

LANCASHIRE HOLDINGS LIMITED

9 November 2023
Hamilton, Bermuda

Lancashire Holdings Limited (“Lancashire” or “the Group”) today announces its trading statement for the nine months ended 30 September 2023.

Trading statement highlights

- Gross premiums written increased by 23.2% year-on-year to \$1.6 billion.
- IFRS 17 insurance revenue increased by 22.1% year-on-year to \$1.1 billion.
- Group Renewal Price Index (RPI) of 117%.
- Total net investment return, including unrealised gains and losses, of 2.8%.
- Capital return of up to \$169 million (\$119 million in special dividend and up to \$50 million in buy-backs of Lancashire’s Common Shares) following strong operating performance year-to-date.

Alex Maloney, Group Chief Executive Officer, commented:

“During the first nine months of 2023, we have continued to successfully implement our long-term strategy to manage the market cycle and deliver strong profitable growth through a portfolio of diversified products.

Gross premiums written increased by 23.2% to \$1.6 billion in the year to date, with rates remaining extremely attractive across our product lines. We continue to expect a positive environment into 2024, with further opportunities for Lancashire.

Our investment returns have also continued to benefit from the higher interest rate environment and the short duration of our portfolio, with a total net investment return, including unrealised gains and losses, of 2.8% for the period.

Capital management and balancing risk and return have for a long time been at the heart of our strategy, and we continue to hold an extremely robust capital position.

Our disciplined underwriting, and successful diversification strategy, mean that we are in a position to pay out some of the capital generated to date, and still have the flexibility to fund further growth and realise our ambitions for this phase of the market cycle.

Following the strong operating performance in the year-to-date, I am pleased to report that the Board has approved a capital return of up to \$169 million, including \$119 million in special dividend and up to \$50 million in buy-backs.

Our previously announced plans to expand our international footprint further through Lancashire Insurance U.S. continue, and we are pleased with the progress we are making towards an underwriting launch in early 2024.

I am always impressed by the talent, hard work and dedication of our people across the Lancashire Group and I would like to thank them for their ongoing commitment to the business.

I would also like to thank our clients, brokers and shareholders for their continued support.”

Business update

Gross premiums written and IFRS 17 insurance revenue

	Nine months ended				
	30 September 2023 \$m	30 September 2022 \$m	Change \$m	Change %	RPI %
Reinsurance	837.7	702.9	134.8	19.2 %	123 %
Insurance	722.2	562.8	159.4	28.3 %	112 %
Gross premiums written	1,559.9	1,265.7	294.2	23.2 %	117 %
Reinsurance	521.7	417.6	104.1	24.9 %	
Insurance	589.5	492.7	96.8	19.6 %	
IFRS 17 insurance revenue	1,111.2	910.3	200.9	22.1 %	

Gross premiums written

Gross premiums written increased by \$294.2 million or 23.2% in the first nine months of 2023 compared to the same period in 2022. The Group's two segments, and the key market factors impacting them, are discussed below.

Reinsurance segment

The build out of our casualty reinsurance lines continued to be the most significant contributor to growth in the reinsurance segment. Our specialty reinsurance class also continued to add new business in a positive rating environment, with the property reinsurance class also benefiting from significant rate increases. Overall the RPI was 123% for the segment.

Insurance segment

The growth in the insurance segment is primarily driven by property insurance, with significant rate increases in the property direct and facultative class and the continued build out of the property construction book of business. In specialty insurance more premium was written in the political risk class, and energy and marine continued to grow across our underwriting platforms taking advantage of positive market conditions across most classes. Aviation insurance benefited from exceptionally strong RPIs, albeit the major renewal period is in the fourth quarter. Overall the RPI was 112% for the segment.

IFRS 17 insurance revenue

Insurance revenue is a new measure introduced by IFRS 17 and is comparable to IFRS 4 gross premiums earned less inwards reinstatement premium and is net of commission costs. Insurance revenue increased by \$200.9 million or 22.1%, in the first nine months of 2023 compared to the same period in 2022. The market factors driving the increase in gross premiums written also drove the increase in insurance revenue.

Loss environment

The first nine months of 2023 has seen natural catastrophe loss activity across a number of events including U.S. wind and convective storms, the Hawaiian wildfires, the Turkey earthquake, hurricane Idalia, and cyclones and flooding in New Zealand. We also incurred some risk losses, particularly in our energy classes. These losses were not individually material.

Investments

As at	30 September 2023	30 September 2022
Duration	1.6 years	1.7 years
Credit quality	AA-	AA-
Book yield	3.9%	2.3%
Market yield	5.8%	4.6%
Managed investments (\$m)	\$2,661.4	\$2,291.9

The Group's investment portfolio, including unrealised gains and losses, returned 2.8% for the first nine months of 2023. The positive returns were driven by \$79.6 million of investment income as our portfolio benefited from higher yields.

The Group's investment portfolio, including unrealised gains and losses, returned negative 5.0% for the first nine months of 2022. The majority of the losses were driven by significant increases in treasury rates.

Dividends

Lancashire's Board of Directors has declared a special dividend of \$0.50 per common share (approximately £0.41 per common share at the current exchange rate), which will result in an aggregate payment of approximately \$119 million. The dividend will be paid in Pounds Sterling on 15 December 2023 (the "Dividend Payment Date") to shareholders of record on 17 November 2023 (the "Record Date") using the £ / \$ spot market exchange rate at 12 noon London time on the Record Date. Shareholders interested in participating in the dividend reinvestment plan ("DRIP"), or other services including international payment, are encouraged to contact the Group's registrars, Link Asset Services, for more details.

Intention to purchase own shares

At Lancashire's Annual General Meeting held on 26 April 2023, Lancashire's shareholders granted a general authority for Lancashire to make market purchases of up to 24,401,000 of its own common shares of \$0.50 each ("Common Shares"). Pursuant to and in accordance with that authority, Lancashire intends to purchase its own Common Shares within certain parameters at an aggregate price not exceeding \$50 million. A further announcement in accordance with Listing Rule 12.4 will be made in due course.

Analyst and Investor Conference Call

There will be an analyst and investor conference call on the trading statement at 1:00pm UK time / 9:00am Bermuda time / 8:00am EST on Thursday 9 November 2023. The conference call will be hosted by Lancashire management and a presentation will be made available on the Group's website prior to the call.

Please note that conference call participants are required to register in advance to access either the audio conference call or webcast, the full registration and access details are set out below.

Audio access: <https://register.vevent.com/register/Biff9dde6ecbf3496ebfbe9f58cb884ec5>
Please register to obtain your personal audio conference pin and call details.

Webcast access: <https://onlinexperiences.com/Launch/QReg/ShowUUID=4FB61DDF-AA7E-4605-B287-CAAD2798E2CE>
Please use this link to register and access the call via webcast.

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

Investor Day 2023

Lancashire will be holding an Investor Day on 14 November 2023 at 20 Fenchurch Street, London. For further information please contact jelena.bjelanovic@lancashiregroup.com.

Contact information

Lancashire Holdings Limited

Christopher Head

+44 20 7264 4145
chris.head@lancashiregroup.com

Jelena Bjelanovic

+44 20 7264 4066
jelena.bjelanovic@lancashiregroup.com

FTI Consulting

Edward Berry

+44 20 37271046
Edward.Berry@FTIConsulting.com

Tom Blackwell

Tom.Blackwell@FTIConsulting.com

About Lancashire

Lancashire, through its UK and Bermuda-based operating subsidiaries, is a provider of global specialty insurance and reinsurance products.

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

The Bermuda Monetary Authority is the Group Supervisor of the Lancashire Group.

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

This release contains information, which may be of a price sensitive nature that Lancashire is making public in a manner consistent with the UK Market Abuse Regulation and other regulatory obligations. The information was submitted for publication, through the agency of the contact persons set out above, at 07:00 GMT on 9 November 2023.

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 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 ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023.

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS “BELIEVES”, “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 2022 AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP’S 2022 ANNUAL REPORT AND ACCOUNTS AND THE GROUP’S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2023, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE IMPACT OF THE ONGOING CONFLICTS IN UKRAINE AND THE MIDDLE EAST, INCLUDING ANY ESCALATION OR EXPANSION THEREOF, ON THE GROUP’S BUSINESS, RESERVES OR CLIENTS, THE CONTINUED UNCERTAINTY OF THE SITUATION IN RUSSIA, INCLUDING ISSUES RELATING TO POLICY COVERAGE AND THE IMPACT OF GOVERNMENT SANCTIONS, THE IMPACT ON SECURITIES IN OUR INVESTMENT PORTFOLIO AND ON GLOBAL FINANCIAL MARKETS GENERALLY, AS WELL AS ANY GOVERNMENTAL OR REGULATORY CHANGES, ARISING THEREFROM; THE NUMBER AND TYPE OF INSURANCE AND REINSURANCE CONTRACTS THAT THE GROUP WRITES OR MAY WRITE; THE GROUP’S ABILITY TO SUCCESSFULLY IMPLEMENT ITS BUSINESS STRATEGY DURING ‘SOFT’ AS WELL AS ‘HARD’ MARKETS; THE CONTINUATION OF INCREASED PREMIUM RATES THAT ARE AVAILABLE AT POLICY INCEPTION FOR LINES WITHIN ITS TARGETED BUSINESS; INCREASED COMPETITION ON THE BASIS OF PRICING, CAPACITY, COVERAGE TERMS OR RELATED FACTORS; AND CYCLICAL DOWNTURNS OF THE INDUSTRY. ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE 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 RELEASE AND THE REPORT AND ACCOUNTS AND THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.