

Half Year Results

2024

Six months ended 30 June

Overview

John Neal, Chief Executive Officer

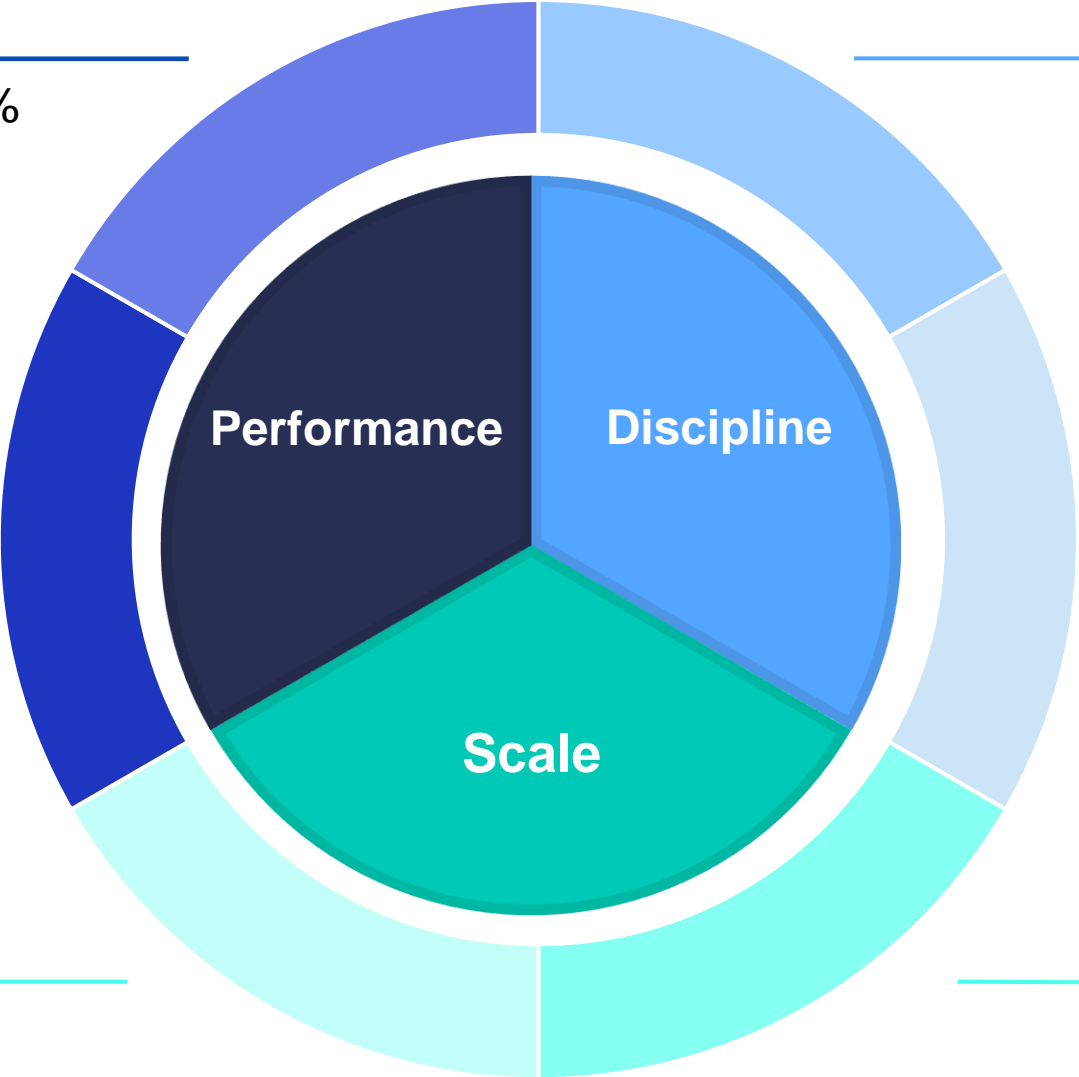
Delivering our unique proposition in H1 2024

Twelve quarters of ~80% underlying COR

Sustainable growth of 6.5% in H1 (excl. FX)

Investment result in line with expectations

Trusted brand



Prices holding at +1.5%

Upgraded financial strength ratings

FY24 outlook maintained

Truly global

Continued strong, sustainable performance

£30.6bn

Gross written premium

83.7%

Combined ratio

£2.1bn

Investment result

£4.9bn

Profit before tax

HY 2024 highlights:

- **Outstanding performance on both sides of the P&L**

*Underwriting profit of **£3.1bn***

*Investment result of **£2.1bn***

- **Underwriting discipline maintained**

*Underlying combined ratio of **80.6%***

Prepared for range of scenarios and hurricane season

- **High quality balance sheet**

*Improved central solvency ratio to **520%***

*AM Best financial strength rating **upgraded***

Financials

Burkhard Keese, Chief Financial Officer

Underwriting discipline maintained: 6.5% profitable growth

HY 2024 Result

£30.6bn

Gross written premium

80.6%

Underlying combined ratio¹

£4.9bn

Profit before tax

HY 2024 vs HY 2023

+£1.3bn



(1.0)%pts



+£1.0bn

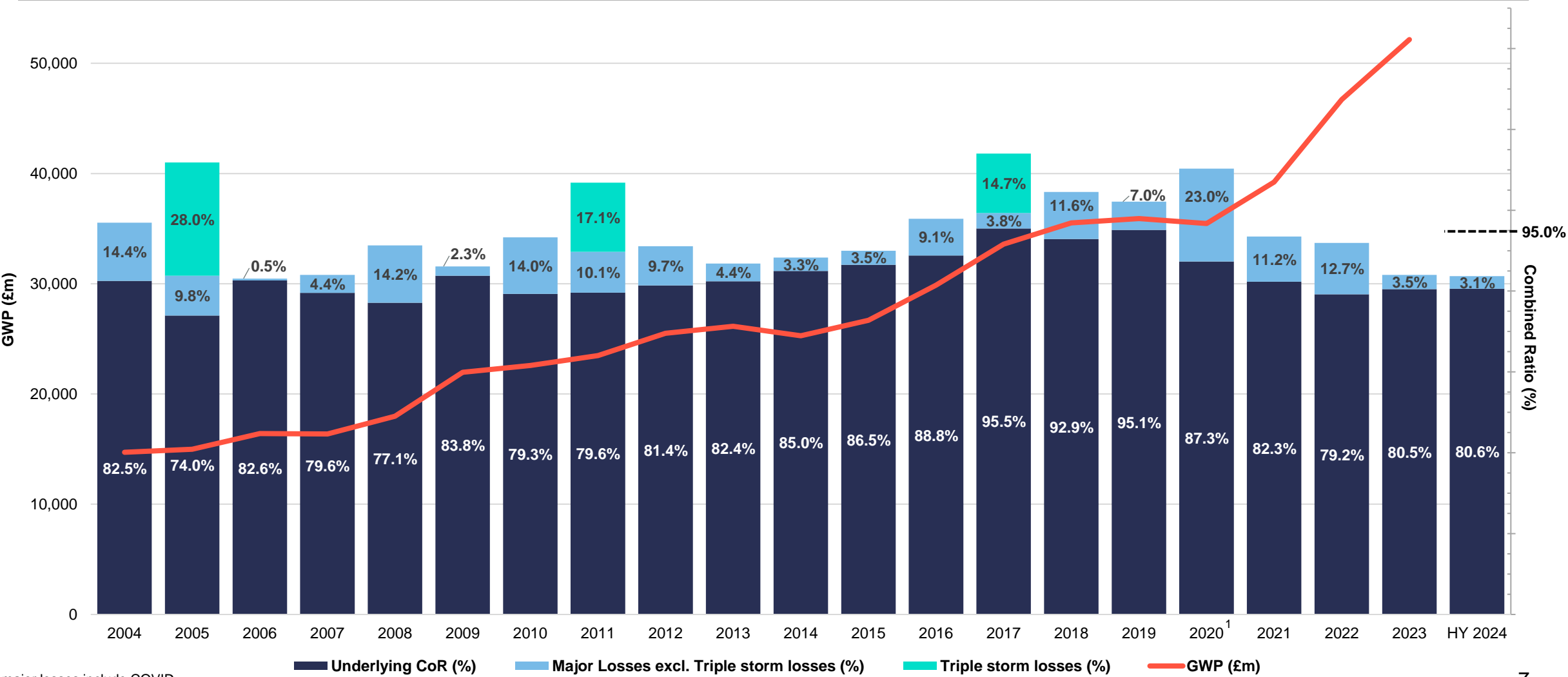


Premium growth excluding FX movements of (2.1)%

¹ Underlying combined ratio: combined ratio excluding Major Claims

The foregoing should not be relied upon as a promise or representation as to past or future performance. Furthermore, past performance is not necessarily indicative of future performance.

Resilience through disciplined growth



¹ 2020 major losses include COVID
Major losses: 2005 – Katrina, Rita, Wilma; 2011 – Japan quake, NZ quake, Thai floods; 2017 – Harvey, Irma, Maria
Major claims loss ratios from 2004 - 2011 are indexed to allow for FX on claims
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Disciplined portfolio management is key

£30.6bn

Gross written premium

+5.0%

volume growth

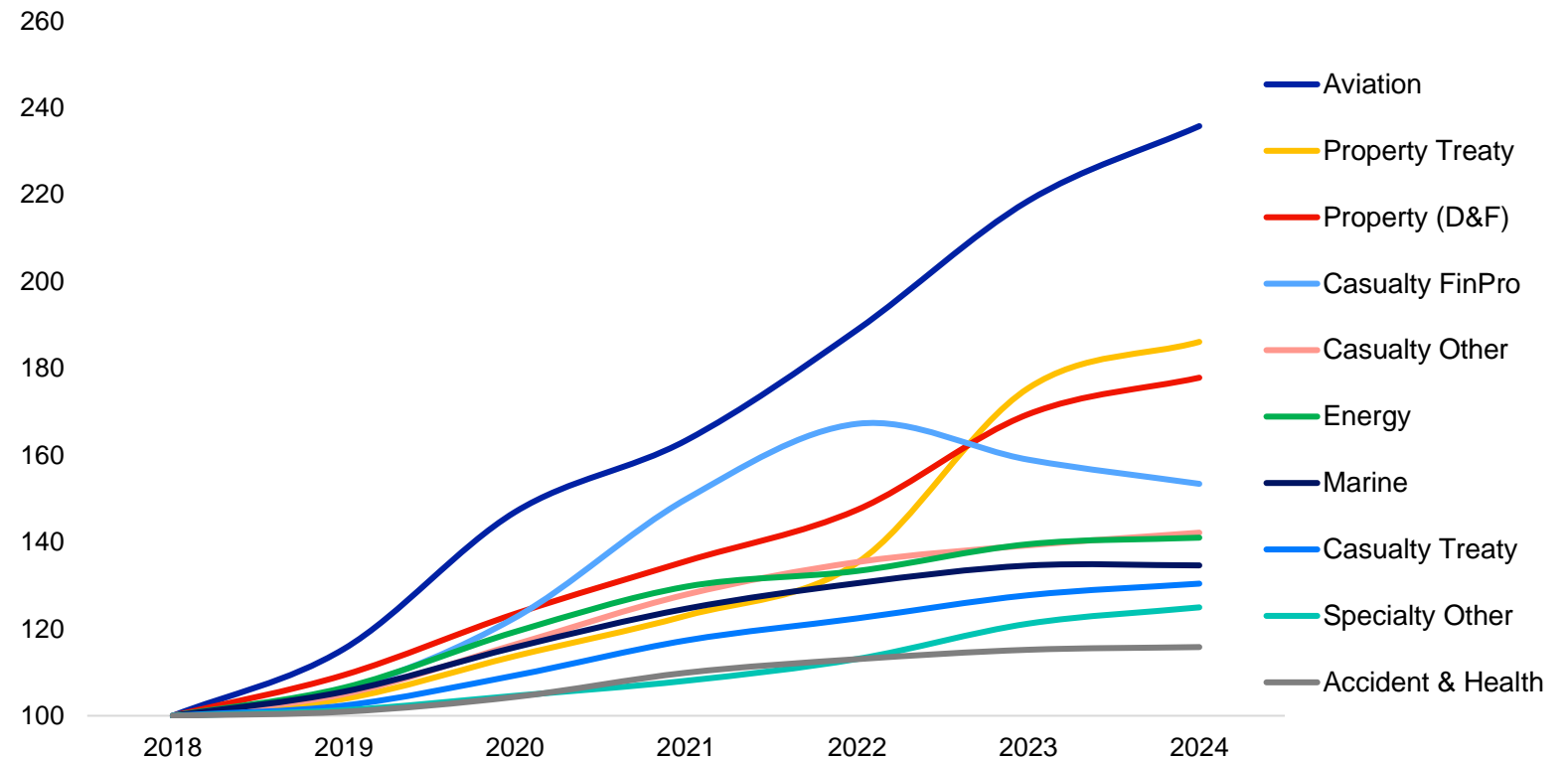
+1.5%

price growth

80.6%

Underlying combined ratio¹

Risk adjusted rate change index indicating positive trajectory



¹ Underlying combined ratio: combined ratio excluding Major Claims
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Stable underlying combined ratio

HY 2024 Result	HY 2024 vs HY 2023
83.7% Combined ratio	(1.5)%pts ●
80.6% Underlying combined ratio ¹	(1.0)%pts ●
49.2% Attritional loss ratio	(1.7)%pts ●
34.5% Expense ratio	(0.9)%pts ●

¹ Underlying combined ratio: combined ratio excluding Major Claims
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Stable key ratios stable and lower expenses


Major claims

£0.6bn 
HY 2024

£0.6bn
HY 2023

Major claims (£bn)	HY 2024
Dali Baltimore Bridge Collision	0.5
Taiwan Earthquake	0.1
Hurricane Beryl	0.0
TOTAL	0.6


Expense ratio

34.5% 
HY 2024

35.4%
HY 2023

- Acquisition cost ratio: 22.2% (-0.7%pts)
- Admin expense ratio: 12.3% (-0.2%pts)

Prior Year releases

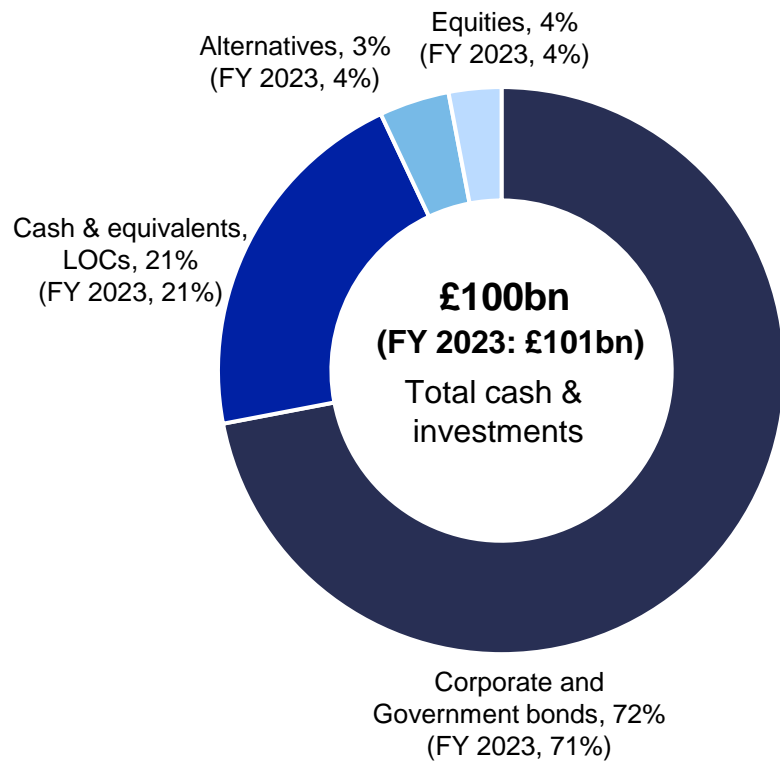
(3.1)% 
HY 2024

(4.7)%
HY 2023

- Overall HY 2024 release mainly driven by Property
- Overall reduction in release of 29% when compared to last year, largely due to run off transactions in 2023 and in Casualty where releases have decreased

Robust investment return

Conservative asset allocation



HY 2024 Results

£1.5bn
Investment income

£0.5bn¹
Growth asset price
variance

£0.1bn¹
Fixed income price
variance

£2.1bn
Investment return

HY 2023 Results

£1.4bn
Investment income

£0.5bn¹
Growth asset price
variance

£(0.1)bn¹
Fixed income price
variance

£1.8bn
Investment return

¹ Analytically derived

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Investment stress test scenarios

Impact on Lloyd's Market Portfolio based on asset valuation as at 30 June 2024

Scenario	Change in asset value	Comments
Interest rates rise by 100bps	£1.9bn loss	Despite an economic matching of asset and liability duration, interest rate shifts have a P&L impact since UK GAAP does not allow insurance liabilities to be discounted. The £1.9bn loss derives from the impact of a 100bps impact on the c.£72bn invested in fixed income assets with an average duration of 2.7 years
Equities decline by 24% from the expected value (1-in-10 year shock)	£1.7bn loss	The £1.7bn loss derives from the impact of a 1-in-10 year shock on £3.8bn of investments in equities and £3.2bn investments in alternative assets
USD weakens by 10% against GBP		
▪ Impact on Funds at Lloyd's	£2.7bn loss	Impact balance sheet only; no P&L impact
▪ Impact on P&L	£0.4bn loss	This includes the FX conversion impact on net Premium Trust Fund position (impact on assets largely offset by liabilities due to currency matching) and Central Assets

The analysis above is performed for reasonably possible movements in interest and FX rates with all other variables held constant, showing the impact on the asset values on the Solvency II balance sheet. The cash and investment assets on the Solvency II balance sheet at 30 June 2024 are £100.6bn.

Rating upgrades for resilient performance and capital



¹ Reminder that the 2019 tranche of syndicate loans was repaid on the fifth anniversary of commencement, being 29 March 2024, reducing the CSCR by 7%, with no impact to the MWSCR. Further, the subordinated debt maturing in 2024 currently accounts for c.1% of the MWSCR and c.25% of the CSCR. The foregoing should not be relied upon as a promise or representation as to past or future performance. Furthermore, past performance is not necessarily indicative of future performance.

Summary

Sustainable premium growth

6.5%

Premium growth
(excl. FX movements) ✓

1.5%

Price ✓

5.0%

Volume ✓

Resilient profitability

80.6%

Underlying combined ratio¹ ✓

£2.1bn

Investment return ✓

£4.9bn

Profit before tax ✓

High quality balance sheet

206%

Market-wide solvency ✓

520%

Central solvency ✓

£43.5bn

Total capital ✓

Upgraded to A+ (Superior) financial strength rating, and AA-, stable outlook L-T credit rating by AM Best

Premium growth excluding FX movements of (2.1)%

¹ Underlying combined ratio: combined ratio excluding Major Claims

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Looking ahead

John Neal, Chief Executive Officer

Outlook remains unchanged from FY

HY 2024 Results

£30.6bn

Gross written premium

83.7%

Combined ratio

£2.1bn

Investment result

2024 Outlook¹

£57bn +/- 5%

Gross written premium

90-95%

Combined ratio

~4%

Investment return

Executing our strategic priorities in 2024 and beyond

Performance

Sustainable profitable growth

- **Market conditions strong** - factors support a “super cycle” of profitable performance
- **Strong discipline** maintained to support ongoing industry-leading performance
- Support for **appropriate, smart growth** and accretive new entrant opportunities



Digitalisation

Efficient and effective platform

- Cutover to **new digital platform in 2025** with increased resiliency
- **Process simplification** and improved engagement across the market
- Driving continued focus on **expense and efficiency**

Purpose

Industry leadership

- **Insuring the transition** by enabling market product innovation through new and expanded risk classes, ICX and TXC
- **Convening the industry** through the Sustainable Markets Initiative to strengthen global cross-sector engagement & solutions
- **Telling the Lloyd's story** at our first Capital Markets Day to highlight distinctive investment proposition



Culture

High performing, inclusive

- **10th anniversary of Dive In Festival** convening industry to drive inclusion
- **Lloyd's 2024 Culture Dashboard** demonstrated steady improvement across key market culture indicators
- **Inclusive Futures Coalition** of eight market firms and three delivery partners launched to support Black and ethnically diverse talent

Appendix

Culture

Our progress and activity to date. We continue to build a more diverse and inclusive market

Continued good progress in creating a more diverse market

- The market achieved our 35% target for **women in leadership**, with improvements across **all leadership levels**. **45% of market firms achieved or exceeded** the target in the last year, and women now make up 43% of the workforce
- The market made progress on the **1 in 3 hiring ambition**, with 21% of new hires coming from an ethnically diverse background (+4pp), and ethnic diversity increasing to 13% of the market workforce (+2pp)
- Our fifth **Market Policies and Practices (MP&P)** return also demonstrates increasing adoption of practices that underpin an inclusive and high-performance culture in firms
- **Culture survey** showed **improved performance** against Financial Services benchmarks, **exceeding the benchmark in 25 of 27** comparable areas

Learning and development

- **Culture Upskilling Programme 2024** now running
- Lloyd's **Accelerate Programme** for Ethnically diverse talent **launches in the USA November 2024**

Recognition

- Awarded **Top 100 Great British Employer of Veterans** and retained **Gold standard accreditation** for the **Armed Forces Covenant**
- Retained **Gold standard accreditation** for **Clear Assured**
- Lloyd's awarded **Trailblazer status** by **Race Equality Matters**
- Improvement of **30 places to #45** on the **Social Mobility Index**

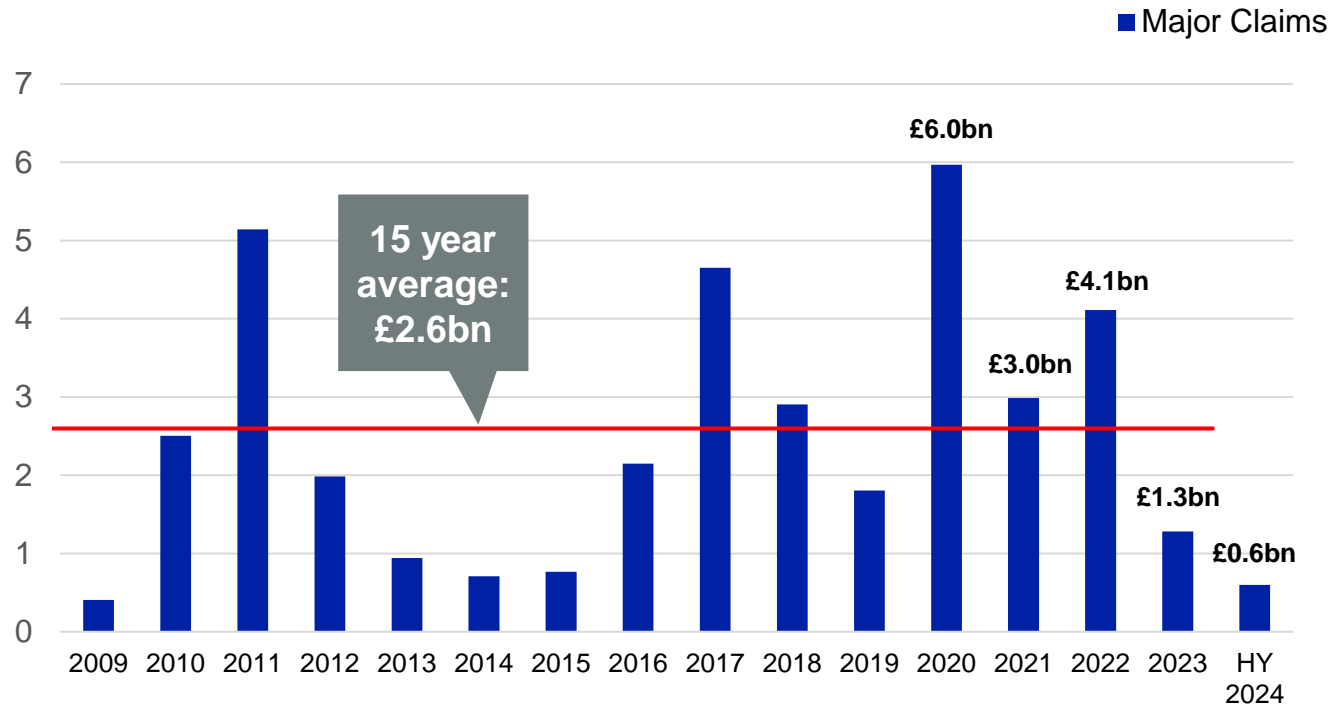
Inclusive Futures

- Launch of **Underwriting Souls** and the **Inclusive Futures programme** in response to Lloyd's historical role in the transatlantic slave trade
- Inclusive Futures programme awarded **VERCIDA D&I Initiative of the year Award**



Major Claims for 1H 2024

Lloyd's Major Claims (£bn)



Major claims, net earned ultimate (£bn)	FY 2023	HY 2023	HY 2024
Dali Baltimore Bridge Collision	-	-	0.5
Taiwan Earthquake	-	-	0.1
Hurricane Beryl	-	-	0.0
Cyclone Gabrielle	0.2	0.2	-
Middle East Earthquake	0.3	0.2	-
New Zealand Floods	0.1	0.1	-
Sudan Conflict	0.1	0.1	-
Hawaii Wildfires	0.4	-	-
Hurricane Idalia	0.2	-	-
Total	1.3	0.6	0.6

4.4% premium growth with 83.7% combined ratio

£m	FY 2021 ¹	FY 2022	FY 2023	HY 2023	HY 2024
Gross written premium (GWP)	39,216	46,705	52,149	29,306	30,581
Net earned premium (NEP)	26,657	32,458	36,925	16,932	18,866
Net incurred claims	(15,440)	(18,655)	(18,302)	(8,435)	(9,282)
Operating expenses	(9,476)	(11,162)	(12,713)	(5,997)	(6,517)
Underwriting result	1,741	2,641	5,910	2,500	3,067
Net investment (loss)/income*	948	(3,128)	5,310	1,808	2,142
Foreign exchange (loss)/gains	(478)	158	(134)	(186)	(73)
Other expenses, net	66	(440)	(423)	(202)	(220)
Profit/(loss) before tax	2,277	(769)	10,663	3,920	4,916
Loss ratio	58.0%	57.5%	49.6%	49.8%	49.2%
<i>Attritional losses</i>	48.9%	48.4%	48.3%	50.9%	49.2%
<i>Prior year (release)/strengthening</i>	(2.1)%	(3.6)%	(2.2)%	(4.7)%	(3.1)%
<i>Major claims</i>	11.2%	12.7%	3.5%	3.6%	3.1%
Expense ratio	35.5%	34.4%	34.4%	35.4%	34.5%
Admin expense ratio	11.5%	11.0%	11.8%	12.5%	12.3%
Acquisition cost ratio	24.0%	23.4%	22.6%	22.9%	22.2%
Combined ratio (excluding COVID-19)	93.5% ²	91.9%	84.0%	85.2%	83.7%

¹ FY2021 Restated for UK GAAP

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Balance Sheet

	FY 2023	HY 2023	HY 2024
£m			
Cash and investments	100,686	94,442	100,424
Reinsurers' share of unearned premiums	5,036	7,310	7,753
Reinsurers' share of claims outstanding	26,768	28,111	27,099
Other assets	32,605	36,647	39,101
Total assets	165,095	166,510	174,377
Gross unearned premiums	(25,065)	(28,318)	(31,085)
Gross claims outstanding	(78,774)	(78,518)	(80,889)
Other liabilities	(15,987)	(18,920)	(18,881)
Net resources	45,269	40,754	43,522
Member assets	42,161	37,538	40,151
Central assets	3,108	3,216	3,371

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