating income attributable to Lancashire	\$ 40.1	\$ 37.1	\$ 98.1	\$ 127.6	\$ 173.4
dilutive shares					
weighted average shares outstanding - basic	198,678,240	197,752,043	198,473,911	194,894,623	195,649,042
dilutive effect of warrants	—	303,857	—	291,673	—
dilutive effect of restricted stock	2,841,194	2,696,553	2,828,292	2,619,507	2,982,711
weighted average & equivalent shares outstanding - diluted	201,519,434	200,752,453	201,302,203	197,805,803	198,631,753
basic earnings per share attributable to Lancashire	\$ 0.22	\$ 0.17	\$ 0.52	\$ 0.65	\$ 0.93
diluted earnings per share attributable to Lancashire	\$ 0.21	\$ 0.17	\$ 0.51	\$ 0.64	\$ 0.91
diluted operating earnings per share attributable to Lancashire	\$ 0.20	\$ 0.18	\$ 0.49	\$ 0.65	\$ 0.87

Lancashire Holdings Limited
basic and fully converted book value per share

	30 september 2016	30 june 2016	31 march 2016	31 december 2015	30 september 2015
numerator (\$ in millions):					
shareholders' equity attributable to Lancashire	\$ 1,321.0	\$ 1,288.5	\$ 1,246.1	\$ 1,220.3	\$ 1,360.5
proceeds from assumed exercise of outstanding dilutive warrants	—	—	—	—	3.0
book value numerator	<u>\$ 1,321.0</u>	<u>\$ 1,288.5</u>	<u>\$ 1,246.1</u>	<u>\$ 1,220.3</u>	<u>\$ 1,363.5</u>
deduction for goodwill and other intangible assets	153.8	153.8	153.8	153.8	153.8
tangible book value numerator	<u>\$ 1,167.2</u>	<u>\$ 1,134.7</u>	<u>\$ 1,092.3</u>	<u>\$ 1,066.5</u>	<u>\$ 1,209.7</u>
denominator (in shares):					
common voting shares outstanding	198,805,323	198,628,362	198,389,687	198,197,858	197,806,760
shares issuable upon exercise of outstanding dilutive warrants	—	—	—	—	594,776
shares relating to dilutive restricted stock	2,941,447	2,752,375	2,567,149	2,877,885	2,737,475
fully converted book value denominator	<u>201,746,770</u>	<u>201,380,737</u>	<u>200,956,836</u>	<u>201,075,743</u>	<u>201,139,011</u>
basic book value per share attributable to Lancashire	<u>\$ 6.64</u>	<u>\$ 6.49</u>	<u>\$ 6.28</u>	<u>\$ 6.16</u>	<u>\$ 6.88</u>
fully converted book value per share attributable to Lancashire	<u>\$ 6.55</u>	<u>\$ 6.40</u>	<u>\$ 6.20</u>	<u>\$ 6.07</u>	<u>\$ 6.78</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 5.87</u>	<u>\$ 5.71</u>	<u>\$ 5.51</u>	<u>\$ 5.38</u>	<u>\$ 6.10</u>
tangible fully converted book value per share attributable to Lancashire	<u>\$ 5.79</u>	<u>\$ 5.63</u>	<u>\$ 5.44</u>	<u>\$ 5.30</u>	<u>\$ 6.01</u>
dividend per common share ⁽¹⁾	\$ 0.05	\$ —	\$ 0.10	\$ 0.95	\$ 0.05
change in FCBVS adj for dividends ⁽²⁾ - quarter	3.1%	3.2%	3.8%	3.5%	2.6%
change in FCBVS adj for dividends ⁽²⁾ - rolling 12 months	14.4%	13.7%	12.4%	10.9%	13.6%
compound annual change in FCBVS adj for dividends ⁽²⁾	18.5%	18.5%	18.6%	18.6%	18.6%
compound annual change in FCBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.4%	17.4%	17.5%	17.5%	17.5%
change in FCBVS adj for dividends ⁽²⁾ - since inception	517.8%	494.5%	471.9%	449.0%	427.8%
change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾ - quarter	3.1%	3.2%	3.8%	3.5%	2.6%
change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾ - rolling 12 months	14.2%	13.4%	12.4%	13.5%	15.9%
compound annual change in FCBVS excluding warrant exercises adj for dividends ⁽²⁾	18.6%	18.7%	18.7%	18.8%	18.8%
change in tangible FCBVS adj for dividends ⁽²⁾ - quarter	3.7%	3.5%	4.5%	4.0%	2.9%
change in tangible FCBVS adj for dividends ⁽²⁾ - rolling 12 months	16.7%	15.6%	14.2%	11.8%	14.6%

⁽¹⁾ warrants and restricted stock contain anti-dilution provisions in regards to dividends; the exercise price of options may be adjusted for dividend payments

⁽²⁾ change in fully converted book value per share ("FCBVS") adjusted for dividends is the internal rate of return of the change in fully converted book value per share in the period plus dividends accrued

Lancashire Holdings Limited
basic and fully diluted book value per share

	30 september 2016	30 june 2016	31 march 2016	31 december 2015	30 september 2015
shareholders' equity attributable to Lancashire	\$ 1,321.0	\$ 1,288.5	\$ 1,246.1	\$ 1,220.3	\$ 1,360.5
deduction for goodwill and other intangible assets	\$ 153.8	\$ 153.8	\$ 153.8	\$ 153.8	\$ 153.8
tangible shareholders' equity attributable to Lancashire	<u>\$ 1,167.2</u>	<u>\$ 1,134.7</u>	<u>\$ 1,092.3</u>	<u>\$ 1,066.5</u>	<u>\$ 1,206.7</u>
weighted average exercise price per share of dilutive warrants	\$ —	\$ —	\$ —	\$ —	\$ 5.00
denominator (in shares):					
common voting shares outstanding	198,805,323	198,628,362	198,389,687	198,197,858	197,806,760
unvested restricted shares and restricted share units	2,941,447	2,752,375	2,567,149	2,877,885	2,737,475
dilutive warrants outstanding	—	—	—	—	594,776
proforma warrants bought back	—	—	—	—	(284,507)
proforma net shares issued	—	—	—	—	310,269
proforma dilutive shares outstanding	<u>201,746,770</u>	<u>201,380,737</u>	<u>200,956,836</u>	<u>201,075,743</u>	<u>200,854,504</u>
basic book value per share attributable to Lancashire	<u>\$ 6.64</u>	<u>\$ 6.49</u>	<u>\$ 6.28</u>	<u>\$ 6.16</u>	<u>\$ 6.88</u>
fully diluted book value per share attributable to Lancashire	<u>\$ 6.55</u>	<u>\$ 6.40</u>	<u>\$ 6.20</u>	<u>\$ 6.07</u>	<u>\$ 6.77</u>
tangible basic book value per share attributable to Lancashire	<u>\$ 5.87</u>	<u>\$ 5.71</u>	<u>\$ 5.51</u>	<u>\$ 5.38</u>	<u>\$ 6.10</u>
tangible fully diluted book value per share attributable to Lancashire	<u>\$ 5.79</u>	<u>\$ 5.63</u>	<u>\$ 5.44</u>	<u>\$ 5.30</u>	<u>\$ 6.01</u>
dividend per common share ⁽¹⁾	0.05	—	0.10	0.95	0.05
change in FDBVS adj for dividends ⁽²⁾ - quarter	3.1%	3.2%	3.8%	3.7%	2.4%
change in FDBVS adj for dividends ⁽²⁾ - rolling 12 months	14.6%	13.7%	12.6%	12.5%	15.5%
compound annual change in FDBVS adj for dividends ⁽²⁾	18.5%	18.5%	18.6%	18.6%	18.6%
compound annual change in FDBVS adj for dividends ⁽²⁾ - above 3 month treasury	17.4%	17.4%	17.4%	17.5%	17.5%
change in FDBVS adj for dividends ⁽²⁾ - since inception	517.8%	494.5%	471.9%	449.0%	427.5%
change in tangible FDBVS adj for dividends ⁽²⁾ - quarter	3.7%	3.5%	4.5%	4.0%	2.9%
change in tangible FDBVS adj for dividends ⁽²⁾ - rolling 12 months	16.7%	15.6%	14.6%	14.4%	17.6%

⁽¹⁾ warrants and restricted stock contain anti-dilution provisions in regards to dividends; the exercise price of options may be adjusted for dividend payments

⁽²⁾ change in fully diluted book value per share ("FDBVS") adjusted for dividends is the internal rate of return of the change in fully diluted book value per share in the period plus dividends accrued

Cathedral Capital Limited
summary consolidated income statements ⁽¹⁾

	q3 2016	q2 2016	q1 2016	q4 2015	q3 2015	ytd 2016	ytd 2015	full year 2015
gross premiums written	\$ 38.5	\$ 63.2	\$ 83.7	\$ 35.5	\$ 46.7	\$ 185.4	\$ 212.2	\$ 247.7
outwards reinsurance premiums	(7.0)	(14.0)	(32.6)	(3.3)	(5.5)	(53.6)	(48.0)	(51.3)
net premiums written	31.5	49.2	51.1	32.2	41.2	131.8	164.2	196.4
change in unearned premiums	18.5	(7.3)	(25.2)	27.3	18.6	(14.0)	(23.9)	3.4
change in unearned premiums on premiums ceded	(6.5)	(4.5)	21.2	(10.5)	(8.8)	10.2	8.9	(1.6)
net premiums earned	43.5	37.4	47.1	49.0	51.0	128.0	149.2	198.2
net investment income	0.9	0.9	1.1	0.8	0.8	2.9	2.3	3.1
net realised gains (losses) and impairments	0.2	0.2	(0.6)	(0.5)	(0.2)	(0.2)	(0.1)	(0.6)
other income	0.8	2.6	0.3	3.4	0.6	3.7	3.6	7.0
net foreign exchange gains (losses)	1.0	3.5	4.1	1.1	(1.1)	8.6	(5.0)	(3.9)
total net revenue	46.4	44.6	52.0	53.8	51.1	143.0	150.0	203.8
insurance losses	23.2	43.5	21.3	13.2	15.7	88.0	51.8	65.0
insurance losses recoverable	(6.4)	(19.2)	(1.8)	(0.1)	(1.5)	(27.4)	1.3	1.2
net insurance acquisition expenses	8.1	9.9	9.7	12.0	11.2	27.7	33.6	45.6
equity based compensation	(1.3)	2.6	(0.8)	1.4	2.2	0.5	5.1	6.5
other operating expenses	7.4	7.8	7.9	10.3	8.6	23.1	23.8	34.1
total expenses	31.0	44.6	36.3	36.8	36.2	111.9	115.6	152.4
profit before tax and finance costs	15.4	—	15.7	17.0	14.9	31.1	34.4	51.4
financing costs	(0.8)	(0.7)	(1.3)	(0.8)	(0.8)	(2.8)	(2.0)	(2.8)
profit before tax	14.6	(0.7)	14.4	16.2	14.1	28.3	32.4	48.6
tax expense	(0.9)	(0.5)	(0.9)	(1.0)	(0.3)	(2.3)	(1.6)	(2.6)
profit after tax	\$ 13.7	\$ (1.2)	\$ 13.5	\$ 15.2	\$ 13.8	\$ 26.0	\$ 30.8	\$ 46.0
change in net unrealised gains / losses on investments	0.4	0.1	1.3	—	(1.3)	1.8	(0.4)	(0.4)
comprehensive income	\$ 14.1	\$ (1.1)	\$ 14.8	\$ 15.2	\$ 12.5	\$ 27.8	\$ 30.4	\$ 45.6
net loss ratio	38.6%	65.0%	41.4%	26.7%	27.8%	47.3%	35.6%	33.4%
net acquisition cost ratio	18.6%	26.5%	20.6%	24.5%	22.0%	21.6%	22.5%	23.0%
administrative expense ratio	17.0%	20.9%	16.8%	21.0%	16.9%	18.0%	16.0%	17.2%
combined ratio	74.2%	112.4%	78.8%	72.2%	66.7%	86.9%	74.1%	73.6%

⁽¹⁾ Cathedral results include group adjustments and do not therefore reflect the company's stand-alone position.