LLOYD'S

Six months ended 30 June

2022

Half Year Results

Contents

At a Glance

Our purpose

Everything Lloyd's does is underpinned by one unifying purpose: sharing risk to create a braver world. Our purpose speaks to the aspiration and impact of the market and is as true today as it was in Edward Lloyd's coffee shop back in 1688.

Our strategic priorities at a glance

We will continue to focus on Lloyd's four strategic priorities, delivering value for our stakeholders operating in a complex and fast changing world. Our four strategic priorities are:

Performance

During the first half of 2022, the Lloyd's market reported an underwriting profit of £1,217m (HY 2021: £963m) with a combined ratio of 91.4% (2021: 92.2%), the best underwriting performance since 2015. The market is exceptionally well capitalised with the Central Solvency ratio increasing to 395% (HY 2021: 218%) and a prudent asset allocation, however market conditions in the first half led to significant valuation losses across the portfolio, driving significant net investment losses and an overall loss of £1,801m before tax (HY 2021: profit of £1,432m). Lloyd's strong underwriting performance has been driven by our continued focus on portfolio management action, demonstrated by a 1.6 percentage points reduction in the attritional loss ratio (50.5% in HY 2021 reducing to 48.9% in HY 2022). Our focus on sustainable, profitable performance continues through 2022, and will be supported by the implementation of our new, principles-based oversight framework and delivering a differentiated approach to syndicate business planning.

Digitalisation

Blueprint Two continues to be at the heart of the Future at Lloyd's, striving to digitalise the Lloyd's market. The programme is focused on establishing clear and accurate data through the use of market-wide data standards, open market and delegated authority placement, and claims management, underpinned by effective digital processing. In doing so, we will deliver tangible efficiencies to the market, including reduced cost and complexity of doing business at Lloyd's.

Purpose

We have placed Environment, Social, Governance (ESG) at the heart of everything we do. We have committed to be net zero by 2050 and were invited to lead the Insurance Task Force, part of HRH The Prince of Wales's Sustainable Markets Initiative. The Task Force brings together global insurance leaders and firms to drive and accelerate the transition of our industry towards a resilient, net zero economy. We aim to lead the market by continuing to develop sustainable practices.

Culture

We continued our commitment in building a solid foundation to create a diverse, inclusive and high-performing culture across the Society and the market. We met our short-term target of female representation in the Board and Executive Committees and further reduced the gender pay gap. We also kept the momentum to establish a diverse workforce by setting an ambition for one in three new hires in the market and the Society to come from an ethnic minority background. We have also continued our work on social mobility in and were recognised as a Top 75 employer in the latest UK Social Mobility Employer index.

Our Performance: Financial key performance indicators

Gross written premium
£24,035m
HY 2021: £20,465m

Underwriting profit*
£1,217m
HY 2021: £963m

Combined ratio*
91.4%
HY 2021: 92.2%

Expense ratio*
35.4%
HY 2021: 35.8%

Investment (loss)/Income
£(3,122)m
HY 2021: £628m

Result before tax
£(1,801)m
HY 2021: £1,432m

Net resources
£36,501m
FY 2021: £36,553m

Pre-tax return on capital annualised*
(10.1)%
HY 2021: 8.3%

Central solvency coverage ratio*
395%
FY 2021: 388%

Market-wide solvency coverage ratio*
179%
FY 2021: 177%

Read more about our performance in the 'Market Results' and 'Society Report' section. The above metrics are alternative performance measures; see pages 44 and 45 for definitions.

Introduction

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Statement from the Chief Executive

Navigating uncertain times

One of the insurance industry's key responsibilities is to help society manage uncertain times. By analysing, pricing, and underwriting possible outcomes, we help people and businesses transfer risk from their balance sheets to ours, ensuring they can make the smart decisions needed to navigate their organisations through challenging times.

The first six months of 2022 saw the uncertain environment of the last few years extended and expanded, reaching new spheres, and exacerbated by new events. With society still responding to the impacts of COVID-19, the conflict in Ukraine and the materialising effects of climate change, economic headwinds have proliferated and pose significant challenges to governments, businesses, and individuals.

The most salient has been high inflation, prompting a cost-of-living crisis for households, a cost-of-materials crisis for businesses, and a monetary policy conundrum for central banks around the world. In tandem, growth rates have stagnated and interest rates have soared.

In these conditions, businesses need a framework to navigate through difficult times and support their customers through uncertainty. Lloyd's purpose is to share risk for a braver world, founded on the belief that bravery is possible even in the toughest circumstances. The first half of 2022 saw us deliver on this commitment through sustainable performance, purpose-driven leadership, and industry-wide initiatives to power growth through technology, sustainability, and talent.

Sustainable performance, profitable growth

Our hard work over the last four years to encourage high performance and underwriting discipline continues to bear fruit, with our Half Year results signalling this continued sustainable performance.

The market has recorded an underwriting profit of £1.2bn (HY 2021: £0.96bn), and the combined ratio of 91.4% (HY 2021: 92.2%) marks our best result for this figure since 2015. The attritional loss ratio showed continued improvement, reducing to 48.9% compared to 50.5% at the same point last year. The expense ratio also showed improvement, at 35.4% (HY 2021: 35.8%), with more expense benefit to follow through the Future at Lloyd's transformation.

Overall, Lloyd's reported a net loss of £1.8bn due to a net investment loss of £3.1bn. This result was driven by an unrealised investment loss arising from higher interest rates, triggering a short-term hit under mark-to-market accounting, though insurers will benefit in the long term as returns on assets strengthen through 2023 and 2024. At the same time, the market continued to grow profitably with a 17% uplift in gross written premiums, to £24.0bn (HY 2021: £20.5bn). This includes an average price increase of 7.7%.

In capital management, Lloyd's continued its track record of early and realistic reserving for major events by setting aside £1.1bn for Ukraine-related losses, similar to action taken during COVID-19. Our capital position remains strong with a central solvency ratio of 395%, signalling our ability to continue supporting customers through uncertain times. These efforts will be further supported by the expanded capabilities and choice offered to investors through London Bridge II, building on the success of the first London Bridge Protected Cell Company.

Technology-powered transformation

Lloyd's sustainable performance will be underpinned by our evolution into a digital-first, data-led marketplace. Having published the roadmap for our transformation journey at the start of this year, we began delivery of the Blueprint Two solutions with the purpose of making business at Lloyd's better, faster, and cheaper.

In March, the London Market Group's Data Council approved the Core Data Record (CDR) and agreed the approach for the intelligent Market Reform Contract (iMRC). This will bring the radical change of standardising data across the entire London market; a first in corporate and specialty insurance. Our Faster Claims Payment (FCP) pilot, enabling fast and direct payment of claims to customers, saw nearly 6,000 payments and is now being rolled out to all market participants. We've also begun the build of critical elements of the joint venture, alongside DXC Technology and the International Underwriting Association (IUA), that will digitalise and power the middle and back office of the London market. These changes are essential to building a Lloyd's fit for the future and empowered to support customers with flexible, tailored solutions.

Purpose-driven leadership

With people and businesses around the world facing systemic risks like COVID-19, climate change and cyber – alongside the continued threat of natural catastrophes, political conflict, and economic uncertainty – the importance of putting our purpose into action and offering the right solutions to customers has never been greater.

As the conflict in Ukraine continued to take its toll on populations and economies around the world, Lloyd's has worked with global businesses, governments, and regulators to deliver a comprehensive sanctions regime against the Russian state. Our Futureset research platform, in collaboration with Aon, released a landmark report into the potential impacts of the conflict covering areas like cyber, energy, supply chains and food security (see Ukraine: the conflict that changed the world). When grain supplies became stranded in Ukraine's ports, Lloyd's provided essential backing to a UN-brokered deal securing its recovery, while launching a landmark facility to insure the shipments.

With climate change only increasing in importance, Lloyd's continued to support the global transition to a low carbon economy. Our work with the Insurance Task Force of the Sustainable Markets Initiative saw the launch of a new cross-industry Supply Chain Pledge, which will encourage greater sustainability and transparency across insurance supply chains.

Statement from the Chief Executive continued

Talent-led growth

These efforts were underpinned by Lloyd's focus on building an inclusive, high-performing culture. In difficult circumstances, our people have continued to show tremendous resilience, all while powering our strong performance this year. At the same time, we continued to make the most of both the flexibility offered by remote working and the dynamic collaboration offered in the physical space of the Lloyd's building, aligning with our unique marketplace.

The first half of 2022 saw us launch our culture strategy for both the Lloyd's market and Corporation, as well as conduct the third annual Culture Survey. The results of this revealed positive progress towards our diversity ambitions, including our target of 35% of leadership positions filled by women and a third of new hires coming from ethnic minority backgrounds. Yet we need to move much further and faster in the years ahead to build the kind of culture our employees (both current and prospective) expect of us. To that end, we'll continue to provide transparent reporting on representation and pay in our market, alongside robust oversight of market firms as part of our principles-based approach, taking appropriate action when necessary.

In the meantime, we'll continue to demonstrate support and sensitivity in helping our customers and people respond to the uncertain environment we're facing. Lloyd's strong performance and strategic priorities position us well to provide this; but continued innovation and flexibility will be essential to helping society recover and build resilience in 2022 and beyond.

John Neal
Chief Executive Officer

Market Commentary

Market results

The Lloyd's market reported an underwriting profit of £1,217m with a combined ratio of 91.4% for the first six months of 2022 (HY 2021: profit of £963m with a combined ratio of 92.2%), reflecting the continued focus on underwriting performance as well as the benefit of the favourable pricing environment. Fair valuation losses in the first half of the year led to net investment losses of £3,122m (HY 2021: net investment income of £628m) and together with net foreign exchange gains and other income of £343m (HY 2021: £103m) and expenses of £239m (HY 2021: £262m), the market reported an overall loss of £1,801m (HY 2021: overall profit of £1,432m).

Underwriting result

The underwriting profit of £1,217m (HY 2021: profit of £963m), with a combined ratio of 91.4%, has also been impacted by major claims and prior year releases. Major claims contributed 9.9% to the combined ratio, compared to 6.8% in HY 2021, representing an increase in both frequency and severity of loss events, particularly the losses arising from the invasion of Ukraine. Prior year releases benefited the combined ratio by 2.8% (HY 2021: 0.9%), with releases reported across most lines of business, except for the casualty class, which reported some strengthening.

Adjusting for the contribution from major claims, the Lloyd's market reported an underlying combined ratio of 81.5% for the first six months of 2022; an improvement on the 85.4% reported for the first six months of 2021 and on the 82.3% reported for the 2021 financial year.

The underlying combined ratio has benefitted from the reduction in the attritional loss ratio which stands at 48.9%, representing a 1.6 percentage point reduction from the ratio reported for the first six months of 2021 and is consistent with that reported for the 2021 financial year. The improvement in the attritional loss ratio is the result of the continued focus on driving sustainable profitable performance and the benefit of the favourable pricing environment. There has also been a small improvement in the market's expense ratio which has reduced to 35.4% from 35.8% for the first six months of 2022, driven by a lower acquisition cost ratio.

Gross written premiums increased 17.4% when compared to the first six months of 2021, however excluding the impact of foreign exchange – mainly USD strengthening against GBP – premium growth stands at 12.4%. The market has seen a period of sustained price increases, with the nineteenth consecutive quarter of positive pricing being reported in the second quarter of 2022. Price increases of 7.7% were reported in the first six months of 2022 across all major lines of business and geographies. In addition, there was a net 4.7% increase in business volumes period on period, after allowing for some volume growth where syndicates have demonstrated their ability to write business which contributes to sustainable profitable growth.

Investment review

The market reported a net investment loss of £3,122m for the first six months of 2022, representing a negative investment return of 3.6% (H1 2021: £628m profit, positive return of 0.8%).

Financial markets endured a very difficult first half of the year as equity markets fell sharply. Bond yields increased as a result of markets expecting higher inflation, which had a resulting impact on bond portfolio valuations. As a result, the majority of the net investment loss is driven by valuation losses on fixed income securities which approximate to negative return of 4.4%. Given the short duration of the market's portfolio these losses will reverse in subsequent period as the instruments approach their maturities.

Balance Sheet strength

The Lloyd's market continues to be strongly capitalised with total capital, reserves and subordinated loan notes of £36,501m at 30 June 2022, consistent with the £36,553m reported at 31 December 2021.

The Lloyd's market solvency ratios – both central and market-wide solvency ratios – have strengthened since 31 December 2021. The central solvency ratio has increased to 395% from 388% at 31 December 2021 and the market-wide solvency ratio has increased to 179% from 177% at 31 December 2021. These increases reflect the strengthening of both the Society of Lloyd's and Lloyd's market net assets and members' assets, respectively, in the first six months of 2022.

Market Results

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Statement of Council's Responsibilities and Lloyd's Interim Report

Statement of Council's responsibilities in respect of the interim pro forma financial statements

The interim pro forma financial statements (interim PFFS) 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.

The Lloyd's interim results presents 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 includes two sets of financial statements.

Interim pro forma 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) and the Society of Lloyd's Group interim financial statements.

Society of Lloyd's Group interim financial statements

The Group interim financial statements of the Society comprise the interim financial statements of the Society and all its subsidiary undertakings, the Lloyd's Central Fund and the Society's interest in associates and joint ventures.

Pro Forma Profit and Loss Account and Statement of Comprehensive Income

(For the six months ended 30 June 2022)

Technical account	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Six months ended 30 June 2021 £m	Full year 2021 £m	Full year 2021 £m
Gross written premiums	8		24,035		20,465		39,216
Outward reinsurance premiums			(7,445)		(6,297)		(10,777)
Premiums written, net of reinsurance			16,590		14,168		28,439
Change in the gross provision for unearned premiums		(4,593)		(3,678)		(2,223)	
Change in the provision for unearned premiums, reinsurers' share		2,146		1,872		441	
			(2,447)		(1,806)		(1,782)
Earned premiums, net of reinsurance	8		**14,143**		12,362		26,657
Allocated investment return transferred from the non-technical account			(1,331)		80		48
			12,812		12,442		26,705
Claims paid							
Gross amount		9,810		9,395		19,931	
Reinsurers' share		(3,564)		(3,154)		(6,722)	
			6,246		6,241		13,209
Change in provision for claims							
Gross amount		2,034		225		3,214	
Reinsurers' share		(364)		502		(983)	
			1,670		727		2,231
Claims incurred, net of reinsurance	8		7,916		6,968		15,440
Net operating expenses	8, 9		**5,010**		4,431		9,476
Balance on the technical account for general business			**(114)**		1,043		1,789
Non-technical account							
Balance on the technical account for general business			(114)		1,043		1,789
Investment return on syndicate assets		(1,521)		132		113	
Notional investment return on members' funds at Lloyd's	5	(1,432)		501		841	
Investment return on Society assets		(169)		(5)		(6)	
Total investment return			**(3,122)**		628		948
Allocated investment return transferred to the technical account			1,331		(80)		(48)
			(1,791)		548		900
Gain on exchange			288		67		66
Other income	6		55		36		91
Other expenses	6		(239)		(262)		(569)
Result for the financial period before tax	7		**(1,801)**		1,432		2,277

All operations relate to continuing activities.

Statement of comprehensive income	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Full year 2021 £m
Result for the financial period	7	(1,801)	1,432	2,277
Currency translation differences		236	(64)	(19)
Other comprehensive loss in the syndicate accounts		(32)	(5)	(14)
Remeasurement gain on pension liabilities in the Society accounts, net of tax		82	83	72
Total comprehensive (loss)/income for the financial period		**(1,515)**	1,446	2,316

Pro Forma Balance Sheet

(As at 30 June 2022)

	Note	30 June 2022 £m	30 June 2022 £m	30 June 2021 (Restated) £m	30 June 2021 (Restated) £m	31 December 2021 (Restated) £m	31 December 2021 (Restated) £m
Investments							
Financial investments	10		76,175		70,051		73,041
Deposits with ceding undertakings			582		352		720
Reinsurers' share of technical provisions							
Provision for unearned premiums		6,722		5,425		4,076	
Claims outstanding		26,993		21,156		24,208	
			33,715		26,581		28,284
Debtors							
Debtors arising out of direct insurance operations		12,684		9,786		10,322	
Debtors arising out of reinsurance operations		12,630		9,707		8,969	
Other debtors		1,036		1,019		777	
			26,350		20,512		20,068
Other assets							
Tangible assets		24		27		25	
Cash at bank and in hand	11	12,581		11,505		10,957	
Other		126		176		158	
			12,731		11,708		11,140
Prepayments and accrued income							
Accrued interest and rent		127		110		105	
Deferred acquisition costs		5,779		4,788		4,528	
Other prepayments and accrued income		387		253		269	
			6,293		5,151		4,902
Total assets			**155,846**		134,355		138,155
Capital, reserves and subordinated loan notes							
Members' funds at Lloyd's	5	31,352		31,521		31,272	
Members' balances	12	1,838		1,575		2,208	
Members' assets (held severally)			33,190		33,096		33,480
Central reserves (mutual assets)			2,515		2,618		2,277
Total capital and reserves	7		35,705		35,714		35,757
Subordinated loan notes	2		796		796		796
Total capital, reserves and subordinated loan notes			36,501		36,510		36,553
Technical provisions							
Provision for unearned premiums		25,534		20,214		19,074	
Claims outstanding		75,433		63,620		67,800	
			100,967		83,834		86,874
Deposits received from reinsurers			1,735		639		1,734
Creditors							
Creditors arising out of direct insurance operations		1,129		1,367		871	
Creditors arising out of reinsurance operations		11,175		8,018		8,115	
Other creditors including taxation		2,586		2,438		2,538	
Senior debt	2	303		299		299	
			15,193		12,122		11,823
Accruals and deferred income			1,450		1,250		1,171
Total capital, reserves and liabilities			**155,846**		134,355		138,155

Approved by the Council on 7 September 2022 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 2022)

	Note	**Six months ended 30 June 2022 £m**	Six months ended 30 June 2021 (Restated) £m	Full year 2021 (Restated) £m
Result for the financial period before tax		(1,801)	1,432	2,277
Increase in gross technical provisions		11,862	2,933	5,659
Increase in reinsurers' share of gross technical provisions		(4,569)	(1,604)	(3,390)
Increase in debtors		(5,990)	(2,733)	(1,600)
Increase in creditors		3,140	1,646	552
Movement in other assets/liabilities		(921)	(702)	(3)
Investment return		3,122	(628)	(948)
Depreciation, amortisation and impairment charge		6	5	18
Tax refund/(paid)		(6)	(18)	26
Foreign exchange		(1,801)	143	(34)
Other		(4)	(5)	47
Net cash flows from operating activities		3,038	469	2,604
Investing activities				
Purchase of equity and debt instruments		(23,032)	(20,661)	(40,931)
Sale of equity and debt instruments		20,942	20,070	37,343
Purchase of derivatives		(146)	(418)	(455)
Sale of derivatives		124	387	406
Investment income received		283	336	610
Other		(105)	(284)	(432)
Net cash flows from investing activities		(1,934)	(570)	(3,459)
Financing activities				
Net (profits) or losses paid to members		318	1,872	2,109
Net capital transferred (out of)/into syndicate premium trust funds		(344)	(795)	(1,296)
Interest paid on subordinated and senior loan notes		(19)	(14)	(46)
Net movement in members' funds at Lloyd's		612	148	206
Other		(180)	(71)	(4)
Net cash flows from financing activities		386	1,140	969
Net increase in cash and cash equivalents		1,491	1,039	114
Cash and cash equivalents at 1 January		12,416	12,303	12,303
Exchange differences on cash and cash equivalents		288	(23)	(1)
Cash and cash equivalents at 30 June/31 December	13	**14,195**	13,319	12,416

Notes to the Interim Pro Forma Financial Statements

(For the six months ended 30 June 2022)

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 those of general insurance companies.

2. Basis of preparation

General

The interim PFFS have been prepared by aggregating financial information reported by all syndicates in returns to Lloyd's, members' funds at Lloyd's (FAL) and the interim financial statements of the Society of Lloyd's (the Society) on pages 25 to 42. 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 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 and viability statement of the Society is included in the individual syndicates' annual accounts.

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.

The interim PFFS have, where practicable, been prepared in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice (UK GAAP)), including 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 consider 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; the approach taken in preparing the interim PFFS is outlined in (a) to (e) below:

– 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.

(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. 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 GAAP, by reference to the accounting policies which 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 and Special Purpose Arrangements (SPA).

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 £325m (June 2021: £211m, December 2021: £334m). 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.

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 reinsurance transactions of the SPAs have been eliminated. The key impact of this elimination is that gross written premium is reduced by £393m (June 2021: £401m, December 2021: £772m). The elimination does not affect the interim PFFS net result or the balance due to members. All other inter-syndicate reinsurance arrangements are included in full.

Transactions between syndicates and the Society

– 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 Society financial statements;

– Syndicate loans to the Central Fund are reported as assets in the syndicate returns and as equity in the Society financial statements. Interest on the loans is reported as investment income in syndicate returns and as a reduction in equity in the Society's 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 in the Society financial statements;

– Central Fund claims and provisions to discharge the liability of members where they have unpaid cash calls, and do not have the resources to meet those cash calls, are reported as a profit and loss charge and balance sheet liability in the Society financial statements. The Central Fund's other income includes recoveries from insolvent members. The syndicate returns include those members' results and at the balance sheet date will report the outstanding liability within members' balances; and

– Loans funding statutory overseas deposits are reported as assets within the syndicate returns and as liabilities in the Society financial statements.

Notes to the Interim Pro Forma Financial Statements continued

(For the six months ended 30 June 2022)

2. Basis of preparation continued

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

A notional investment return on members' funds at Lloyd's (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 29), 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 directly 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 profit and loss account. The balance sheet in the Society 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 and 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.

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 to satisfy the obligations of the central fund 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 41 provides additional information.

Senior debt (amounts owed to credit Institutions)

Unsecured senior debt of £300m was issued by the Society to finance the investment in the Future at Lloyd's strategy. Note 10 to the Society interim financial statements on page 42 provides additional information.

Society of Lloyd's interim financial statements

The interim PFFS include the results and net assets reported in the interim financial statements of the Society comprising the interim financial statements of the Society and all its subsidiary undertakings, the Lloyd's Central Fund and the Society's interest in associates and joint ventures.

3. Accounting policies notes

(a) Syndicate returns

The syndicate level information within the interim PFFS has been prepared in accordance with the recognition and measurement requirements of FRS 102 and FRS 103. These accounting policies are consistent with those adopted in the PFFS in the 2021 Annual Report.

(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 2021 Annual Report.

(c) Society of Lloyd's

The accounting policies adopted in the Society interim financial statements are set out on pages 31 to 33. The Society's interim financial statements for the six months ended 30 June 2022 have been prepared under UK GAAP following the transition from IFRS effective on 1 January 2022. Presentational adjustments only have been made to the information incorporated into the interim PFFS for the current period.

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.

Notes to the Interim Pro Forma Financial Statements continued

(For the six months ended 30 June 2022)

3. Accounting policies notes

(d) Comparative disclosures

Comparative balances have been restated to reflect changes to presentation in the current year, whereby certain amounts previously reported within other debtors are now correctly reported within other assets. These adjustments do not have any impact on total capital and reserves reported in prior periods.

Pro Forma Balance Sheet

As at 30 June 2021	Previously reported £m	Restated £m
Financial investments	69,993	70,051
Other debtors	1,204	1,019
Other assets	63	176
Accrued interest and rent	96	110

As at 31 December 2021	Previously reported £m	Restated £m
Financial investments	72,977	73,041
Other debtors	970	777
Other assets	43	158
Accrued interest and rent	91	105

There has also been an adjustment to comparatives on the cash flow statement and related notes to correctly reflect restatements to the amount of cash and cash equivalents reported by syndicates for the year ended 31 December 2021. This adjustment does not have any impact on net cash flows or total capital and reserves reported in prior periods.

Pro Forma Statement of Cash Flows and related note

Six months ended 30 June 2021	Previously reported £m	Restated £m
Cash and cash equivalents at 1 January	12,734	12,303
Cash and cash equivalents at 30 June	13,750	13,319
Short term deposits with credit institutions (Note 13)	2,555	2,123

Full year 2021	Previously reported £m	Restated £m
Cash and cash equivalents at 1 January	12,734	12,303
Cash and cash equivalents at 31 December	12,847	12,416
Overdraft (Note 13)	132	(299)

4. Variability

Movements in reserves are based upon estimates as at 30 June 2022 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 surpluses/deficiencies is a net surplus of £401m (June 2021: net surplus £119m, December 2021: net surplus £552m). Surpluses have been reported across all classes of business, except for casualty, reflecting favourable claims development compared to projections.

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

The valuation of FAL in the balance sheet totals £31,352m (June 2021: £31,521m, December 2021: £31,272m). The notional investment return on FAL included in the non-technical profit and loss account totals £(1,432m) (June 2021: £501m, December 2021: £841m).

6. Society of Lloyd's

The results of the Group interim financial statements of the Society included in the profit and loss account are a profit of £252m (June 2021: £252m, December 2021: £426m) in the technical account and a loss of £141m (June 2021: loss of £226m, December 2021: loss of £442m) in the non-technical account.

Other income of £55m (June 2021: £36m, December 2021: £91m) contains £54m (June 2021: £39m, December 2021: £94m) of Society income, together with £1m of other income (June 2021: £3m other charges, December 2021: £3m other charges) reported by the market. Whilst other expenses of £239m (June 2021: £261m, December 2021: £569m) are entirely driven by the Society results.

Notes to the Interim Pro Forma Financial Statements continued

(For the six months ended 30 June 2022)

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 2022 £m**	Six months ended 30 June 2021 £m	Full year 2021 £m
Result per syndicate interim returns	(479)	905	1,719
Adjusted result of the Society	110	26	(283)
Notional investment return on members' funds at Lloyd's	(1,432)	501	841
Result for the financial period before tax	**(1,801)**	1,432	2,277

Capital and reserves	**30 June 2022 £m**	30 June 2021 £m	31 December 2021 £m
Net assets per syndicate interim returns	1,932	1,665	2,250
Adjusted net assets of the Society	2,421	2,528	2,235
Members' funds at Lloyd's	31,352	31,521	31,272
Total capital and reserves	**35,705**	35,714	35,757

Transactions between syndicates and the Society which have been reported within both the syndicate returns and the Society interim financial statements have been eliminated in the interim PFFS as set out in note 2.

8. Segmental analysis

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

Six months ended 30 June 2022	**Gross written premiums £m**	**Net earned premium £m**	**Net incurred claims £m**	**Net operating expenses £m**	**Under-writing result £m**
Reinsurance	9,268	4,746	(2,848)	(1,599)	299
Property	5,693	3,836	(2,171)	(1,510)	155
Casualty	6,030	3,507	(1,670)	(1,412)	425
Marine, Aviation and Transport	1,829	1,270	(770)	(474)	26
Energy	783	457	(262)	(161)	34
Motor	402	304	(180)	(108)	16
Life	30	23	(15)	(7)	1
Total from syndicate operations	**24,035**	**14,143**	**(7,916)**	**(5,271)**	**956**
Transactions between syndicates and the Society (notes 2 and 6) and insurance operations of the Society				261	261
Interim PFFS premiums, claims, expenses and underwriting result	24,035	14,143	(7,916)	(5,010)	1,217
Allocated investment return transferred from the non-technical account					(1,331)
Balance on the technical account for general business					(114)

Notes to the Interim Pro Forma Financial Statements continued

(For the six months ended 30 June 2022)

8. Segmental analysis continued

Six months ended 30 June 2021	Gross written premiums £m	Net earned premium £m	Net incurred claims £m	Net operating expenses £m	Under-writing result £m
Reinsurance	8,350	4,434	(2,836)	(1,399)	199
Property	4,898	3,045	(1,448)	(1,316)	281
Casualty	4,597	3,116	(1,883)	(1,277)	(44)
Marine, Aviation and Transport	1,544	1,065	(435)	(424)	206
Energy	705	388	(188)	(141)	59
Motor	349	294	(170)	(118)	6
Life	22	20	(8)	(8)	4
Total from syndicate operations	20,465	12,362	(6,968)	(4,683)	711
Transactions between syndicates and the Society (notes 2 and 6) and insurance operations of the Society				252	252
Interim PFFS premiums, claims, expenses and underwriting result	20,465	12,362	(6,968)	(4,431)	963
Allocated investment return transferred from the non-technical account					80
Balance on the technical account for general business					1,043

9. Net operating expenses

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Full year 2021 £m
Acquisition costs	5,291	4,538	8,724
Change in deferred acquisition costs	(840)	(666)	(377)
Administrative expenses	1,223	1,084	2,303
Reinsurance commissions and profit participation	(664)	(525)	(1,174)
Total operating expenses	**5,010**	4,431	9,476

10. Financial investments

	30 June 2022 £m	30 June 2021 (Restated) £m	31 December 2021 (Restated) £m
Shares and other variable yield securities	9,296	9,632	9,721
Debt securities and other fixed income securities	54,719	47,610	50,929
Participation in investment pools	2,463	2,881	2,921
Loans and deposits with credit institutions	9,473	9,708	9,264
Other investments	224	220	206
Total investments	**76,175**	70,051	73,041

11. Cash at bank and in hand

Cash at bank and in hand includes letters of credit and bank guarantees held in trust within members' FAL to meet policyholder claims as required, totalling £7,404m at 30 June 2022 (June 2021: £6,734m, December 2021: £6,792m).

Notes to the Interim Pro Forma Financial Statements continued

(For the six months ended 30 June 2022)

12. Members' balances

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Full year 2021 £m
Balance at 1 January	2,208	(326)	(326)
Result for the period per syndicate interim returns	(479)	905	1,719
Losses collected in relation to distribution on closure of the 2019 (2018) underwriting year	107	1,135	1,150
Advance distributions from open underwriting years	(58)	(11)	(11)
Cash calls requested (but not yet paid)	269	748	970
Net movement on funds in syndicate (see note below)	(344)	(795)	(1,296)
Exchange (losses)/gains	238	(28)	32
Other	(103)	(53)	(30)
Balance at 30 June/31 December	**1,838**	1,575	2,208

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 2022 there was £3,403m (June 2021: £4,199m, December 2021: £3,797m) 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 2022 £m	30 June 2021 (Restated) £m	31 December 2021 (Restated) £m
Cash at bank and in hand	12,581	11,505	10,957
Short term deposits with credit institutions	1,897	2,123	1,758
Overdrafts	(283)	(309)	(299)
Cash and cash equivalents	**14,195**	13,319	12,416

Of the cash and cash equivalents, £408m (June 2021: £712m, December 2021: £368m) 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 2022 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 6 months ended 30 June 2022 as set out on pages 10 to 18 in the Lloyd's Half Year Results 2022. 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 6 months ended 30 June 2022 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 2022, the Pro Forma Profit and Loss Account and Statement of Comprehensive Income, the Pro Forma Statement of Cash Flows for the 6 months then ended and 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 2022 for the 6 months ended 30 June 2022.

The financial reporting framework that has been applied in the preparation of the interim PFFS is set out in note 2, the '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 Control (UK) 1 and accordingly maintain a comprehensive system of quality control 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.

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 (Revised) ('ISRE 2410 (R)') 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.

Independent Limited Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2022 Lloyd's Interim Pro Forma Financial Statements continued

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 and Lloyd's Interim Report, 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 6 September 2022. 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 2022, 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
7 September 2022

Society Report

Contents

Group Interim Review

Financial review

Profit before tax

The Society achieved a profit before tax for the period of £172m (30 June 2021: £79m) as set out below:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	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	13	–	13	4	–	4
Claims incurred, net of reinsurance	–	–	–	–	–	–
Net operating expenses	–	–	–	(2)	–	(2)
Balance on the technical account for general business	**13**	**–**	**13**	2	–	2
Non-technical account						
Total investment return	(16)	(131)	(147)	2	12	14
Investment expenses and charges	–	(1)	(1)	–	(1)	(1)
Profit/(loss) on exchange	31	168	199	(3)	(2)	(5)
Non-technical income	163	157	320	155	143	298
Non-technical operating expenses	(181)	(31)	(212)	(183)	(46)	(229)
Profit before tax	**10**	**162**	**172**	(27)	106	79

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.

Gross written premiums (GWP) recognised are higher than the comparative period last year, reflecting higher forecast GWP for the current underwriting year compared to 2021 and rate increases. All business underwritten through the Corporation is 100% reinsured.

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m
Gross written premiums	1,789	1,334
Outward reinsurance premiums	(1,789)	(1,334)
Net written premiums	–	–

The operating expenses of Lloyd's Europe and China are covered by the reinsurance commission and other technical income charged to syndicates.

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 £320m during the first half of 2022 (30 June 2021: £298m). The increase was driven by Central Fund and member subscriptions income which increased due to increases in premium written by the market, and Overseas operating charges which increased wth higher signed and settled premium.

Non-technical operating expenses have decreased to £212m (30 June 2021: £229m). This is mainly due to significant decrease in project expenses including the Future at Lloyd's, offset by increases in employment costs, depreciation and amortisation.

Group Interim Review continued

Investment performance

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m
Investment income	44	(63)
Unrealised (losses)/gains on financial assets	(191)	77
Total investment return	**(147)**	14

The Society's investments, mostly held within the Central Fund, returned £(147)m or (2.9)% during the first half of the year (30 June 2021: £14m, 0.1%). The investment performance was driven by market losses on fixed income securities from rising interest rates initiated by Central Banks to combat inflation and equity losses driven by uncertainity, including from the ongoing war in Ukraine. These losses were partially offset by increased investment income driven by higher interest rates for short term deposits and bonds.

Results summary

Overall, the profit after tax for the six months to 30 June 2022 was £141m (30 June 2021: £61m). The net other comprehensive profit for the period was £106m (30 June 2021: £59m profit), predominantly due to a remeasurement gain on pension obligations. Overall, after accounting for returns paid on syndicate loans, the net assets of the Society increased by £237m in the six months to 30 June 2022 to £3,295m (31 December 2021: £3,058m).

Solvency

The Society's solvency position is set out below.

	Six months ended 30 June 2022 £m	31 December 2021 £m
Central net assets per Group statement of financial position	3,295	3,058
Subordinated debt	796	796
Total	**4,091**	3,854
Solvency valuation adjustments	1,396	1,348
Available central own funds to meet the Central SCR	5,487	5,202
Excess central own funds not eligible to cover the Central SCR	(154)	(347)
Eligible central own funds to meet the Central SCR	5,333	4,855
Central SCR	1,350	1,250
Central solvency ratio	395%	388%

The Central solvency capital requirements (SCR) covers 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. It also includes 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 inclusion of the Tier 2 subordinated debt issued means that Lloyd's Tier 2 and Tier 3 central capital exceeded 50% of the Central SCR by £154m as at 30 June 2022 (31 December 2021: £347m).

Based on central own funds eligible to meet the Central SCR of £5,333m (31 December 2021: £4,855m), the solvency ratio is 395% (31 December 2021: 388%). In setting contribution levels, account is taken of the Central SCR to ensure that Lloyd's is prudently but competitively 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.

Going Concern Statement

After making enquiries and considering management's assessment of the financial position of the Society, the members of the Council consider it appropriate to adopt the going concern basis of accounting in preparing the Society's interim financial statements.

Council of Lloyd's Statement of Principal Risks and Uncertainties

There has been significant focus on ensuring that progress is made on our four strategic priorities. Each presents both an opportunity and a risk to Lloyd's objectives. The Corporation identifies and assesses material risks which could have a significant impact on Lloyd's objectives. The Council manages exposure to these risks by setting and monitoring a risk appetite framework.

Principal risks currently highlighted for management focus through the Lloyd's risk framework are:

- A continued focus on sustainable market performance;
- Geopolitical risks;
- The economic environment with high interest rates, recession and inflationary pressures;
- Delivery of major change programmes, including the Future at Lloyd's;
- Climate change;
- Creating an inclusive culture; and
- Operational resilience and evolving cyber security threats.

The status of these risks is monitored by the Risk Committee and Council.

With reference to the Half Year 2022, the following areas are described in further detail:

Geopolitical and marcoeconomic risks

Changing geopolitical and macroeconomic pressures pose significant uncertainty, and unexpected events can become significant risks. These areas are being actively monitored by Lloyd's to provide assurance that risks, issues and impacts are appropriately managed through this evolving environment:

Risk theme	Mitigating action
Ukraine conflict The conflict has had wide-ranging impacts, which continue to be monitored by Lloyd's	– Response Group established to monitor, assess, and respond to the conflict in Ukraine to ensure that no risks move outside tolerance. – Extensive and close monitoring of claims development within the Lloyd's market, including the development of a range of potential scenarios to assess plausible impacts on Lloyd's. – Engaging with the market to ensure adequacy of reserving approaches. – Ensuring continued compliance with sanctions and engaging closely with regulators and government on the changing sanctions environment.
Inflation High inflation impacts various risks including reserves, pricing and investments	– Cross-functional Working Group established to monitor and manage associated risks. – Scenario analysis to stress test Lloyd's business plan under different scenarios. – Market communications published to outline expectations for the explicit consideration of the inflation outlook within reserves, pricing and investments. – A thematic review conducted on allowing for inflation within reserves.

Council of Lloyd's Statement of Responsibilities

We confirm that to the best of our knowledge:

– The condensed set of financial statements have 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 2022;

– The statement from the Chief Executive and the Society Group interim review (constituting the interim management report) includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the 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 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

7 September 2022

Group Profit and Loss Account and Statement of Comprehensive Income

(For the six months ended 30 June 2022)

Technical account	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 (Restated) £m	Six months ended 30 June 2021 (Restated) £m
Gross written premiums	3	1,789		1,334	
Outward reinsurance premiums	3	(1,789)		(1,334)	
Change in the gross provision for unearned premiums		(447)		(213)	
Change in the provision for unearned premiums, reinsurers' share		447		213	
Earned premiums, net of reinsurance			–		–
Other technical income			13		4
Claims paid					
Gross amount		(611)		(573)	
Reinsurers' share		611		573	
Change in provision for claims					
Gross amount		(640)		(241)	
Reinsurers' share		640		241	
Claims incurred, net of reinsurance			–		–
Net operating expenses	4		–		(2)
Balance on the technical account for general business			13		2
Non-technical account					
Balance on the general business technical account			13		2
Investment income	5	44		(63)	
Unrealised (losses)/gains on investments	5	(191)		77	
Total investment return			**(147)**		14
Investment expenses and charges	5		(1)		(1)
Profit/(loss) on exchange			199		(5)
Non-technical income	12		320		298
Non-technical operating expenses	12		(212)		(229)
Profit before tax			172		79
Tax on profit	6		(31)		(18)
Profit after tax			**141**		61

Statement of comprehensive income	Note	£m	£m	£m	£m
Profit after tax			141		61
Currency translation differences			22		(24)
Remeasurement gains on pension liabilities	7		108		82
Share of remeasurement gain on associates and joint venture pension liabilities			1		2
Tax charge relating to items that will not be reclassified			(25)		(1)
Net comprehensive profit for the period			106		59
Total comprehensive income for the financial period			**247**		120

Group Balance Sheet

(As at 30 June 2022)

	Note	30 June 2022 £m	30 June 2022 £m	31 December 2021 (Restated) £m	31 December 2021 (Restated) £m
Intangible assets			57		58
Investments					
Financial investments	8	4,593		4,299	
Investment in Group undertakings		43		36	
			4,636		4,335
Reinsurers' share of technical provisions					
Provision for unearned premiums		1,984		1,485	
Claims outstanding		6,471		5,654	
			8,455		7,139
Debtors					
Debtors arising out of direct insurance operations		2,138		1,595	
Debtors arising out of reinsurance operations		1,513		1,358	
Other debtors		90		42	
			3,741		2,995
Other assets					
Tangible assets		24		25	
Cash at bank and in hand		1,218		1,183	
Other		22		57	
			1,264		1,265
Prepayments and accrued income					
Accrued interest and rent		19		17	
Deferred acquisition costs		341		265	
Other prepayments and accrued income		116		140	
			476		422
Pension scheme assets	7		5		–
Total assets			**18,634**		16,214

Group Balance Sheet continued

(As at 30 June 2022)

	Note	30 June 2022 £m	30 June 2022 £m	31 December 2021 (Restated) £m	31 December 2021 (Restated) £m
Capital and reserves					
Revaluation reserve		15		15	
Translation reserve		17		(5)	
Syndicate loans	9	514		514	
Profit and loss account		2,749		2,534	
			3,295		3,058
Subordinated debt	10(i)		796		796
Technical provisions					
Provision for unearned premiums		1,984		1,485	
Claims outstanding		6,471		5,654	
			8,455		7,139
Provisions for other risks					
Provisions for pensions and similar obligations	7	4		106	
Tax provisions		16		2	
Other provisions		46		50	
			66		158
Deposits received from reinsurers			1,189		1,096
Creditors					
Creditors arising out of direct insurance operations		498		420	
Creditors arising out of reinsurance operations		3,266		2,643	
Other creditors including taxation and social security		200		215	
Amounts owed to credit institutions	10(ii)	303		299	
			4,267		3,577
Accruals and deferred income			566		390
Total capital, reserves and liabilities			**18,634**		16,214

Approved by the Council on 7 September 2022 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 2022)

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity £m
At 1 January 2022		2,534	(5)	15	514	3,058
Dividend paid on syndicate loans	9	(10)	–	–	–	(10)
Profit for the period		141	–	–	–	141
Net other comprehensive profit for the period		84	22	–	–	106
At 30 June 2022		**2,749**	**17**	**15**	**514**	**3,295**

	Note	Profit and loss account £m	Translation reserve £m	Revaluation reserve £m	Syndicate loans £m	Total equity £m
At 1 January 2021 (Restated)		2,474	26	15	514	3,029
Dividend paid on syndicate loans	9	(10)	–	–	–	(10)
Profit for the period (Restated)		61	–	–	–	61
Net other comprehensive (loss)/profit for the period		83	(24)	–	–	59
At 30 June 2021 (Restated)		2,608	2	15	514	3,139

Group Statement of Cash Flows

(For the six months ended 30 June 2022)

	Note	**Six months ended 30 June 2022 £m**	Six months ended 30 June 2021 (Restated) £m
Net cash from operating activities	11	194	551
Tax paid		(6)	(18)
Net cash generated from operating activities		188	533
Investing activities			
Purchase of intangibles		(3)	(14)
Purchase of tangible assets		–	(1)
Purchase of equity and debt instruments		(1,952)	(1,934)
Sale of equity and debt instruments		1,801	1,883
Increase in short term deposits		(76)	(161)
Net derivative sales and purchases		27	(47)
Investment income received		20	17
Other		–	(80)
Net cash outflows from investing activities		(183)	(337)
Financing activities			
Interest paid on senior debt		(5)	(5)
Interest paid on subordinated notes		(14)	(14)
Dividend paid on syndicate loans	9	(10)	(10)
Increase/(decrease) in borrowings for statutory insurance deposits		36	(56)
Net cash inflows/(outflows) from financing activities		7	(85)
Net increase in cash and cash equivalents		12	111
Cash and cash equivalents at 1 January		1,183	1,174
Exchange differences on cash and cash equivalents		23	(5)
Cash and cash equivalents at 30 June		1,218	1,280

Notes to the Group Interim Financial Statements

(For the six months ended 30 June 2022)

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 at One Lime Street, London EC3M 7HA.

The Society's main corporate purposes are to facilitate the carrying on 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 Group interim financial statements of the Society comprise the financial statements of the Society and all its subsidiary undertakings, the Lloyd's Central Fund and the Group's interest in associates and joint ventures as at each reporting date. Subsidiary undertakings 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.

Conformity with FRS 104 'Interim Financial Reporting'

The Group interim financial statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', FRS 103 'Insurance Contracts' and FRS 104 'Interim Financial Reporting' (collectively 'UK GAAP') for the first time. The previous financial statements for the year ended 31 December 2021 were prepared under International Financial Reporting Standards (IFRS) and the date of transition to UK GAAP was therefore 1 January 2022. As a consequence of adopting FRS 102 and FRS 103, a number of accounting policies have changed to comply with those standards resulting in adjustments to balances on transition.

In order to provide relevant comparative figures to the 2022 Group interim financial statements, the interim results for the six months ended 30 June 2021 and balances at 31 December 2021 per the annual financial statements have been restated on a UK GAAP basis.

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 pounds Sterling and all values are rounded to the nearest million (£m). The Society is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority.

2. Transition from IFRS to UK GAAP

Changes in accounting policy arising on the transition from IFRS to UK GAAP

As a consequence of adopting FRS 102 and FRS 103, the accounting policies have been applied are under UK GAAP. Except as outlined below, the Society's accounting policies are unchanged from those presented in the 2021 Lloyd's Annual Report prepared under IFRS. The changes in accounting policies, and where applicable the financial impact of restating the comparative amounts, are set out below. Other changes in accounting policies with no financial impact are also outlined in the following sections.

(i) Changes in accounting policy that have a net impact on the balance sheet or statement of comprehensive income on transition

- Leases accounting by lessees: IFRS 16 requires lessees to recognise all leases on the balance sheet (other than certain low value or short-term leases) by the recognition of a right-of-use asset and a related lease liability. Under UK GAAP, leases are classified as either operating or finance leases depending on whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Leases classified as operating leases are not included on the balance sheet, but the lease rentals are recognised as an expense as incurred. All of the Society's leases are classified as operating leases and lease costs are recognised as incurred. The Society's leases mainly comprise properties, including the 1986 building. The impact of the change in accounting policy on the current and comparative reporting periods is outlined below.

(ii) Changes in accounting policy that have no net impact on the balance sheet or statement of comprehensive income on transition

- Insurance contracts: As permitted by IFRS 4 the Society adopted an IFRS measurement basis for insurance contracts that was a continuation of the policies applied prior to adopting IFRS. For insurance contracts issued by or transferred to Lloyd's Insurance Company S.A. ('Lloyd's Europe') and Lloyd's Insurance Company (China) Limited ('Lloyd's China'), balances are calculated in accordance with Belgian Generally Accepted Accounting Principles (Belgian GAAP) and the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP) respectively. FRS 103 similarly allows a continuation of previous practice and so the Society continues to apply the same recognition and measurement basis.
- Financial assets and liabilities: FRS 102 provides entities with an accounting policy choice in respect of the recognition and measurement of financial assets and liabilities between applying: (i) the provisions of both Section 11 and Section 12 of FRS 102 in full (a simplified version of the requirements in IAS 39 'Financial Instruments: Recognition and Measurement'); (ii) the recognition and measurement provisions of IAS 39, (prior to its amendment on the publication of IFRS 9 'Financial Instruments'); or (iii) the recognition and measurement provisions of IFRS 9, and IAS 39 (as amended following the publication of IFRS 9). The Group has taken the option to apply the recognition and measurement requirements of IFRS 9 and IAS 39 (as amended following the publication of IFRS 9).

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

2. Transition from IFRS to UK GAAP continued

Reconciliation of total equity

FRS 102 Section 35.13 (b) requires a reconciliation of the Society's equity under the previous financial reporting framework to equity under UK GAAP. The table below shows a reconciliation of equity under IFRS to UK GAAP at 31 December 2021 and 1 January 2021.

	31 December 2021 £m	1 January 2021 £m
Total equity reported under IFRS	3,050	3,023
Impact of the change in lease accounting (note 1)	8	6
Total capital and reserves reported under UK GAAP	3,058	3,029

(1) The impact of removing the right of use assets, lease liabilities and related balances recognised in accordance with IFRS 16 for leases treated as operating leases under FRS 102, net of the impact on the tax liabilities.

Reconciliation of the Statement of Comprehensive Income for 2021

FRS 102 Section 35.13 (c) requires a reconciliation of the profit or loss determined under the Society's previous financial reporting framework in the most recent interim financial statements to the equivalent profit or loss using UK GAAP. The table below shows a reconciliation of the total comprehensive income from the 30 June 2021 IFRS interim financial statements to the equivalent total under UK GAAP.

	Six months ended 30 June 2021 £m
Total comprehensive income reported under IFRS	118
Impact of the change in lease accounting on the profit and loss statement (note 2)	2
Total comprehensive income reported under UK GAAP	120

(2) The impact of removing the right of use assets, lease liabilities and related balances recognised in accordance with IFRS 16 for leases treated as operating leases under FRS 102, net of the impact on the tax liabilities. The capital and reserves reported under UK GAAP at 30 June 2022 are impacted by the same amount.

Presentational and other changes arising on the transition from IFRS to UK GAAP

While not subject to the Companies Act 2006 ('the Act'), the Society seeks to align its interim financial statements with the Act. In addition to the changes in accounting policy noted above, the following presentational and other changes have been made to align with the requirements of the Act and the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations') relating to insurance groups.

The Society's insurance business carried out by its insurance subsidiaries, Lloyd's Europe and Lloyd's China, have been re-presented to present a technical account and non-technical account.

- Technical account presentation: net operating expenses and other technical income related to the Society's insurance operations (primarily Lloyd's Europe and Lloyd's China) are presented in the technical account, together with the results from underwriting. Costs and income related to the investment portfolio are presented in the non-technical account as these are not considered as assets covering technical provisions.
- Non-technical income: comprises the Society's income from members' subscriptions, various market charges (including the overseas operating charge) and Central Fund contributions and is presented in the non-technical account. There are no significant changes in the basis of revenue recognition.
- Non-technical group operating expenses: comprise costs relating to the operating activities of the Society, excluding the insurance operations. These costs are charged to the profit and loss account as incurred and are presented in the non-technical account.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

2. Transition from IFRS to UK GAAP continued

Comparative disclosures

Comparative balances have been restated to reflect changes to presentation in the current year following the conversion from IFRS to UK GAAP. As part of the UK GAAP conversion additional correcting adjustments have been made to premiums receivable to report balances gross of related commissions payable and to reinsurance balances to report gross of the related commissions and reinsurer's share of paid claims. These balances were reported on a net basis in 2021. These adjustments have had no net impact on total capital and reserves reported in prior periods.

As at 31 December 2021	2021 (UK GAAP presentation) £m	2021 (Restated*) £m
Debtors arising out of direct insurance operations	1,012	1,595
Debtors arising out of reinsurance operations	541	1,358
Other prepayments and accrued income	87	140
Other assets	13,121	13,121
Total assets	14,761	16,214
Creditors arising out of direct insurance operations	4	420
Creditors arising out of reinsurance operations	1,625	2,643
Other creditors including taxation and social security	196	215
Other liabilities	12,936	12,936
Total liabilities	14,761	16,214

* Note: Comparatives as at 31 December 2021 have also been restated to meet the presentational requirements of UK GAAP and for measurement differences compared to the previous IFRS accounting standards.

3. Segmental analysis

The result for the period of the Society's operating segments (the Central Fund and Corporation) are presented in the interim financial review on pages 22 and 23.

An analysis of the balance on technical result before investment result, foreign exchange gains or losses and other non-technical income and expenses is as follows:

Six months ended 30 June 2022	Gross written premiums £m	Gross earned premium £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Net balance £m
Direct insurance						
Casualty	242	207	(214)	(50)	60	3
Property	720	626	(450)	(155)	(14)	7
Marine, Aviation and Transport	300	200	(189)	(46)	38	3
Energy	93	62	(58)	(7)	4	1
Motor	3	5	(7)	(3)	5	–
Total from direct operations	**1,358**	**1,100**	**(918)**	**(261)**	**93**	**14**
Reinsurance accepted	431	243	(333)	(45)	134	(1)
Balance on the technical account for general business	**1,789**	**1,343**	**(1,251)**	**(306)**	**227**	**13**

The reinsurance balance represents the credit/(charge) to the technical account from the aggregate of all items relating to reinsurance outwards.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

3. Segmental analysis continued

Six months ended 30 June 2021	Gross written premiums £m	Gross earned premium £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Net balance £m
Direct insurance						
Casualty	205	178	(142)	(54)	12	(6)
Property	550	514	(382)	(132)	2	2
Marine, Aviation and Transport	202	184	(192)	(47)	59	4
Energy	30	47	(51)	(9)	14	1
Motor	3	5	(6)	(2)	4	1
Total from operations	990	928	(773)	(244)	91	2
Reinsurance accepted	344	193	(41)	(41)	(111)	–
Balance on the technical account for general business	1,334	1,121	(814)	(285)	(20)	2

Gross written premium by geographic segment

The table below analyses insurance premiums by geographical segment:

	Six months ended 30 June 2022 £m			
	UK	**Europe**	**China**	**Total**
Gross written premiums	–	1,751	38	1,789
Outward reinsurance premiums	–	(1,751)	(38)	(1,789)
Net written premiums	–	–	–	–

	Six months ended 30 June 2021 £m			
	UK	Europe	China	Total
Gross written premiums	–	1,291	43	1,334
Outward reinsurance premiums	–	(1,291)	(43)	(1,334)
Net written premiums	–	–	–	–

4. Net operating expenses

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m
Acquisition costs	337	265
Change in deferred acquisition costs	(66)	(12)
Administrative expenses	35	32
Reinsurance commissions and profit participation	(306)	(283)
Net operating expenses	**–**	2

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

5. Total investment return and Investment expenses and charges

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m
Income from financial investments held at FVTPL	4	3
Interest income from financial investments held at amortised cost	19	12
Net realised gains/(losses) on forward currency contracts	22	(11)
Other net realised losses on investments held at FVTPL and amortised cost	(1)	(67)
Total investment income	**44**	(63)
Net unrealised gains on forward currency contracts	–	29
Other net unrealised (losses)/gains on financial investments at FVTPL	(191)	48
Total net unrealised (losses)/gains on financial assets	**(191)**	77
Total investment return	**(147)**	14
Investment expenses and charges	**(1)**	(1)

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 2022 is 18%, compared to 23% for the six months ended 30 June 2021. The tax rate was higher in 2021 due to the recognition of deferred tax adjustments relating to the change in future UK corporation tax rate.

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 statement of financial position date.

The deferred tax asset is based on a corporation tax rate of 19-25% depending on when an asset is expected to unwind (2021: 19-25%). The UK corporate tax rate is set to increase to 25% from 1 April 2023.

7. Pension schemes

Lloyd's operates a number of defined benefit pension schemes. These schemes are generally funded by the payment of contributions to separately administered funds. The principal scheme is the Lloyd's Pension Scheme. Other schemes have been established for certain employees based overseas.

Defined benefit pension schemes

	30 June 2022 £m	31 December 2021 £m
Lloyd's Pension Scheme	5	(102)
Overseas pension schemes	(4)	(4)
Net surplus/(deficit) from pension schemes	1	(106)

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 the Scheme's Trust Deed and Rules and relevant legislation. A Board of Trustees manage and administer 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 2022)

7. Pension schemes continued

On an FRS 102 Section 28 'Employee Benefits' valuation basis, the pension scheme asset at 30 June 2022 was £5m (31 December 2021: £102m deficit) before the allowance of deferred tax. An actuarial pre-tax gain of £108m has been recognised in the six months ended 30 June 2022 (30 June 2021: £82m gain). 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 2021 Lloyd's 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 2021 Lloyd's Annual Report is the discount rate, which has increased to 3.8% (31 December 2021: 1.9%). This is the main driver of the £282m reduction in the actuarial value of scheme liabilities from financial assumption changes. 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 2021.

Other changes in assumptions compared to the 31 December 2021 valuation do not have a material impact on the net pension asset balance at 30 June 2022.

Total market value of assets and actuarial value of Scheme liabilities

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

	30 June 2022 £m	31 December 2021 £m
Actuarial value of Scheme liabilities at 1 January	1,036	1,089
Interest cost on Pension Scheme liabilities	10	16
Benefits paid and administrative expenses	(15)	(28)
Experience gains arising in scheme liabilities	16	4
Change in assumptions underlying the present value of the scheme liabilities		
Financial assumption change	(282)	(45)
Actuarial value of Scheme liabilities at 30 June/31 December	765	1,036

Changes in fair value of plan assets were:

	30 June 2022 £m	31 December 2021 £m
Fair value of Scheme assets at 1 January	934	906
Interest income on Pension Scheme assets	9	13
Employer contributions	–	11
Benefits paid	(15)	(28)
Return on plan assets excluding interest income	(158)	32
Fair value of Scheme assets at 30 June/31 December	770	934

The last formal actuarial valuation of the Scheme was completed by the Trustees as at 30 June 2019, using the projected unit credit method. The total market value of the Scheme's assets at the date of the valuation was £810m and the total value of accrued liabilities was £889m, showing a funding deficit of £79m. These figures exclude both liabilities and the related assets in respect of money purchase Additional Voluntary Contributions. A recovery plan is in place and has been agreed with Trustees.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

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 2022 would result in a reduction to the balance sheet liabilities at that date of around 13%, or approximately £99m. A corresponding 1% pa decrease would increase liabilities at that date by around 16%, or approximately £126m.

A 1% pa increase in the assumption for future inflation (both Retail Price Index and Consumer Price Index) as at 30 June 2022, 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 6%, or approximately £46m. A corresponding 1% pa decrease would reduce liabilities at that date by around 6%, or approximately £47m.

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 2022 would be around 2% higher, or approximately £19m. Similarly, if members aged 60 were instead expected to live for one year less, then the liability would be around 2% lower, or approximately £17m.

8. Financial investments

	Note	**30 June 2022 £m Carrying value**	31 December 2021 £m Carrying value
Financial investments at amortised cost			
Statutory insurance deposits	8(a)	902	810
Deposits with credit institutions		944	758
Loans secured by mortgages		25	28
Total financial investments at amortised cost		**1,871**	1,596
Financial assets at fair value through profit and loss			
Financial investments at fair value through profit and loss	8(b)	2,709	2,690
Derivative financial assets	8(c)	13	13
Total financial assets at fair value through profit and loss		**2,722**	2,703
Total financial investments		**4,593**	4,299

(a) Financial investments at amortised cost

Statutory insurance deposits	**2022 Securities £m**	**2022 Deposits £m**	**2022 £m**
At 1 January	148	662	810
Additions at cost	17	659	676
Disposal proceeds	(16)	(628)	(644)
Profit on the sale and revaluation of investments	8	52	60
At 30 June	**157**	**745**	**902**

Statutory insurance deposits	2021 Securities £m	2021 Deposits £m	2021 £m
At 1 January	117	690	807
Additions at cost	60	991	1,051
Disposal proceeds	(25)	(1,006)	(1,031)
Loss on the sale and revaluation of investments	(4)	(13)	(17)
At 31 December	148	662	810

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

8. Financial investments continued

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

	30 June 2022 £m	Full year 2021 £m
At 1 January	2,690	2,676
Additions at cost	1,276	2,981
Disposal proceeds	(1,157)	(2,961)
Loss on the sale and revaluation of investments	(100)	(6)
Fair value at 30 June/31 December	2,709	2,690
Analysis of securities:		
Debt securities and other fixed-income securities:		
Government	1,499	1,452
Corporate securities	694	652
Total debt securities and other fixed-income securities	**2,193**	2,104
Shares and other variable-yield securities and units in unit trusts:		
Global equities	299	357
Emerging markets	68	75
Participation in investment pools:		
Hedge funds	17	15
Multi-asset	60	62
Other Loans	72	77
Fair value	2,709	2,690

(c) Fair value hierarchy

To provide further information on the valuation techniques used to measure assets and liabilities carried at fair value, the Society 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.

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 (i.e., as prices) or indirectly (i.e., 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 (i.e., 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.

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.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

8. Financial investments continued
(c) Fair value hierarchy continued

	30 June 2022			
	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	1,499	694	–	2,193
Shares and other variable yield securities and units in unit trusts	299	–	–	299
Participation in investment pools	–	145	–	145
Other loans	–	–	72	72
Total financial investments at fair value through profit and loss	**1,798**	**839**	**72**	**2,709**
Derivative financial instruments				
Currency conversion service	–	2	–	2
Other forward foreign exchange contracts	–	9	–	9
Interest rate swaps	–	2	–	2
Total derivative financial instruments	**–**	**13**	**–**	**13**
Total financial assets at fair value through profit or loss	**1,798**	**852**	**72**	**2,722**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Currency conversion service	–	2	–	2
Other forward foreign exchange contracts	–	11	–	11
Interest rate swaps	–	5	–	5
Equity futures	–	–	–	–
Total financial liabilities at fair value through profit or loss	**–**	**18**	**–**	**18**

	31 December 2021			
	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	1,452	652	–	2,104
Shares and other variable yield securities and units in unit trusts	357	75	–	432
Participation in investment pools	–	77	–	77
Other loans	–	–	77	77
Total financial investments at fair value through profit and loss	1,809	804	77	2,690
Derivative financial instruments				
Currency conversion service	–	1	–	1
Other forward foreign exchange contracts	–	11	–	11
Interest rate swaps	–	1	–	1
Total derivative financial instruments	–	13	–	13
Total financial assets at fair value through profit or loss	1,809	817	77	2,703
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
Currency conversion service	–	1	–	1
Other forward foreign exchange contracts	–	12	–	12
Interest rate swaps	–	5	–	5
Equity futures	–	2	–	2
Total financial liabilities at fair value through profit or loss	–	20	–	20

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

8. Financial investments continued
(c) Fair value hierarchy 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 2022 Assets		**30 June 2022 Liabilities**	
As at 30 June	**Fair value £m**	**Notional £m**	**Fair value £m**	**Notional £m**
Currency conversion service	2	255	2	255
Other forward foreign exchange contracts	9	891	11	893
Interest rate swaps	2	302	5	302
Equity futures	–	–	–	–
Total	**13**	**1,448**	**18**	**1,450**

	31 December 2021 Assets		31 December 2021 Liabilities	
As at 31 December	Fair value £m	Notional £m	Fair value £m	Notional £m
Currency conversion service	1	187	1	187
Other forward foreign exchange contracts	11	930	12	931
Interest rate swaps	1	296	5	296
Equity futures	–	168	2	168
Total	13	1,581	20	1,582

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 2022 and year ended 31 December 2021:

	30 June 2022 £m	31 December 2021 £m
As at 1 January	77	79
Loss recognised in the income statement	(5)	(2)
As at 30 June/ 31 December	**72**	77

There were no transfers to or from fair value hierarchy Level 3 for the period ending 30 June 2022.

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.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

9. Syndicate loans

	30 June 2022 £m	31 December 2021 £m
2020 Syndicate loan (November)	285	285
2020 Syndicate loan (June)	119	119
2019 Syndicate loan	110	110
Principal loan balance	514	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 2022 the cumulative interest to date, not yet confirmed, totals £10m (31 December 2021: £19m).

Syndicate loans are accounted for as an equity instrument in the Society's financial statements and as such any interest paid to loan holders is recognised as a dividend payment and recorded as a reduction in equity. A dividend payment of £10m (30 June 2021: £10m) has been made during the period.

10. Subordinated debt and amounts owing to credit institutions

i) Subordinated debt

	30 June 2022 £m	31 December 2021 £m
4.875% subordinated notes of £300m maturing 7 February 2047 (Sterling 2017 Notes)	300	300
4.750% subordinated notes of £500m maturing 30 October 2024 (Sterling 2014 Notes)	500	500
Total subordinated notes issued	**800**	800
Less issue costs to be charged in future years	(3)	(3)
Less discount on issue to be unwound in future years	(1)	(1)
Total	**796**	796

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.

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.

Notes to the Group Interim Financial Statements continued

(For the six months ended 30 June 2022)

10. Subordinated debt and amounts owing to credit institutions continued

ii) Amounts owed to credit institutions

	30 June 2022 £m	31 December 2021 £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
Amortised cost (carrying value)	**303**	299

11. Cash generated from operations

	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 (Restated) £m
Profit before tax		172	79
Adjustments for:			
Net investment return	5	148	(13)
Share of profits of associates and joint ventures		(5)	(5)
Amortisation of intangible assets		5	3
Depreciation of tangible fixed assets		1	2
Difference between pension charge and cash contributions		2	1
Increase in debtors, prepayments and accrued income		(2,195)	(148)
Increase in creditors, accruals and deferred income		2,234	609
Loan recoveries		2	2
Decrease in provisions		(6)	(11)
Profit/(loss) on exchange		(199)	5
Other		35	27
Cash generated from operations		194	551

12. Non-technical income and operating expenses

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

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 2022 (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 2022;
– the Group Profit and Loss Account for the period then ended;
– the Group 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 (Revised) (ISRE 2410 (R)), '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. 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 2410 (R). 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
7 September 2022

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) as defined in the European Securities and Markets Authority Guidelines (ESMA Guidelines) on Alternative Performance Measures.

Metric	Applicable part of the Interim Report	Definition	Reason for use
Combined ratio	Market Results	Combined ratio is 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.	Combined ratio is 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	Expense ratio is 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.	Expense ratio is 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	Underwriting result is 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.	Underwriting result is used to measure the profitability of the underwriting activity across the Lloyd's market.
Underlying combined ratio	Market Results	Underlying combined ratio is a measure of the profitability of the underwriting activity excluding major claims. It is the ratio of net operating expenses plus claims incurred, excluding major claims, to earned premium net of reinsurance.	Underlying combined ratio is used to measure the profitability of the underwriting activity of the Lloyd's market, excluding the impact of major claims.
Accident year ratio	Market Results	Accident year ratio is a measure of the profitability of the underwriting activity attributable to the current financial year. It is the ratio of net operating expenses plus claims incurred net of reinsurance and prior year releases to earned premium net of reinsurance.	Accident year ratio is used to measure the profitability of the underwriting activity of the Lloyd's market attributable to the current financial year.
Attritional loss ratio	Market Results	Attritional loss ratio is 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.	Attritional loss ratio is 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.
Prior year release ratio	Market Results	Prior year release ratio is a measure of assessing prior year movements in claims reserves. This is calculated as a percentage of earned premiums net of reinsurance.	Prior year release ratio is 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	Major claims ratio is 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.	Major claims ratio is 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.
Return on capital	Market Results	Return on capital is a measure of overall profitability. It is the ratio of result for the year before tax to the average of opening and closing total capital and reserves.	Return on capital ratio is used to measure the overall profitability and value creating potential of the Lloyd's market.
Investment return	Market Results and Society Report	Investment return is a measure of performance of an insurer's investing activity. It is the ratio of total investment return to the average of opening and closing financial investments and cash at bank and in hand.	Investment return ratio is used to measure the performance of the portfolio of investments and cash balances held across the Lloyd's market.

Alternative Performance Measures continued

Metric	Applicable part of the Interim Report	Definition	Reason for use
Budgeted operating expenses	Society Report	Operating expenses are budgeted on an annual basis as part of a Corporation-wide exercise. These are calculated using a bottom up approach, consolidating figures across the different countries and departments within the Corporation.	The annual budget is a key part of the financial control process within the Corporation and provides an estimate of expected future cost levels.
Free cash balances	Society Report	Free cash represents the amounts, both at bank and on deposit, held in the UK and overseas, excluding any balances held in respect of insurance and arbitration activities.	Provides a measure of the cash resources available to the Corporation to meet operating expenses.
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 as a percentage of the respective solvency capital requirements.	Solvency coverage ratios are 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.

Half Year Results 2022

www.lloyds.com/halfyearresults2022