Lancashire
Holdings Limited

Investor Presentation: H1 2024

Safe harbour statements

Lancashire Holdings Limited

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS PRESENTATION OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “AIMS”, “ANTICIPATES”, “PLANS”, “PROJECTS”, “FORECASTS”, “GUIDANCE”, “POLICY”, “INTENDS”, “EXPECTS”, “ESTIMATES”, “PREDICTS”, “MAY”, “CAN”, “LIKELY”, “WILL”, “SEEKS”, “SHOULD”, OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP’S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PRESENTATION MAY BE AFFECTED BY: THE IMPACT OF THE COLLAPSE OF THE FRANCIS SCOTT KEY BRIDGE IN BALTIMORE WHICH OCCURRED IN THE FIRST QUARTER OF 2024, AND THE CONTINUED HOSTILITIES IN THE MIDDLE EAST AND THEIR IMPACT ON THE REGION, GLOBAL SUPPLY ROUTES AND INSURANCE AND FINANCIAL MARKETS. ALL FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP’S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS PRESENTATION AND THE REPORT AND ACCOUNTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

NOTE REGARDING RPI METHODOLOGY

THE RENEWAL PRICE INDEX (“RPI”) IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI 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 ALTERNATIVE PERFORMANCE MEASURES:

THE GROUP USES ALTERNATIVE PERFORMANCE MEASURES TO HELP EXPLAIN BUSINESS PERFORMANCE AND FINANCIAL POSITION. THESE MEASURES HAVE BEEN CALCULATED CONSISTENTLY WITH THOSE AS DISCLOSED IN THE GROUP’S ANNOUNCEMENT OF ITS RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024.

Contents

Highlights

H1 2024 highlights: Excellent profit growth of 26% to $200 million

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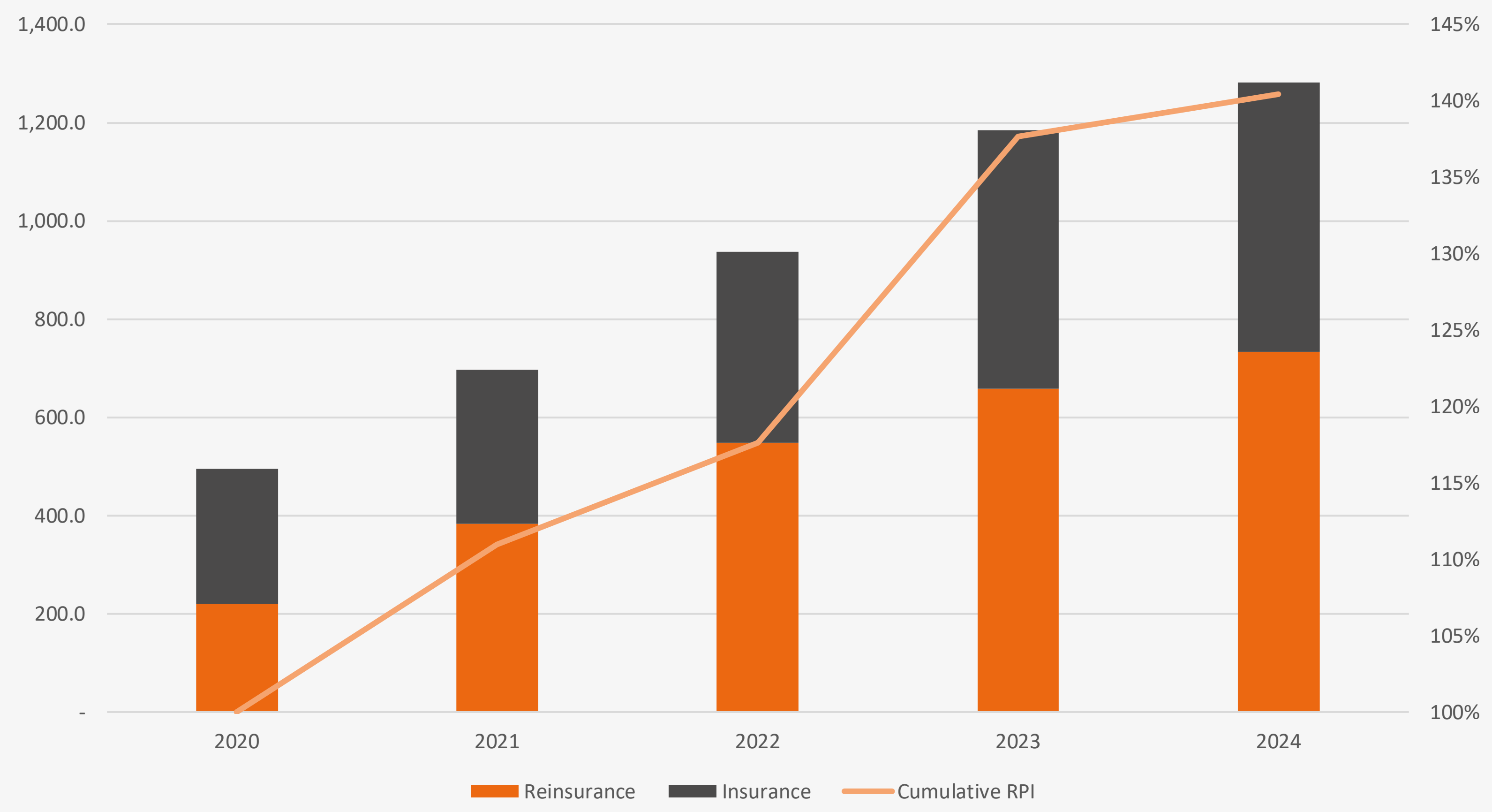
- Profit after tax of $200.8 million resulting in Change in DBVS of 14.0%
- Gross premiums written increased 8.3% to $1,282.2 million
- Insurance revenue increased 18.5% to $854.1 million
- Insurance service result of $222.8 million
- Discounted combined ratio of 73.0%, undiscounted combined ratio of 82.2%
- Total investment return of 2.3%, including unrealised gains and losses
- Interim dividend of 7.5 cents per share
- Strong balance sheet and robust capital position

Outstanding performance demonstrates success of long-term strategy

Lancashire Holdings Limited

Gross premiums written ($m) and cumulative RPI (%) for the first half: 2020 to 2024



- Gross premiums written increased 8.3% year-on-year.
- Combined ratio (discounted) of 73.0%.
- Combined ratio (undiscounted) of 82.2%.
- Continuing to grow ahead of rate.
- Group RPI of 102%.

Financials

H1 2024 financial results summary

Lancashire Holdings Limited

	Six months to 30 June 2024	Six months to 30 June 2023	Variance
	$m	$m	$m
Insurance revenue	**854.1**	720.9	133.2
Insurance service expenses	**(472.2)**	(288.5)	(183.7)
Insurance service result before reinsurance contracts held	**381.9**	432.4	(50.5)
Allocation of reinsurance premium	**(213.7)**	(212.7)	(1.0)
Amounts recoverable from reinsurers	**54.6**	(30.9)	85.5
Net expense from reinsurance contracts held	**(159.1)**	(243.6)	84.5
Insurance service result	**222.8**	188.8	34.0
Net investment return	**75.2**	63.2	12.0
Finance expense from insurance contracts issued	**(28.3)**	(37.7)	9.4
Finance income from reinsurance contracts held	**9.3**	14.1	(4.8)
Net insurance and investment results	**279.0**	228.4	50.6
Profit before tax	**213.6**	167.2	46.4
Profit after tax	**200.8**	159.2	41.6
Net insurance ratio	**65.2%**	62.8%	2.4%
Operating expense ratio	**7.8%**	8.6%	(0.8%)
Combined ratio (discounted)	**73.0%**	71.4%	1.6%
Discounting impact on combined ratio	**9.2%**	7.8%	1.4%
Combined ratio (undiscounted)	**82.2%**	79.2%	3.0%

Net claims environment

- Net losses (undiscounted, including reinstatement premiums) from large loss events of $45.5 million. None of these events were individually material for the Group, with the MV Dali Baltimore bridge collision disaster loss being most significant.

- No change to our conservative reserving philosophy with the net liability for insured claims corresponding to a confidence level of 87% as at 30 June 2024. This is within our preferred confidence level range of 80%-90%.

Net discounting benefit

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

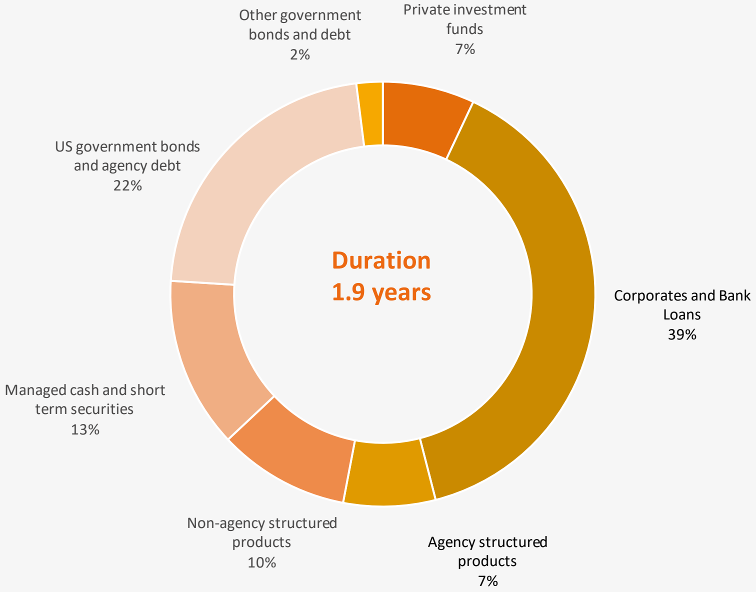
Prior year development

- Favourable prior accident year development was $52.0 million, compared to $72.1 million for the equivalent period in 2023.

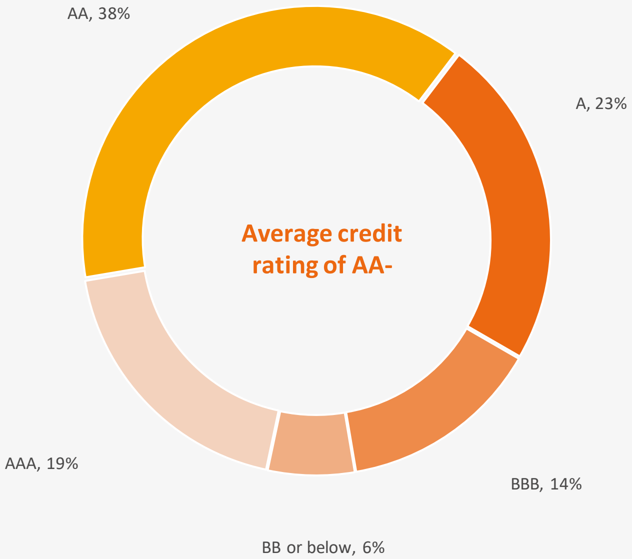
- Favourable development primarily due to lower attritional loss experience than expected in the 2023 accident year and catastrophe event reserve releases, mainly on the 2021 accident year.

Investments: conservative portfolio structure with a focus on quality

Asset Allocation
total investment portfolio and managed cash



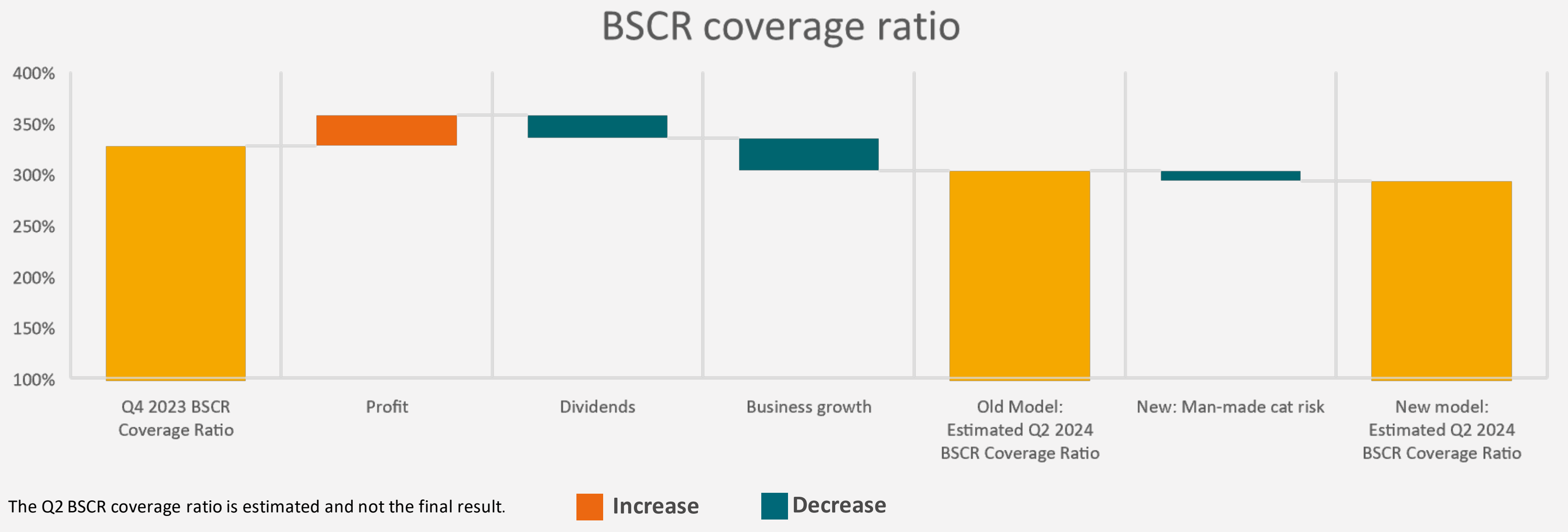
Credit Quality
fixed maturities and managed cash



- Total investment portfolio and managed cash as at 30 June 2024 was $2,938.9 million
- Total investment return for H1 2024 of 2.3%

Strongly capitalised

Lancashire Holdings Limited



The Q2 BSCR coverage ratio is estimated and not the final result.

- Very strong capital position going into windseason.
- Applying a stress scenario which incorporates a net loss catastrophe event (representative of our 1 in 100 Gulf of Mexico wind PML at $338.2 million) as at 30 June 2024 our ECR ratio would be approximately 250%.
- During Q2 2024 the BMA introduced model changes into the BSCR to include specific capital charges for man-made catastrophe risk exposures. These changes will be transitioned in over 3 years. There are no equivalent changes to the rating agency capital models, which remain our most constraining measure for capital.

Outlook

Outlook

- **No change to our long-term strategy.**
  Disciplined growth is important to balance returns over the longer term. This approach to growth will allow Lancashire to mitigate the weaker years through portfolio optimisation and we expect this to enhance returns over the cycle.

- **We remain strongly capitalised to deliver on our long-term strategy.** We continue to navigate the insurance cycle and manage the business for the long term.

- **We see strong opportunities in 2024 and beyond.** We will continue to grow while the opportunity persists in an attractive rating environment.

- **We continue to remain disciplined in our underwriting,** while taking advantage of the stronger market conditions.

No change to 2024 guidance

- In an average loss year we would expect the 2024 undiscounted combined ratio to be around the mid-80% range.

- This would result in an RoE, as measured by Change in DBVS, of around 20%.

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