Lancashire
Holdings Limited

Investor presentation
Q1 2022 update

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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”, “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 announcement of its results for the year ended 31 December 2021.
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 results announcement noted above which could cause actual results to differ before making an investment decision.

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 year ended 31 December 2021.

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 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 or, for example, new business lines within a segment. The future profitability of the portfolio of contracts within the RPI is dependent upon many factors besides the trends in premium rates.

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Q1 2022 Update

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In a challenging geopolitical environment, trading conditions remain constructive

- Challenging geopolitical environment; continuing to monitor events across Ukraine and Russia (including sanctions).
- Ultimate net loss estimates from the Ukraine / Russia conflict incurred within Ukraine in the range of $20-30 million.
- Gross premiums written increased by 34.7% year-on-year to $477.9 million.
- Group Renewal Price Index (RPI) of 106%.
- Balance sheet strength and robust capital position; regulatory ECR ratio of approximately 255% as at 31 December 2021.
- Total net investment return of negative 2.3%, primarily driven by unrealised losses.
- Further opportunities for profitable growth during 2022.

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Q1 2022 Trading Statement

Business update

Strong premium growth in Q1 2022

Gross premiums written ($m) and cumulative RPI for first quarter: 2018 to 2022

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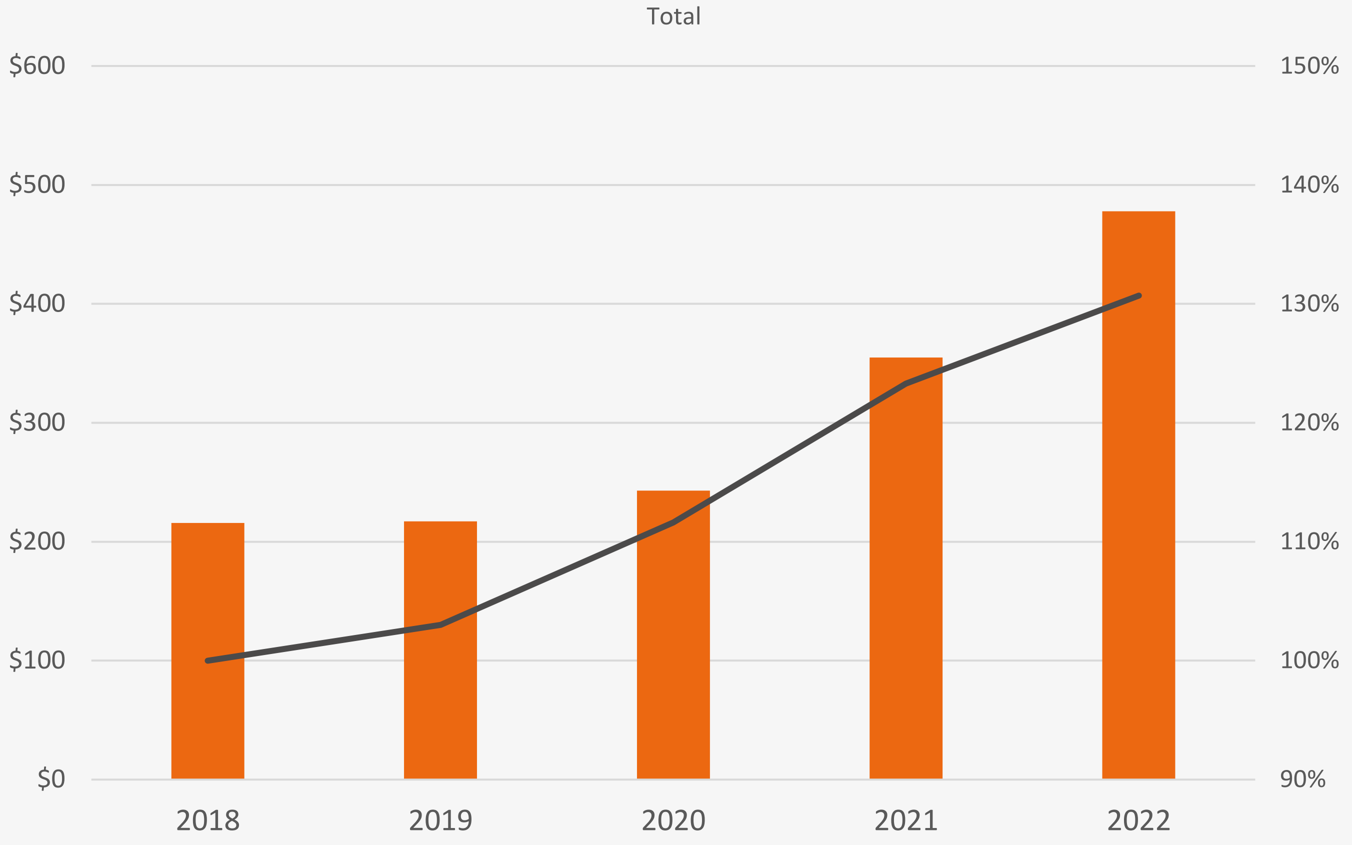
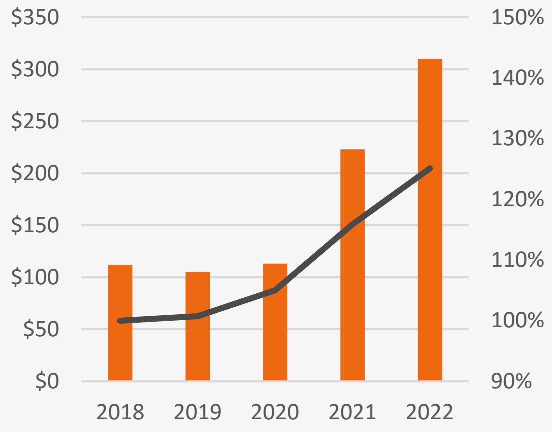


GPW increased by 34.7% year-on-year

Strong premium growth in Q1 2022

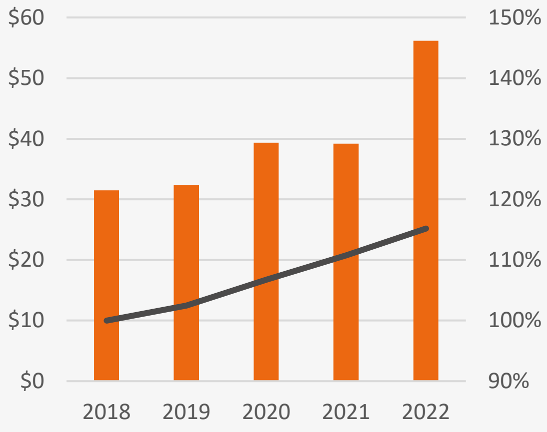
Gross premiums written ($m) and cumulative RPI for first quarter: 2018 to 2022

Property and casualty reinsurance



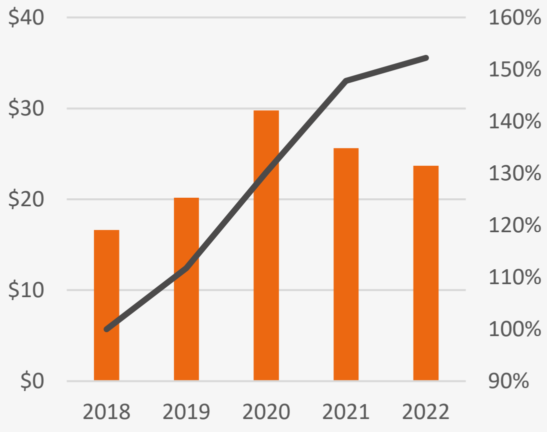
- Growth driven by casualty reinsurance maturing.
- Within catastrophe exposed reinsurance lines premium growth mirrored rate increases.
- As previously guided, we anticipate our inwards cat reinsurance footprint remaining relatively stable.

Property and casualty insurance



- Growth driven by property D&F which continues to see positive rate momentum and new business opportunities.
- New construction and engineering team is in place and contributing to premium growth.

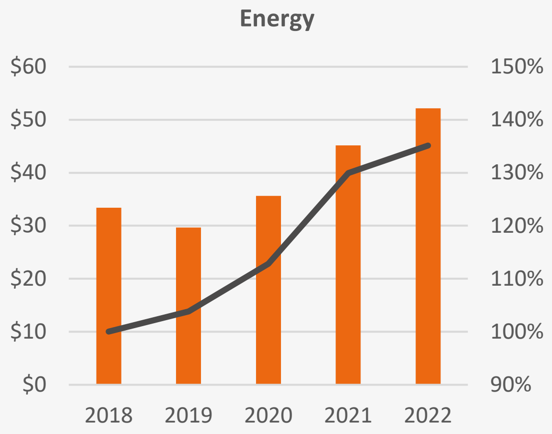
Aviation



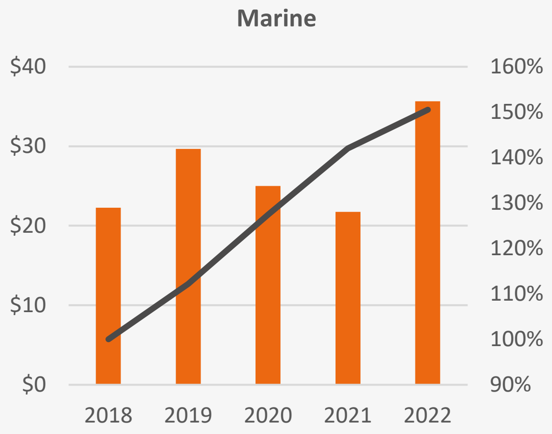
- Major renewals are focused towards the end of the year; Q1 less significant for premiums.

Strong premium growth in Q1 2022

Gross premiums written ($m) and cumulative RPI for first quarter: 2018 to 2022



- Premium growth driven by new energy liability underwriting team.
- Rate momentum has slowed down but remains positive.



- Rate and premium growth driven by marine liability.
- Other subclasses such as hull and cargo continue to see positive rating albeit slower than previous years.

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Loss environment

Q1 2022 loss environment

- Ultimate net loss estimates from the conflict incurred within Ukraine in the range of $20-30 million.
- Loss estimates for Ukraine and potential losses in Russia continue to be assessed as conflict and implications of sanctions evolve.
- No change to our reserving approach.

All Q1 losses within risk tolerances and underwriting performance was profitable for the quarter.

Q1 2022 Trading Statement

Investments

Investments: conservative portfolio structure – quality focus

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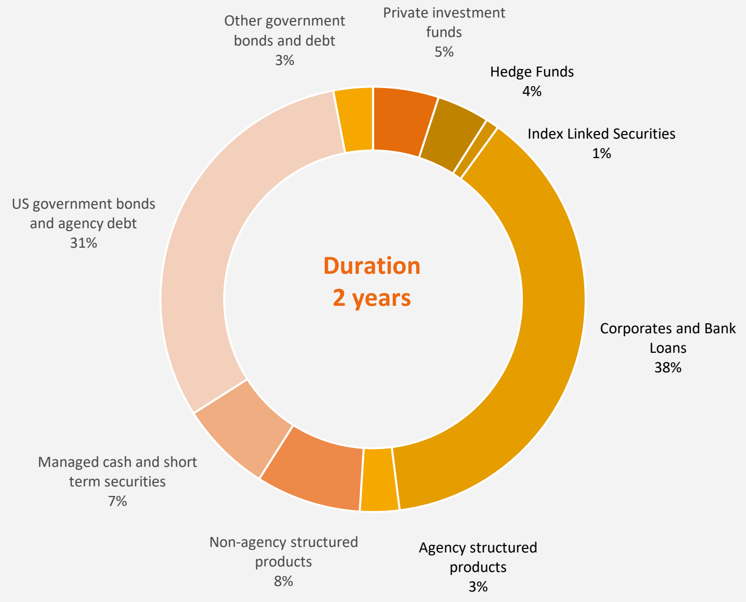
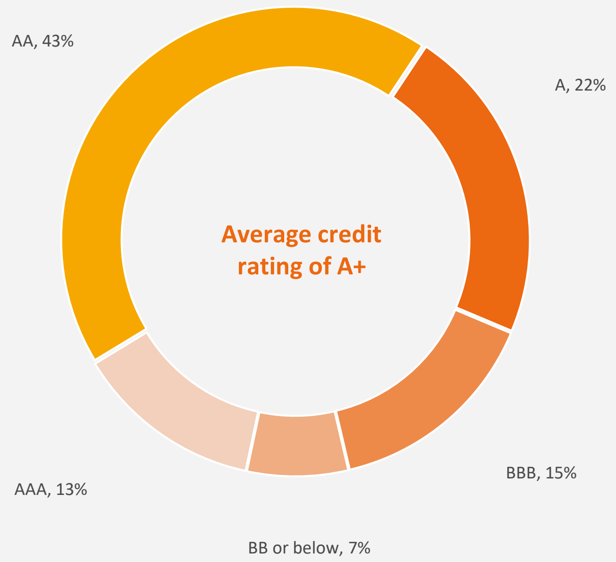
Asset Allocation
total investment portfolio and managed cash



Credit Quality
fixed maturities and managed cash



- Total investment portfolio and managed cash at 31 March 2022 = $2,303.8 million.
- Total net investment return of negative 2.3%, primarily driven by unrealised losses.

Strongly capitalised to take advantage of the improving market

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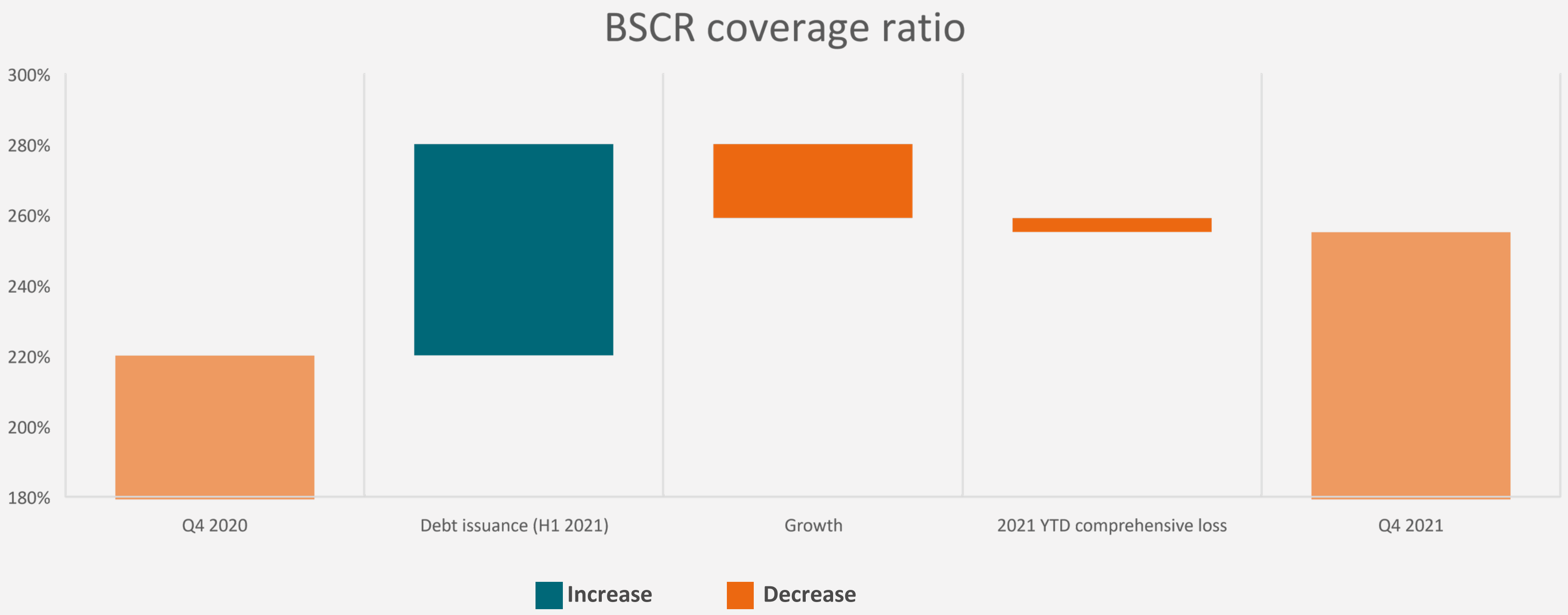

Regulatory ECR ratio of approximately 255% as at 31 December 2021. We retain meaningful regulatory headroom to fund further growth.

Applying a stress scenario which incorporates a net loss cat event (representative of our 1 in 100 GoM PML at $309.0 million) at 31 December 2021 our ECR ratio would be approximately 214%.

2022 guidance

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	Guidance 2021	Achieved 2021	Guidance FY 2022
GPW contribution from new teams	\$40m - \$60m	\$95m	\$50m - \$60m
Attritional loss ratio	35% - 40%	36%	33% - 37%
Reserve releases	\$40m - \$60m	\$86.5m	\$70m - \$80m
Acquisition cost ratio	1-2%pt benefit vs 2020	1.7%pt benefit	broadly the same as 2021
G&A expense ratio	1-2%pt benefit vs 2020	6.8%pt benefit	18%

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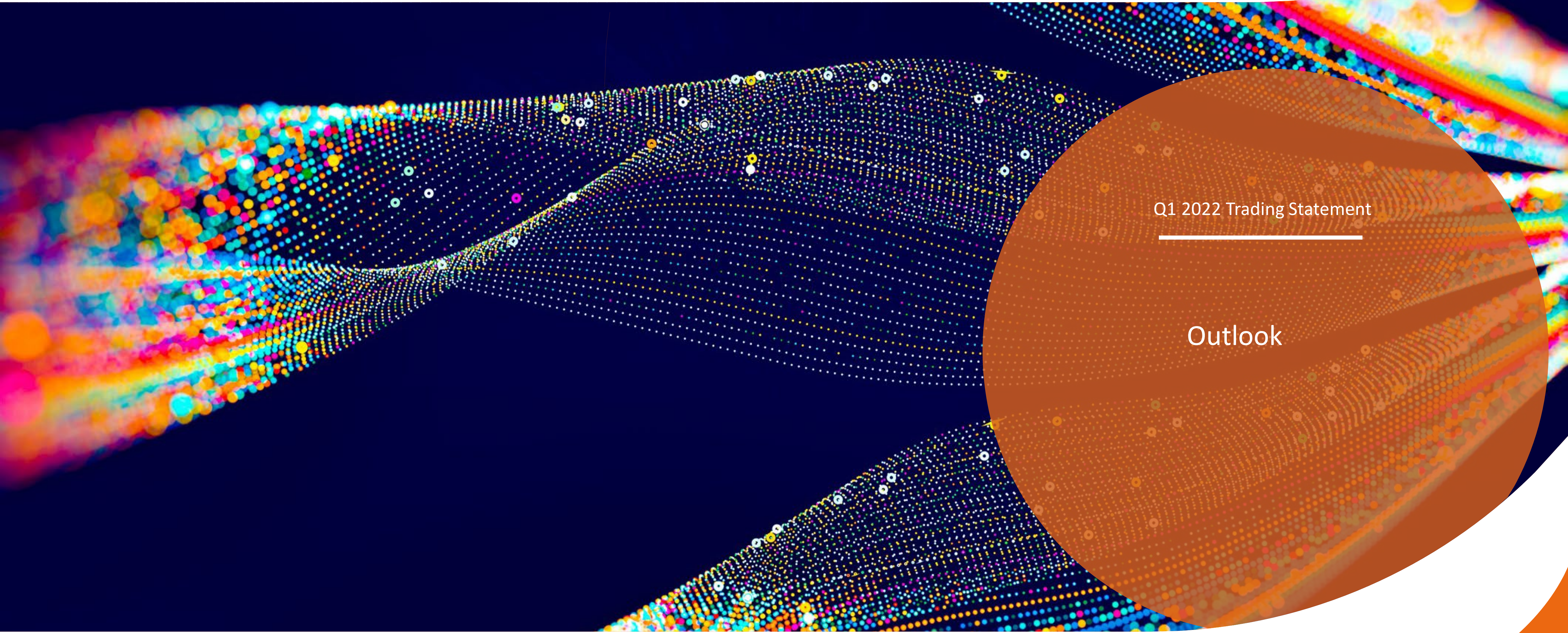

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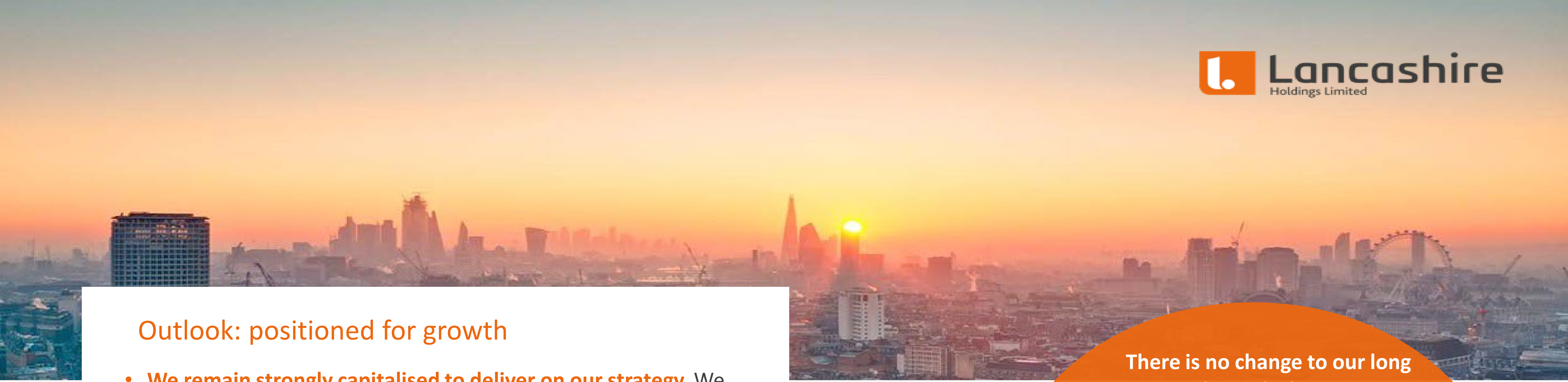
Outlook



Outlook: positioned for growth

- **We remain strongly capitalised to deliver on our strategy.** We continue to navigate the insurance cycle, manage the business for the long term, ignore the herd and be bold when we see true opportunity.
- **Our franchise has strengthened and is more resilient.** We continue to see the profitability of our non-catastrophe business providing a meaningful, positive ballast to the catastrophe results.
- **We see strong opportunities for 2022.** We will continue to grow while the opportunity persists as we look to maximise returns for shareholders in an attractive rating environment. We expect further growth to be supported in 2022 from existing and new teams.
- **We will continue to build out the franchise, rating environment permitting.** Since 2018 we have brought in a number of new colleagues, who have been attracted by the strength of our franchise, our clear strategy, and our commitment to disciplined underwriting. We will continue to look at accretive opportunities.

There is no change to our long term strategy.
Disciplined growth is important now to balance returns over the longer term. Growth will allow Lancashire to mitigate the weaker years through portfolio optimisation, reducing risk levels where appropriate and we expect this to enhance returns over the cycle.

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Appendix

ESG themes

OUR ESG THEMES

Responsible investment

Demonstrating our commitment to ESG through management of investments.

Operating responsibly

Running our business as a good corporate citizen, a responsible preserver of resources, and engaging constructively with all our stakeholders to the benefit of society.

Supporting wider society through our corporate and charitable activities including the Lancashire Foundation.

People and culture

Giving our people the environment, tools, skills and support they need to thrive in an open, honest and diverse culture.

Sustainable insurance

Ensuring our business considers ESG issues in our underwriting decision making.

Our ESG journey

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People and culture

- 2021 employee survey score of 88% (+3% on 2019)
- Named 'Top 10 Employer' in Bermuda in October 2021
- Active programme to develop internal talent into senior roles
- Permanent employees share in success through RSS awards
- Lancashire Diversity and Inclusion Group
- 50% of women in Group senior management

Sustainable insurance

- We provide risk solutions that help people recover from natural catastrophe and man-made events
- ESG is embedded in our business
- Committed to the UNEP FI Principles for Sustainable Insurance
- We understand there are no simple solutions to today's challenges and support clients as they transition from carbon-based energy

Operating responsibly

- Climate Change Working Group and ESG Committee established in 2021
- 100% off-setting of calculated own greenhouse gas emissions
- Commitment to carbon neutral to carbon net-zero by 2050 in own operations
- Commitment to a reduction in emissions per FTE of 15% by 2030 in own operations
- 100% renewable electricity in our London office

Responsible investment

- Principal investment managers signatories to UN Principles for Responsible Investment
- ESG and carbon intensity analytics being developed for investment portfolio
- Committed to managing impacts of fixed maturity portfolio through Climate VaR appetite statement. Objective for assets held (that are covered by MSCI) to have less detrimental climate impact than a benchmark portfolio linked to a 1.5C future climate scenario

Lancashire Foundation

- We believe that the success of the Foundation in making a real difference to the lives of those less fortunate is due to the enthusiasm of our people.
- Whether actively getting involved in helping others through volunteering or requesting funding for causes close to them, their support is invaluable.
- Employees raising funds for charitable organisations can also request matching funds from the Foundation.
- The annual donation made to the Foundation to fund its assistance pool is aligned to the financial performance of the business.
- The Foundation receives 0.75% of Group profits with a minimum threshold of $250,000 to a maximum of $750,000.

Ukraine humanitarian aid

£30,000 donated to Red Cross

£30,000 donated to UNICEF

More than £13,000 donations from employees matched

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