

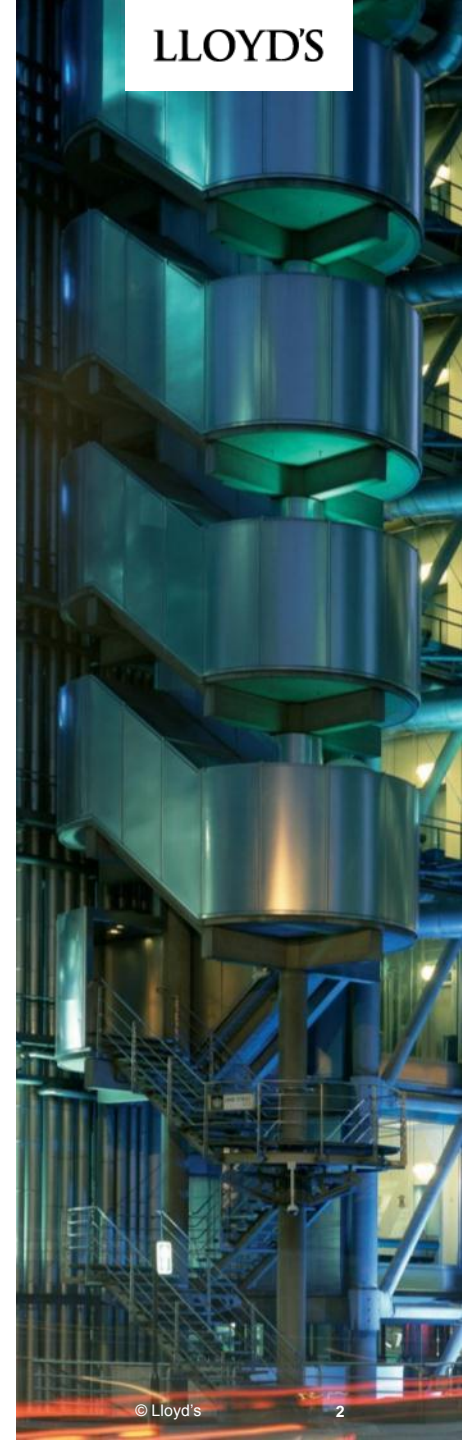


LLOYD'S 2013 ANNUAL RESULTS

26 March 2014

HIGHLIGHTS

- ▶ Outstanding year, with a profit of £3.2bn and RoC of 16.2%.
- ▶ Combined ratio of 86.8% outperforms that of our peers.
- ▶ Our underwriting – targeted at specialist lines – is disciplined and highly profitable.
- ▶ The fact that we are a stable, well capitalised insurer with excellent oversight is recognised in our ratings.
- ▶ Progress made in building the foundations for Vision 2025.

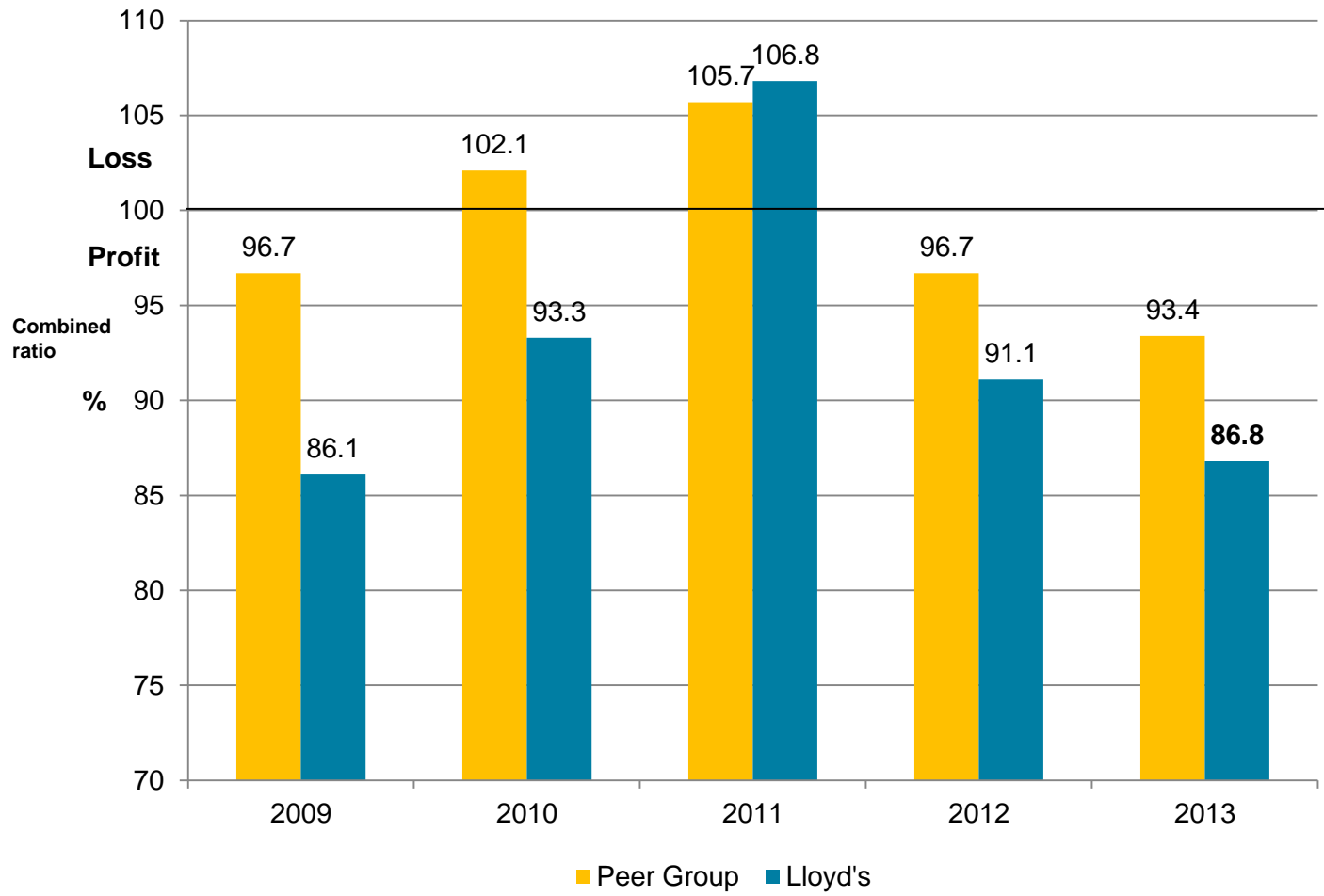


STRONG UNDERWRITING RESULT DRIVES RETURN ON CAPITAL

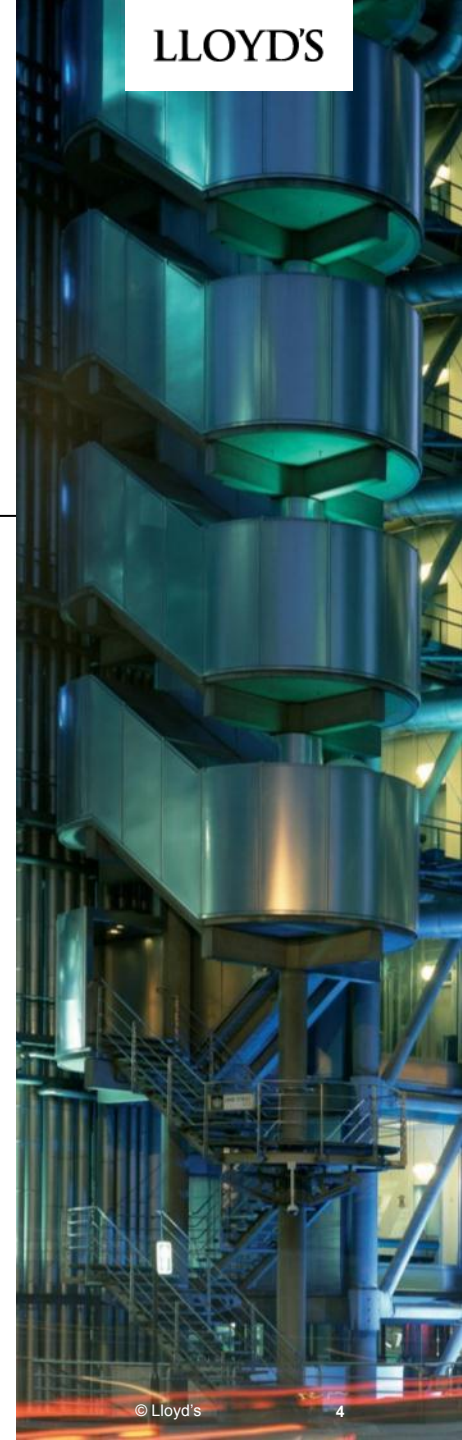
£m	2012	2013
Gross written premiums	25,500	26,106
Combined ratio	91.1%	86.8%
Investment return	1,311	839
Result before tax	2,771	3,205
Return on capital (pre-tax) %	14.8	16.2

Source: Lloyd's pro forma financial statements, Dec 2013

LLOYD'S OUTPERFORMS PEERS



Source: Lloyd's pro forma financial statements, Dec 2013
Peer group formed of 11 companies operating in the US, European and Bermudan markets



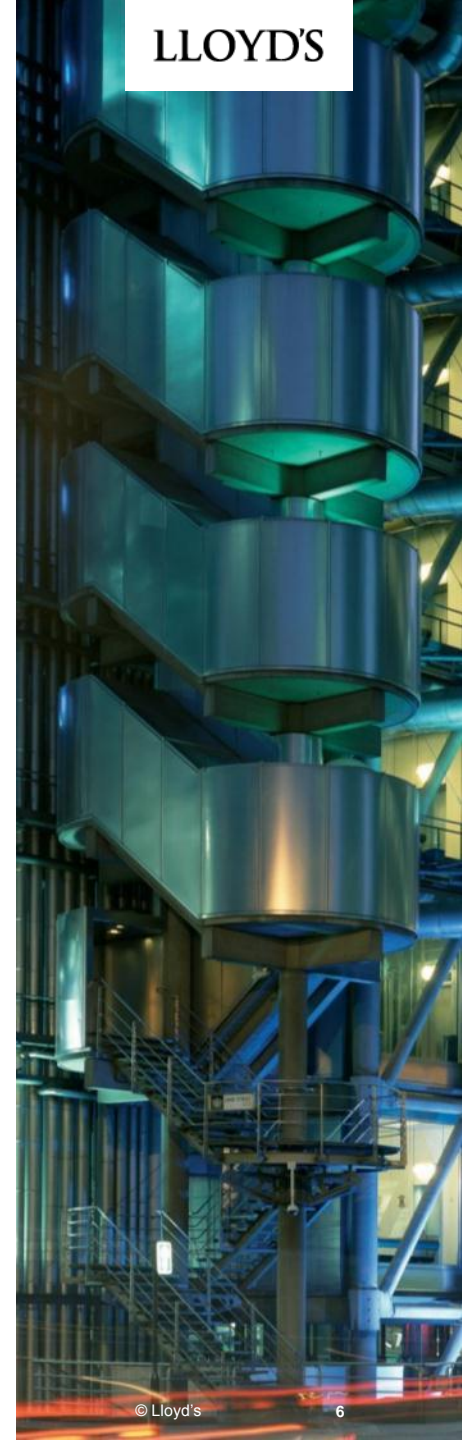
RETURN ON CAPITAL OF 13% OVER FIVE YEARS

	2009	2010	2011	2012	2013
Pre-tax result £bn	3.9	2.2	(0.5)	2.8	3.2
Combined ratio (%)	86.1	93.3	106.8	91.1	86.8
Investment return (%)	3.9	2.6	1.9	2.6	1.6
Gross written premiums £bn	22.0	22.6	23.5	25.5	26.6
Net resources ¹ £bn	19.1	19.1	19.1	20.2	21.1
Pre-tax ROC (%)	23.9	12.1	(2.8)	14.8	16.2
Pre-tax ROC 5 year average (%)					12.8
Pre-tax RoC in 10 years since market oversight introduced (%)					14.6

Source: Lloyd's pro forma financial statements, 31 Dec 2013

¹ Capital, reserves & subordinated loan notes and securities

FINANCIAL RESULTS



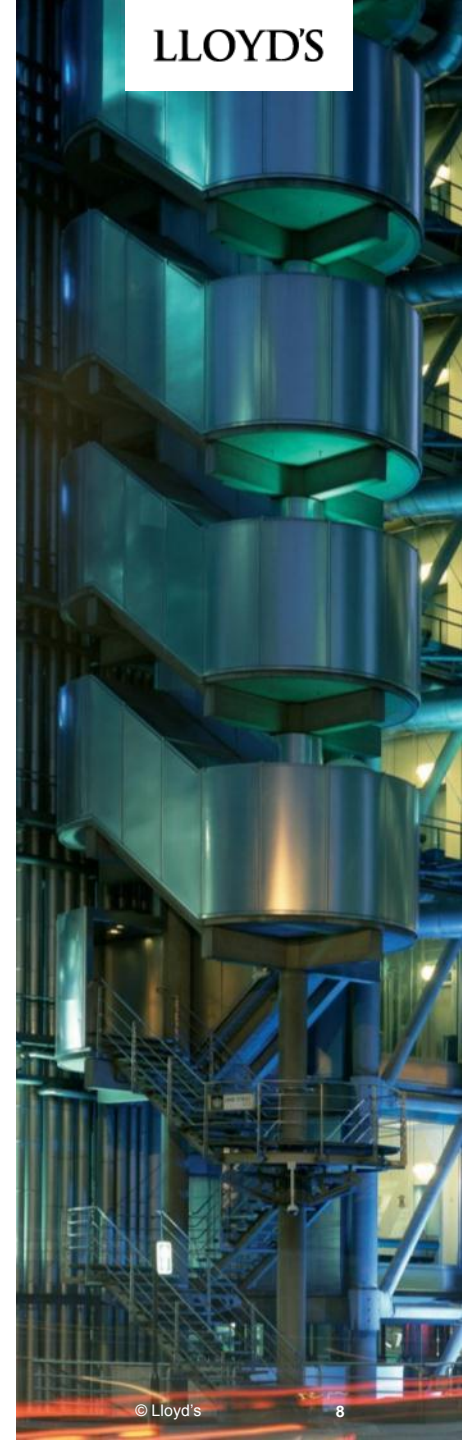
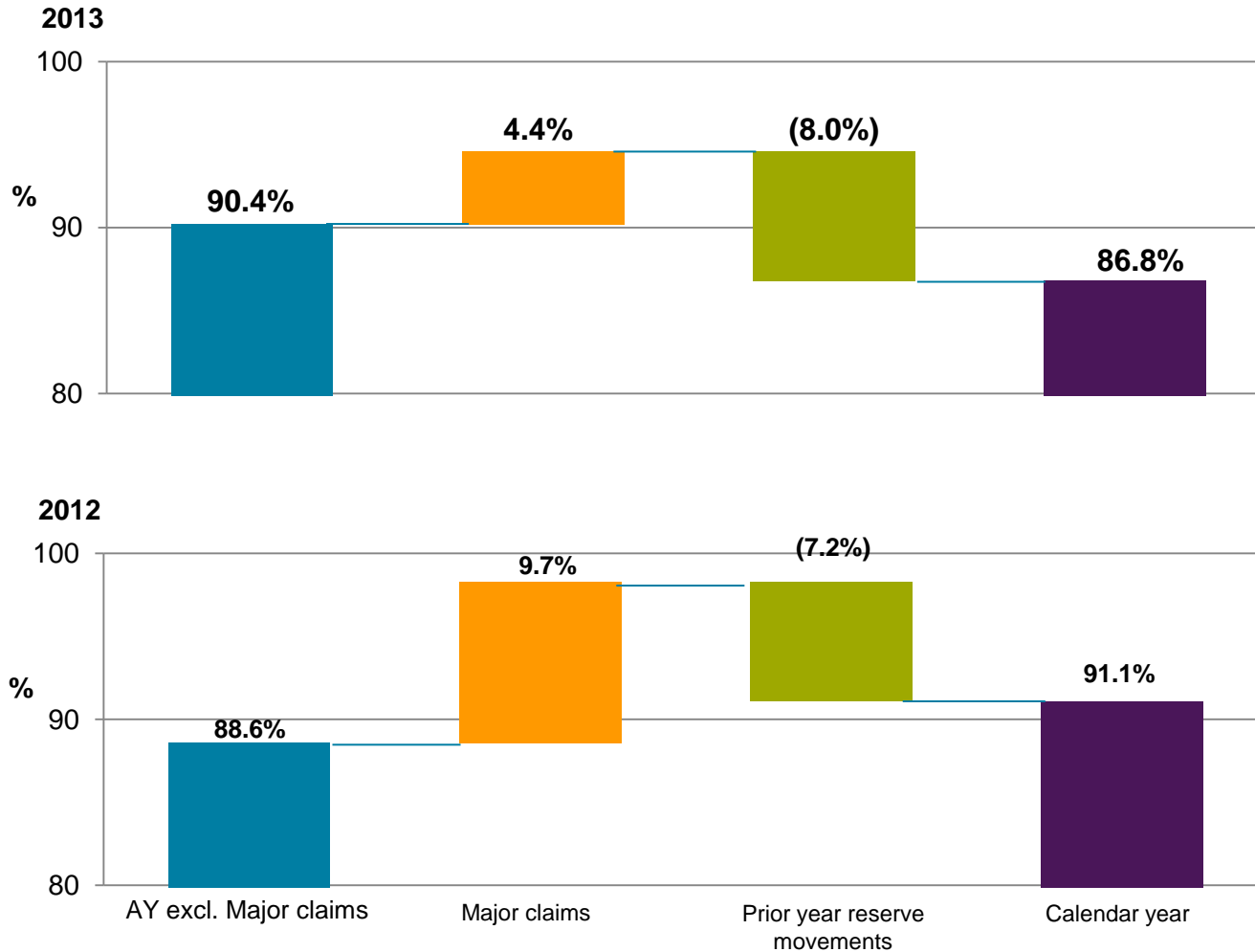
STRONG UNDERWRITING RESULT MODERATED BY LOW INVESTMENT RETURNS

£m	2011	2012	2013	% Change
Gross written premium	23,477	25,500	26,106	2
Net earned premium	18,100	18,685	19,725	6
Net incurred claims	(12,900)	(10,098)	(9,581)	(5)
Net operating expenses ¹	(6,437)	(6,926)	(7,539)	9
Underwriting result	(1,237)	1,661	2,605	57
Investment return ²	955	1,311	839	(36)
Other income/expenses ³	(234)	(201)	(239)	19
Profit/(loss) before tax	(516)	2,771	3,205	16
Combined ratio%	106.8	91.1	86.8	

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

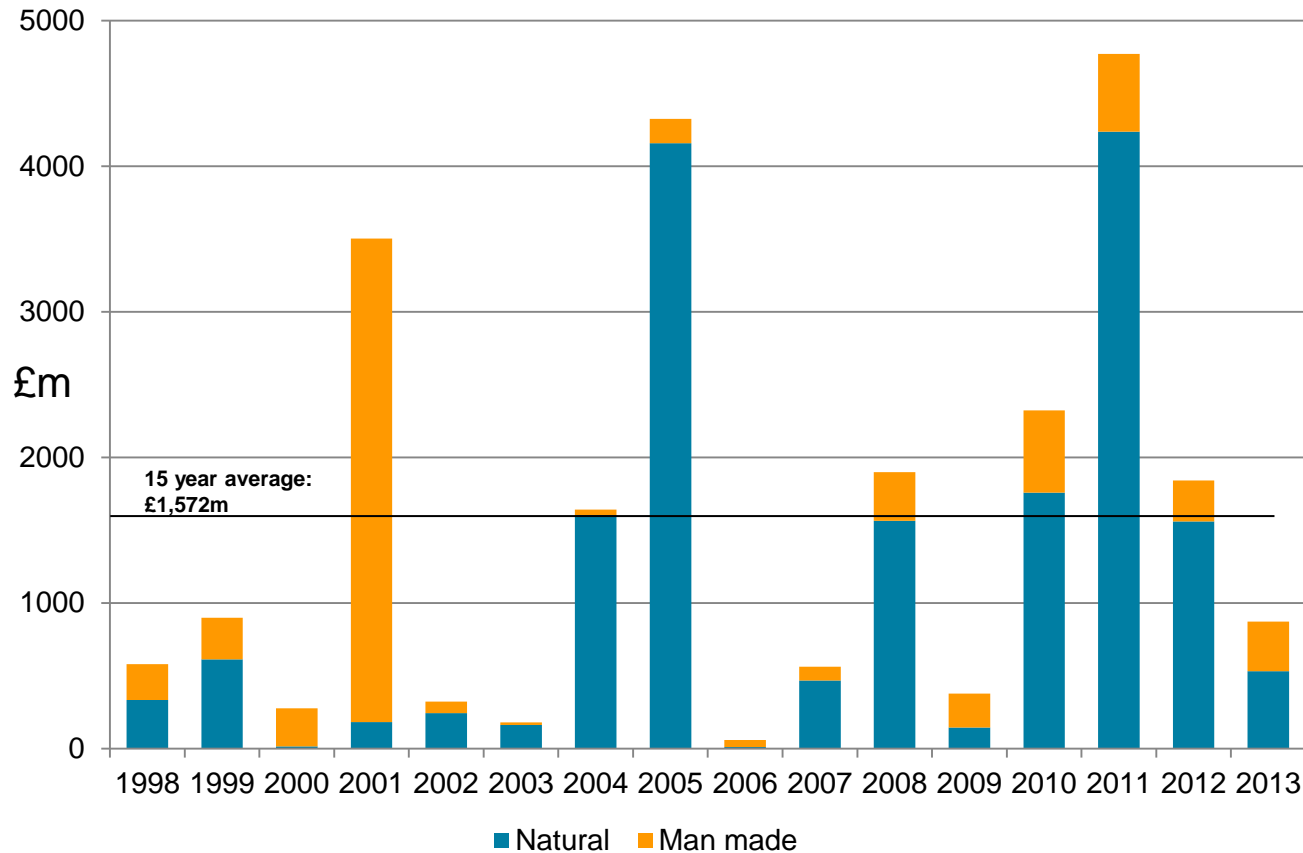
UNDERWRITING RESULTS DRIVEN BY LIMITED MAJOR CLAIMS AND FAVOURABLE PRIOR YEARS DEVELOPMENT

COMBINED RATIOS

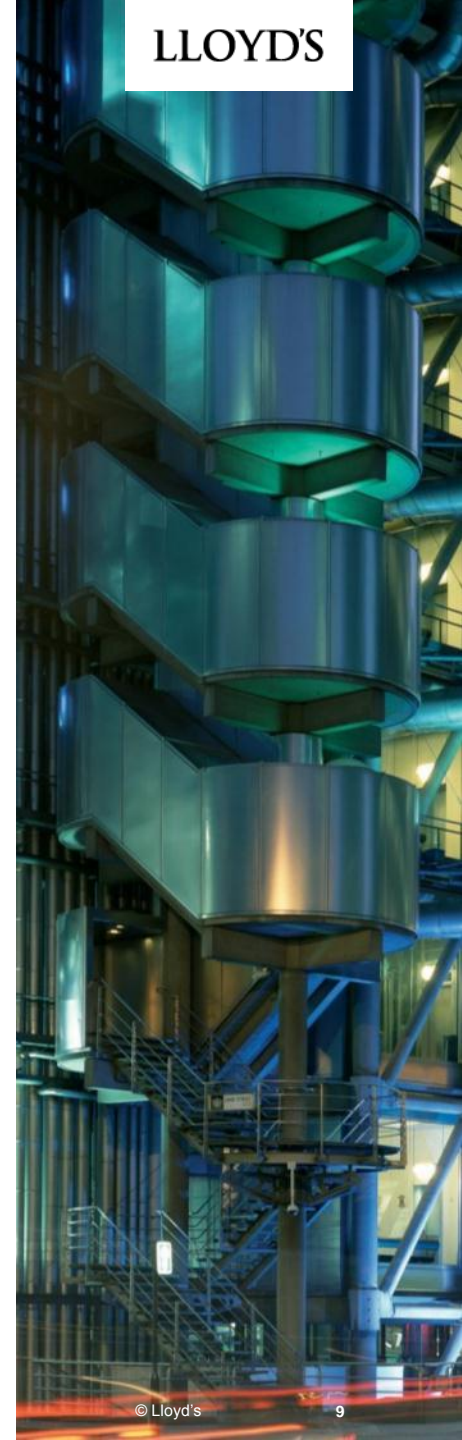


2013 MAJOR CLAIMS SIGNIFICANTLY BELOW LONG TERM AVERAGE

NET ULTIMATE CLAIMS

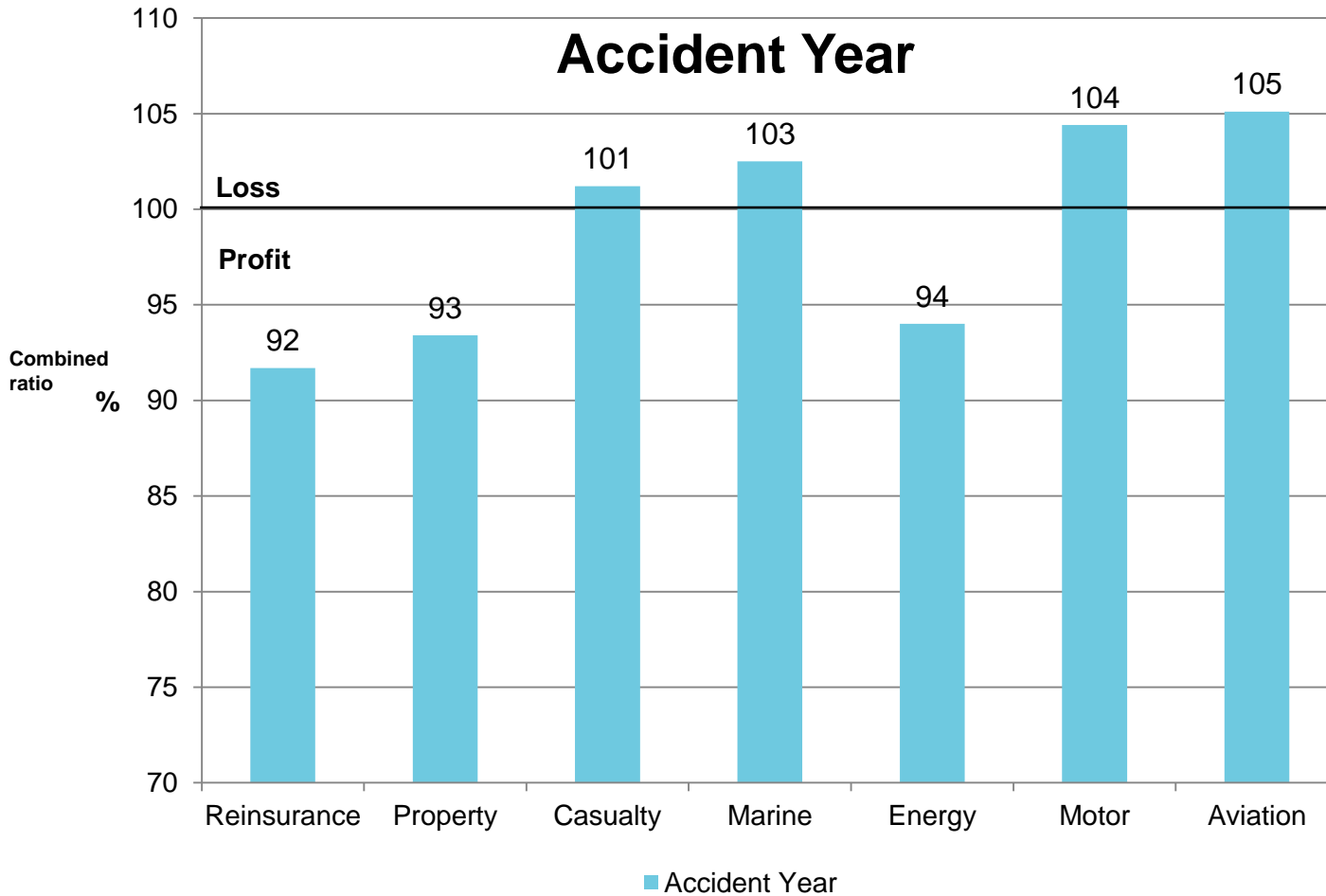


Source: Lloyd's pro forma basis. Indexed to December 2013
 Claims in foreign currency translated at the exchange rate prevailing at the date of loss



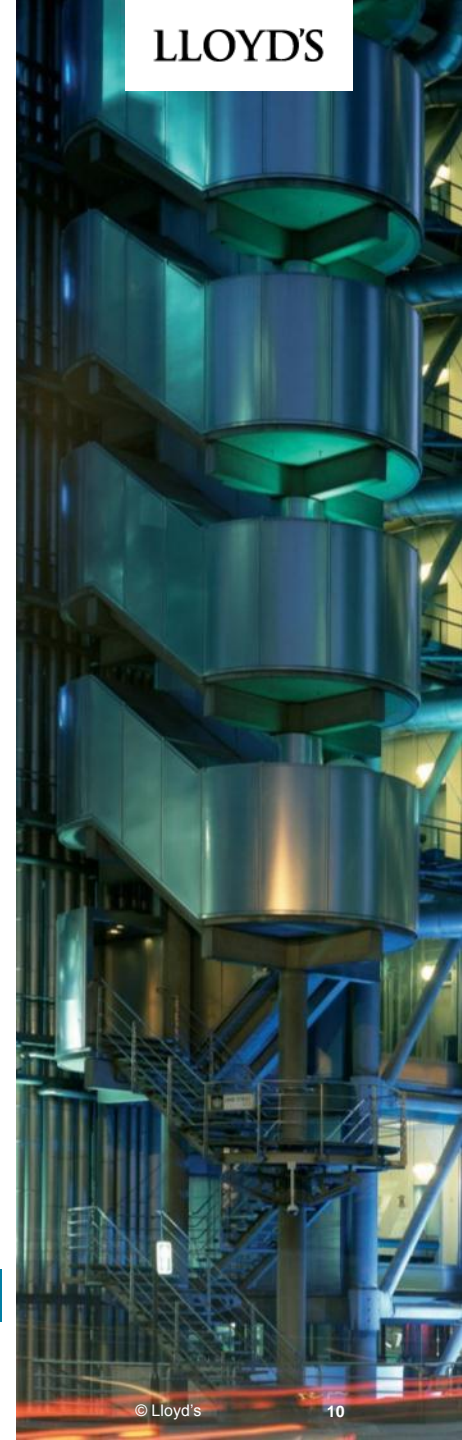
CURRENT YEAR PROFITS MAINLY FROM CATASTROPHE EXPOSED CLASSES...

Accident Year

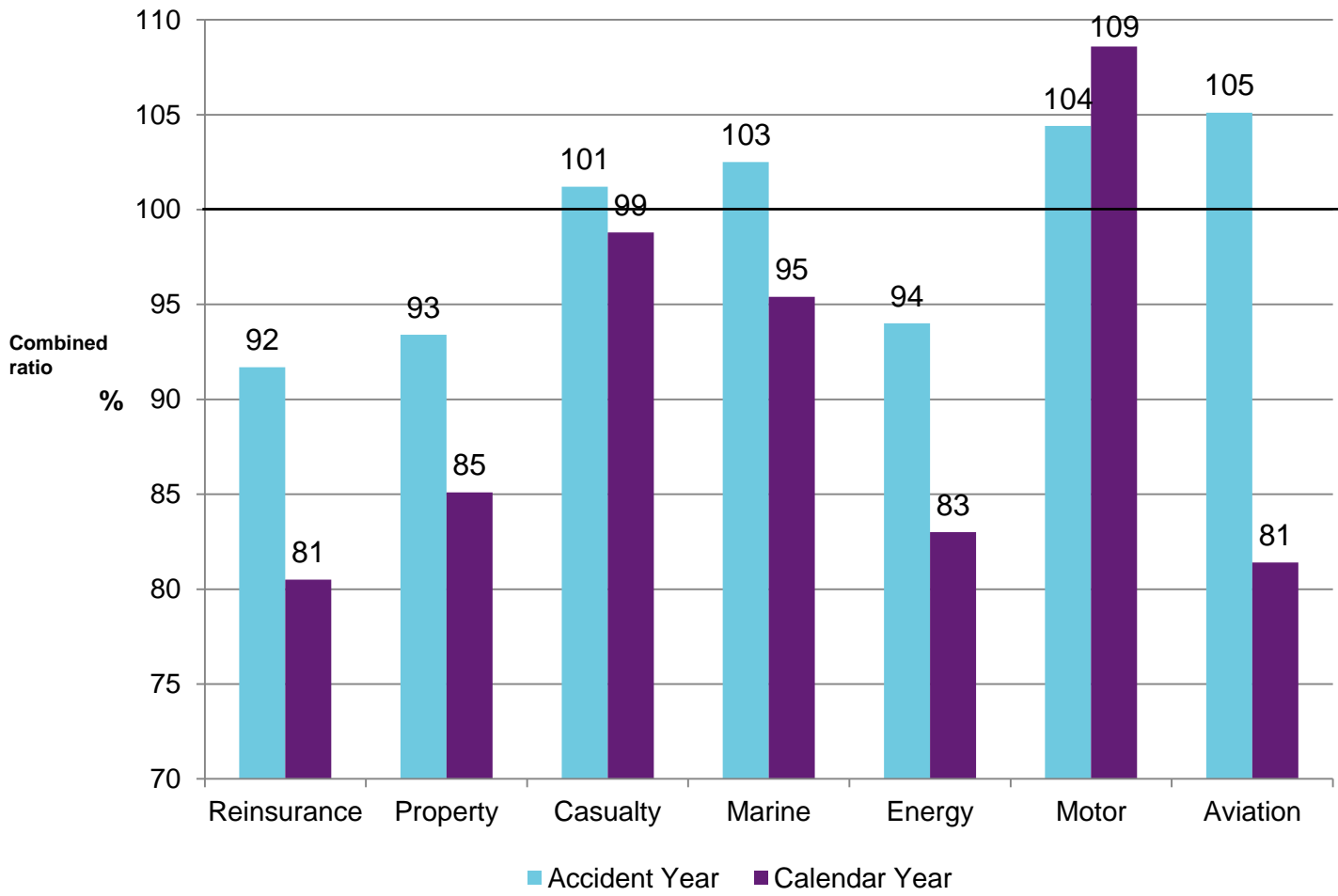


NEP: £6.8bn £4.6bn £3.8bn £1.8bn £1.2bn £1bn £0.5bn

Source: Lloyd's pro forma basis at syndicate level, Dec 2013
 NEP: Net Earned Premium

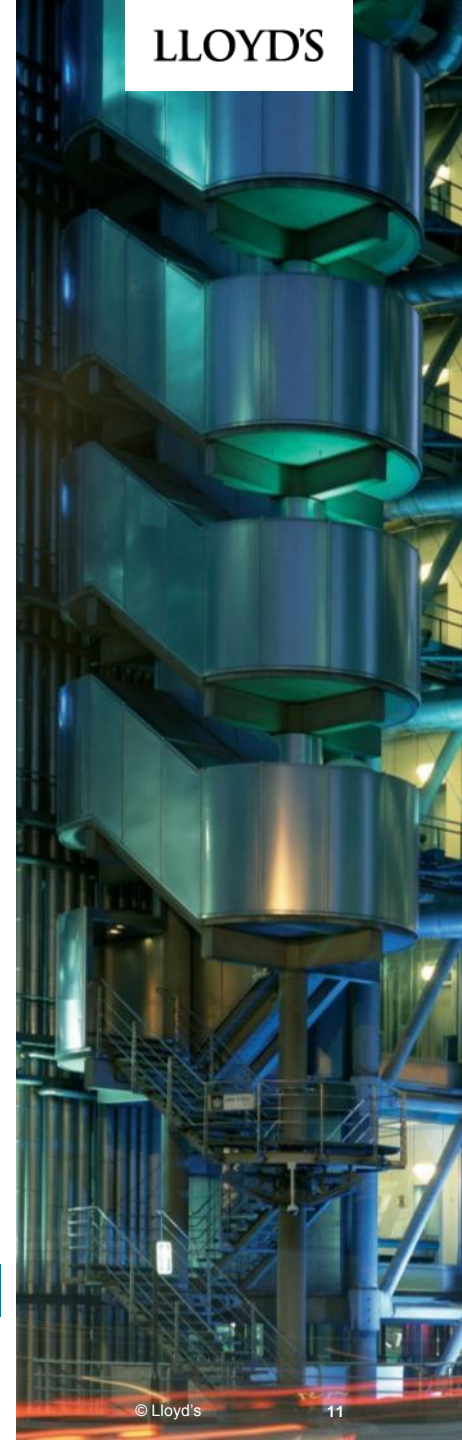


...WITH PRIOR YEARS RELEASES BRINGING ALL CLASSES EXCEPT MOTOR INTO OVERALL PROFIT...

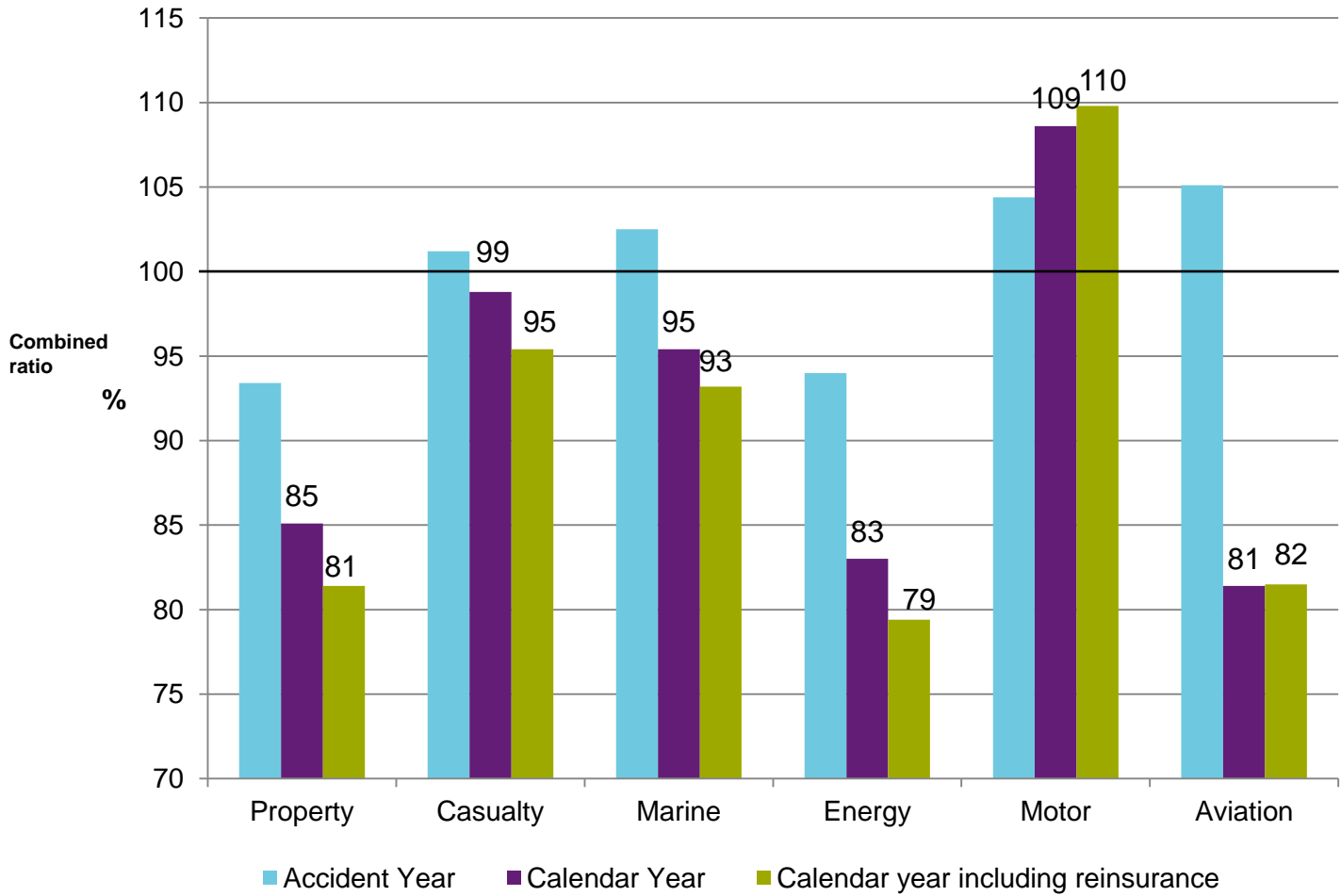


NEP:	£6.8bn	£4.6bn	£3.8bn	£1.8bn	£1.2bn	£1bn	£0.5bn
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Source: Lloyd's pro forma basis at syndicate level, Dec 2013
 NEP : Net Earned Premium

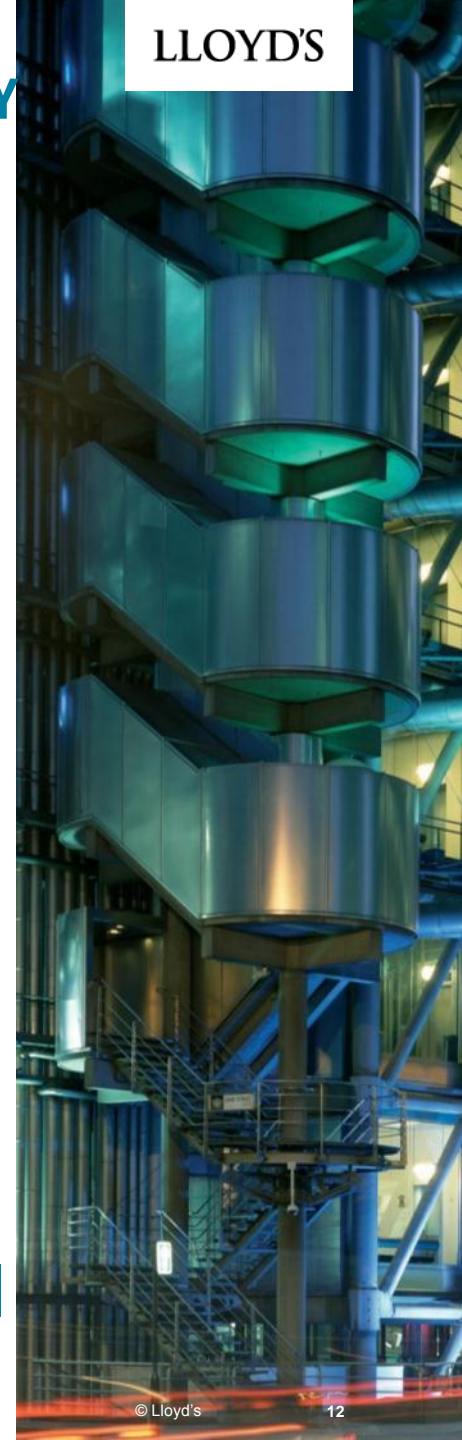


...WITH SIMILAR NET RESULTS AFTER REINSURANCE ANALYSED BY UNDERLYING CLASS

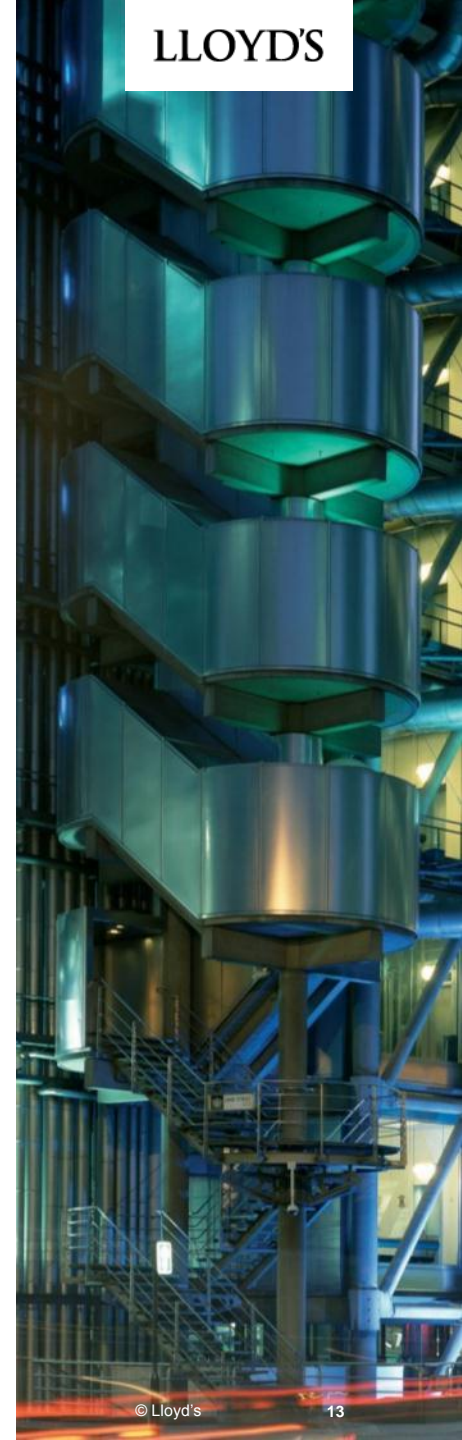


NEP:	£8.3bn	£5.1bn	£2.7bn	£1.7bn	£1.1bn	£0.8bn
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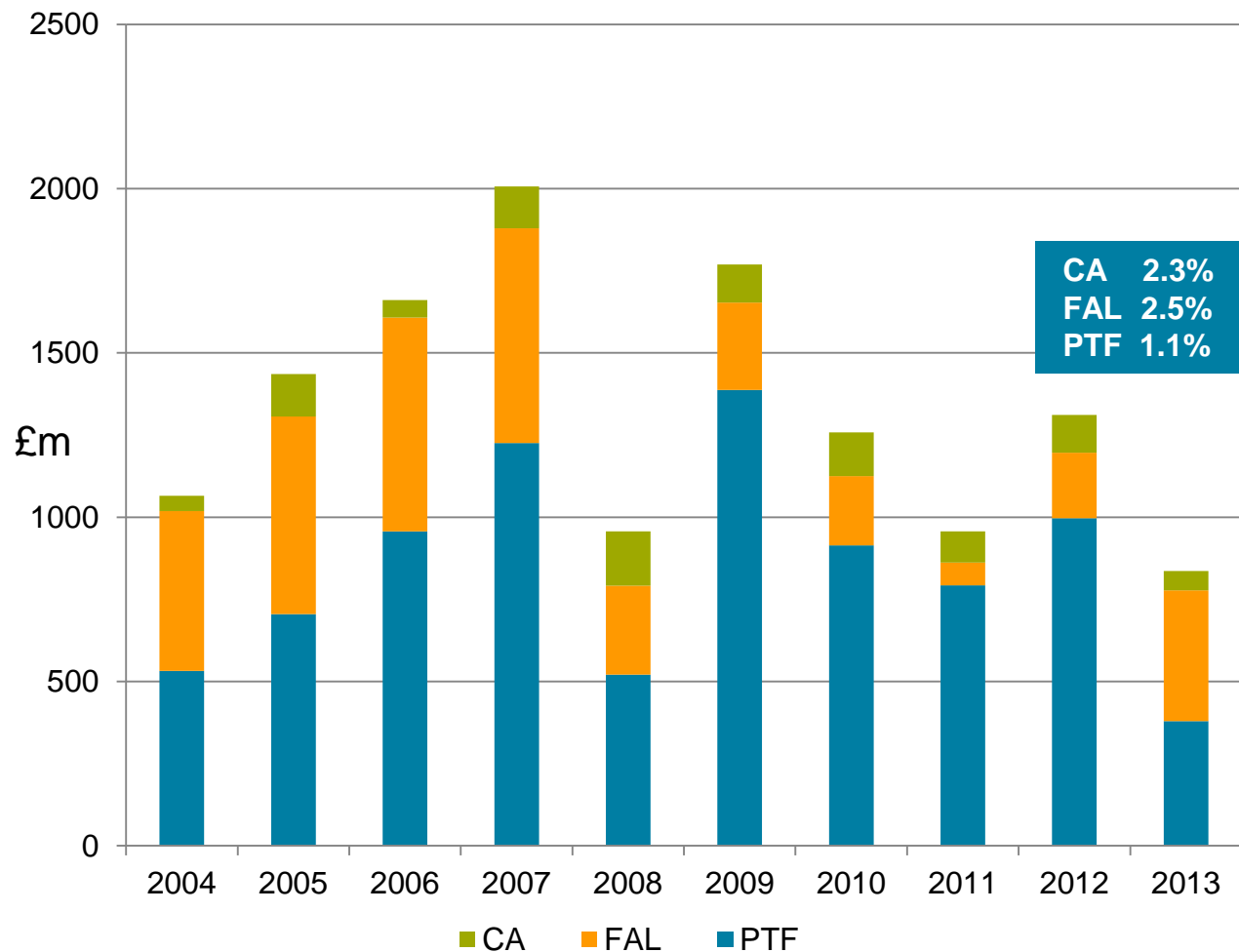
Source: Lloyd's pro forma basis at syndicate level, Dec 2013
 NEP: Net Earned Premium



INVESTMENT PERFORMANCE

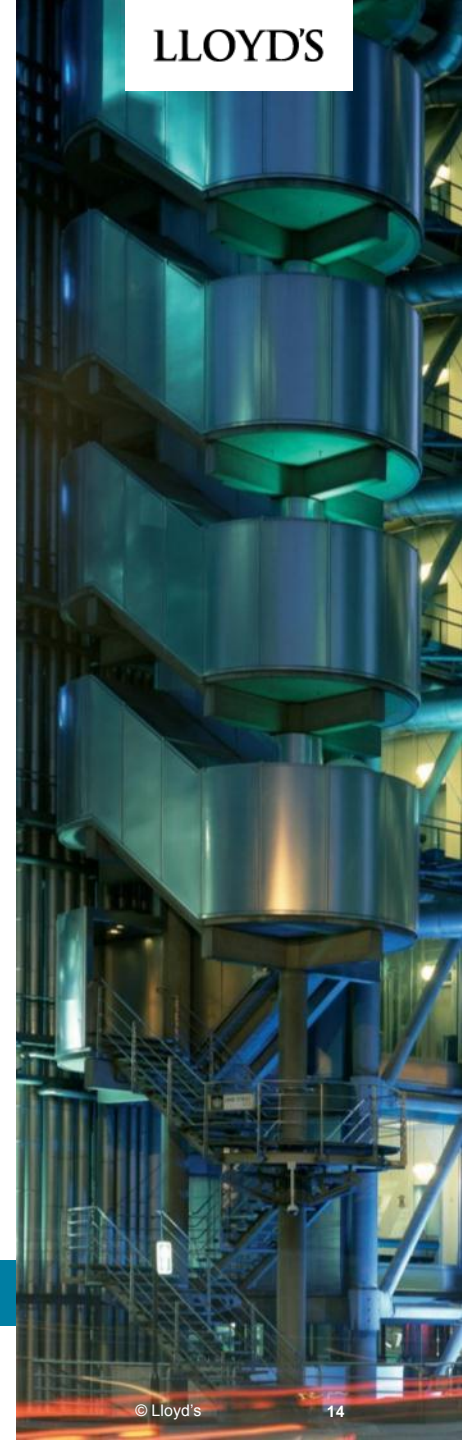


INVESTMENTS RETURNED £0.8BN DRIVEN BY RETURN ON EQUITIES



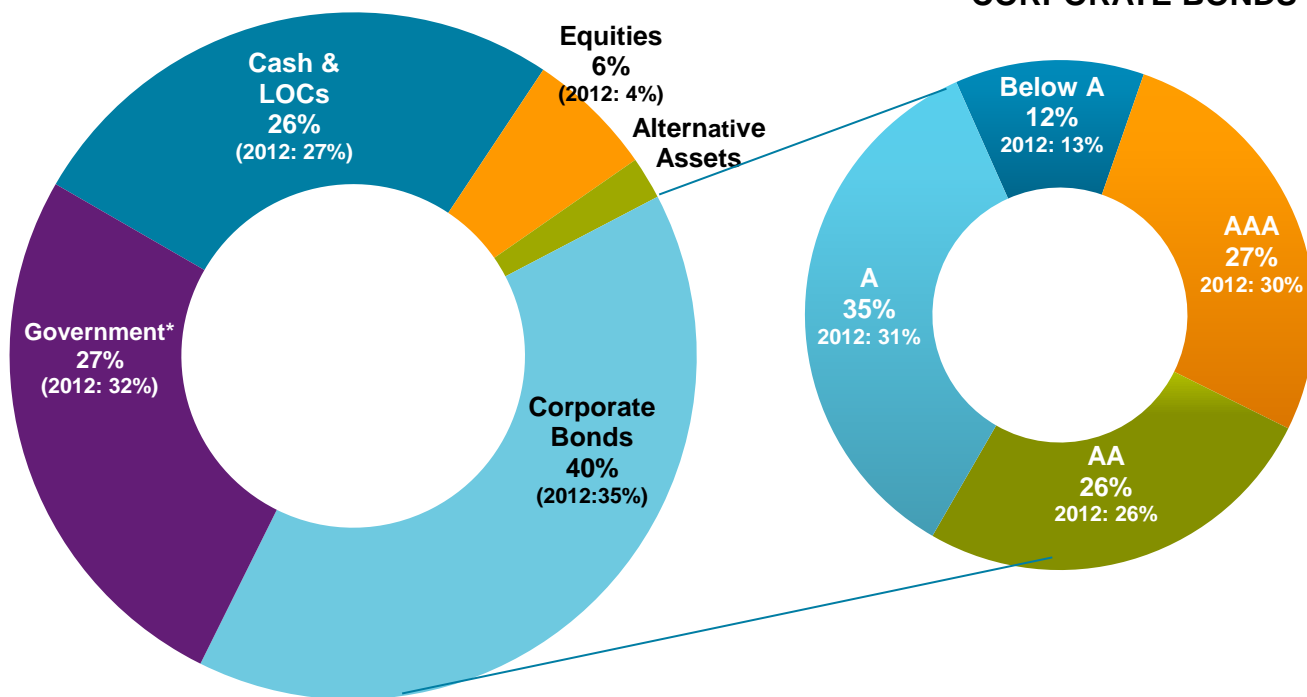
IR:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	3.6%	4.3%	4.7%	5.6%	2.5%	3.9%	2.6%	1.9%	2.6%	1.6%

Note: PTF – Syndicate Premium Trust Funds; FAL – Members' Funds at Lloyd's; CA – Central Assets

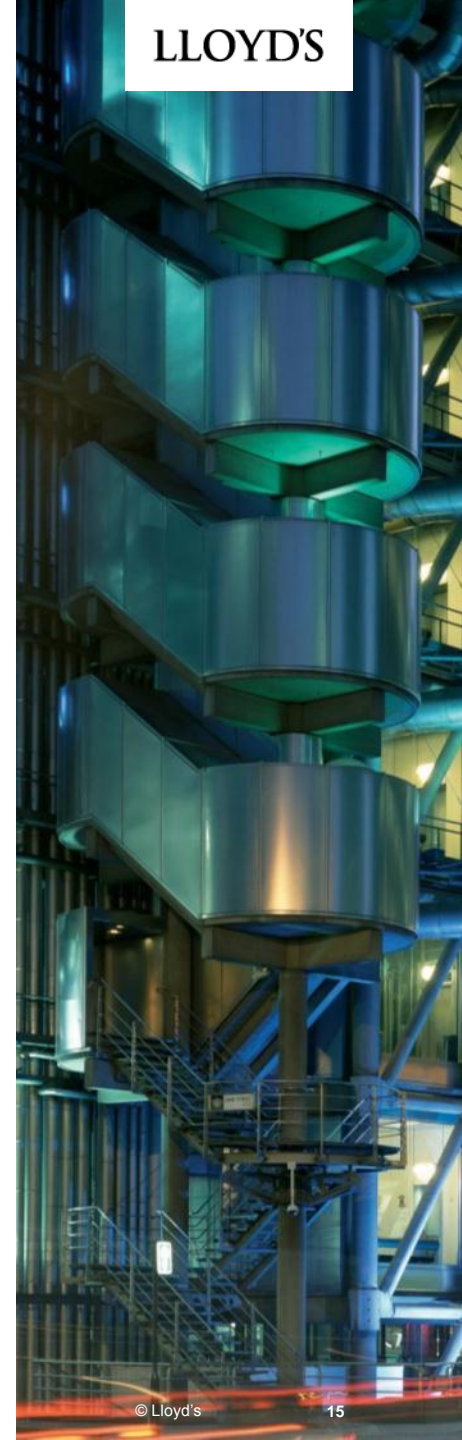


ACROSS THE CHAIN OF SECURITY, INVESTMENT RISK REMAINS LOW...

LLOYD'S MARKET INVESTED ASSETS

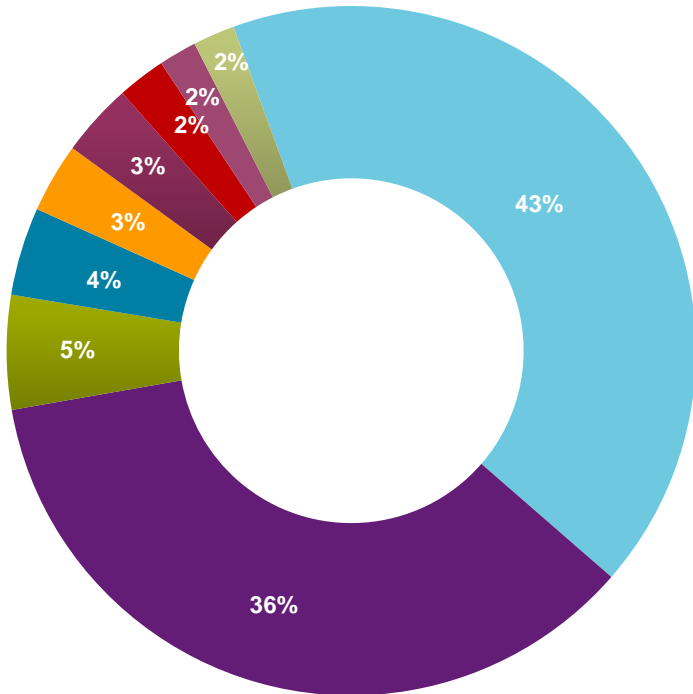


Note: * Includes supranationals and government agencies
 Source: Lloyd's pro forma financial statements, 31 Dec 2013

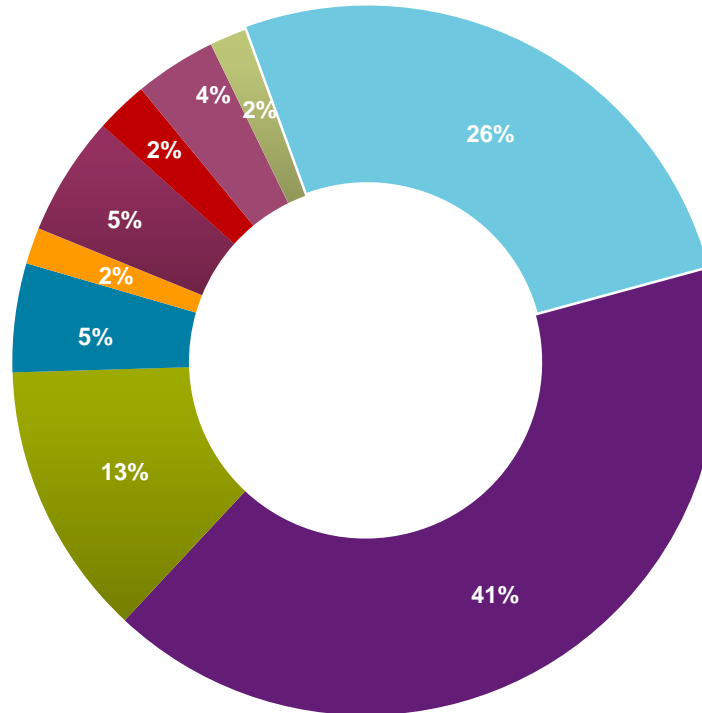


...WITH CENTRAL ASSETS INCREASINGLY DIVERSIFIED, AS WE SEEK TO OPTIMISE DISPOSITIONS

December 2012

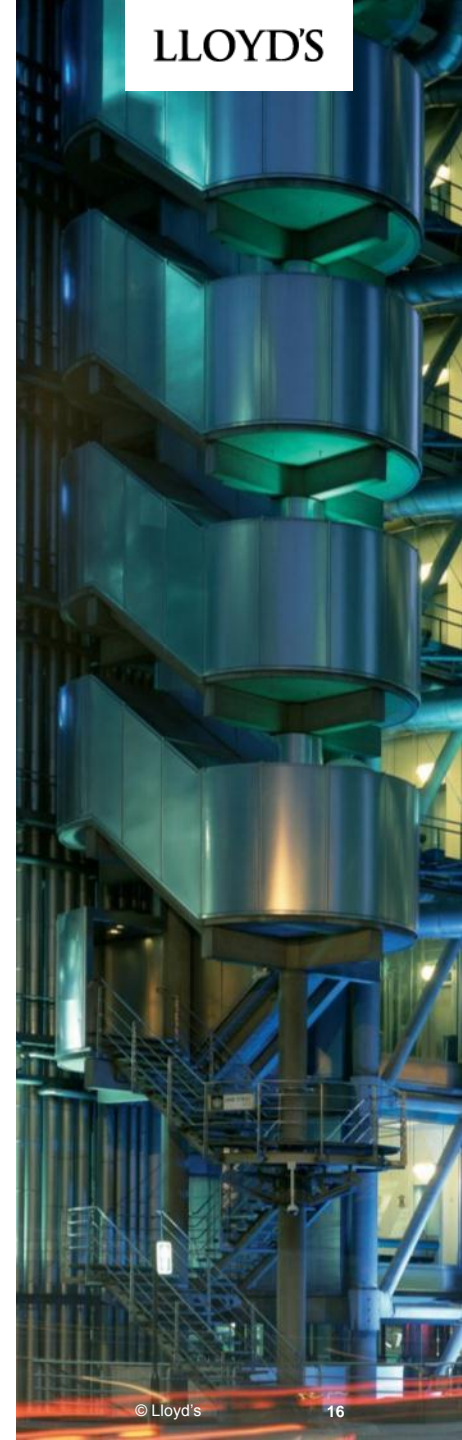


December 2013



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

Note: * Includes supranationals and government agencies
 Source: Lloyd's pro forma financial statements, 31 Dec 2013,
 Central Fund investments



BALANCE SHEET AND CAPITAL

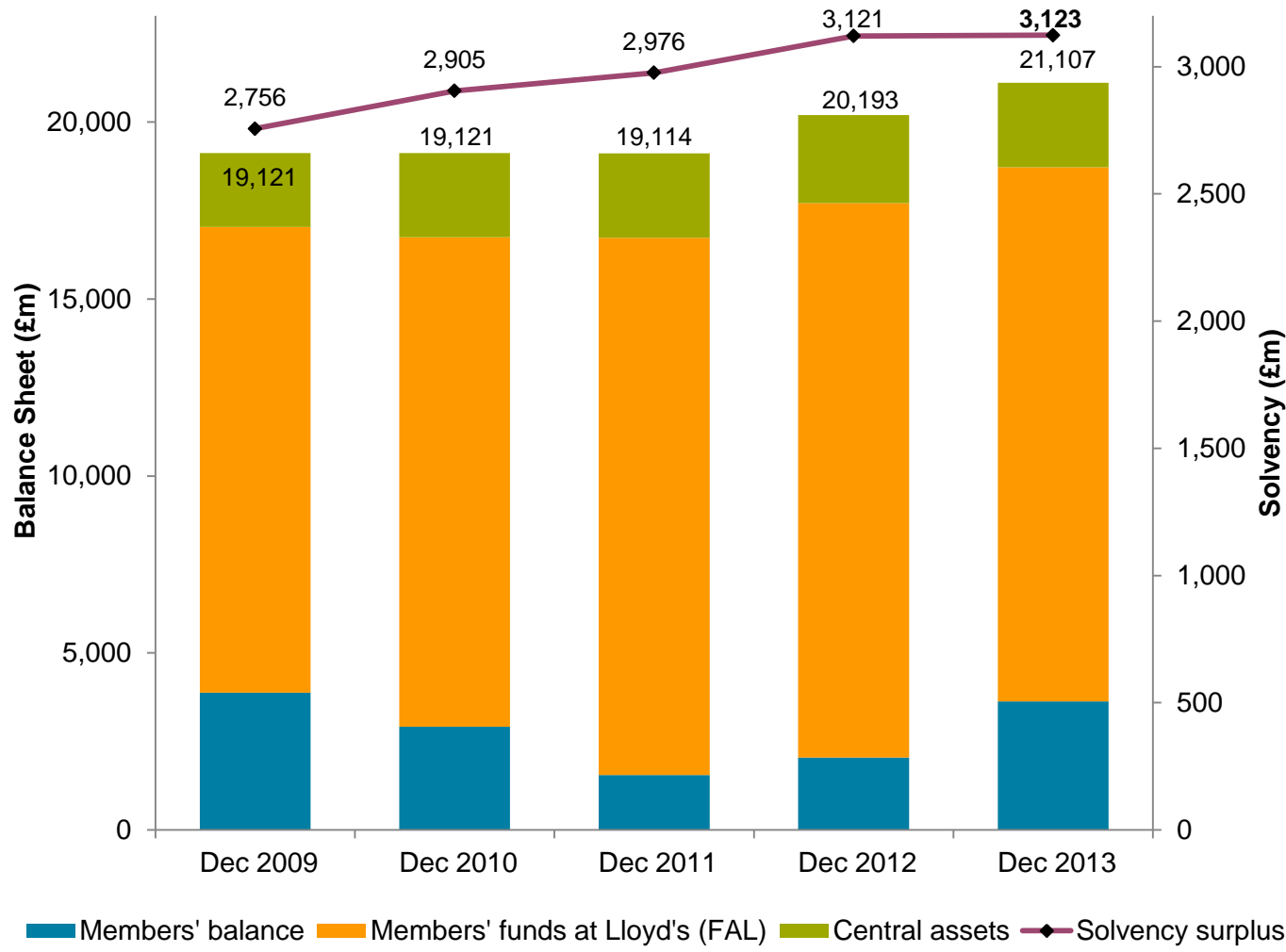


NET RESOURCES INCREASE FURTHER TO OVER £21BN...

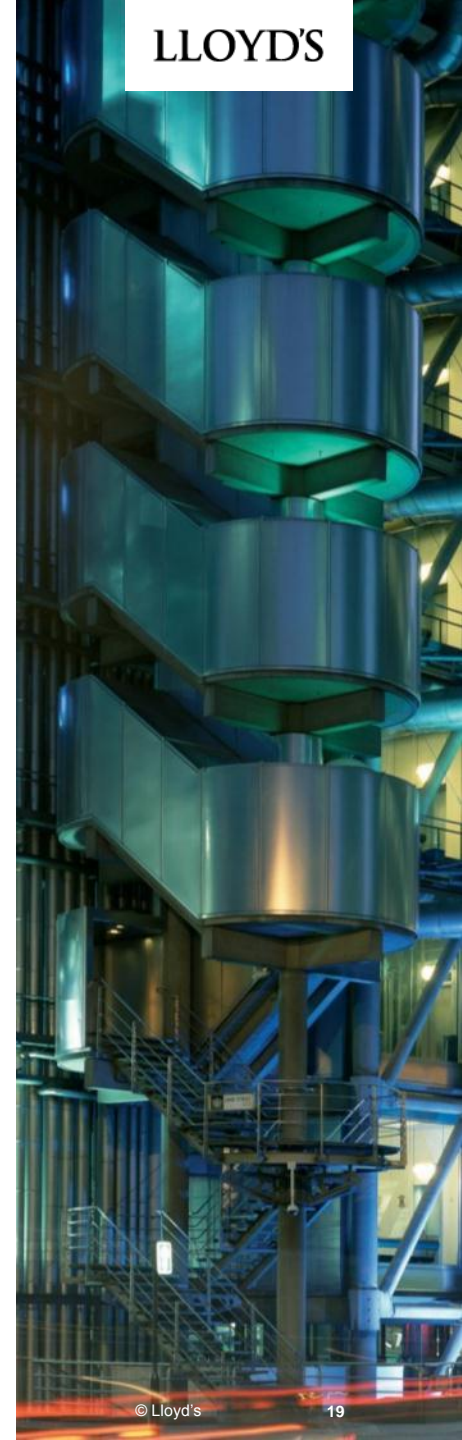
£m	Dec 2011	Dec 2012	Dec 2013	YTD %
Cash and investments	51,415	51,767	51,494	(1)
Reinsurers' share of unearned premium	1,557	1,759	1,909	9
Reinsurers' share of claims outstanding	10,597	10,680	9,557	(11)
Other assets	12,979	13,885	13,619	(2)
Total assets	76,548	78,091	76,579	(2)
Gross unearned premiums	(10,605)	(11,314)	(11,838)	5
Gross claims outstanding	(41,313)	(40,203)	(37,983)	(6)
Other liabilities	(5,516)	(6,381)	(5,651)	(11)
Net resources	19,114	20,193	21,107	5
Represented by:				
Members' assets	16,726	17,708	18,723	6
Central assets	2,388	2,485	2,384	(4)
	19,114	20,193	21,107	5

Source: Lloyd's pro forma financial statements, 31 Dec 2013,

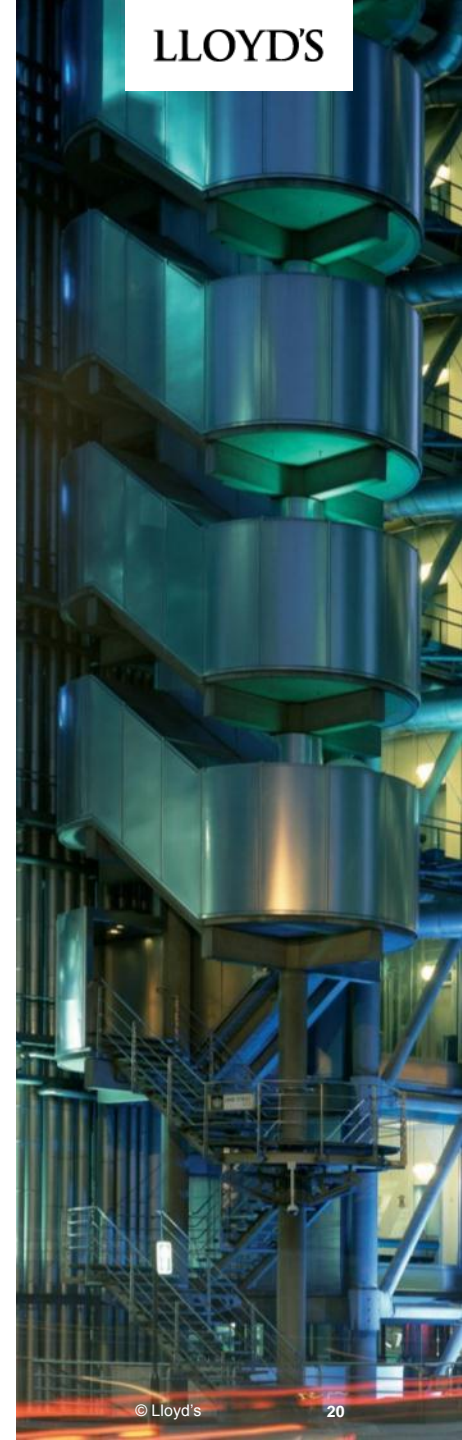
... WITH SOLVENCY SURPLUS STABLE AT OVER £3.1BN



Source: Lloyd's pro forma financial statements, 31 Dec 2013,



SUMMARY

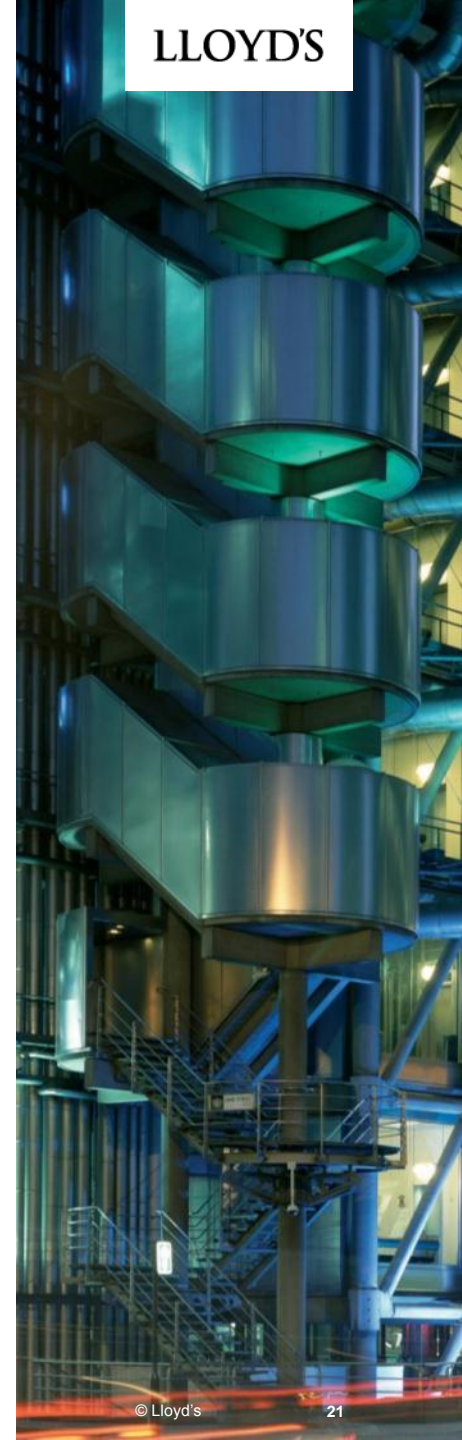


AN OUTSTANDING YEAR IN 2013

- ▶ Result driven by surplus on prior years' reserves and limited major claims.
- ▶ Profit of £3.2bn with a ROC of 16.2%.
- ▶ Net resources of £21.1bn.

LOOKING AHEAD...

- ▶ Underwriting discipline remains vital in the face of short term challenges.
- ▶ Vision 2025 is key to the long term growth of Lloyd's.
 - Good progress made in 2013 in building the foundations.
 - The Corporation's role is to provide a flexible and efficient platform to support managing agents' future growth strategies.
- ▶ In a good position to find the right balance between growth and caution.



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