LLOYD'S

2024

Half Year Results

Six months ended
30 June 2024

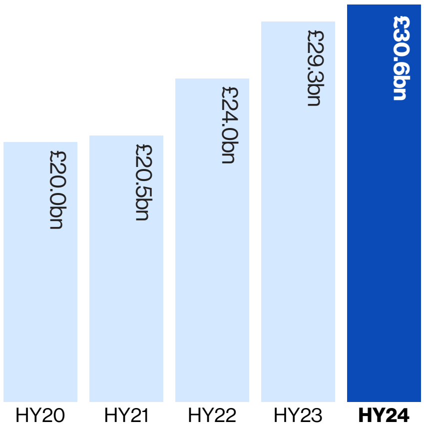
Contents

Our performance at a glance

Financial key performance indicators

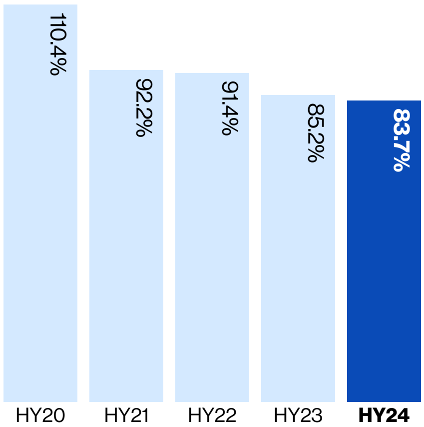
Gross written premium

£30.6bn



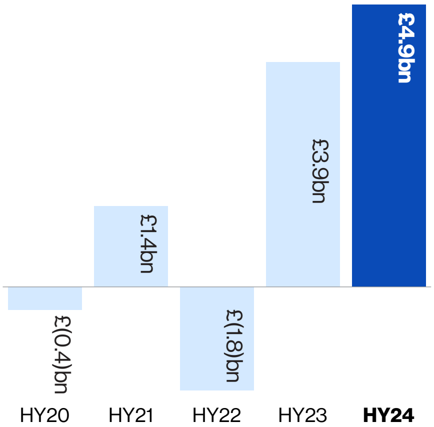
Combined ratio[1]

83.7%



Result before tax

£4.9bn



Expense ratio[1]

34.5%

(HY 2023: 35.4%)

Underlying combined ratio[1]

80.6%

(HY 2023: 81.6%)

Attritional loss ratio[1]

49.2%

(HY 2023: 50.9%)

Underwriting result[1]

£3.1bn

(HY 2023: £2.5bn)

Investment return[1]

£2.1bn

(HY 2023: £1.8bn)

Total capital, reserves and subordinated loan notes

£43.5bn

(FY 2023: £45.3bn)

Market-wide solvency coverage ratio[1]

206%

(FY 2023: 207%)

Central solvency coverage ratio[1]

520%

(FY 2023: 503%)

1. These are alternative performance measures (APMs) as indicated. See page 44 for definitions.

Financial strength ratings

AM Best

A+

(Superior)

Stable outlook

Fitch Ratings

AA-

(Very strong)

Stable outlook

KBRA

AA-

(Very strong)

Stable outlook

S&P Global

AA-

(Very strong)

Stable outlook

Read more about our performance in the 'Market Results' and 'Society Report' sections.

Introduction

Chief Executive's statement

"At Lloyd's, our focus in the first half of 2024 remained on supporting a profitable marketplace. That industry-leading performance has underpinned our ability to innovate and design the solutions our customers, businesses and governments need to manage their risks and balance sheets through increasing uncertainty."

Coming into 2024, we knew the year would bring significant change – with over half the world's population taking part in elections; persistently high interest rates and inflation; conflict in Europe and the Middle East; and beneath it all, the effects of a changing climate.

At Lloyd's, our focus in the first half of 2024 remained on supporting a profitable marketplace that delivers sustainable and attractive returns for our investors, at a time when Lloyd's global insurance premiums are growing at more than twice the rate of GDP. That industry-leading performance has underpinned our ability to innovate and design the solutions our customers, businesses and governments need to manage their risks and balance sheets through increasing uncertainty – maintaining and growing our relevance and value proposition around the world.

Strong, sustainable performance

Encouragingly, our half year results demonstrate Lloyd's continued strong, sustainable, profitable performance. The market's combined ratio, a key measure of underwriting profitability, improved to 83.7% – our best interim result since 2007 and supporting an overall profit of £4.9bn. This result was supported by resilient underlying profitability across the market, with a combined ratio excluding large and catastrophe risks of 80.6%, the twelfth consecutive quarter the market has performed with an underlying combined ratio around 80%.

We maintained targeted and sustainable growth, with gross written premium increasing by 6.5%. This is made up of 5% volume growth and 1.5% price increase, excluding adverse changes in foreign exchange movement of (2.1)%. This growth has been supported by new entrants to Lloyd's in the first half of the year, notably Aviva and Fidelis demonstrating their support of our market. Additionally, we were pleased to welcome Apollo's captive syndicate – the first to be launched under our enhanced captive proposition.

Market conditions remained favourable through the first half of 2024, driven by consistent underwriting discipline and against a backdrop of below average major losses. We continue to see positive trends across a number of lines, with property classes generally well priced and some attention and focus still needed on casualty classes. As a whole, we're seeing 'super cycle' conditions based on a protracted period of stable capital and underwriting conditions.

The market continued to maintain a strong capital position, with a central solvency ratio – measuring the capital we hold against our regulatory requirements – of 520% and a market-wide solvency ratio of 206%. That balance sheet strength, alongside our consistent performance and strong strategic execution, saw AM Best upgrade Lloyd's financial strength rating from A to A+, building on the upgrade from S&P Global at the end of last year.

Looking ahead, we know we must be prepared for a range of potential scenarios and remain alert to any potential changes in market dynamics including the impact of loss cost inflation and extreme weather events, alongside a changing macroeconomic and geopolitical landscape. With that in mind, at the halfway point of 2024, maintaining strong, profitable performance will be our number one priority.

Partnering for strategic success

Our strong performance in the year so far has enabled us to focus on strategic execution to create a purpose-driven, digitalised, inclusive marketplace.

Our digital transformation through Blueprint Two saw Lloyd's and Velonetic continue to make progress to deliver a more resilient, flexible and future-proofed technology platform for our marketplace. This is a complex transformation programme, addressing legacy technology and process across the whole ecosystem of our marketplace, and this complexity has challenged our timeline. As a result, Lloyd's and Velonetic have separated the work required to build, test and govern the technology change, and will only cutover to phase one digital services once it is safe to do so. Despite these complexities, we're confident we have the right plan and people in place to execute the changes Blueprint Two is targeting in 2025.

Chief Executive's statement continued

"Maintaining strong, sustainable, profitable performance is our top priority, and our industry-leading results for the first half of 2024 – built on more than six years of progressively more profitable underwriting – are a testament to that focus."

At the same time, we have continued to show leadership across the issues that matter to our industry and customers: from developing a new carbon measurement tool in the Lloyd's Lab with Moody's Analytics, to publishing research on emerging risks like AI through the Lloyd's Futureset research platform. Lloyd's leadership of the Sustainable Markets Initiative (SMI) Insurance Task Force, together with our ongoing partnership with the United Nations Capital Development Fund (UNCDF), also helped unlock support to enable more climate resilient communities in Fiji and Papua New Guinea.

Meanwhile, we maintained our critical focus on supporting an inclusive and high performance culture. Lloyd's 2024 Culture Dashboard reported steady improvement in both representation of diverse groups and behaviours observed across the market – while the rollout of Lloyd's Inclusive Futures Coalition promises to accelerate our efforts to create a more diverse market by supporting Black and ethnically diverse individuals from the classroom to the boardroom.

Leading through times of change

Maintaining strong, sustainable, profitable performance is our top priority, and our industry-leading results for the first half of 2024 – built on more than six years of progressively more profitable underwriting – are a testament to that focus. The superb start to the year has ensured we are well positioned to respond to global change through the second half of the year and into 2025. This, coupled with our persistent focus on strategic execution, gives us the confidence that we have frameworks in place to continue to support sustainable, long-term profitability for our investors, and to respond to the needs of our market's customers as they navigate increasing risk and uncertainty.

Our ability to deliver strong and consistent financial performance, driven by underwriting discipline and the benefits of global scale, would not be possible without the combined commitment and efforts of our market members, brokers and partners around the world. Thank you for your continued support as we continue to deliver on our commitment to our customers, and build on the achievements and unique attributes that create the distinct investment proposition and opportunity in a growing Lloyd's market.

John Neal
Chief Executive Officer

Our strategic priorities

Performance

Performance remains our number one priority, giving us the platform to continue leading and growing in the years ahead.

Lloyd's reported a strong set of results for the first six months of 2024, demonstrating our ongoing commitment to delivering profitable performance and sustainable growth across the market. We reported an overall profit of £4.9bn (HY23: £3.9bn), which includes an underwriting profit of £3.1bn (HY23: £2.5bn) and a net investment return of £2.1bn (HY23: £1.8bn). Premium written in the market grew by 6.5% to £30.6bn (HY 23: £29.3bn). This is driven by 5% volume growth, 1.5% positive price movement and excludes adverse foreign exchange movement of (2.1)%.

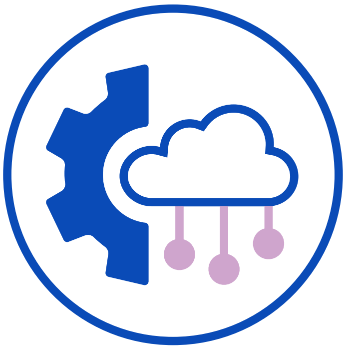
The market achieved a combined ratio of 83.7%, which is an improvement of 1.5pp from HY 2023 (85.2%). This marks the most favourable combined ratio at the half year point since 2007. Improvements were also made in the expense ratio, which decreased to 34.5% in the first half of 2024 (HY23: 35.4%) and the attritional loss ratio, which improved to 49.2% (HY23: 50.9%). The trend of low exposure to catastrophes continued with the major claims ratio falling to 3.1% in 2024 (HY23: 3.6%).

The Lloyd's market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £43.5bn (FY23: £45.3bn), reporting a strengthened central solvency ratio of 520% (FY23: 503%) and a stable market-wide solvency ratio of 206% (FY23: 207%). The strength of Lloyd's balance sheet saw rating agency AM Best upgrade the market's financial strength rating to 'A+' in 2024, following the upgrade from S&P at the end of 2023. In addition, in line with our focus on capital management, Lloyd's Central Fund insurance was renewed in the period, supporting our strategic growth ambitions and improving our offering to investors.

A+

Improved financial strength rating from rating agency AM Best

Digitalisation



Through Blueprint Two, we're transforming the market to enable customers to thrive in a dynamic and rapidly changing risk landscape.

The first half of 2024 saw several milestones reached towards the modernisation of the Lloyd's and London markets through Blueprint Two.

In the first half of 2024, we published a new version of the phase one adoption guide and hosted in-person and virtual events attended by over 4,000 participants. We also launched the Velonetic Education learning platform, hosting self-led learning modules and user manuals, and published onboarding and cutover materials on the Blueprint Two website.

In addition, we launched a virtual data room to support market governance and assurance activities for the market's move to phase one of the digital services. In June, Lloyd's and Velonetic announced the cutover date for these services would be postponed to ensure certainty of delivery of phase one digital services for all market participants. This has enabled us to undertake a thorough re-plan to allow us to complete the remaining technology build; the comprehensive testing of the platform; and the quality assurance of these activities.

We are working closely with the regulators to keep them informed of key milestones and decisions, ensuring all required notifications are handled with due diligence. We will only announce a new cutover date once a number of critical activities are completed or nearing completion, and always informed by market feedback on the best – and safest – time to cutover.

4,000+

participants attending Blueprint Two workshops in first half of the year

Purpose

Lloyd's purpose – sharing risk to create a braver world – calls us to help make global communities more resilient and sustainable.

Lloyd's continued to support that ambitious purpose in the first half of 2024 through high-impact initiatives and strategic partnerships. The Lloyd's of London Foundation introduced a new strategy focused on three priority areas: disaster resilience, social mobility and employee engagement. Two new flagship partnerships were announced to support these goals: the International Federation of the Red Cross (IFRC) and The Passage, a London-based homelessness charity voted for by Corporation employees. The partnerships represent a combined £356,000 of support and will run from 2024 to the end of 2026.

We continued innovating to address the world's emerging risks via our award-winning Lloyd's Lab. The twelfth cohort of the Lab's accelerator programme – recognised as one of the Financial Times' top 25 innovation programmes – saw the highest number of applicants to date, and over 20 commercial deals signed between startups and Lloyd's market firms. Our eight week FutureMinds product innovation programme completed its seventh venture and has now seen almost 200 participants from 50 Lloyd's market brokers and syndicates.

That innovation was supported by our research platform and community, Lloyd's Futureset, including a report into the rapid evolution of Generative AI and eight deep dive reports on clean technologies and hard-to-abate sectors. Our leadership of the SMI Insurance Task Force saw us continue supporting nature, resilience, transition and research – including hosting parametric insurance workshops for over 100 local insurers and central bankers from 10 Pacific Islands through our partnership with the UN Capital Development Fund (UNCDF).

20+

commercial deals between startups and insurers following cohort 12 of Lloyd's Lab

Culture

Lloyd's is committed to creating an inclusive and high performance culture across the Corporation and market.

We do this by providing robust oversight, sharing insights, data and best practice, and convening the market through initiatives like Dive In, Inclusive Futures and our charitable support through the Lloyd's of London Foundation.

In 2024 we saw continued progress towards making our market more inclusive, safe and representative in our annual Market Policies and Practices (MP&P) survey and our biannual Culture Survey. We were particularly pleased to see the market exceed the financial services benchmark on 25 of 27 comparable questions, alongside improved behaviours in the market: with 82% of respondents saying they believe people are held to account for their behaviours, and 87% saying their organisation was committed to a fair, diverse and inclusive culture.

Lloyd's also continued to support diversity and inclusion across our market through our award-winning initiatives and networks. The Advance and Accelerate development programmes have now supported over 200 female and approaching 100 ethnically diverse emerging leaders since inception of the programme. The first cohort of our 'Dive In to Reverse Mentoring' programme also saw 136 mentees paired with mentors across 16 countries, with 86% saying the programme was 'very good' or 'excellent'.

Lloyd's Inclusive Futures gathered pace with the launch of the Inclusive Futures Coalition: a collective of eight market firms and three delivery partners working to support Black and ethnically diverse talent. The Coalition will enable Inclusive Futures' three flagship initiatives: higher education bursaries, a talent pool for ethnically diverse early careers candidates, and a talent pool for Board-level candidates.

84%

of Culture Survey respondents said their firm is a 'great place to work'

Market Results

Market interim review

Market results

In the first half of 2024, Lloyd's market has delivered a strong underwriting profit of £3,067m, achieving a combined ratio of 83.7% (HY 2023: £2,500m, 85.2%) and a strong investment result in the first six months leading to a net investment income of £2,142m (HY 2023: £1,808m). After net foreign exchange losses and other net expenses of £293m (HY 2023: £388m), the market reported a pre-tax profit of £4,916m (HY 2023: £3,920m).

Underwriting result

The underwriting profit of £3,067m (HY 2023: £2,500m) and a combined ratio of 83.7% (HY 2023: 85.2%) reflect rate conditions and the continuation of a favourable claims environment. Major claims contributed only 3.1% to the combined ratio, down from 3.6% in HY 2023. Prior year releases contributed a 3.1% improvement to the combined ratio (HY 2023: 4.7%), with releases in reinsurance and property lines from 2022 and 2023 years. Against 2022 there were no significant legacy reinsurance to close transactions.

Excluding major claims, the Lloyd's market announced an underlying combined ratio of 80.6% for the first half of 2024, marking an improvement over the 81.6% in the first half of 2023 and closely matching the 80.5% reported in FY 2023. The enhancement in the underlying combined ratio is attributed to a reduction in the attritional loss ratio, now at 49.2%, marking a 1.7 percentage point decrease from the first half of 2023.

The market has seen an improvement in the expense ratio, which has decreased to 34.5% from 35.4% for the first half of 2023, primarily due to a reduced acquisition cost ratio. The 0.1 percentage point increase from 34.4% reported for FY 2023 can be attributed to a range of factors, among which the increased profit commission has been a contributor.

Gross written premiums saw a 4.4% increase compared to the first half of 2023. However, when the impact of foreign exchange is excluded – primarily the weakening of the USD against the GBP – the growth in premiums stands at 6.5%. The market has experienced sustained price increases, marking the 26th consecutive quarter of positive pricing in Q2 of 2024. There was an average price increase of 1.5% in the first half of 2024, with small improvements across most major business lines and geographies, partially offset by casualty which experienced a small decrease in the period with the cyber and D&O classes within this line continuing some rate reductions. Additionally, there was a net 5.0% increase in business volumes period-over-period, including growth from the strongest market performers and new market entrants, where syndicates have demonstrated their capacity to underwrite business that contributes to sustainable, profitable growth.

Investment review

The market reported net investment gains of £2,142m for the first six months of 2024, representing an investment return of 2.1% (HY 2023: £1,808m, 1.9%).

The first half of the year has seen investors rewarded for taking risk, with higher volatility exposures generally outperforming lower risk investments. This trend follows a strong finish to 2023, driven by the anticipation of a potential dovish shift by the Federal Reserve.

The beginning of 2024 witnessed a revaluation of expectations for global rate cuts, as inflation persisted at high levels and growth in the US was resilient. Additionally, the UK and France announced unexpected elections, adding to market instability. However, recent global economic indicators suggest that inflation is starting to decline, prompting some Central Banks, including the European Central Bank, to initiate interest rate reductions.

In the UK, inflation fell to the 2% target and the economy rebounded, having experienced a technical recession in the second half of 2023. Although the Bank of England (BoE) continued to echo caution around still high service inflation in the first six months of the year, at the recent meeting on 1 August, the BoE cut base rates by 0.25%. Equities have performed strongly in H1 2024. Emerging equities have underperformed developed equities on country-specific headwinds, whether political, structural or economical. Credit, both Investment Grade and High Yield, has benefited from spread compression, with lower rated bonds outperforming higher quality. Despite strong performance, some credit markets have suffered from bouts of yield volatility and episodes of geopolitical risk.

Balance sheet strength

The Lloyd’s market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £43,498m at 30 June 2024 (FY 2023: £45,269m). The fundamental resilience and strength of the balance sheet has been acknowledged by AM Best, which upgraded Lloyd's financial strength rating to 'A+' in 2024.

The Central Solvency Capital Requirement (CSCR) remains the same, while the Market-Wide Solvency Capital Requirement (MWSCR) has increased by £100 million since 31 December 2023, due to fluctuations in the GBP:USD exchange rate.

Lloyd's central solvency ratio has improved since 31 December 2023, rising from 503% to 520% as at 30 June 2024, owing to favourable investment returns on asset values. The market-wide solvency ratio has held steady at 206% (FY 2023: 207%), with underlying capital generation offset by releases of excess capital back to members and the increase in the solvency capital requirement mentioned above. Repayment of the subordinated debt, maturing in October 2024, would reduce the central solvency ratio by 25% and the market-wide solvency ratio by 2%.

The renewal of Lloyd's Central Fund insurance, effective 1 January 2024, will continue to bolster the resilience of the Lloyd's market by reinforcing strong capital positions and furthering our commitment to claim payments and sustainable, profitable growth. The CSCR will remain at its current level following this renewal.

Statement of Council's responsibilities

Statement of Council's responsibilities in respect of the Interim Pro Forma Financial Statements

The Interim Pro Forma Financial Statements (interim PFFS or financial statements) are prepared so that the financial results of the Society of Lloyd's (the Society) and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

The Council of Lloyd's is responsible for the preparation and approval of the interim PFFS in accordance with the basis of preparation set out in note 2.

The maintenance and integrity of the Lloyd's website is the responsibility of the Council of Lloyd's; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation of financial statements may differ from legislation in other jurisdictions.

Interim Pro Forma Financial Statements

The Lloyd's Interim Pro Forma Financial Statements present the financial results of the Society and its members. Lloyd's is not an insurance company. It is a Society of members, both corporate and individual, which underwrite insurance via syndicates. These syndicates can comprise one single corporate member or any number of corporate and individual members, underwriting severally for their own account. In view of Lloyd's unique structure, the half year results include two sets of financial statements.

The interim PFFS include the interim results of the syndicates as reported in the syndicate interim returns, members' funds at Lloyd's (FAL), the Society of Lloyd's condensed consolidated interim financial statements and any central adjustments (see note 2).

Society of Lloyd's Condensed Consolidated Interim Financial Statements

The Society of Lloyd's condensed consolidated interim financial statements (the 'Group interim financial statements') comprise the interim condensed consolidated financial statements of the Society and its subsidiaries, the Lloyd's Central Fund and the Society's interest in associates and joint ventures (the Group).

Pro Forma Profit and Loss Account and Statement of Comprehensive Income

(For the six months ended 30 June 2024)

	Note	Six months ended 30 June 2024 £m	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Six months ended 30 June 2023 £m
Technical account					
Gross written premiums	8	**30,581**		29,306	
Outward reinsurance premiums		**(8,377)**		(8,883)	
Net written premiums			**22,204**		20,423
Change in the gross provision for unearned premiums		**(6,037)**		(5,967)	
Change in the provision for unearned premiums, reinsurers' share		**2,699**		2,476	
Change in net provision for unearned premiums			**(3,338)**		(3,491)
Earned premiums, net of reinsurance	8		**18,866**		16,932
Allocated investment return transferred from the non-technical account			**959**		769
Gross claims paid		**(10,707)**		(10,906)	
Claims paid, reinsurers' share		**3,305**		3,485	
Net claims paid			**(7,402)**		(7,421)
Change in provision for gross claims		**(2,158)**		(873)	
Change in provision for claims, reinsurers' share		**278**		(141)	
Change in net provision for claims			**(1,880)**		(1,014)
Claims incurred, net of reinsurance	8		**(9,282)**		(8,435)
Net operating expenses	8, 9		**(6,517)**		(5,997)
Balance on the technical account for general business			**4,026**		3,269
Non-technical account					
Balance on the technical account for general business			**4,026**		3,269
Investment return on syndicate assets		**1,021**		853	
Notional investment return on members' funds at Lloyd's	5	**972**		843	
Investment return on Society assets		**149**		112	
Total investment return			**2,142**		1,808
Allocated investment return transferred to the technical account			**(959)**		(769)
Loss on foreign exchange			**(73)**		(186)
Non-technical income			**36**		40
Non-technical operating expenses			**(256)**		(242)
Result for the financial period before tax	7		**4,916**		3,920

All operations relate to continuing activities.

Statement of Comprehensive Income	Note	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Result for the financial period before tax	7	**4,916**	3,920
Currency translation differences		**(23)**	(202)
Other comprehensive gains in the syndicate accounts		**4**	–
Remeasurement gain on pension assets and liabilities in the Society accounts		**12**	12
Total comprehensive income for the financial period		**4,909**	3,730

Pro Forma Balance Sheet

(As at 30 June 2024)

	Note	30 June 2024 £m	30 June 2024 £m	31 December 2023 £m	31 December 2023 £m
Financial investments	10		**88,201**		89,278
Deposits with ceding undertakings			**285**		531
Reinsurers' share of technical provisions					
Provision for unearned premiums		**7,753**		5,036	
Claims outstanding		**27,099**		26,768	
			34,852		31,804
Debtors					
Debtors arising out of direct insurance operations		**17,744**		15,274	
Debtors arising out of reinsurance operations		**11,389**		9,055	
Other debtors		**1,634**		1,172	
			30,767		25,501
Other assets					
Tangible assets		**28**		28	
Cash at bank and in hand	11	**12,223**		11,408	
Other		**112**		113	
			12,363		11,549
Prepayments and accrued income					
Accrued interest and rent		**265**		242	
Deferred acquisition costs		**6,993**		5,835	
Other prepayments and accrued income		**449**		355	
			7,707		6,432
Total assets			**174,175**		165,095
Members' funds at Lloyd's	5	**30,178**		31,895	
Members' balances	12	**9,961**		10,266	
Members' assets (held severally)			**40,139**		42,161
Central reserves (mutual assets)			**2,755**		2,504
Total capital and reserves	7		**42,894**		44,665
Subordinated loan notes	2		**604**		604
Total capital, reserves and subordinated loan notes			**43,498**		45,269
Technical provisions					
Provision for unearned premiums		**31,085**		25,065	
Claims outstanding		**80,889**		78,774	
			111,974		103,839
Deposits received from reinsurers			**1,216**		1,387
Creditors					
Creditors arising out of direct insurance operations		**1,077**		1,055	
Creditors arising out of reinsurance operations		**11,266**		9,221	
Other creditors including taxation		**2,909**		2,419	
Senior debt	2	**303**		303	
			15,555		12,998
Accruals and deferred income			**1,932**		1,602
Total capital, reserves and liabilities			**174,175**		165,095

Approved by the Council on 4 September 2024 and signed on its behalf by:

Bruce Carnegie-Brown
Chairman

John Neal
Chief Executive Officer

Pro Forma Statement of Cash Flows

(For the six months ended 30 June 2024)

	Note	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 (As restated) £m
Result for the financial period before tax		**4,916**	3,920
Increase in gross technical provisions		**7,988**	4,515
Increase in reinsurers' share of gross technical provisions		**(2,944)**	(2,684)
Increase in debtors		**(5,148)**	(5,452)
Increase in creditors		**2,102**	2,417
Movement in other assets/liabilities		**(47)**	(885)
Investment return		**(2,065)**	(1,768)
Depreciation, amortisation and impairment charge		**8**	8
Tax paid		**(44)**	(21)
Foreign exchange		**116**	584
Other		**273**	16
Net cash inflows from operating activities		**5,155**	650
Investing activities			
Purchase of equity and debt instruments		**(27,176)**	(24,313)
Sale of equity and debt instruments		**25,189**	23,183
Purchase of derivatives		**(89)**	(147)
Sale of derivatives		**93**	159
Investment income received		**1,093**	697
Other		**322**	168
Net cash outflows from investing activities		**(568)**	(253)
Financing activities			
Net distributions made to members		**(3,209)**	(546)
Net capital transferred (out of)/into syndicate premium trust funds		**(676)**	77
Interest paid on subordinated and senior loan notes		**(19)**	(19)
Net movement in members' funds at Lloyd's		**181**	(381)
Other		**(36)**	51
Net cash outflows from financing activities		**(3,759)**	(818)
Net increase/(decrease) in cash and cash equivalents		**828**	(421)
Cash and cash equivalents at the beginning of the period		**13,214**	13,781
Foreign exchange differences on cash and cash equivalents		**(53)**	(170)
Cash and cash equivalents at the end of the period	13	**13,989**	13,190

Comparative values for the six months ended 30 June 2023 have been restated as a result of the identification and correction of a misallocation of cash movements in the Group interim financial statements. The adjustment does not impact total capital and reserves reported in prior periods. Refer to note 1 of the Society Report for further details of the restatement of the comparative amounts.

Notes to the Interim Pro Forma Financial Statements

(For the six months ended 30 June 2024)

1. The Interim Pro Forma Financial Statements

The interim Pro Forma Financial Statements (interim PFFS) are prepared so that the financial results of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

2. Basis of preparation

General

The interim PFFS have been prepared by aggregating financial information reported in syndicate returns, members' funds at Lloyd's (FAL) and the Group interim financial statements on pages 21 to 42 and by overlaying central adjustments as noted below.

The Council considers the environment in which the Society of Lloyd's and the Lloyd's market participants are operating and any associated risks which could have an impact on the reasonableness of financial information presented in the interim PFFS. Where the Council considers it appropriate, central adjustments may be included in the interim PFFS to reflect the impact of any additional risks, as deemed necessary in preparing the interim PFFS. Having assessed the principal risks, the Council considered it appropriate to adopt the going concern basis of accounting in preparing the interim PFFS; the going concern statement of the Society is included within the Society Report on page 23.

The syndicate returns have not been audited but have been subject to review by the syndicate auditors. In their reports on the syndicate returns, syndicate auditors are required to state whether they are aware of any material modifications that should be made to the financial information presented in those returns.

The profit and loss account in the interim PFFS aggregates the syndicate results, the notional investment return on FAL and the results of the Society. The balance sheet in the interim PFFS aggregates the assets and liabilities held at syndicate level, members' assets held as FAL and the central resources of the Society. Central adjustments are overlaid.

The interim PFFS have, where practicable, been prepared in compliance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice (UK GAAP)), including Financial Reporting Standard 104 (Interim Financial Reporting), Financial Reporting Standard 102 (FRS 102) and the applicable Accounting Standard on insurance contracts, Financial Reporting Standard 103 (FRS 103). In preparing the interim PFFS, note disclosures have been included for those areas the Council considers material to enable the interim PFFS to depict a comprehensive view of the financial results and position of the Lloyd's market and to enable comparison with general insurance companies. Application of UK GAAP is not practicable for the following items:

- Use of the aggregation basis to prepare the interim PFFS;
- Notional investment return on members' funds at Lloyd's;
- The statement of changes in equity;
- Taxation; and
- Related party transactions.

The approach taken in preparing the interim PFFS is outlined in a) to e):

(a) Aggregation

The interim PFFS have not been prepared in accordance with full consolidation principles and do not present a consolidated view of the results of the Lloyd's business taken as a single entity for the reasons detailed further below. However, the interim PFFS may be used as a reasonable presentation of the results and state of affairs of the Lloyd's market on a basis that is broadly comparable with general insurance companies.

The syndicates' financial information included in the interim PFFS has been prepared in accordance with the recognition and measurement requirements of UK accounting standards, by reference to the accounting policies that are deemed most appropriate by the managing agents.

Where different accounting policies have been selected by managing agents, no adjustments are made to align the bases of recognition and measurement in the interim PFFS. In addition, no adjustments are made to eliminate inter-syndicate transactions and balances, except for those relating to inter-syndicate loans, Special Purpose Arrangements (SPA) and reinsurance to close (RITC) arrangements between syndicates. Transactions between syndicates and the Society are also eliminated in the interim PFFS. These adjustments are described below:

Inter-syndicate loans

The syndicate returns report debtor and creditor balances for inter-syndicate loans totalling £233m (FY 2023: £435m). These amounts have been eliminated from the amounts reported in the balance sheet to provide a more meaningful presentation of the balance sheet for users of the interim PFFS.

Notes to the Interim Pro Forma Financial Statements continued

2. Basis of preparation continued

Special Purpose Arrangements (SPA)

Due to the nature of SPAs, the quota share of the host syndicate's business is reported as gross written premiums in both the host syndicate and SPAs. This leads to an overstatement of the original premiums written by the whole Lloyd's market. To provide users of the interim PFFS with a more meaningful presentation of the market's figures, all the transactions arising from the insurance contracts between the SPA and the host syndicates have been eliminated. The key impact of this elimination is that gross written premium is reduced by £307m (HY 2023: £277m). The elimination does not affect the PFFS result or the balance due to members. All other inter-syndicate reinsurance arrangements are included in full.

Reinsurance to close arrangements between syndicates

The aggregated results include the results of the syndicates, including the arrangements where prior years of account are ceded to other syndicates. Due to the nature of the arrangements, the ceding and accepting syndicates report these as current period transactions impacting gross written premiums, net earned premiums and net incurred claims. This leads to an overstatement of such balances for the Lloyd's market as a whole. To provide users of the PFFS with a more meaningful presentation of the market's figures, RITC arrangements between syndicates for prior years of account have been eliminated. The impact of this elimination is a reduction in gross written premium, net earned premiums and net incurred claims by £nil (HY 2023: £1,953m), £nil (HY 2023: £1,090m), and £nil (HY 2023: £1,090m), respectively. The nil amounts reported for HY 2024 are a result of no significant RITC transactions being entered into during the six-month period. The elimination does not affect the PFFS result or the balance due to members.

Transactions between syndicates and the Society

The following transactions have been eliminated:

- Central Fund contributions, members' subscriptions and other market charges levied by the Society are reported as net operating expenses in the syndicate returns and as income in the Group interim financial statements.
- Syndicate loans to the Central Fund are reported as assets in the syndicate returns and as equity in the Group interim financial statements. Interest on the loans is reported as investment income in syndicate returns and as a reduction in equity in the Group interim financial statements.
- Technical insurance-related transactions and balances existing between the syndicates and the subsidiaries of the Society are reported in both the syndicate returns and the Group interim financial statements.
- Loans funding statutory insurance deposits and other deposits received from syndicates are reported as assets within the syndicate returns and as liabilities in the Group interim financial statements.

Central reserve margin (CRM)

Claims reserves reported in the pro forma balance sheet include a CRM of £480m (HY 2023: £267m, FY 2023: £480m) in addition to the reserves held by syndicates, to reflect the heightened risk of atypical reserve movement at an aggregate level. The CRM is reviewed biannually and any movement is reflected in the pro forma profit and loss account in that year.

(b) Notional investment return on members' funds at Lloyd's (FAL)

A notional investment return on FAL has been estimated, which is the equivalent of insurance companies generating investment return on the capital that they hold to support their underwriting. Where Lloyd's is the investment manager for FAL, the actual return achieved has been included. For other assets the notional investment return, net of management fees, is estimated on the average value of FAL during the year, based on yields from indices for each type of asset held. The typical investment return on bank deposits has been applied to FAL provided as letters of credit or bank guarantees. The actual return achieved on FAL investments will differ from the notional return due to individual stocks held, daily cash flows and transactional charges. Notional investment return on FAL is reported in the non-technical account.

Due to the estimation of the notional investment return, movements in FAL recorded within the financing section of the statement of cash flows is comprised of both cash and non-cash activity.

(c) Statement of changes in equity

Where Lloyd's is not the investment manager for FAL, actual changes are not available and therefore a statement of changes in equity has not been included. However, a statement of changes in members' balances has been included in note 12, which, along with the Society's interim Group Statement of Changes in Equity (on page 30), represents the changes in equity of the other components of the interim PFFS.

(d) Taxation

The interim PFFS report the market's result before tax. Members are responsible for tax payable on their syndicate results and investment income on FAL. For consistency, the results of the Society are also included pre-tax in the interim PFFS profit and loss account. The balance sheet in the Group interim financial statements includes the Society's own tax provision balances.

(e) Related party transactions

Individual syndicates or their members do not disclose details of insurance and/or reinsurance transactions with other (non-related) syndicates or members within the market. Therefore, analysis and/or disclosure of these transactions within the Lloyd's market in the interim PFFS is not possible. The annual accounts of each syndicate or member provide, where appropriate, the required disclosures on related parties.

Notes to the Interim Pro Forma Financial Statements continued

Members' funds at Lloyd's (FAL)

FAL comprise the capital provided by members, which is generally held centrally, to support their underwriting, and are the equivalent of capital shown in insurance companies' accounts. The valuation of FAL has, therefore, been included in the pro forma balance sheet. FAL is available to meet cash calls made on the member in respect of a syndicate. The assets in FAL must be readily realisable and may include letters of credit and bank and other guarantees.

The total resources, including FAL, for members writing ongoing insurance must be at least equivalent to the aggregate of the member's Economic Capital Assessment (ECA) requirement and certain liabilities in respect of its underwriting business. Each member's ECA to support its underwriting at Lloyd's is determined using Lloyd's Solvency Capital Requirement to ultimate capital setting methodology.

Subordinated loan notes

In accordance with the terms of the Society's subordinated loan notes, the capital raised is available for payment to policyholders In advance of repayment to the note holders and is included in 'capital, reserves and subordinated loan notes' in the pro forma balance sheet. Note 10 to the Society interim financial statements on page 40 provides additional information.

Senior debt

Unsecured senior debt of £300m was issued by the Society on 21 January 2020, increasing liabilities. The debt has been issued to finance the investment in the Future at Lloyd's strategy. Note 10 to the Group interim financial statements on page 40 provides additional information.

Group interim financial statements

The interim PFFS include the results and capital and reserves reported in the Group interim financial statements, comprising the interim condensed consolidated financial statements of the Society and its subsidiaries, the Lloyd's Central Fund and the Society's interest in associates and joint ventures.

3. Accounting policies notes

(a) General

The syndicate-level information within the interim PFFS has been prepared in accordance with FRS 104 and the recognition and measurement requirements of FRS 102 and FRS 103. These policies are consistent with those adopted in the PFFS in the 2023 Annual Report.

The accounting policies applied in preparing the interim PFFS are unchanged from those adopted for the previous annual reporting period.

(b) Members' funds at Lloyd's (FAL)

FAL is valued in accordance with their market value at the period end, and using period end exchange rates. Investments are stated at fair value at the balance sheet date. For this purpose, listed investments are stated at their bid price market value, and deposits with credit institutions and international deposits are stated at cost.

Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Letters of credit are stated at the amount guaranteed by the issuing credit institution.

As disclosed in the basis of preparation, a notional investment return on FAL is estimated, which is recognised in the non-technical account.

Members that only participate in one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust fund. Where a member takes advantage of this facility, the capital held in the premium trust fund is reported within members' balances and the investment return retained within the non-technical account. These policies are consistent with those adopted in the PFFS in the 2023 Annual Report.

(c) Society of Lloyd's

The accounting policies adopted in the Group interim financial statements are set out on page 32. The Group interim financial statements for the six months ended 30 June 2024 have been prepared under UK GAAP.

The accounting policies applied in preparing the interim PFFS are unchanged from those adopted for the previous annual reporting period. Therefore, no restatement of comparative amounts presented in the interim PFFS is required.

(d) Prior period restatement

The interim PFFS cash flow statement comparative amounts for the six months ended 30 June 2023 have been restated following the identification and correction of a misallocation of cash movements. The effect of the adjustments have no net impact on the cash and cash equivalents balance in the pro forma balance sheet. For further information, refer to page 32 of the Society Report.

4. Critical accounting judgements and key sources of estimation uncertainty

Movements in reserves are based upon estimates as at 30 June 2024 taking into account all available information as at the balance sheet date. These estimates are subject to variability until the date at which the underlying claims are settled. Such changes in best estimates are reflected in the technical account of the period in which they occur. The aggregate of the prior year releases/strengthening is a net release of £568m (FY 2023: £812m). Releases have been reported across all classes of business, except for aviation and energy, reflecting favourable claims development compared to projections.

Notes to the Interim Pro Forma Financial Statements continued

5. Members' funds at Lloyd's (FAL)

The valuation of FAL in the balance sheet totals £30,178m (FY 2023: £31,895m). The notional investment return on FAL included in the non-technical profit and loss account totals £972m (HY 2023: £843m).

6. Society of Lloyd's

As stated in note 2(a), syndicates and the Society separately report the transactions and balances for technical insurance related transactions, members' subscriptions and other charges, Central Fund contributions and interest on syndicate loans. These balances are reversed from the Society's results to arrive at the adjusted result of the Society in note 7 below.

7. Aggregation of results and net assets

A reconciliation between the results, statement of other comprehensive income and net assets reported in the syndicate interim returns, members' FAL and by the Society is set out below:

Profit and loss account	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
Result per syndicate interim returns	**3,668**	2,974
Adjusted result of the Society	**276**	103
Notional investment return on members' funds at Lloyd's	**972**	843
Result for the financial period before tax	**4,916**	3,920

Capital and reserves	**30 June 2024 £m**	31 December 2023 £m
Net assets per syndicate interim returns	**10,090**	10,327
Adjusted net assets of the Society	**2,626**	2,443
Members' funds at Lloyd's	**30,178**	31,895
Total capital and reserves	**42,894**	44,665

The adjusted result of the Society includes the elimination of transactions between syndicates and the Society (which have been reported within both the syndicate returns and the Group interim financial statements) and movements in the central reserve margin (as disclosed in note 2(a)). The adjusted net assets of the Society include a central reserve margin of £480m (FY 2023: £480m).

8. Segmental analysis

The syndicate returns to the Society provided additional information to derive the following table in respect of the lines of business written by the market. In the interim PFFS, this information is not subject to auditor review.

Six months ended 30 June 2024	Gross written premiums £m	Net earned premiums £m	Net incurred claims £m	Net operating expenses £m	Underwriting result £m
Reinsurance	**11,761**	**6,079**	**(3,312)**	**(1,964)**	**803**
Property	**8,402**	**5,232**	**(1,929)**	**(1,978)**	**1,325**
Casualty	**6,531**	**4,822**	**(2,448)**	**(1,885)**	**489**
Marine, Aviation and Transport	**2,385**	**1,731**	**(937)**	**(674)**	**120**
Energy	**1,055**	**614**	**(424)**	**(229)**	**(39)**
Motor	**426**	**372**	**(230)**	**(130)**	**12**
Life	**21**	**16**	**(2)**	**(10)**	**4**
Total from syndicate operations	**30,581**	**18,866**	**(9,282)**	**(6,870)**	**2,714**
Transactions between syndicates and the Society (notes 2(a) and 6) and insurance operations of the Society				**353**	**353**
Interim PFFS premiums and underwriting result	**30,581**	**18,866**	**(9,282)**	**(6,517)**	**3,067**
Allocated investment return transferred from the non-technical account					**959**
Balance on the technical account for general business					**4,026**

Notes to the Interim Pro Forma Financial Statements continued

8. Segmental analysis continued

Six months ended 30 June 2023	Gross written premiums £m	Net earned premiums £m	Net incurred claims £m	Net operating expenses £m	Underwriting result £m
Reinsurance	11,196	5,727	(3,197)	(1,880)	650
Property	7,908	4,344	(1,848)	(1,744)	752
Casualty	6,530	4,309	(2,138)	(1,767)	404
Marine, Aviation and Transport	2,296	1,615	(743)	(610)	262
Energy	908	548	(280)	(182)	86
Motor	434	364	(217)	(130)	17
Life	34	25	(12)	(9)	4
Total from syndicate operations	29,306	16,932	(8,435)	(6,322)	2,175
Transactions between syndicates and Society (notes 2(a) and 6) and insurance operations of the Society				325	325
Interim PFFS premiums and underwriting result	29,306	16,932	(8,435)	(5,997)	2,500
Allocated investment return transferred from the non-technical account					769
Balance on the technical account for general business					3,269

9. Net operating expenses

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Acquisition costs	**6,795**	6,381
Change in deferred acquisition costs	**(1,141)**	(1,111)
Administrative expenses	**1,722**	1,567
Reinsurance commissions and profit participation	**(859)**	(840)
Total	**6,517**	5,997

10. Financial investments

	30 June 2024 £m	31 December 2023 £m
Shares and other variable yield securities	**10,598**	10,446
Debt securities and other fixed income securities	**65,650**	66,366
Participation in investment pools	**3,743**	3,417
Loans and deposits with credit and other institutions	**7,998**	8,845
Other investments	**212**	204
Total financial investments	**88,201**	89,278

11. Cash at bank and in hand

Cash at bank and in hand of £12,223m (FY 2023: £11,408m) includes letters of credit and bank guarantees held in trust within members' FAL to meet policyholder claims as required, totalling £7,495m at 30 June 2024 (FY 2023: £7,314m).

Notes to the Interim Pro Forma Financial Statements continued

12. Members' balances

	Six months ended 30 June 2024 £m	Full year 2023 £m
Balance at 1 January	**10,266**	2,961
Result for the period per syndicate interim returns	**3,668**	8,470
Distributions made in relation to closure of underwriting years	**(3,147)**	(780)
Advance distributions from open underwriting years	**(187)**	(83)
Cash calls requested	**125**	329
Net movement on funds in syndicate (see note below)	**(676)**	(338)
Foreign exchange losses	**(15)**	(259)
Other	**(73)**	(34)
Balance at 30 June/31 December	**9,961**	10,266

Members participate on syndicates by reference to years of account. Members' ultimate results, assets and liabilities are assessed by year of account with reference to policies incepting in that year of account. Members' balances represent the net profit/(loss) to be distributed/(collected) by syndicates to/(from) the members. Where there are profits and members' FAL held in excess of members' capital requirements, they will be distributed in the second quarter of the year following the closure of the year of account.

Members that only participate on one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust funds. These funds are known as funds in syndicate (FIS). At 30 June 2024, there was £2,604m (FY 2023: £3,225m) of FIS within members' balances. Where a member takes advantage of this facility in the year, the movement is reflected in the above table as 'net movement on funds in syndicate'.

13. Note to the statement of cash flows

Cash and cash equivalents comprise the following:

	30 June 2024 £m	30 June 2023 £m
Cash at bank and in hand	**12,223**	11,737
Short-term deposits with credit institutions	**2,093**	1,757
Overdrafts	**(327)**	(304)
Cash and cash equivalents	**13,989**	13,190

Of the cash and cash equivalents, £132m (HY 2023: £261m) is held in regulated bank accounts in overseas jurisdictions.

Independent Limited Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2024 Lloyd's Interim Pro Forma Financial Statements

The Council of Lloyd's engaged us to undertake a limited assurance engagement in respect of the preparation of the interim Pro Forma Financial Statements ('the interim PFFS') for the six months ended 30 June 2024 as set out on pages 10 to 18 in Lloyd's Half Year Results 2024. The interim PFFS have been compiled by the Council of Lloyd's by aggregating financial information reported in syndicate returns, the Society of Lloyd's schedules supporting its condensed consolidated interim financial statements, and Members' Funds at Lloyd's.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the interim PFFS for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the basis of preparation set out in note 2.

This conclusion is to be read in the context of what we say in the remainder of our report.

Scope of work

The scope of our work was limited to assurance over the interim PFFS, prepared by the Council of Lloyd's, which comprise: the Pro Forma Balance Sheet as at 30 June 2024, the Pro Forma Profit and Loss Account and Statement of Comprehensive Income and the Pro Forma Statement of Cash Flows for the six months then ended and the notes to the interim PFFS.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Lloyd's Half Year Results 2024 for the six months ended 30 June 2024.

The financial reporting framework that has been applied in the preparation of the interim PFFS is set out in note 2, 'basis of preparation'.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants (IESBA)'s International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work done

We are required to plan and perform our work in order to address the areas where we have identified that a material misstatement is likely to arise in the compilation of the interim PFFS.

Our procedures consisted principally of:

- making enquiries to obtain an understanding of how the Council of Lloyd's has compiled the interim PFFS from the syndicate interim returns, the Society of Lloyd's schedules supporting its condensed consolidated interim financial statements, and Members' Funds at Lloyd's;
- obtaining an understanding of the nature of adjustments made to this information in the preparation of the interim PFFS, and applying review procedures over the compilation of the interim PFFS;
- reviewing key reconciliations over the Members' Funds at Lloyd's portfolio; and
- evaluating the overall presentation of the interim PFFS.

Independent Limited Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2024 Lloyd's Interim Pro Forma Financial Statements continued

This work is performed in order to provide us with a basis for reporting whether anything has come to our attention that causes us to believe that the interim PFFS is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2. We do not independently assess and do not conclude on the appropriateness of that basis of preparation.

Our work also did not involve assessing the quality of the International Standard on Review Engagements (UK) 2410 ('ISRE 2410') reviews performed by the respective auditors over the syndicate returns or the Society of Lloyd's condensed consolidated interim financial statements, nor performing any audit or review procedures over the financial or other information of the syndicates or Society of Lloyd's.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The responsibilities of the Council of Lloyd's and our responsibilities

The Council of Lloyd's is responsible for establishing and determining the suitability of the basis for preparing the interim PFFS and the preparation and approval of the interim PFFS in accordance with that basis of preparation. According to the Statement of Council's Responsibilities in respect of the interim PFFS, the interim PFFS are prepared so that the financial results of the Society of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with the interim financial reports of general insurance companies.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the compilation of the interim PFFS is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Council of Lloyd's.

Intended users and purpose

This report, including our conclusion, has been prepared solely for the Council of Lloyd's in accordance with our engagement letter dated 2 September 2024. Our examination has been undertaken so that we might state to the Council of Lloyd's those matters which have come to our attention in accordance with the engagement letter and for no other purpose. We permit this report to be disclosed in the Lloyd's Half Year Results 2024, to assist the Council of Lloyd's in responding to their governance responsibilities by obtaining an independent assurance report in connection with the preparation of the interim PFFS. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Lloyd's for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants, London

4 September 2024

Society Report

Group interim review

The Society reported a profit before tax for the period of £354m (HY 2023: £186m) as set out below:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m	Corporation of Lloyd's £m	Lloyd's Central Fund £m	Society total £m
Technical account						
Earned premiums, net of reinsurance	–	–	–	–	–	–
Other technical income	**4**	–	**4**	4	–	4
Claims incurred, net of reinsurance	–	–	–	–	–	–
Net operating income	**18**	–	**18**	16	–	16
Balance on the technical account for general business	**22**	–	**22**	20	–	20
Non-technical account						
Total investment return	**29**	**120**	**149**	26	86	112
Profit/(loss) on exchange	**17**	**(5)**	**12**	1	(115)	(114)
Non-technical income	**188**	**211**	**399**	177	202	379
Non-technical expenses	**(186)**	**(42)**	**(228)**	(169)	(42)	(211)
Profit before tax	**70**	**284**	**354**	55	131	186

Technical account

The technical account reflects the income and expenses related to the Society's insurance business carried out by its subsidiaries, Lloyd's Europe and Lloyd's China, which is fully reinsured to the Lloyd's syndicates. As a result, net premiums less net claims is nil. The balance on the technical account of £22m (HY 2023: £20m) is a result of the ceding commission earned by Lloyd's Insurance Company S.A. (Lloyd's Europe) and Lloyd's Insurance Company (China) Limited (Lloyd's China) for their reinsurance to the Lloyd's syndicates, which is broadly flat compared to the prior period due to the growth in reinsurance business ceded being eroded by an adverse foreign exchange movement. In addition, operating expenses have decreased slightly compared to the prior period, driving the higher technical account result.

Non-technical account

The non-technical account reflects the income and expenses related to the Society's business, other than effecting contracts of insurance. Non-technical income for the Society increased to £399m during the first half of 2024 (HY 2023: £379m) as a result of the increase in premiums written across the Lloyd's market, which is the driver of the Society's key revenue streams – member subscriptions, Central Fund contributions and overseas operating charges.

Non-technical operating expenses have increased to £228m (HY 2023: £211m). There has been an increase in legal and professional costs linked to a number of new initiatives commencing in 2024, as well as a smaller increase in employment expenses driven by employee wage increases. These increases have been partially offset by a reduction in premises expenses, through reduced energy costs.

Premiums

The Society reported gross written premiums of £2,037m (HY 2023: £2,026m):

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Gross written premiums	**2,037**	2,026
Outward reinsurance premiums	**(2,037)**	(2,026)
Net written premiums	**–**	–

Lloyd's Europe gross written premium increased by 4% versus HY 2023, driven predominantly by rate growth on the existing portfolio. This increase has been offset by a weakening of the Euro against Sterling during the reporting period, resulting in a lower increase in Sterling terms. Lloyd's China increased by 20% in the period driven by higher retention rates. Again, this increase is partially offset by a weakening of Chinese Yuan against Sterling.

Group interim review continued

Investment performance

The Society reported a positive investment return, excluding foreign exchange, of £149m or 2.4% during the first half of the year (HY 2023: £112m, 1.8%). A gain on foreign exchange of £12m increases the investment return to 2.7% (HY 2023: loss of £114m, (0.1)%). The Central Fund, which represents £3.5bn or 58% (FY 2023: £3.3bn, 57%) of the Society's total investments and cash balances of £6.0bn, performed strongly in the period producing £114m of the total investment return (including foreign exchange impact). Global equities and higher yielding credit were the primary drivers of return, with fixed term deposits continuing to generate strong returns over the first six months of 2024.

Results summary

Overall, the profit before tax for the six months to 30 June 2024 was £354m (HY 2023: £186m). Profit/(loss) on exchange on investments held has increased by £126m, mainly as a result of the strengthening of Sterling against US Dollars. In the six months to 30 June 2024, the net assets of the Society increased by £140m to £3,637m (FY 2023: £3,497m) in spite of repayment of the 2019 tranche of syndicate loans (and the returns paid on these), illustrative of the Society's balance sheet strength.

Solvency

The Society's solvency position is set out below:

	Six months ended 30 June 2024 £m	31 December 2023 £m
Central assets at 30 June/31 December	**3,637**	3,497
Subordinated debt	**604**	604
Total	**4,241**	4,101
Solvency valuation adjustments	**1,998**	1,930
Available central own funds to meet the Central Solvency Capital Requirement (SCR)	**6,239**	6,031
Excess central own funds not eligible to meet the Central SCR	**-**	(1)
Eligible central own funds available to meet the Central SCR	**6,239**	6,030
Central SCR	**1,200**	1,200
Central solvency ratio	**520%**	503%

The Central SCR covers the central risks of the Society. This includes the risk that members may have insufficient capital to meet their losses. The Central SCR may be covered only by central eligible own funds of the Society.

The solvency valuation adjustments above include items such as valuation differences arising and assets being disallowed due to the valuation principles used in Solvency II. They also include recognition of the callable layer, which may be taken from member-level capital to strengthen central resources.

The eligibility of assets to count towards the solvency coverage is also subject to tiering restrictions. All Tier 1 assets count fully towards the solvency coverage assessment. However, Tier 2 and Tier 3 assets may only count up to a maximum of 50% of the SCR. The total Tier 2 and 3 assets did not exceed 50% of the Central SCR as at 30 June 2024 (FY 2023: exceeded by £1m).

Based on central own funds eligible to meet the Central SCR of £6.2bn (FY 2023: £6.0bn), the solvency ratio is 520% (FY 2023: 503%). In setting contribution levels, account is taken of the Central SCR to ensure that Lloyd's is prudently capitalised. The central solvency ratio reported above is based on the SCR, which has been calculated using the latest approved version of the Lloyd's Internal Model. Repayment of the subordinated debt, maturing in October 2024, would reduce the central solvency ratio by 25%.

Going concern statement

After making enquiries and considering management's assessment of the financial position of the Society, the members of the Council have a reasonable expectation that the Society has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Half Year Report and therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Society of Lloyd's condensed consolidated interim financial statements (the 'Group interim financial statements').

Principal current and emerging risks

The Corporation continues to identify, manage and monitor the principal current and emerging risks which could have a significant impact on the underwriting of insurance at Lloyd's, and the actions we need to take to mitigate these risks.

The changing and evolving external landscape poses significant uncertainty, and unexpected events can become significant risks. The below principal risk areas are being actively monitored by the Lloyd's Risk Committee and the Council to provide assurance that risks, issues and impacts are appropriately managed.

Key: Strategic priorities

Performance | Digitalisation | Purpose | Culture

Risk	Mitigation
Sustainable market performance and oversight	
Risk that Lloyd's businesses suffer losses or erode their capital base due to a failure to respond to changing market conditions.	Business plans continue to be closely monitored to ensure they reflect market conditions, including challenges around the availability of reinsurance and the potential impacts on syndicate business plans. Oversight of new and evolving exposures continues to be an area of focus. Lloyd's enhanced principles-based oversight framework was implemented in 2022 and enabled the move from rules-based supervision to principles-based supervision of syndicates. There is a multi-year embedding plan in place to ensure that the framework meets its objectives and instils further confidence in key stakeholders. Sustainable performance was the focus for the 2024 business planning process which took place in a complex economical and geopolitical environment. The syndicate categorisation output of the principles-based oversight framework was a crucial input to the level of challenge that syndicate plans were subject to, with a commitment to ensuring risk-based oversight throughout the planning process and into the ongoing oversight activities. While market conditions overall are expected to remain supportive to growth in 2024, specific classes of business may be more challenging and require ongoing focus. Looking forward, we are focused on being prepared to manage changing market conditions.
Geopolitical volatility	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of changing geopolitical pressures and global events.	The conflicts in Ukraine and the Middle East continue to be actively monitored by Lloyd's to ensure that risks, issues and impacts are appropriately managed as the situation evolves. We continue to work closely with the market to monitor claims development and reserve adequacy, and our industry continues to work closely with governments and regulators across the world to monitor and ensure we interpret and enact sanctions requirements, together with other legal and regulatory obligations, appropriately. 2024 is a record year for elections across the world and the development of these and their impacts on Lloyd's continues to be actively monitored. Lloyd's conducts regular scenario modelling, asking market participants to assess the potential impacts of plausible but hypothetical geopolitical situations across areas such as capital, operations and business continuity.
Macroeconomic uncertainty	
Risk that Lloyd's businesses suffer losses as a result of the external macroeconomic challenges, including high inflation, high interest rates, financial market volatility and increased risk of recession.	The macroeconomic environment continues to be monitored closely, including the impact of increased inflation on various risks including reserves, pricing and investments. Lloyd's continues to operate a cross-functional working group to monitor and manage associated risks and conduct scenario analysis to stress test Lloyd's business plan under different scenarios. Monitoring the explicit consideration of the inflation outlook within reserves, pricing and investments by the market, and stress testing continues to take place in order to be able to demonstrate balance sheet resilience.

Risk	Mitigation
Blueprint Two cutover and execution of change	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of failing to deliver major change programmes.	Progress against the digitalisation agenda remains a focus for risk monitoring in 2024. The planned cutover to phase one of the new digital services for market participants has been postponed to ensure ample market readiness and a safe transition. The programme team has been working on a replan which outlines the ambition for the rest of 2024 and beyond. Lloyd's continues to hold market-wide engagement sessions providing further details on the programme and tracking the progress made in delivering the digital solutions outlined in Blueprint Two, as well as demonstrating how brokers and carriers will be able to work effectively together when using different processes and technology, supported by central digital services. To manage execution risks around the programme, extensive risk and assurance programmes continue to operate, covering technical delivery, process delivery, market readiness and Corporation readiness.
Operational resilience and evolving cyber security threats	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of not maintaining robust and resilient operations, embedding cyber resilience, data capability and effective third party risk management.	The risk environment continues to develop as persistent threats from the possibility of major or systemic cyber or other operational events continue to endure. As businesses become more connected and reliant on a number of material service providers, and technologies like AI and machine learning become more sophisticated, risk management remains fundamental to ensure continuity of operations in the face of material service disruption. Increasing scrutiny from regulatory authorities continues to be applied to material relationships entered into by businesses. The Corporation completed its annual self-assessment of its Operational Resilience Framework and Important Business Services with pertinent mitigation identified. The levels of operational resilience in managing agents and the risk of disruption to these firms from material third party arrangements, shared service providers or other operational events remain the responsibility of the managing agents, and this continues to be assessed by the Corporation through our principles-based oversight framework.
Talent and culture	
Risk that Lloyd's fails to deliver its strategic objectives as a result of failing to attract and retain diverse and skilled talent.	Rapidly developing technology and shifting demographics are changing the nature of the global workforce – and employees' expectations of employers. Strong competition has developed for attracting and retaining the best talent, particularly where specialist skills are required. Lloyd's aim is for our marketplace to be a global destination for diverse and highly skilled talent. Creating a diverse, inclusive and collaborative culture is therefore essential in attracting this talent and ensuring high performance at the Corporation and across our market. Culture is a key oversight principle for managing agents, who are held to account for meeting culture expectations. We continue to support these goals through a range of initiatives such as targets for ethnic minority hiring and women in leadership, development programmes for diverse leaders, the Inclusive Futures programme of initiatives, best practice workshops for market participants, Corporation and market wide culture surveys and partnering with charities working to promote social mobility, racial equality and economic opportunity across the communities we operate in. The annual Market Policies and Practices return is used to assess progress across the Lloyd's culture commitments of leadership, behaviour and speaking up.
Climate change	
Risk that Lloyd's businesses suffer losses and operational disruption as a result of physical, transition and litigation risks.	While there is inherent complexity and uncertainty in how the future climate pathway will develop, Lloyd's has controls and processes in place to manage and mitigate the insurance risks and exposures as they emerge, including a robust syndicate business plan and capital setting process, and an annual review of reserves. Lloyd's continues to develop its tools to assess and monitor the impact of climate change across physical risk, transition risk and litigation risk. The risks relating to the increased reporting obligations stemming from developing global regulatory and statutory requirements around sustainability will also need to be managed. In 2023 Lloyd's issued a consultation to the market on insuring the transition which proposes several activities to better understand and monitor climate change risks including developing climate key risk indicators (KRIs) and scenario testing. The consultation closed at the end of January 2024, with version 2.0 of the roadmap, which responded to feedback being published in July 2024.

Statement of Council's responsibilities

Statement of Council's responsibilities in respect of the Group Interim Financial Statements

We confirm that to the best of our knowledge:

- The Group interim financial statements has been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' which gives a true and fair view of the assets, liabilities, financial position and profit or loss for the six months ended 30 June 2024;
- The Chief Executive's statement and the Society Group interim review (constituting the interim management report) include a fair review of the important events that have occurred during the first six months of the financial year and their impact on the Group interim financial statements;
- The statement of principal risks and uncertainties is a fair review of the principal risks and uncertainties for the remaining six months of the financial year; and
- The Group interim financial statements include a fair review of the related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Society during that period, as well as any changes in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Council of Lloyd's:

Bruce Carnegie-Brown
Chairman

John Neal
Chief Executive Officer

4 September 2024

Group Profit and Loss Account and Statement of Comprehensive Income

(For the six months ended 30 June 2024)

Profit and Loss Account		Six months ended 30 June 2024		Six months ended 30 June 2023	
	Note	£m	£m	£m	£m
Technical account					
Gross written premiums	3	**2,037**		2,026	
Outward reinsurance premiums	3	**(2,037)**		(2,026)	
Change in the gross provision for unearned premiums		**(315)**		(293)	
Change in the provision for unearned premiums, reinsurers' share		**315**		293	
Earned premiums, net of reinsurance			**–**		–
Other technical income			**4**		4
Gross claims paid		**(721)**		(652)	
Claims paid, reinsurers' share		**721**		652	
Change in provision for gross claims		**(264)**		(215)	
Change in provision for claims, reinsurers' share		**264**		215	
Claims incurred, net of reinsurance			**–**		–
Net operating income	4		**18**		16
Balance on the technical account for general business			**22**		20
Non-technical account					
Balance on the general business technical account			**22**		20
Investment income	5	**97**		56	
Unrealised gains on investments	5	**53**		57	
Investment expenses and charges	5	**(1)**		(1)	
Total investment return			**149**		112
Profit/(loss) on foreign exchange			**12**		(114)
Non-technical income	12		**399**		379
Non-technical operating expenses	12		**(228)**		(211)
Profit before tax			**354**		186
Tax charge on profit	6		**(94)**		(45)
Profit after tax			**260**		141
Statement of Comprehensive Income					
Profit after tax			**260**		141
Exchange differences on translating foreign operations			**(14)**		(32)
Remeasurement gains on pension assets and liabilities	7		**16**		12
Tax charge on components of other comprehensive income			**(2)**		(1)
Other comprehensive income for the period, net of tax			**–**		(21)
Total comprehensive income for the period			**260**		120

Group Balance Sheet

(As at 30 June 2024)

	Note	30 June 2024 £m	30 June 2024 £m	31 December 2023 £m	31 December 2023 £m
Intangible assets			**31**		38
Investments					
Financial investments	8	**4,456**		4,826	
Investment in associates and joint ventures		**47**		46	
			4,503		4,872
Reinsurers' share of technical provisions					
Provision for unearned premiums		**2,552**		2,288	
Claims outstanding		**7,195**		7,087	
			9,747		9,375
Debtors					
Debtors arising out of direct insurance operations		**2,915**		2,619	
Debtors arising out of reinsurance operations		**1,633**		1,559	
Other debtors		**14**		22	
			4,562		4,200
Other assets					
Tangible assets		**28**		28	
Cash at bank and in hand		**1,513**		998	
Other assets		**2**		5	
			1,543		1,031
Prepayments and accrued income					
Accrued interest and rent		**30**		28	
Deferred acquisition costs		**499**		439	
Other prepayments and accrued income		**98**		139	
			627		606
Pension scheme assets	7		**57**		41
Total assets			**21,070**		20,163

Group Balance Sheet continued

(As at 30 June 2024)

		30 June 2024		31 December 2023	
	Note	£m	£m	£m	£m
Capital and reserves					
Revaluation reserve		**15**		15	
Translation reserve		**(14)**		-	
Syndicate loans	9	**404**		514	
Profit and loss account		**3,232**		2,968	
			3,637		3,497
Subordinated debt	10(i)		**604**		604
Technical provisions					
Provision for unearned premiums		**2,552**		2,288	
Claims outstanding		**7,195**		7,087	
			9,747		9,375
Provisions for other risks					
Provisions for pensions and similar obligations	7	**3**		3	
Tax provisions		**52**		12	
Other provisions		**39**		41	
			94		56
Deposits received from reinsurers			**1,041**		1,187
Creditors					
Creditors arising out of direct insurance operations		**726**		663	
Creditors arising out of reinsurance operations		**3,925**		3,667	
Other creditors including taxation and social security		**204**		197	
Amounts owed to credit institutions	10(ii)	**303**		303	
			5,158		4,830
Accruals and deferred income			**789**		614
Total capital, reserves and liabilities			**21,070**		20,163

The Group interim financial statements on pages 27 to 41 were approved by the Council on 4 September 2024 and signed on its behalf by:

Bruce Carnegie-Brown
Chairman

John Neal
Chief Executive Officer

Group Statement of Changes in Equity

(For the six months ended 30 June 2024)

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity £m
At 1 January 2024		**2,968**	**–**	**15**	**514**	**3,497**
Profit for the period		**260**	**–**	**–**	**–**	**260**
Other comprehensive income/(expense) for the period, net of tax		**14**	**(14)**	**–**	**–**	**–**
Repayment of syndicate loans		**–**	**–**	**–**	**(110)**	**(110)**
Interest paid on syndicate loans	9	**(10)**	**–**	**–**	**–**	**(10)**
At 30 June 2024		**3,232**	**(14)**	**15**	**404**	**3,637**

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity £m
At 1 January 2023		2,729	25	15	514	3,283
Profit for the period		141	–	–	–	141
Other comprehensive income/(expense) for the period, net of tax		11	(32)	–	–	(21)
Interest paid on syndicate loans	9	(10)	–	–	–	(10)
At 30 June 2023		2,871	(7)	15	514	3,393

Group Statement of Cash Flows

(For the six months ended 30 June 2024)

	Note	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 (As restated) £m
Net cash from operating activities	11	**806**	170
Tax paid		**(44)**	(21)
Net cash inflows from operating activities		**762**	149
Cash flow from investing activities			
Purchase of tangible assets		**(1)**	–
Purchase of equity and debt instruments		**(1,029)**	(1,810)
Sale of equity and debt instruments		**875**	1,523
Purchase of short term deposits		**(1,095)**	(238)
Sale of short term deposits		**1,255**	207
Realised foreign exchange on sale of investments		**2**	(2)
Net sale of derivatives		**2**	9
Realised (losses)/gains on sale of investments		**(26)**	5
Other		**1**	–
Net cash outflows from investing activities		**(16)**	(306)
Cash flows from financing activities			
Interest paid on senior debt		**(4)**	(4)
Interest paid on subordinated notes		**(15)**	(15)
Interest paid on syndicate loans	9	**(10)**	(10)
Redemption of syndicate loan	9	**(110)**	–
(Decrease)/increase in borrowings for statutory insurance deposits		**(82)**	119
Net cash (outflows)/inflows from financing activities		**(221)**	90
Net increase/(decrease) in cash and cash equivalents		**525**	(67)
Cash and cash equivalents at the beginning of the period		**998**	1,167
Exchange differences on cash and cash equivalents		**(10)**	(38)
Cash and cash equivalents at the end of the period		**1,513**	1,062

Comparative values for the six months ended 30 June 2023 have been restated as a result of the identification and correction of a misallocation of cash movements. The adjustment does not impact total capital and reserves reported in prior periods. Refer to note 1 for further details of the restatement of the comparative amounts.

Notes to the Group Interim Financial Statements

(For the six months ended 30 June 2024)

1. Basis of preparation

General

In 1871, by Lloyd's Act 1871, the then existing association of underwriters was incorporated in the United Kingdom as the Society and Corporation of Lloyd's (the Society). Its activities are accordingly governed by statute and, since 1982, have been managed by the Council of Lloyd's (the Council) pursuant to Lloyd's Act 1982. Its principal place of business is One Lime Street, London, EC3M 7HA.

The Society's main corporate purposes are to facilitate the conduct of insurance business by members of Lloyd's, the advancement and protection of their interests in this context and to manage the Society's insurance undertakings. The Society's revenue consists of members' subscriptions, various market charges and Central Fund contributions. The Society's wholly owned subsidiaries, Lloyd's Europe and Lloyd's China, are the principal insurance businesses of the Society. The principal activities of Lloyd's Europe and Lloyd's China are to provide reinsurance of non-life business and direct non-life insurance in the European and Chinese insurance markets, respectively. Lloyd's syndicates participate in Lloyd's Europe and Lloyd's China business by means of 100% retrocession agreements.

The Society is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority. Lloyd's Europe and Lloyd's China are also regulated by their respective country regulators.

Statement of compliance

The Group interim condensed financial statements (the Group interim financial statements) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Ireland', Financial Reporting Standard 103 'Insurance Contracts' and Financial Reporting Standard 104 'Interim Financial Reporting' (collectively UK GAAP).

Basis of preparation

The Group interim financial statements of the Society comprise the financial statements of the Society and its subsidiaries, the Lloyd's Central Fund and the Group's interest in associates and joint ventures as at each reporting date. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Society obtains control, and continue to be consolidated until the date that such control ceases. All intra-Group balances and transactions are eliminated in full.

The Group interim financial statements are prepared on a going concern basis under the historic cost convention, except for certain assets and liabilities at fair value, as required or permitted under FRS 102 and FRS 103.

The Group interim financial statements are presented in Sterling (£) which is the Society's functional and presentational currency, and all values are rounded to the nearest million (£m).

The accounting policies applied in the preparation of the Group interim financial statements are substantially consistent with those adopted in the 2023 Annual Report.

Prior period restatement

The Group statement of cash flows comparative amounts for the six months ended 30 June 2023 have been restated following the implementation of improved processes during 2023 for identifying cash movements associated with financial investments. As a result:

- Net cash flows from operating activities increased by £46m;
- Net cash flows from investing activities decreased by £44m;
- Net cash outflows from financing activities decreased by £nil; and
- Cash flows from exchange difference on cash and cash equivalents decreased by £2m.

2. Application of new and revised Financial Reporting Standards

There are no new standards, amendments to standards or interpretations which have become effective in the year beginning 1 January 2024 that have had a material impact on the Group interim financial statements.

3. Segmental analysis

Segmental information is presented in respect of the Society's business segments. The primary business segments are based on the Society's management and internal reporting structure. Intra-segment pricing is determined on an arm's-length basis. Segmental results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. The Society's primary business segments are as follows:

- Corporation of Lloyd's: the main corporate purposes are to facilitate the carrying on of insurance business by members of Lloyd's and the advancement and protection of their interests in this context. The activities of authorised insurance company subsidiary undertakings (primarily Lloyd's Europe and Lloyd's China) are included within this business segment; and
- Lloyd's Central Fund: comprising the New Central Fund and Old Central Fund, are assets of the Society and are held and administered at the discretion of the Council, primarily as funds available for the protection of the policyholders. Unless the approval of members is obtained, the New Central Fund may not be used for the purposes of extinguishing or reducing liabilities which have been reinsured by Equitas Reinsurance Limited.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

3. Segmental analysis continued

Segment assets and liabilities	Note	30 June 2024 Corporation of Lloyd's £m	30 June 2024 Lloyd's Central Fund £m	30 June 2024 Society total £m	31 December 2023 Corporation of Lloyd's £m	31 December 2023 Lloyd's Central Fund £m	31 December 2023 Society total £m
Financial investments	8	**1,559**	**2,897**	**4,456**	1,799	3,027	4,826
Cash at bank and in hand		**933**	**580**	**1,513**	687	311	998
Deferred tax asset		**2**	**–**	**2**	5	–	5
Tax receivable		**1**	**–**	**1**	1	9	10
Reinsurers' share of technical provisions		**9,747**	**–**	**9,747**	9,375	–	9,375
Debtors arising out of direct insurance operations		**2,915**	**–**	**2,915**	2,619	–	2,619
Debtors arising out of reinsurance operations		**1,633**	**–**	**1,633**	1,559	–	1,559
Other assets		**221**	**582**	**803**	189	582	771
Total assets		**17,011**	**4,059**	**21,070**	16,234	3,929	20,163
Technical provisions		**9,747**	**–**	**9,747**	9,375	–	9,375
Tax provisions		**21**	**31**	**52**	12	–	12
Deposits received from reinsurers		**1,041**	**–**	**1,041**	1,187	–	1,187
Creditors arising out of direct insurance operations		**726**	**–**	**726**	663	–	663
Creditors arising out of reinsurance operations		**3,925**	**–**	**3,925**	3,667	–	3,667
Subordinated debt and amounts owing to credit institutions	10	**303**	**604**	**907**	303	604	907
Other liabilities		**974**	**61**	**1,035**	799	56	855
Total capital and reserves		**274**	**3,363**	**3,637**	228	3,269	3,497
Total capital, reserves and liabilities		**17,011**	**4,059**	**21,070**	16,234	3,929	20,163

Particulars of insurance business

The geographical analysis of direct insurance premiums by location where contracts were concluded is as follows:

	Six months ended 30 June 2024 £m			Six months ended 30 June 2023 £m		
	Europe	China	Total	Europe	China	Total
Gross written premiums	1,995	42	2,037	1,989	37	2,026
Outward reinsurance premiums	(1,995)	(42)	(2,037)	(1,989)	(37)	(2,026)
Net written premiums	–	–	–	–	–	–

4. Net operating income - technical account

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Acquisition costs	**(437)**	(410)
Change in deferred acquisition costs	**70**	47
Administrative expenses	**(28)**	(30)
Reinsurance commissions and profit participation	**413**	409
Total net operating income	**18**	16

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

5. Total investment return

Investment income	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Income from financial investments held at FVTPL	**38**	21
Income from financial investments held at amortised cost	**30**	30
Net realised gains on derivative contracts	**2**	9
Other net realised gains/(losses) on investments held at FVTPL and amortised cost	**27**	(4)
Total investment income	**97**	56
Net unrealised gains on derivative contracts	**5**	2
Other net unrealised gains on financial investments at FVTPL	**48**	55
Total net unrealised gains on financial assets	**53**	57
Investment expenses and charges	**(1)**	(1)
Total investment return	**149**	112

6. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2024 is 25%, compared to 24% for the six months ended 30 June 2023. The tax rate is higher in 2024 due to the change in corporation tax rate in April 2023 resulting in a blended rate of 24% being applied to the 2023 year.

Deferred tax assets and liabilities are measured at the tax rate that will apply to the period when an asset is expected to be realised or a liability is expected to be settled. The applicable rate is that which has been enacted or substantively enacted by the Group balance sheet date. The deferred tax balances have been calculated using the substantively enacted tax rate.

The Group is within the scope of the OECD Base Erosion and Profit Shifting Pillar 2 rules (Pillar Two), which came into effect in the UK for accounting periods beginning on or after 31 December 2023. As such, the Pillar Two rules are effective for the year ending 31 December 2024.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion (GloBE) effective tax rate for each jurisdiction in which it operates and the 15% minimum rate, which may be capped to nil if the necessary requirements under the transitional safe harbour regime are met.

The Group is in the process of assessing its exposure to the Pillar Two legislation. Given the majority of the Group profits are in the UK and other high tax jurisdictions, and therefore are subject to tax at an effective tax rate above 15%, no significant top up taxes are expected to arise.

7. Pension schemes

Lloyd's operates a number of defined benefit pension schemes and defined contribution pension schemes. In the UK, employees are entitled to join a Group personal pension plan and there is also a closed defined benefit scheme. Other schemes have been established for certain employees based overseas.

These schemes are generally funded by the payment of contributions to separately administered funds.

Defined benefit pension schemes

The pension surpluses of the defined benefit schemes are as follows:

	30 June 2024 £m	31 December 2023 £m
Lloyd's Pension Scheme	**57**	41
Overseas pension schemes	**(3)**	(3)
Net surplus from pension schemes	**54**	38

The Lloyd's Pension Scheme

The Lloyd's Pension Scheme is a defined benefit pension scheme with assets held in a separately administered fund. The Scheme provides pensions to members on retirement, as well as benefits on the death of members. The Scheme operates in accordance with Trust Deed and Rules and relevant legislation. A Board of Trustees manages and administers the Scheme; they are primarily responsible for ensuring that members are paid the correct benefits at the correct time, and that there are sufficient Scheme assets to pay benefits as they fall due.

The Lloyd's Pension Scheme closed to new members in 2013 and closed to future accrual for existing members on 30 June 2018. Existing members of the Scheme at that time were enrolled into the Group personal pension plan for future pension benefits.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

7. Pension schemes continued

The Lloyd's Pension Scheme continued

On an FRS 102 Section 28 'Employee Benefits' valuation basis, the pension scheme asset at 30 June 2024 was £57m (FY 2023: £41m) before the allowance for deferred tax. An actuarial pre-tax gain of £16m has been recognised in the six months ended 30 June 2024 (HY 2023: £12m). In accordance with paragraph 22 of FRS 102 Section 28 'Employee Benefits', the value of the net pension scheme asset that can be recognised in the balance sheet is restricted to the present value of economic benefits available in the form of refunds from the scheme or reductions in future contributions. The Society has recognised the Scheme surplus as a defined benefit plan asset as the Scheme Trust Deed and Rules give the Society the right to a refund of surplus in certain circumstances, and as such the asset is recoverable.

Information about the risks of the Scheme to the Society

The ultimate cost of the Scheme to the Society will depend upon actual future events rather than the assumptions made. Many of the assumptions made may not be borne out in practice and, as such, the cost of the Scheme may be higher or lower than disclosed. In general, the risk to the Society is that the assumptions underlying the disclosures, or the calculation of contribution requirements, are not borne out in practice and the cost to the Society is higher than expected. This could result in a deficit disclosed and therefore higher recovery contributions required from the Society. This may also affect the Society's ability to grant discretionary benefits or other enhancements to members.

The key assumptions that may not be borne out in practice are unchanged from those described in the 2023 Annual Report. A decrease in corporate bond yields will increase the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's bond assets.

Principal actuarial assumptions in respect of FRS 102 Section 28

The most significant change compared to the assumptions in respect of IAS 19 as outlined in the 2023 Lloyd's Annual Report is the discount rate, which has increased to 5.3% (FY 2023: 4.7%). This is the main driver of the £45m reduction in the actuarial value of scheme liabilities. The discount rate assumption is determined with reference to the yield on corporate bonds at the valuation date, which have increased since the previous valuation. There has been no change in the methodology used to derive the discount rate compared to the valuation at 31 December 2023. Other changes in assumptions compared to the 31 December 2023 valuation do not have a material impact on the net pension asset balance at 30 June 2024.

Total market value of assets and actuarial value of Scheme liabilities

Changes in the present value of the defined benefit obligations are:

	30 June 2024 £m	31 December 2023 £m
Actuarial value of Scheme liabilities at 1 January	**666**	649
Interest cost on Scheme liabilities	**15**	31
Benefits paid and administrative expenses	**(17)**	(33)
Experience gains arising in Scheme liabilities	**3**	4
Change in assumptions underlying the present value of the Scheme liabilities		
Demographic assumption change	**(5)**	(6)
Financial assumption change	**(41)**	21
Actuarial value of Scheme liabilities at 30 June/31 December	**621**	666

Changes in fair value of plan assets were:

	30 June 2024 £m	31 December 2023 £m
Fair value of Scheme assets at 1 January	**707**	706
Interest income on Scheme assets	**16**	34
Benefits paid	**(17)**	(33)
Return on plan assets excluding interest income	**(28)**	–
Fair value of Scheme assets at 30 June/31 December	**678**	707

The last formal actuarial valuation of the Scheme was completed by the Trustees as at 30 June 2022, using the projected unit credit method. The total market value of the Scheme's assets at the date of the valuation was £756m and the total value of accrued liabilities was £800m, showing a funding deficit of £44m. These figures exclude both liabilities and the related assets in respect of money purchase Additional Voluntary Contributions. The recovery plan agreed by the Trustees assumes that the deficit will be met by post-valuation-date investment outperformance relative to the liabilities; however a contingent contribution structure is in place until the next valuation (scheduled for 30 June 2025) under which contributions will be made should the estimated funding level fall below 103% as at 30 June in any given year. No additional contributions have been paid in the six months to 30 June 2024.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

7. Pension schemes continued

Sensitivity of pension obligation to changes in assumptions

A 1% pa increase in the discount rate to be adopted as at 30 June 2024 would result in a reduction to the balance sheet liabilities at that date of around 11%, or approximately £68m. A corresponding 1% pa decrease would increase liabilities at that date by around 13%, or approximately £84m.

A 1% pa increase in the assumption for future inflation (both Retail Price Index and Consumer Price Index) as at 30 June 2024, which would increase future expectations of pension increases and deferred revaluation, would result in an increase in the balance sheet liabilities at that date of around 5%, or approximately £28m. A corresponding 1% pa decrease would reduce liabilities at that date by around 5%, or approximately £30m.

A change in the mortality assumptions could have a significant impact on the liabilities. For instance, if members aged 60 were instead expected to live for one year longer, with all members' life expectancies increasing by a proportionate amount, then the liability as at 30 June 2024 would be around 2% higher, or approximately £12m. Similarly, if members aged 60 were instead expected to live for one year less, then the liability would be around 2% lower, or approximately £11m.

8. Financial investments

	Note	**30 June 2024 £m Carrying value**	31 December 2023 £m Carrying value
Financial investments at amortised cost			
Statutory insurance deposits	8(a)	**907**	1,037
Deposits with credit institutions		**108**	571
Loans secured by mortgages[1]		**21**	23
Loans (unsecured)[2]		**15**	15
Total financial investments at amortised cost		**1,051**	1,646
Financial assets at fair value through profit and loss			
Financial investments at fair value through profit and loss	8(b)	**3,398**	3,176
Derivative financial assets	8(c)	**7**	4
Total financial assets at fair value through profit and loss		**3,405**	3,180
Total financial investments		**4,456**	4,826

1. Loans secured by mortgages comprises loans made from Central Fund to hardship members related to the valuation of hardship, Limited Financial Assistance Agreement and legal assets. Gains and losses are included in the Group profit and loss account in the period they arise.
2. Loans (unsecured) represents a loan provided to a joint venture of the Group and is repayable in 2026.

(a) Financial investments at amortised cost

Statutory insurance deposits	**2024 Securities £m**	**2024 Deposits £m**	**2024 Total £m**	2023 Securities £m	2023 Deposits £m	2023 Total £m
At 1 January	**179**	**858**	**1,037**	163	771	934
Additions at cost	**5**	**588**	**593**	22	1,448	1,470
Disposal proceeds	**(5)**	**(671)**	**(676)**	(15)	(1,377)	(1,392)
(Loss)/profit on the sale and revaluation of investments	**(10)**	**(37)**	**(47)**	9	16	25
At 30 June/31 December	**169**	**738**	**907**	179	858	1,037

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

8. Financial investments continued

(b) Financial investments at fair value through profit and loss

	30 June 2024 Corporation of Lloyd's £m	30 June 2024 Lloyd's Central Fund £m	30 June 2024 Total £m	31 December 2023 Corporation of Lloyd's £m	31 December 2023 Lloyd's Central Fund £m	31 December 2023 Total £m
At 1 January	**541**	**2,635**	**3,176**	490	2,297	2,787
Additions at cost	**163**	**861**	**1,024**	223	1,380	1,603
Disposal proceeds	**(137)**	**(733)**	**(870)**	(181)	(1,135)	(1,316)
Profit on the sale and revaluation of investments	**4**	**64**	**68**	9	93	102
Fair value at 30 June/31 December	**571**	**2,827**	**3,398**	541	2,635	3,176
Analysis of securities[1]						
Debt securities and other fixed-income securities:						
Government	**126**	**1,309**	**1,435**	114	1,363	1,477
Corporate securities	**274**	**669**	**943**	266	526	792
Total debt securities and other fixed-income securities	**400**	**1,978**	**2,378**	380	1,889	2,269
Shares and other variable-yield securities and units in unit trusts:						
Global equities	–	**425**	**425**	–	369	369
Participation in investment pools:						
Private assets	–	**99**	**99**	–	72	72
Hedge funds	–	**18**	**18**	–	17	17
Multi-asset funds	–	**144**	**144**	–	139	139
Emerging markets	**62**	**83**	**145**	60	73	133
Developed markets	**109**	–	**109**	101	–	101
Other loans[2]	–	**80**	**80**	–	76	76
Fair value	**571**	**2,827**	**3,398**	541	2,635	3,176

1. All securities are listed, except for hedge funds, private assets and other loans.
2. Other loans comprises a loan to Constellation IC Limited of $101m/£80m (HY 2023: £76m), towards the arrangements made for the protection of Lloyd's Central Fund, in situations where the Central Fund makes payments to cover members' liabilities. The loan is classified and measured at fair value through profit and loss in accordance with the Society's accounting policy for financial assets, in accordance with IFRS 9 'Financial Instruments'. Interest income is accrued on the loan. The programme renewed on 1 January 2024 and has an initial fixed duration of five years (with a possible extension to hold collateral for a further three years to cover adverse claims development). The Society retains the first $1,000m (FY 2023: £791m) of claims payable.

(c) Fair value hierarchy

To provide further information on the valuation techniques used to measure assets and liabilities carried at fair value, the Group categorises the measurement basis for assets carried at fair value into a 'fair value hierarchy', based on the lowest level input that is significant to the valuation as a whole, described as follows:

Level 1 – Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Examples are listed debt securities in active markets, listed equities in active markets or listed deposits held with credit institutions in active markets.

Fair values are determined using a pricing hierarchy structure for valuation purposes. The valuation principles employed are to provide the most accurate valuations, while also working to provide independent valuations. The pricing process employs a hierarchy that utilises numerous third-party sources in a tiered system.

Level 2 – Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (ie as prices) or indirectly (ie derived from prices) and fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include quoted prices for similar (ie not identical) assets in active markets, quoted prices for identical or similar assets in markets that are not active or in which little information is released publicly and low volatility hedge funds where tradable net asset values are published.

Where estimates are used to value unlisted securities, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market-observable data. While such valuations are sensitive to estimates, changing one or more of the assumptions to reasonably possible alternative assumptions is unlikely to result in a significant change in fair value.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

8. Financial investments continued

(c) Fair value hierarchy continued

Level 3 – Inputs to Level 3 fair values are inputs that are unobservable for the asset. Unobservable inputs have been used to measure fair value where observable inputs are not available, allowing for situations where there is little or no market activity. Unobservable inputs reflect assumptions that the Society considers that market participants would use in pricing the asset and have been based on a combination of independent third-party evidence and internally developed models.

				30 June 2024
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial assets at fair value through profit or loss				
Debt securities and other fixed income securities	**1,435**	**943**	**–**	**2,378**
Shares and other variable yield securities and units in unit trusts	**425**	**–**	**–**	**425**
Participation in investment pools	**–**	**416**	**99**	**515**
Other loans	**–**	**–**	**80**	**80**
Total financial investments at fair value through profit and loss	**1,860**	**1,359**	**179**	**3,398**
Derivative financial instruments				
Currency conversion service	**–**	**1**	**–**	**1**
Other forward foreign exchange contracts	**–**	**4**	**–**	**4**
Interest rate swaps	**–**	**2**	**–**	**2**
Total derivative financial instruments	**–**	**7**	**–**	**7**
Total financial assets at fair value through profit or loss	**1,860**	**1,366**	**179**	**3,405**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Currency conversion service	**–**	**1**	**–**	**1**
Other forward foreign exchange contracts	**–**	**2**	**–**	**2**
Interest rate swaps	**–**	**3**	**–**	**3**
Total financial liabilities at fair value through profit or loss	**–**	**6**	**–**	**6**

				31 December 2023
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Debt securities and other fixed income securities	1,477	792	–	2,269
Shares and other variable yield securities and units in unit trusts	369	–	–	369
Participation in investment pools	–	390	72	462
Other loans	–	–	76	76
Total financial investments at fair value through profit and loss	1,846	1,182	148	3,176
Derivative financial instruments				
Currency conversion service	–	–	–	–
Other forward foreign exchange contracts	–	1	–	1
Interest rate swaps	–	3	–	3
Total derivative financial instruments	–	4	–	4
Total financial assets at fair value through profit or loss	1,846	1,186	148	3,180
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Currency conversion service	–	–	–	–
Other forward foreign exchange contracts	–	3	–	3
Interest rate swaps	–	4	–	4
Total financial liabilities at fair value through profit or loss	–	7	–	7

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

8. Financial investments continued

Derivative financial instruments

The Society enters forward currency contracts to manage exposures to fluctuation of exchange rates and to provide a currency conversion service to the Lloyd's market. The Society's derivative financial instruments are categorised as fair value hierarchy Level 2.

Forward currency contracts are settled gross; notional amounts are a close proxy for gross cash flow amounts. The fair value and notional amounts of derivative instruments held, all of which mature within one year, are analysed as follows:

	30 June 2024 Assets		**30 June 2024 Liabilities**	
	Fair value £m	**Notional £m**	Fair value £m	Notional £m
Currency conversion service	**1**	**161**	**(1)**	**(161)**
Other forward foreign exchange contracts	**4**	**550**	**(2)**	**(548)**
Interest rate swaps	**2**	**137**	**(3)**	**(137)**
Total	**7**	**848**	**(6)**	**(846)**

	31 December 2023 Assets		31 December 2023 Liabilities	
	Fair value £m	**Notional £m**	Fair value £m	Notional £m
Currency conversion service	–	90	–	(90)
Other forward foreign exchange contracts	1	288	(3)	(289)
Interest rate swaps	3	205	(4)	(205)
Total	4	583	(7)	(584)

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in the fair value of Level 3 investments for the six months ended 30 June 2024 and year ended 31 December 2023:

	30 June 2024 £m	31 December 2023 £m
As at 1 January	**148**	67
Additions at cost	**105**	73
Disposal proceeds	**(78)**	–
Loss on foreign exchange	**(1)**	(2)
Gain recognised in the profit and loss account	**5**	10
As at 30 June/31 December	**179**	148

There were no transfers to or from fair value hierarchy Level 3 for the period ending 30 June 2024.

Fair values are determined using a pricing hierarchy structure for valuation purposes. The valuation principles employed are to provide the most accurate valuations, while also working to provide independent valuations. The pricing process employs a hierarchy that utilises numerous third-party sources in a tiered system.

Where estimates are used to value unlisted securities, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, changing one or more of the assumptions to reasonably possible alternative assumptions are unlikely to result in a significant change in fair value.

9. Syndicate loans

	30 June 2024 £m	31 December 2023 £m
2020 Syndicate loan (November)	**285**	285
2020 Syndicate loan (June)	**119**	119
2019 Syndicate loan	**–**	110
Principal loan balance	**404**	514

Syndicate loans may be repaid in full or in part, at the discretion of the Society, only after a period of five years has elapsed. The interest rate on the loans is based on a risk-free rate with an allowance for credit spread. The Council may elect to defer or cancel payment of all or any interest. Interest is only recognised once the holders' right to receive payment is confirmed. At 30 June 2024 the cumulative interest to date, not yet confirmed, totals £6m (HY 2023: £7m).

Syndicate loans are accounted for as an equity instrument in the Group interim financial statements and as such any interest paid to loan holders is recorded as a reduction in equity. An interest payment of £10m (HY 2023: £10m) has been made during the period.

The 2019 tranche of syndicate loans was repaid on the fifth anniversary of commencement, being 29 March 2024.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

10. Subordinated debt and amounts owing to credit institutions

i) Subordinated debt

	30 June 2024 £m	31 December 2023 £m
4.875% subordinated notes of £300m maturing 7 February 2047 (Sterling 2017 Notes)	**300**	300
4.750% subordinated notes of £306m maturing 30 October 2024 (Sterling 2014 Notes)	**306**	306
Total subordinated notes issued	**606**	606
Less issue costs to be charged in future years	**(2)**	(2)
Total	**604**	604

The notes are subordinated obligations of the Society. Each tranche of the notes will rank pari passu with the other in a winding-up of the Society. Upon the occurrence of any winding-up proceedings of the Society, payments on the notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Society, except for liabilities which rank equally with or junior to the notes. Payments on the notes will also be subordinated to certain payments which may be made out of central assets including payments made to discharge the liabilities of an insolvent member to any person (including any policyholders) arising out of, or in connection with, insurance business carried on at Lloyd's by the insolvent member and payments made in respect of the costs required by or under any insolvency procedure to which the Society or the Lloyd's market may be subject. However, in the event of a winding-up of the Society, the claims of the holders of the notes rank senior to the distribution of any central assets to members of Lloyd's generally (other than payments made to members in their capacity as senior creditors of the Society).

The Sterling 2014 notes issued on 30 October 2014 mature on 30 October 2024 and bear interest at a rate of 4.750% per annum, payable annually in arrears on 30 October in each year. Repayment of the notes on maturity would reduce the Central Solvency Ratio by c.25%.

The Sterling 2017 notes issued on 7 February 2017 mature on 7 February 2047 and bear interest at a rate of 4.875% per annum, until (but excluding) 2 February 2027, payable annually in arrears on 7 February in each year, and thereafter at a floating rate of interest calculated using a compounded daily SONIA (Sterling Overnight Index Average) interest rate plus a credit adjustment spread and margin, payable quarterly in arrears.

In February 2022, the subordinated notes were delisted from the Main Market of the London Stock Exchange and relisted on the London Stock Exchange's International Securities Market.

ii) Amounts owed to credit institutions

	30 June 2024 £m	31 December 2023 £m
2.48% senior debt of £60m maturing January 2030 (Sterling 2020)	**60**	60
2.48% senior debt of £40m maturing January 2031 (Sterling 2020)	**40**	40
2.61% senior debt of £70m maturing January 2035 (Sterling 2020)	**70**	70
2.81% senior debt of £130m maturing January 2045 (Sterling 2020)	**130**	130
Less issue costs and discount on issue to be charged/unwound in future years	**(1)**	(1)
Total cost	**299**	299
Accrued interest	**4**	4
Amortised cost (carrying value)	**303**	303

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2024)

11. Cash generated from operations

	Note	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 (As restated) £m
Profit before tax		**354**	186
Adjustments for:			
Net investment return	5	**(72)**	(73)
Decrease/(increase) in other assets		**409**	(141)
Share of profit of associates and joint ventures		**(1)**	(3)
Amortisation of intangible assets		**7**	8
Depreciation of tangible fixed assets		**1**	–
Interest expense on financial liabilities at amortised cost		**18**	19
Increase in debtors, prepayments and accrued income		**(1,009)**	(917)
Increase in creditors, accruals and deferred income		**1,113**	980
(Decrease)/increase in provisions		**(2)**	2
(Loss)/profit on foreign exchange		**(12)**	110
Net defined benefit pension payment		**–**	(1)
Cash generated from operations		**806**	170

Comparative values for the six months ended 30 June 2023 have been restated as a result of the identification and correction of a misallocation of cash movements. As a result, £76m has been reanalysed increasing cash generated from operations. Refer to note 1 for further details.

12. Non-technical income and operating expenses

Non-technical income comprises non-technical income from members such as subscriptions, Central Fund contributions and overseas operating charges. Non-technical expenses comprises non-technical employment expenses, premises, legal and professional, systems and communications, depreciation and amortisation.

13. Related party transactions

There were no changes in the related party transactions described in the 2023 Annual Report that have had a material effect on the financial position or performance of the Group in the six-month period to 30 June 2024.

14. Subsequent events

There have been no events that have occurred since the reporting date which require adjustment to or disclosure in these Group interim financial statements.

Independent review report to the Council of Lloyd's
Report on the Society of Lloyd's condensed consolidated interim financial statements

Our conclusion

We have reviewed the Society of Lloyd's condensed consolidated interim financial statements (the "Group interim financial statements") in the Society Report of the Society of Lloyd's for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the Group interim financial statements are not prepared, in all material respects, in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

The Group interim financial statements comprise:

- the Group Balance Sheet as at 30 June 2024;
- the Group Profit and Loss Account and Statement of Comprehensive Income for the period then ended;
- the Group Statement of Changes in Equity for the period then ended;
- the Group Statement of Cash Flows for the period then ended; and
- the explanatory notes to the Group interim financial statements.

The Group interim financial statements included in the Society Report of the Society of Lloyd's have been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Society Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Group interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Council of Lloyd's have inappropriately adopted the going concern basis of accounting or that the Council of Lloyd's have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the Group interim financial statements and the review

Our responsibilities and those of the Council of Lloyd's

The Society Report, including the Group interim financial statements, is the responsibility of, and has been approved by the Council of Lloyd's. In preparing the Society Report, including the Group interim financial statements, the Council of Lloyd's are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Lloyd's either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the Group interim financial statements in the Society Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Council of Lloyd's as a body, for management purposes, in connection with its commitment to make the Society of Lloyd's more transparent and comparable to its peers and for no other purpose. Our report may not be made available to any other party without our prior written consent. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants, London

4 September 2024

Other Information

Alternative performance measures

The following metrics, which are consistently used to analyse financial performance in the Lloyd's market results and/or in the Society Report, are considered to be alternative performance measures (APMs). These measures are not defined under UK GAAP and may not be comparable with similarly titled measures presented by other companies.

Metric	Applicable part of the Interim Report	Definition	Reason for use
Combined ratio	Market Results	A measure of the profitability of an insurer's underwriting activity. It is the ratio of net operating expenses plus claims incurred net of reinsurance to earned premiums net of reinsurance.	Used to measure the profitability of the underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Expense ratio	Market Results	A measure of the level of expenses associated with underwriting activity. It is the ratio of net operating expenses to earned premiums net of reinsurance.	Used to measure the level of expenses associated with underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market expenses to its peers.
Underwriting result	Market Results	A measure of the profitability of an insurer's underwriting activity. It is earned premiums net of reinsurance less net operating expenses and claims incurred net of reinsurance.	Used to measure the profitability of the underwriting activity across the Lloyd's market.
Attritional loss ratio	Market Results	A measure of residual insurance claims as a percentage of earned premiums net of reinsurance. Attritional insurance claims are calculated as total claims less major losses and movements in prior year claims reserves.	Used to measure the profitability of general underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Underlying combined ration	Market Results	A measure of the profitability of an insurer's underwriting activity excluding major claims. It is the ratio of net operating expenses plus claims incurred, excluding major claims, net of reinsurance to earned premiums net of reinsurance.	Used to measure the profitability of the underwriting activity across the Lloyd's market, excluding the impact of major claims.
Prior year release ratio	Market Results	A measure of assessing prior year movements in claims reserves. It is calculated as a percentage of earned premiums net of reinsurance.	Used to determine the adequacy of reserves across the Lloyd's market and the benefit of reserve margin to be considered within the combined ratio. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Major claims ratio	Market Results	A measure of significant loss events which have impacted the profitability of underwriting activity. This is calculated as the sum of major claims in the market as a percentage of earned premiums net of reinsurance.	Used to measure the impact of significant loss events against the underwriting performance of the market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Investment return	Market Results and Society Report	A measure of performance of an insurer's investing activity. It can be expressed as the ratio of total investment return to the average of opening and closing financial investments and cash at bank and in hand.	Used to measure the performance of the portfolio of investments and cash balances held across the Lloyd's market.
Solvency coverage ratio	Market Results and Society Report	Under the Solvency II regime Lloyd's monitors the amount of eligible capital available to cover its market-wide SCR (MWSCR) and central SCR (CSCR). This is calculated as total eligible capital, expressed as a percentage of the respective solvency capital requirements.	Used to ensure that the Society and its members hold sufficient capital to meet Lloyd's regulatory capital requirements, as well as to ensure Lloyd's solvency risk appetites are satisfied.