Lancashire
Holdings Limited

Investor Presentation
Q3 2021 Update

www.lancashiregroup.com

Safe harbor statements

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 ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND OUR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 THE REPOERT AND ACCOUNTS 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 ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020.

NOTE REGARDING RPI METHODOLOGY:

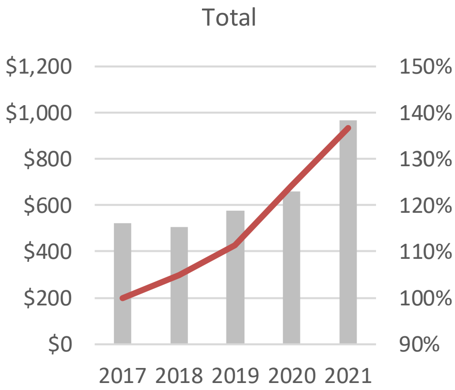
THE RENEWAL PRICE INDEX ("RPI") IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI WRITTEN IN THE RESPECTIVE SEGMENTS IS CALCULATED ON A PER CONTRACT BASIS AND REFLECTS MANAGEMENT'S ASSESSMENT OF RELATIVE CHANGES 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.

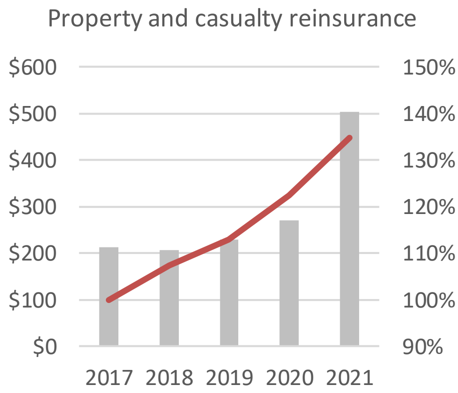
Q3 YTD 2021 highlights

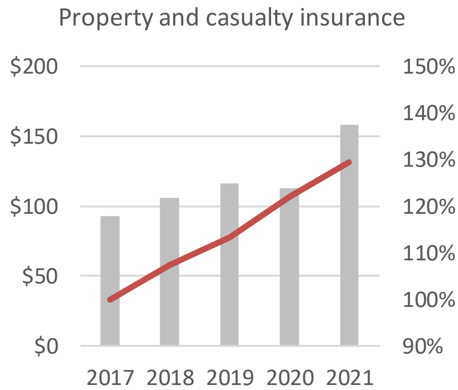
- **Strongest YTD for gross premium written since inception, supported by the rate environment**
    - GPW increased by 46.9% year-on-year to $967.7 million and Group RPI of 110%.
    - Lancashire's strategy to write more business and deploy more capital when market conditions are favourable remains intact .
- **Active Q3 loss environment –pre-announced losses in line with our tolerances and expectations for such events**
    - Aggregate net ultimate losses in a range of $165 million to $185 million from hurricane Ida and European storms Bernd, Volker and Xero.
    - Risk loss related to the political unrest in South Africa of approximately $40 million.
    - Our estimates for COVID-19 and Winter Storm Uri both remain stable.
- **Remain strongly capitalised and continuing to put more capital to work**
    - The Group remains strongly capitalised for further growth in 2022 and beyond.
    - As a reminder we:
        - retained more capital than usual coming into 2020 to take advantage of improving rates;
        - raised $340 million of additional equity capital in 2020; and
        - refinanced our long-term debt in 2021, giving us additional capital flexibility.
- **Growing expertise, with new teams continuing to build out Lancashire's franchise**

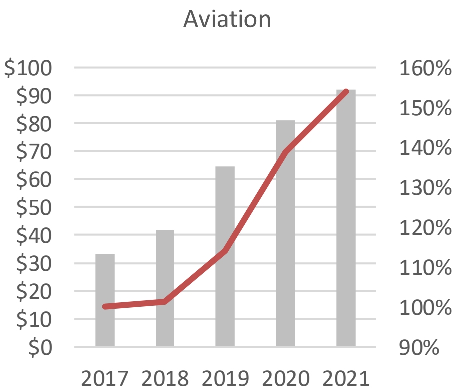
Strong premium growth Q3 YTD in 2021

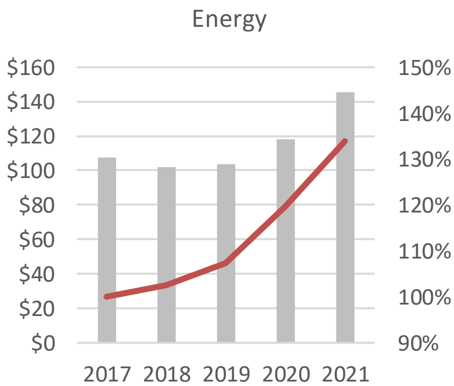
Gross premiums written ($m) and cumulative RPI for the first three quarters of 2017 to 2021

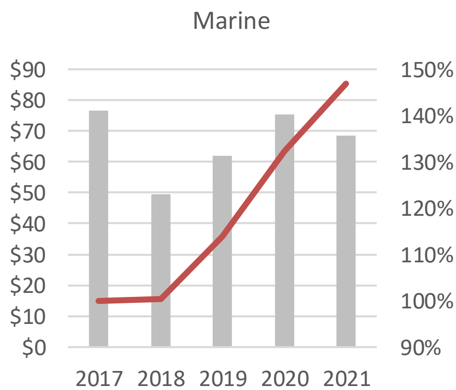












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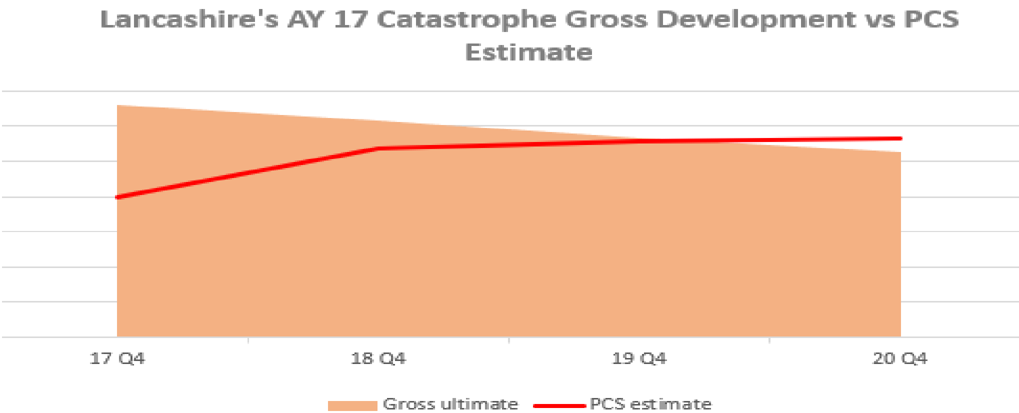
Q3 YTD 2021 loss environment

- **Active Q3 loss environment – pre-announced losses in line with our tolerances and expectations for such events**
    - Estimated $165 million to $185 million of net ultimate losses from hurricane Ida and European storms Bernd, Volker and Xero.
    - Risk loss related to the political unrest in South Africa of approximately $40 million.
    - Our estimates for COVID-19 and Winter Storm Uri both remain stable.
- **No change to our conservative reserving approach**; we have never had a single year of adverse development.
- **Reserve releases ahead of guidance -** prior year favourable development of $69.6 million.
- **Attritional loss ratio** for the first nine months of 2021 is consistent with previous guidance and towards the lower end of the 35%-40% range.



Accident year	PY Development ($m)
2016 AY & prior	16.0
2017 AY	15.4
2018 AY	4.1
2019 AY	5.0
2020 AY	29.1
Total	**69.6**

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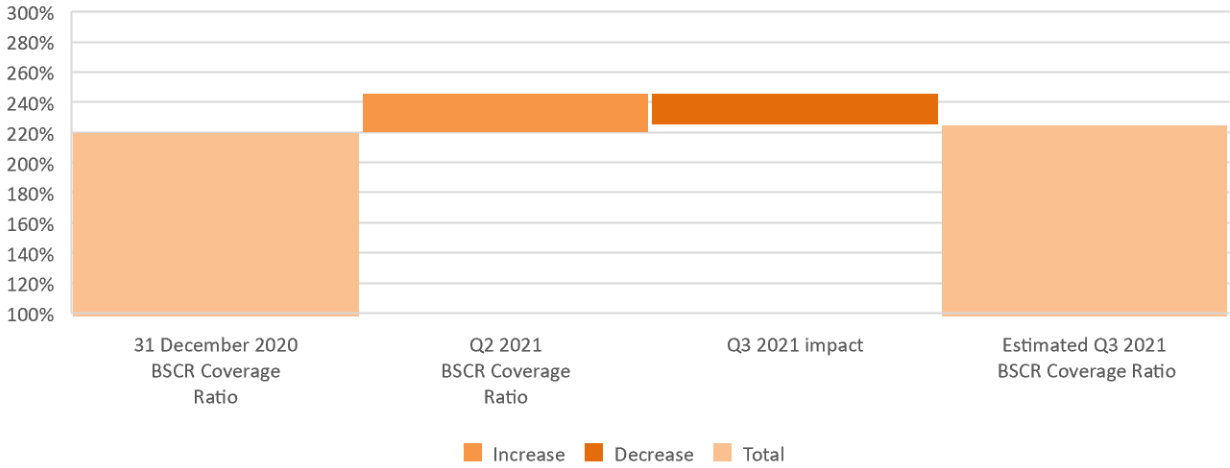
Strongly capitalised to take advantage of the improving market

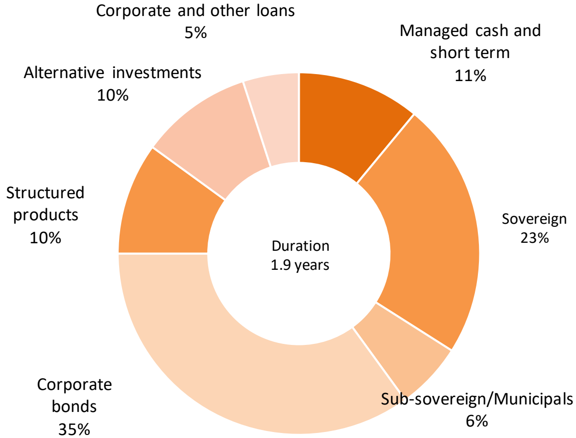
- **Strong regulatory position**, with a BSCR Coverage Ratio of 246% at 30 June 2021.
- **Q2 BSCR Coverage Ratio** includes the impact of the debt raise somewhat offset by premium growth.
- **Meaningful headroom to fund further growth** in 2021 and our continued expansion in 2022.



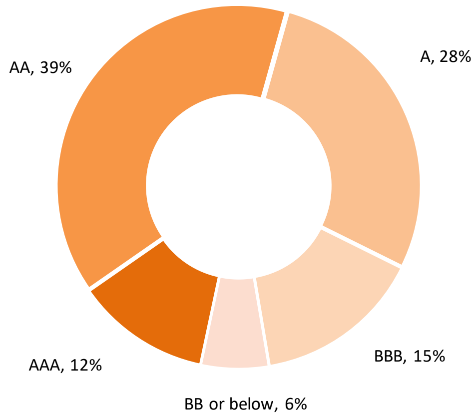
Note: The Q2 2021 BSCR Coverage Ratio is as submitted to the BMA and is calculated on a best efforts basis. The Q3 2021 impact includes our Q3 losses plus other changes in shareholders' equity. The Q3 BSCR Coverage Ratio is estimated and not the final result.

Investments: conservative portfolio structure – quality focus

Asset Allocation
total investment portfolio and managed cash



Credit Quality
fixed maturities and managed cash



- Total investment portfolio and managed cash at 30 September 2021 = $2,267.8 million.
- Average credit rating of A+ (fixed maturities and managed cash).
- Investment portfolio return, including realized and unrealized gains and losses, of 0.4% to 30 September 2021.

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 in the year.
- **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 on a number of new colleagues (six underwriting teams, with three more to join by year-end 2021), 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

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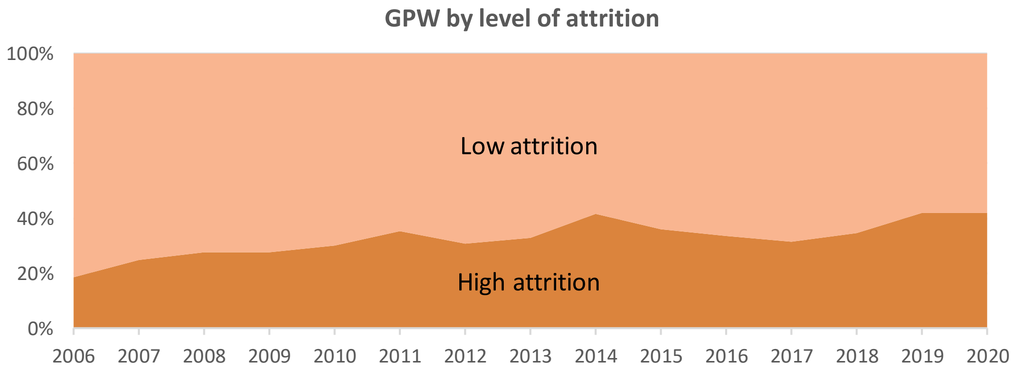
Changing business mix drives changes in the attritional loss ratio

- When Lancashire began writing business in 2005/6 around 80% of our premiums related to low attrition/high volatility risk exposure.
- As we integrated Lancashire Syndicates from 2014, the low attrition/high volatility exposure premiums reduced to approximately 60%.
- The softer part of the cycle in some specialty lines saw an increase in low attrition/high volatility exposure to approximately 70% in 2017.
- Since 2018, we have been growing products with medium/high attrition and lower volatility exposures.
- As our premiums can and have changed significantly year-on-year, the balance of higher vs lower attritional loss ratio business can also change dramatically.
- **The key for us remains a focus on Change in FCBVS, a measure we aim to maximise each year.**



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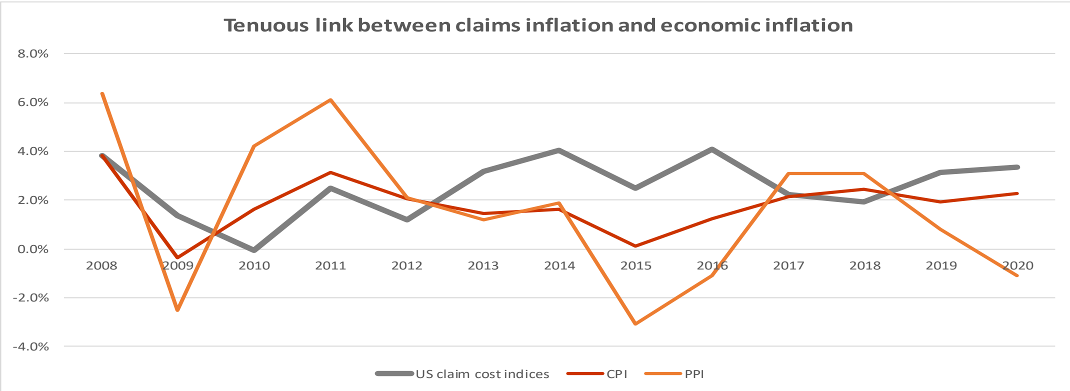
Business mix benefits

- The relative loss ratio split between attritional/large/catastrophe varies by business line.
- More attritional business generally has a lower capital requirement. The underlying combined ratio may be higher than catastrophe business, but the return on capital is positive and **accretive to Change in FCBVS.**
- We continue to be flexible in the balance of business between high and low attritional business, dependent on market conditions. Therefore, the 2021 year-end attritional loss ratio is expected to be within the previously announced range of 35-40%.
- We tend to reserve more conservatively on new lines while we get comfortable with underwriting and claims performance.

EXAMPLES	Property Cat Exposed	Traditional Specialty	New specialty lines
Product	Property catastrophe reinsurance	Upstream energy construction	Aviation deductible
Capital requirement	High	Medium	Low
Catastrophe exposure	High	Medium	Low
Large loss frequency	Low	High	Low
Attritional losses	Low	Medium	High
Volatility of returns	High	Medium	Low
Typical attritional loss ratio	Sub 20%	20%-50%	Above 50%

Claims inflation is not a major concern for Lancashire

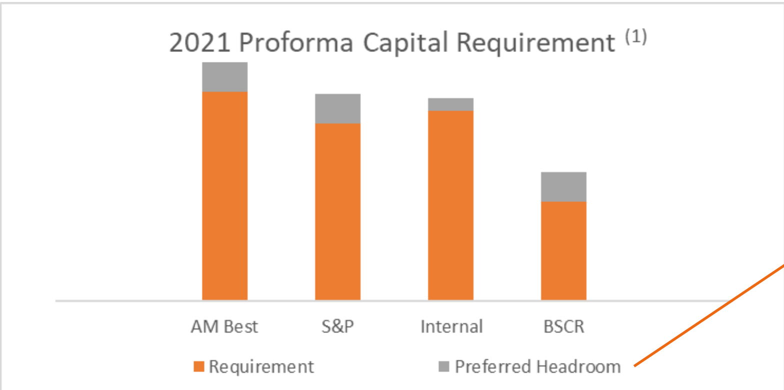
- We write a predominantly **short-tail book**, with the bulk of our policies renewing every year.
- Policies renew through the year, not just on January 1st.
- Clients provide regularly **updated schedules of insured values** where required**.**
- Catastrophe modelling includes (our) inflation loading.
- A weak relationship between claims inflation and economic inflation (see chart below).
- Short-term demand driven spikes in materials/labour reflected in our wider attritional loss ratio guidance.



Source: WTW, Bloomberg

Our approach to capital

- **Two of our three long-stated strategic priorities relate to capital:** ***Effectively Balance Risk and Return*** **and** ***Operate Nimbly Through the Cycle***
    - We have a track record of active capital management, returning or raising capital where appropriate given expected underwriting returns.
    - Since inception we have returned $2.9bn to shareholders.
    - We raised $340 million additional equity share capital in June 2020 and refinanced our long-term debt capital in H1 2021 to enable us to write more business in a hardening market.
- We monitor capital and headroom against internal, rating agency and regulatory requirements. Of these the AM BCAR capital requirement under their 'Cat Stress' capital model is the most restrictive.



Preferred headroom is indicative. Management's preferred headroom target is flexible depending on market opportunities & conditions

[1] 2021 proforma capital requirements are estimated on a mean loss basis. Capital requirements are as follows: AM Best VaR 99.6 'cat stress' model, S&P 'AA', BSCR – the BMA new methodology and internal, based on our forecast exposures.

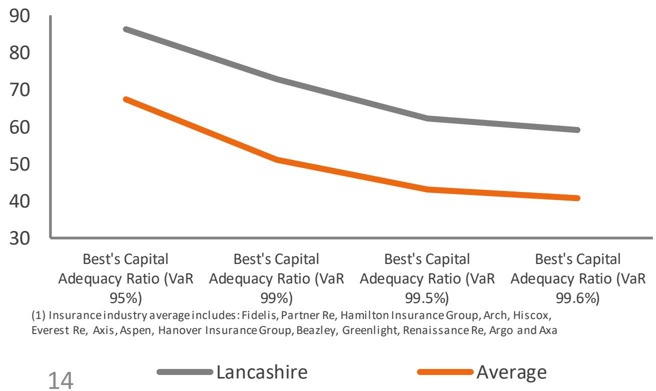
Maintaining a strong capital position

- We maintain a conservative capital position such that we can withstand a significant catastrophe event and still retain our ratings and regulatory solvency position.

- Our key capital driver is the AM Best 'cat stress' model, which is more penal than the published standard model as it reduces available capital by a 1 in 100 year All Perils Worldwide PML. We monitor headroom against the BCAR tolerance of 10% at the 99.6 confidence level to maintain our capital assessment as "strongest" by AM Best.

- Our successful H1 2021 debt issuance has increased the efficiency of our capital position as our new Tier 2 subordinated debt is fully allowable as regulatory and S&P capital.

AM Best capital adequacy ratios (insurance industry under standard model)[1]



(1) Insurance industry average includes: Fidelis, Partner Re, Hamilton Insurance Group, Arch, Hiscox, Everest Re, Axis, Aspen, Hanover Insurance Group, Beazley, Greenlight, Renaissance Re, Argo and Axa

BMA Regulatory Captial requirement	Q2 2021	Q2 2021	2020	2020	2019	2019
	$m	%	$m	%	$m	%
Total statutory economic capital & surplus	1,981		1,470		1,117	
Enhanced capital requirement	806	246%	668	220%	496	225%

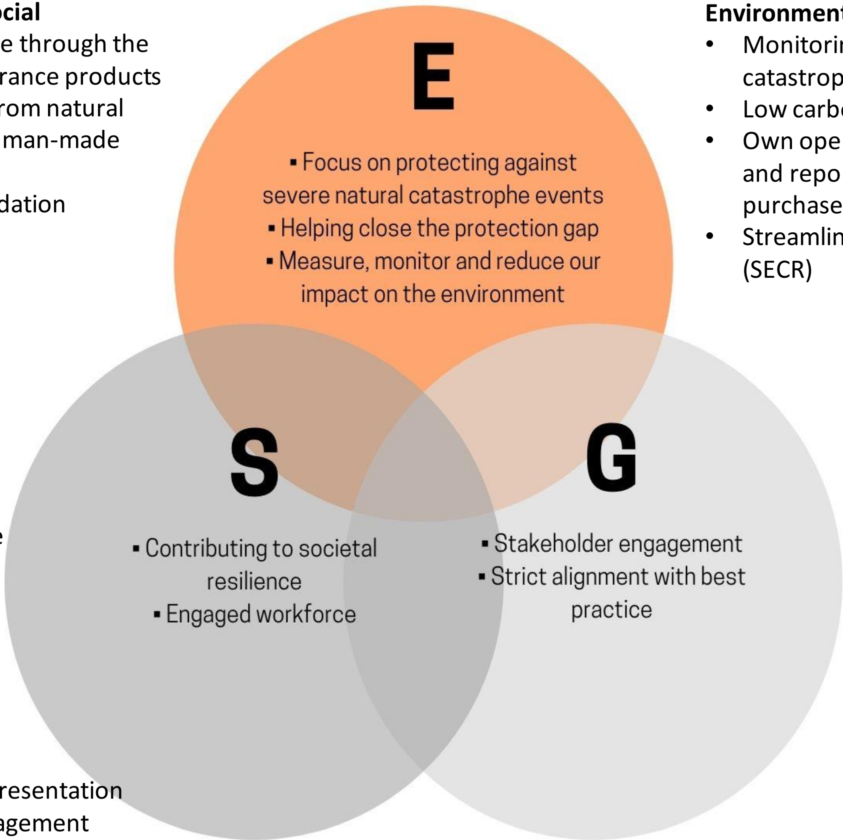
Coverage ratio of the available statutory capital and surplus. Calculated under the BMA's BSCR calculation methodology. Q3 2021 BSCR coverage ratio not yet available.

ESG - a central part of our strategy

Environmental & Social
- Societal resilience through the provision of insurance products to aid recovery from natural catastrophe and man-made events
- Lancashire Foundation

Social
- Engaged workforce through staff surveys, D&I survey and a risk culture survey
- D&I working group
- Living Wage employer
- Suppliers expected to comply with living wage guidance
- Lancashire Foundation
- Graduate scheme

Social & Governance
- Strong female representation at the senior management and board level



Environmental
- Monitoring and management of catastrophe exposures
- Low carbon emissions per employee
- Own operations GHG emissions calculated and reported annually. Fully offset by purchase of carbon credits
- Streamlined Energy & Carbon Reporting (SECR)

Environmental & Governance
- Signatory to the UNEP FI Principles of Sustainable Insurance
- Adoption of the TCFD framework – future scenario testing and investment portfolio carbon and ESG analysis
- Participation on industry climate change committees and working groups

Governance
- Compliance with the requirements of the UK Corporate Governance Code
- Ethical behavior with AML, Bribery, Financial Crime and Whistleblowing policies in place with annual training provided

For more information:

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