

LLOYD'S



LLOYD'S 2014 INTERIM RESULTS

25 September 2014

HIGHLIGHTS

- ▶ Excellent first six months, with a profit of £1.67bn and RoC of 16.5% ¹
- ▶ Combined ratio of 88.2% outperforms that of our competitor group for H1 and reflects low level of major claims
- ▶ Pricing continues to be under pressure in an intensely competitive environment
- ▶ Improvement in investment income compared with 2013 in what remains a low interest rate environment
- ▶ Upgrade from Fitch to 'AA-' reflects our position as a stable, well capitalised insurer with excellent oversight

¹ RoC calculated on an annualised basis



RESULTS AT A GLANCE

	30 June 2014	30 June 2013
Profit ¹	£1.67bn	£1.38bn
Gross premiums	£14.86bn	£15.50bn
Combined ratio	88.2%	86.9%
Investment return ²	1.3%	0.5%
Return on capital ³	16.5%	14.0%

Source: Lloyd's pro forma financial statements, Jun 2014

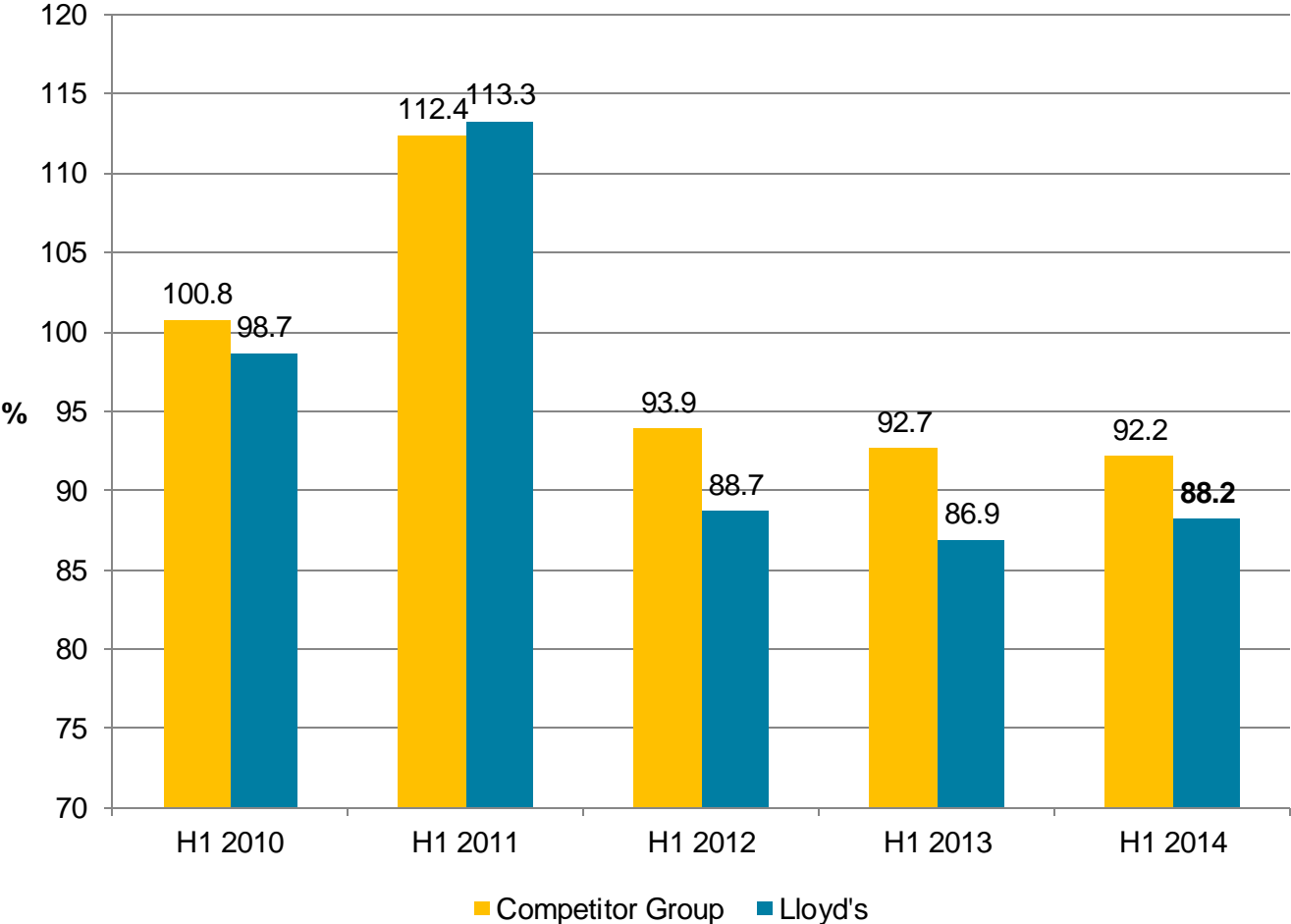
¹ Profit before tax

² Actual in first six months. FY 2013: 1.6%

³ RoC calculated on an annualised basis



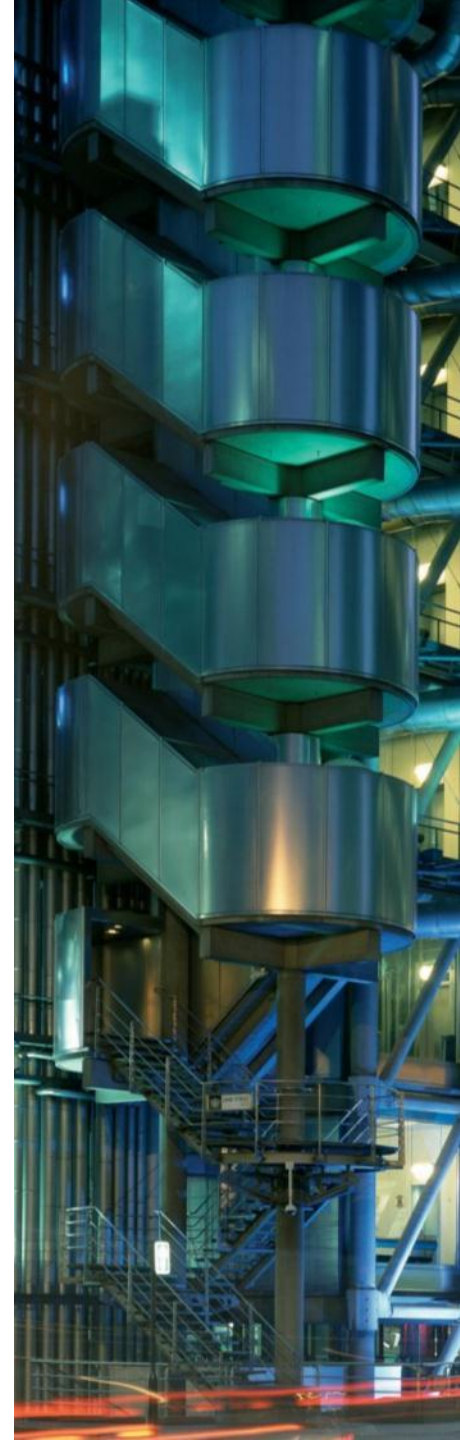
MARKET'S COMBINED RATIO COMPARES WELL WITH COMPETITOR GROUP



Source: Lloyd's pro forma financial statements, Jun 2014
Competitor group formed of 11 companies operating in the US, European and Bermudan markets



FINANCIAL RESULTS



IMPROVED INVESTMENT RETURN OFFSETS CURRENCY AND EXPENSE PRESSURES

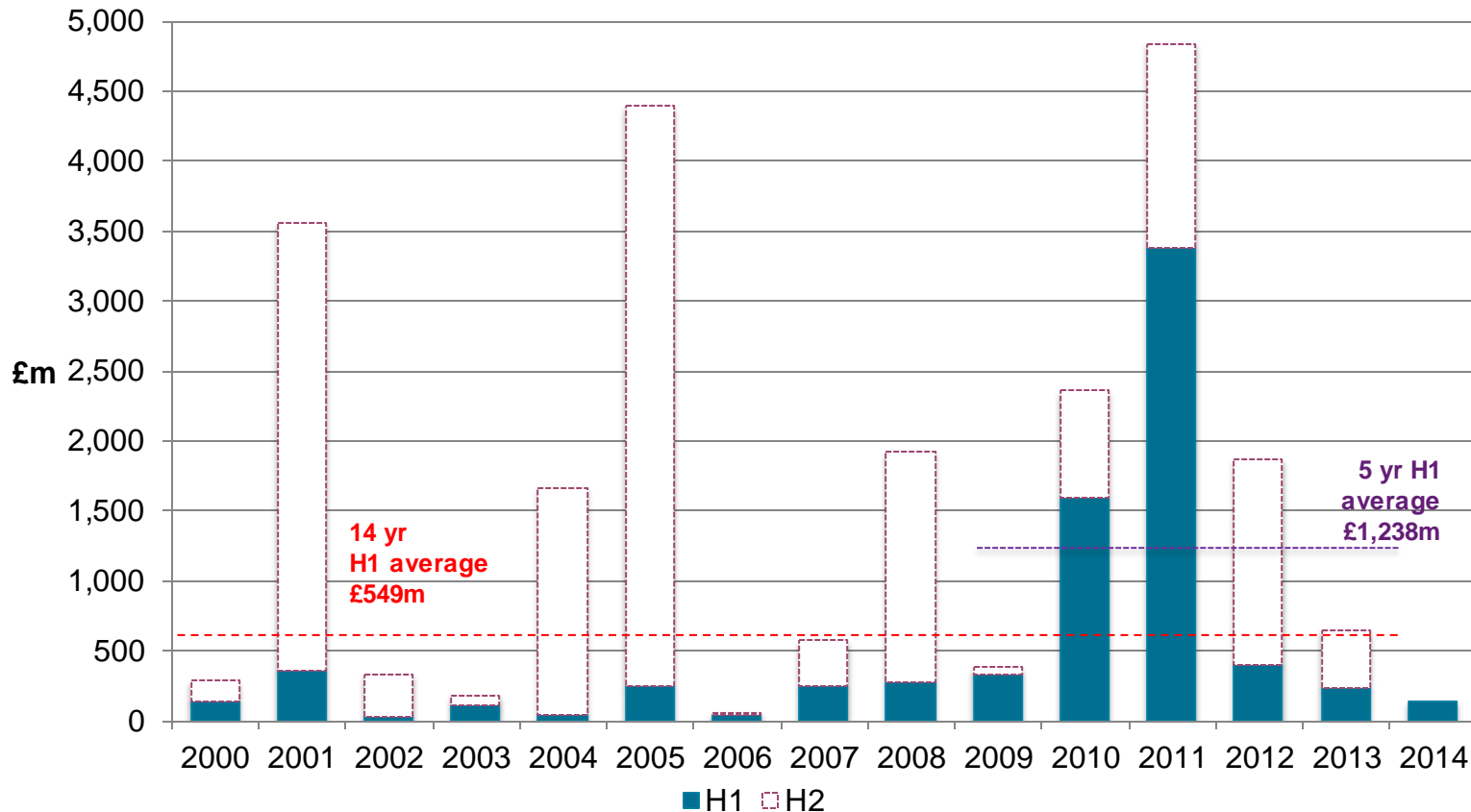
£m	Jun 2012	Jun 2013	Jun 2014	% Change
Gross written premium	14,768	15,496	14,863	(4)
Net earned premium	8,902	9,592	9,520	(1)
Net incurred claims	(4,584)	(4,853)	(4,679)	(4)
Operating expenses (excl FX)	(3,279)	(3,536)	(3,626)	3
Profit/(loss) on exchange	(35)	58	(96)	-
Underwriting result	1,004	1,261	1,119	(11)
Investment return ²	619	247	642	160
Other income/(expenses) ³	(93)	(129)	(94)	(27)
Profit before tax	1,530	1,379	1,667	21%
Combined ratio %	88.7	86.9	88.2	

Source: Lloyd's pro forma basis,¹ Technical account, ² Return on syndicates' assets, members' funds at Lloyd's and central assets, ³ Non-technical account



RESULTS HAVE BENEFITTED FROM A LOW LEVEL OF MAJOR CLAIMS IN THE FIRST 6 MONTHS OF THE YEAR...

LLOYD'S MAJOR CLAIMS: NET ULTIMATE CLAIMS



Source: Lloyd's pro forma basis. Indexed to June 2014

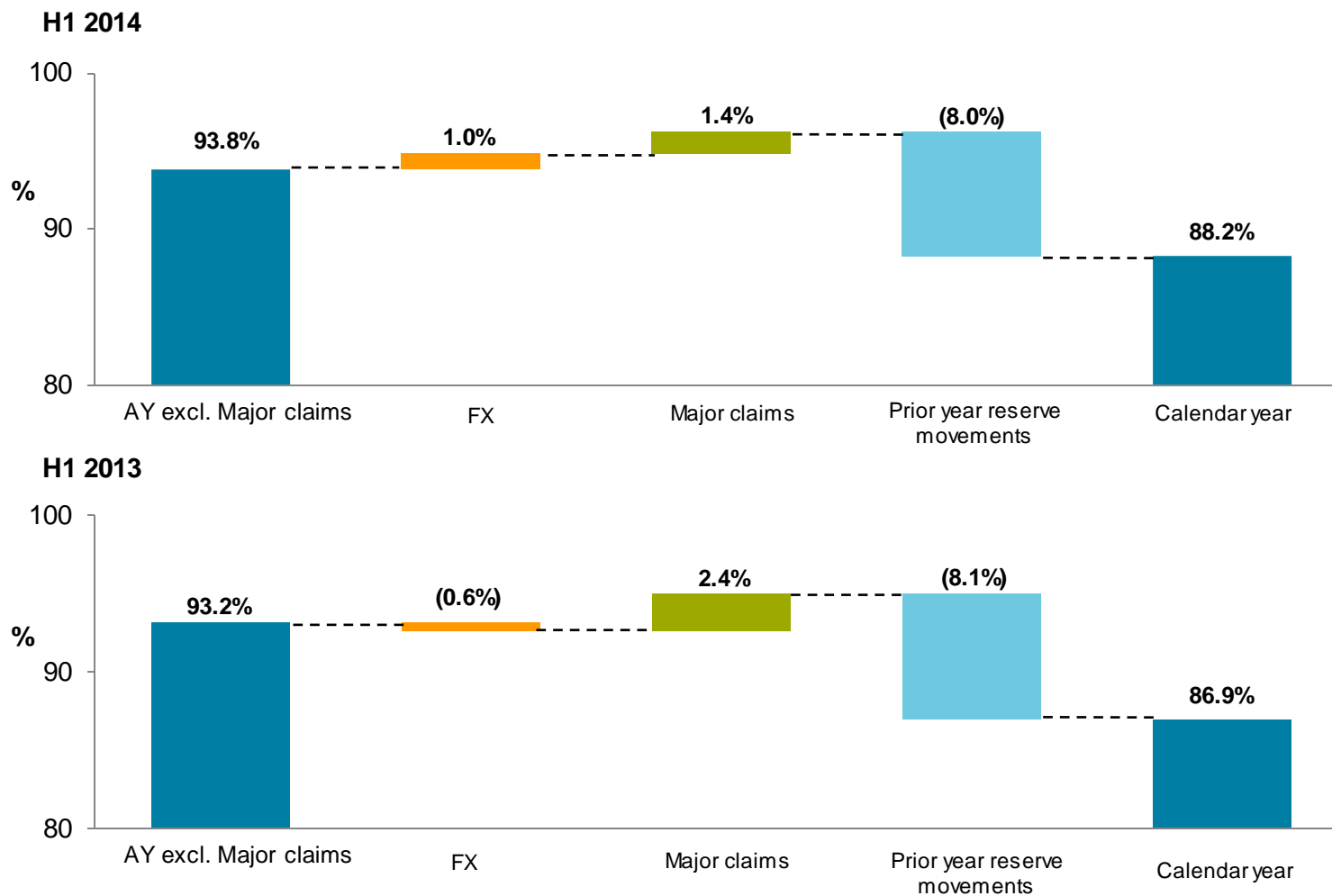
Claims in foreign currency translated at the exchange rate prevailing at the date of loss

H1 losses as reported at the half year



... AND A CONSISTENT LEVEL OF PRIOR YEAR RESERVE RELEASES

COMBINED RATIOS



Source: Lloyd's pro forma basis



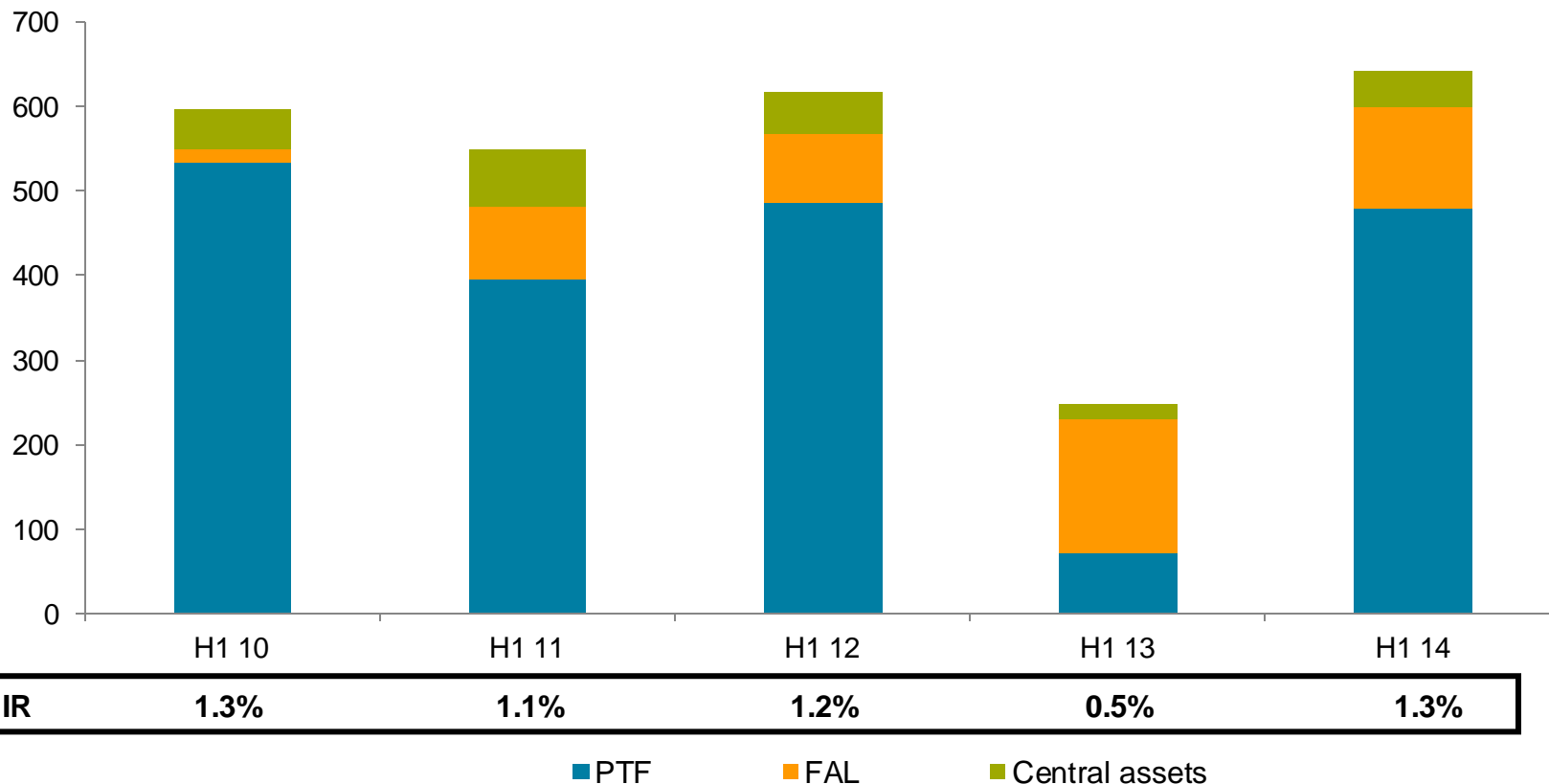
INVESTMENTS



INVESTMENT RETURN IMPROVED TO THE LEVELS SEEN IN 2010-2012

INVESTMENT RETURN

£m



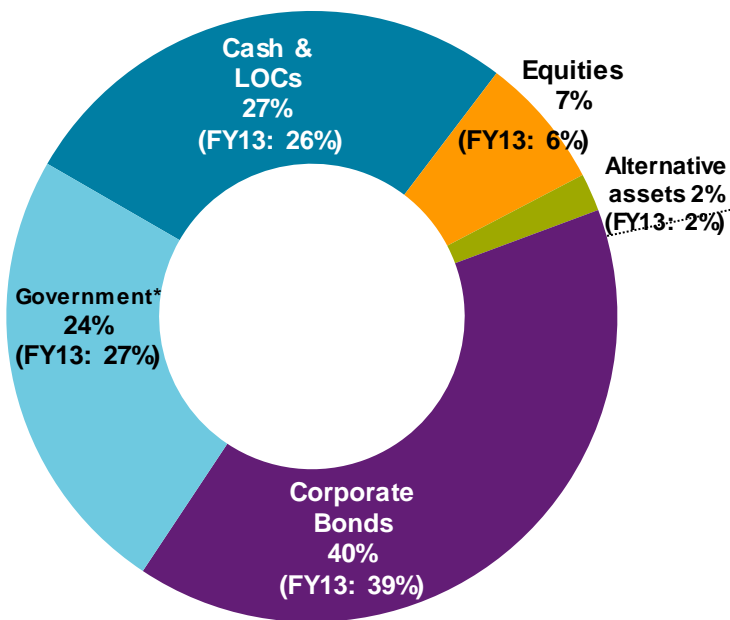
Note: PTF – Syndicate Premium Trust Funds ;FAL - Members' Funds at Lloyd's

Source: Lloyd's pro forma financial statements, 30 Jun 2014

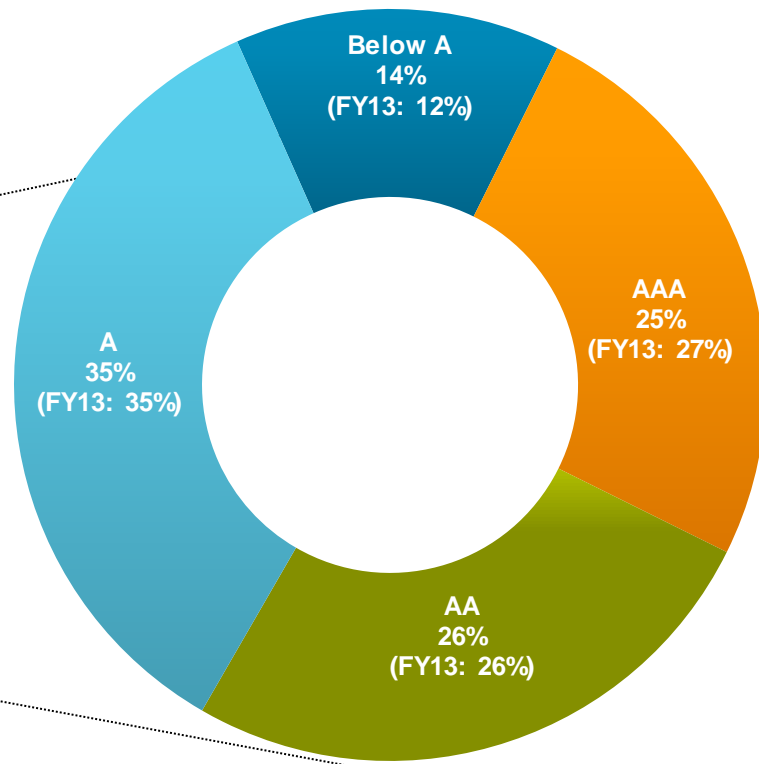


LLOYD'S OVERALL ASSET DISPOSITIONS REMAIN CONSERVATIVE...

LLOYD'S MARKET INVESTED ASSETS



CORPORATE BONDS



Note: * Includes supranationals and government agencies

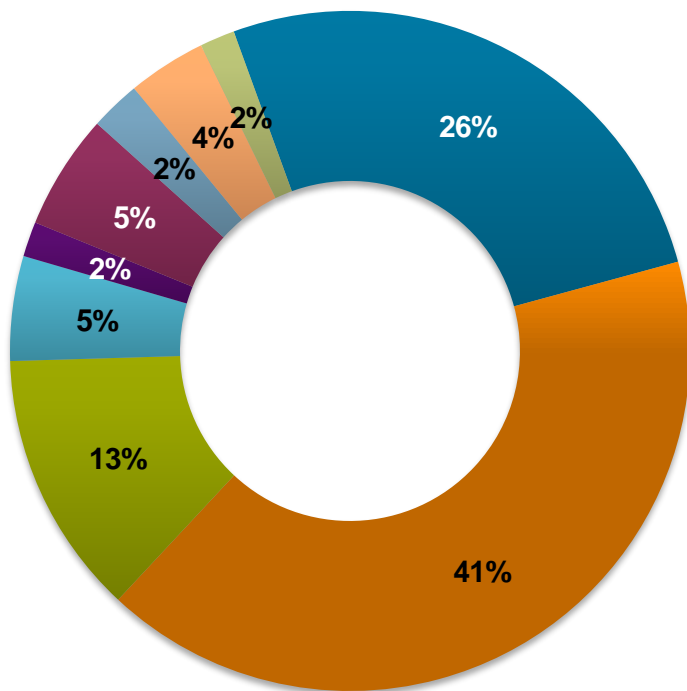
Source: Lloyd's pro forma financial statements, 30 June 2014



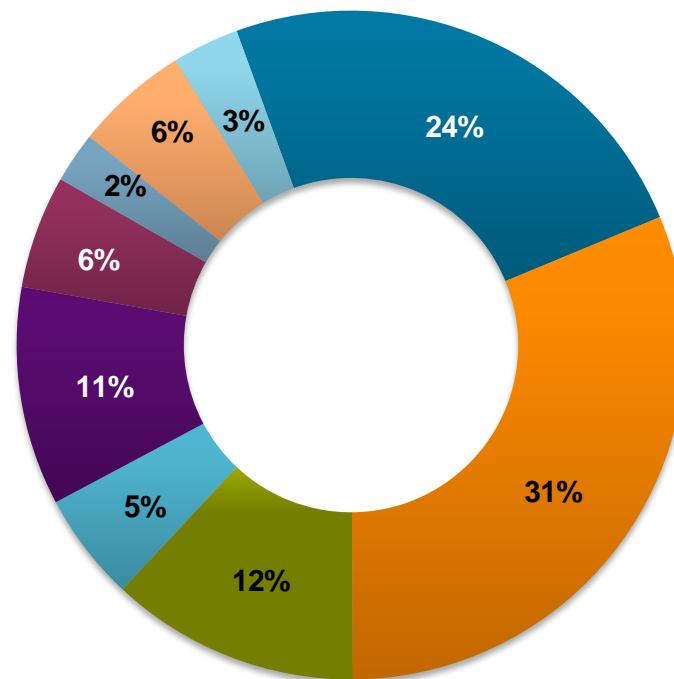
... WITH CENTRAL FUND ASSET MIX NOW ON TARGET, MAKING USE OF THE SLIGHTLY INCREASED RISK BUDGET

CENTRAL FUND DISPOSITION

December 2013



June 2014

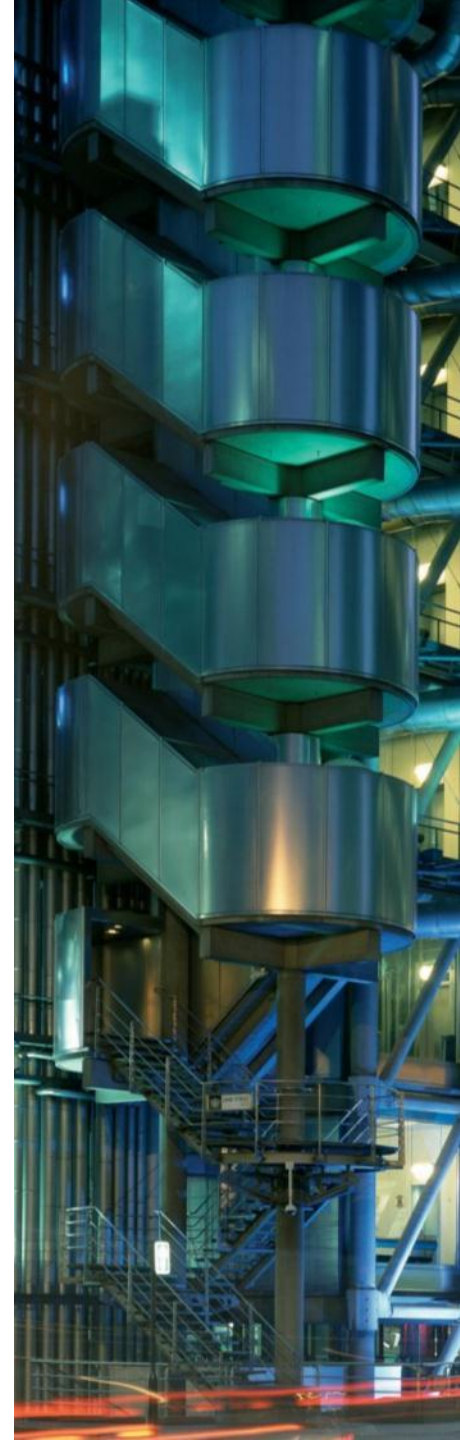


- Fixed Income - Govt*
- Global Equity
- Cash
- Property Equity
- Commodities
- Fixed Income - Corp
- EM & HY Bonds
- Hedge Funds
- Emerging Equity
- Senior Secured Loans

Note: * Includes supranationals and government agencies
 Source: Lloyd's pro forma financial statements, 30 Jun 2014



BALANCE SHEET AND CAPITAL



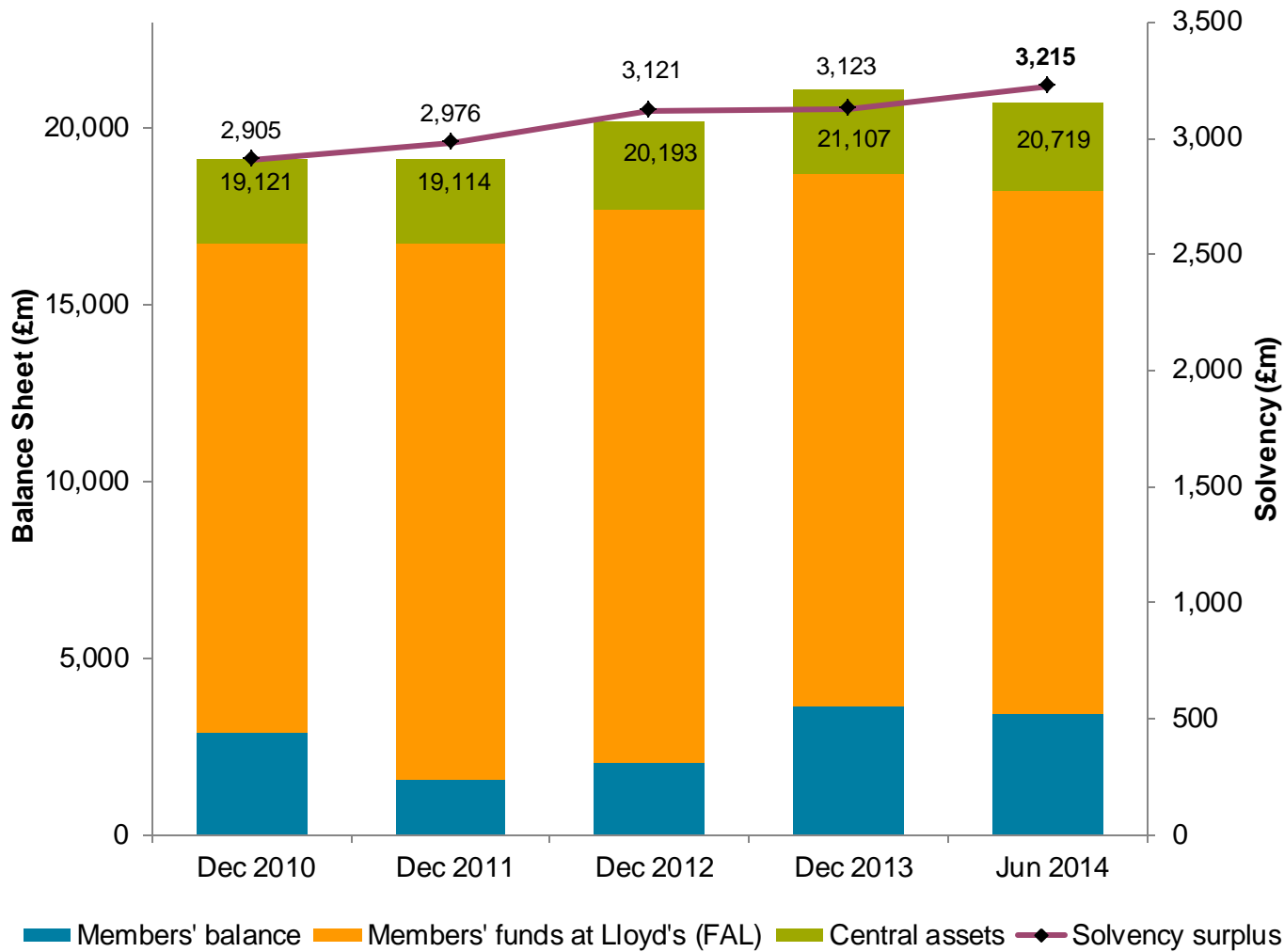
STABLE NET RESOURCES AFTER DISTRIBUTING PROFITS OF £1.5BN...

£m	June 2013	Dec 2013	June 2014	YTD %
Cash and investments	52,693	51,494	50,154	(3)
Net unearned premium	(11,378)	(9,929)	(11,127)	12
Net outstanding claims	(30,368)	(28,426)	(28,027)	(1)
Net other assets	9,926	7,968	9,719	22
Net resources	20,873	21,107	20,719	(2)
Represented by:				
Members' assets	18,511	18,723	18,244	(3)
Central assets	2,362	2,384	2,475	4
Net resources	20,873	21,107	20,719	(2)

Source: Society of Lloyd's financial statements



... AND SOLVENCY SURPLUS REMAINS ABOVE £3BN



■ Members' balance
 ■ Members' funds at Lloyd's (FAL)
 ■ Central assets
 ◆ Solvency surplus

Source: Society of Lloyd's financial statements



SUMMARY



AN EXCELLENT FIRST SIX MONTHS OF THE YEAR...

TO RECAP....

- ▶ Result aided by a benign six months for major catastrophes
- ▶ Profit of £1.67bn with a ROC of 16.5%
- ▶ Net resources of £20.72bn

LOOKING AHEAD...

- ▶ Continued weakening price environment remains
- ▶ Ongoing low investment returns
- ▶ Underwriting discipline remains vital
- ▶ We continue to invest in our preparations for Solvency II
- ▶ We remain committed to building the foundations for profitable growth and innovation



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