

2010 ANNUAL RESULTS

30 March 2011

2010 Highlights

- Solid financial results
- Strong financial position
 - Market Ratings re-affirmed
- Continued to develop the attractiveness of the market
 - Extended global presence
 - Focus on improving market processes
 - Enhanced claims handling
 - Progress on Solvency II

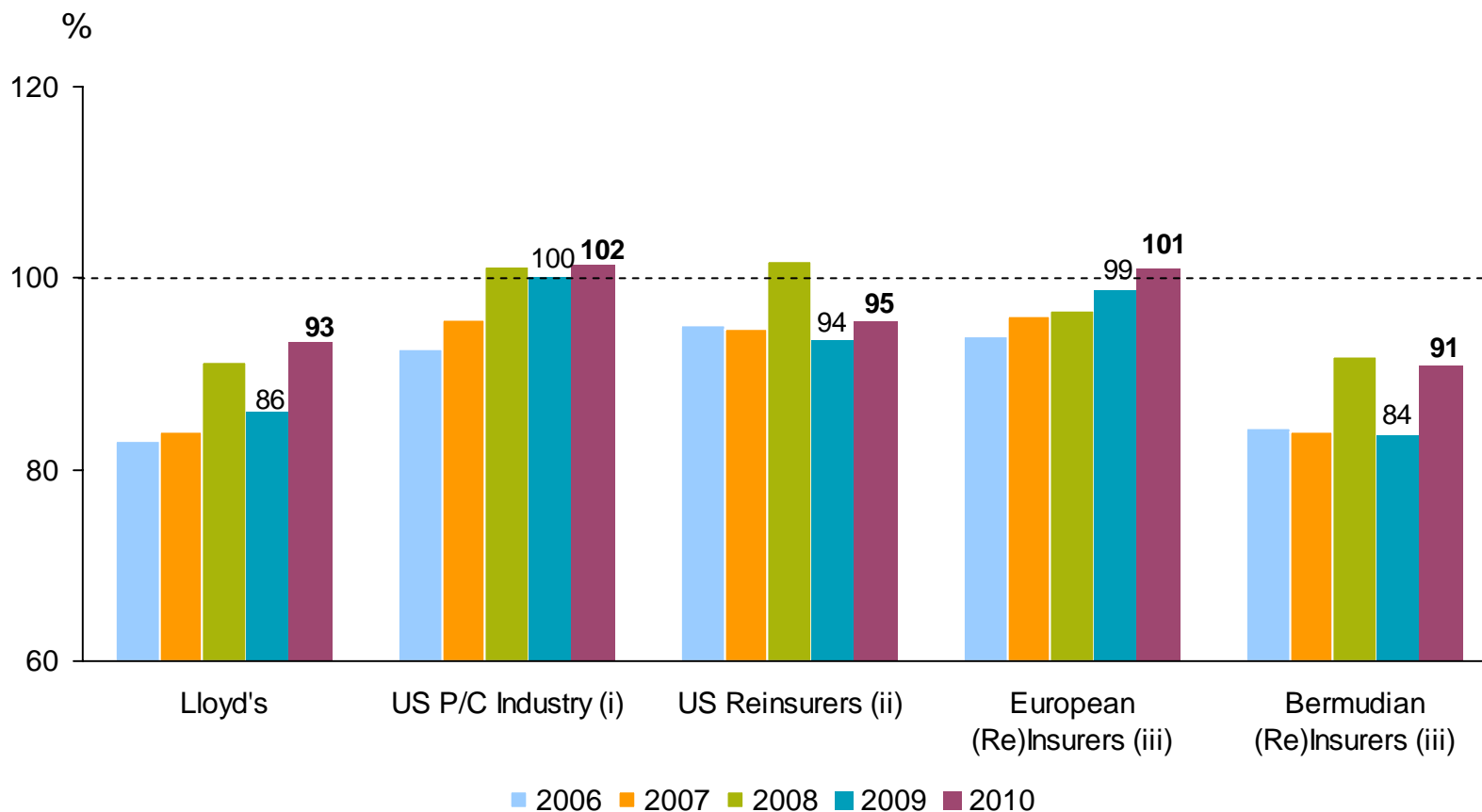
Solid result in challenging circumstances...

£m	2009	2010
Gross written premiums	21,973	22,592
Combined ratio	86.1%	93.3%
Investment return	1,769	1,258
Profit before tax	3,868	2,195
Return on capital (pre-tax)	23.9%	12.1%

Source: Lloyd's pro forma financial statements, 31 Dec 2010

...and our performance compares well against our peers

COMBINED RATIO



Sources i) Insurance Information Institute (estimate-2010), ii) Reinsurance Association of America, iii) Company data (8 European companies: 17 Bermudian companies)

Five year summary: Premiums and net assets up 40% with return on capital over 20%

	2006	2007	2008	2009	2010
Pre-tax result £bn	3.7	3.8	1.9	3.9	2.2
Combined ratio (%)	83.1	84.0	91.3	86.1	93.3
Investment return (%)	4.7	5.6	2.5	3.9	2.6
Gross written premiums £bn	16.4	16.4	18.0	22.0	22.6
Net resources ¹ £bn	13.3	14.5	15.3	19.1	19.1
Pre-tax return on capital (%)	31.4	29.3	13.7	23.9	12.1
Pre-tax return on capital 5 year average (%)					21.3

Source: Lloyd's pro forma financial statements, 31 Dec 2010

1. Capital, reserves & subordinated loan notes and securities

FINANCIAL RESULTS

Solid profit despite catastrophe claims reverting to 'normal' levels

£m	2009	2010	% change
Gross written premiums	21,973	22,592	3
Net earned premiums	16,725	17,111	2
Net incurred claims	(8,624)	(10,029)	16
Operating expenses ¹	(5,781)	(5,939)	3
Underwriting result	2,320	1,143	(51)
Investment return ²	1,769	1,258	(29)
Other income / expenses ³	(221)	(206)	(7)
Profit before tax	3,868	2,195	(43)
Combined ratio %	86.1	93.3	

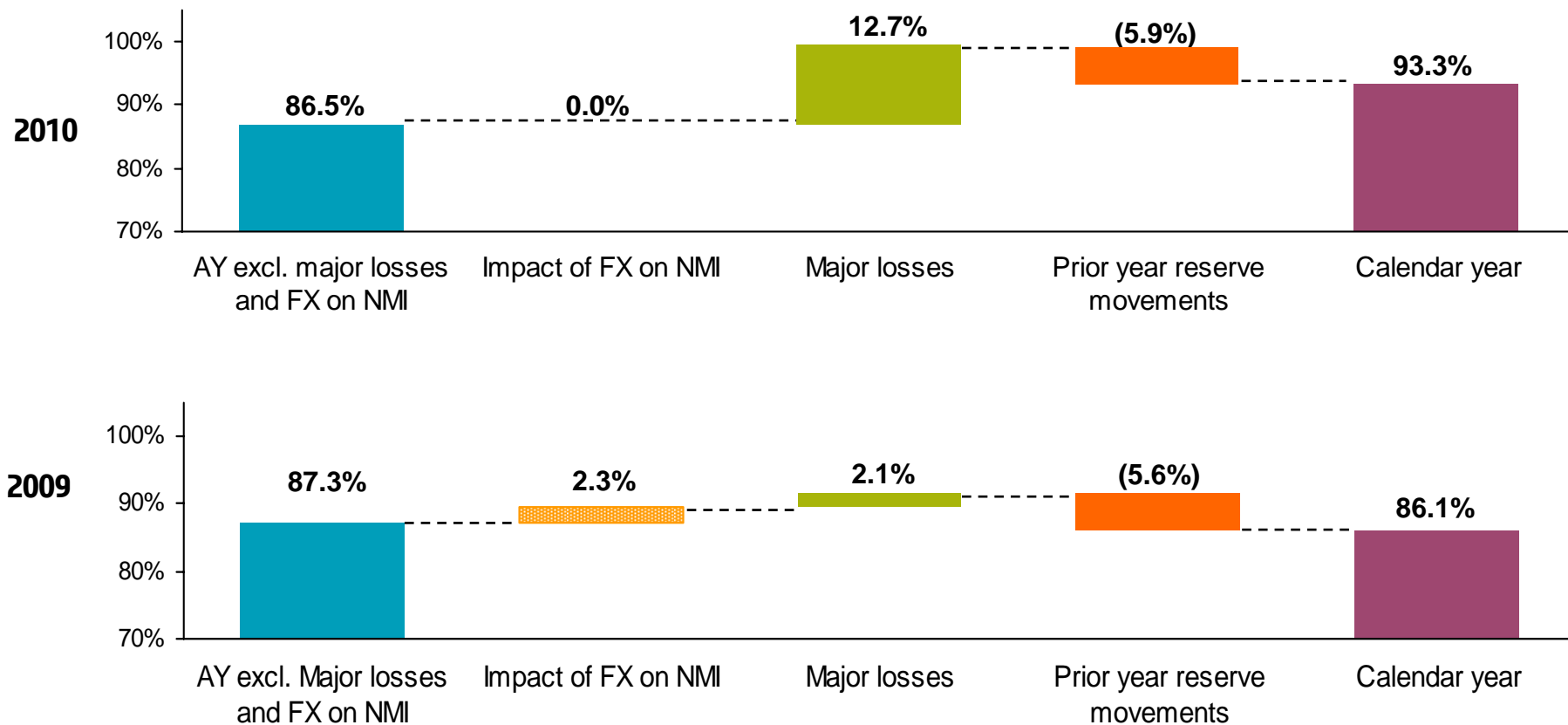
Source: Lloyd's pro forma financial statements, 31 Dec 2010

1) Technical account 2) Return on syndicates' assets, members' funds at Lloyd's and central assets 3) Non-technical account

UNDERWRITING PERFORMANCE

Full year underwriting remains in profit despite significant catastrophe losses

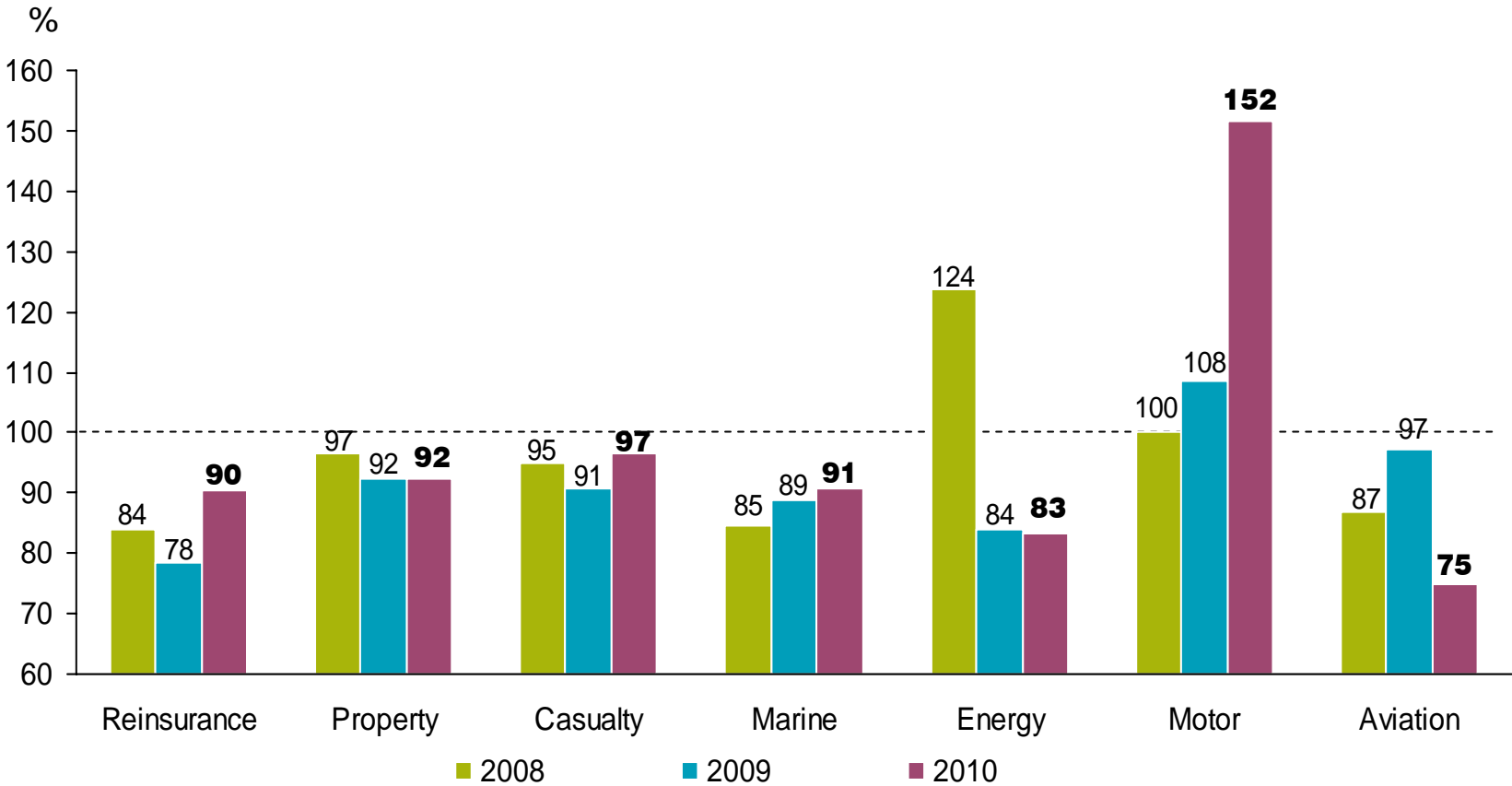
COMBINED RATIOS



Source: Lloyd's pro forma financial statements, 31 Dec 2010

Resilient profits in major classes with UK motor facing hostile claims environment

CALENDAR YEAR COMBINED RATIO



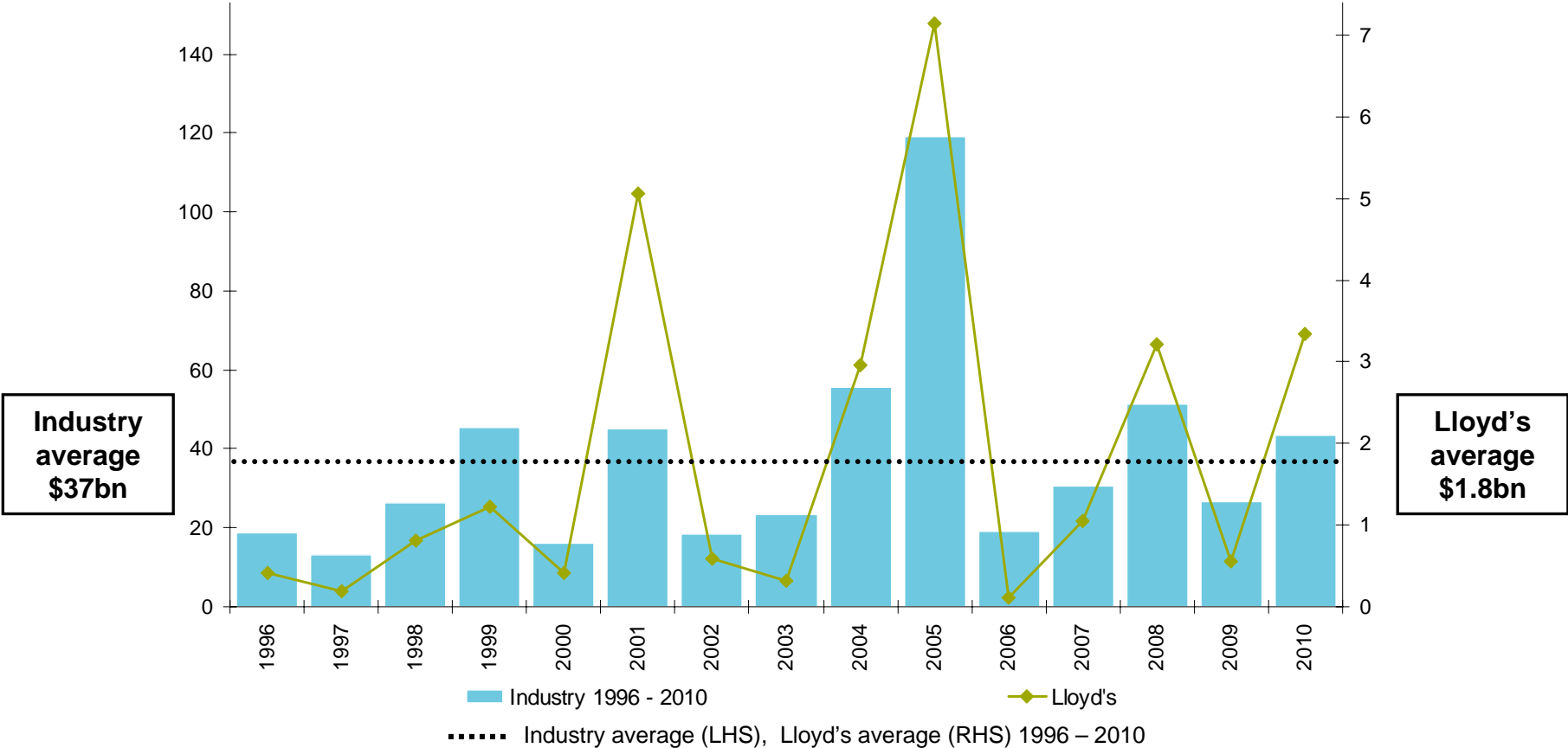
GWP: £8.4 bn	£4.9 bn	£4.4 bn	£1.7 bn	£1.4bn	£1.1bn	£0.6 bn
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Source: Lloyd's pro forma financial statements, 31 Dec 2010; GWP: Gross Written Premium

Insured industry losses were \$43bn in 2010

INDUSTRY CAT LOSSES
\$BN INDEXED TO 2010

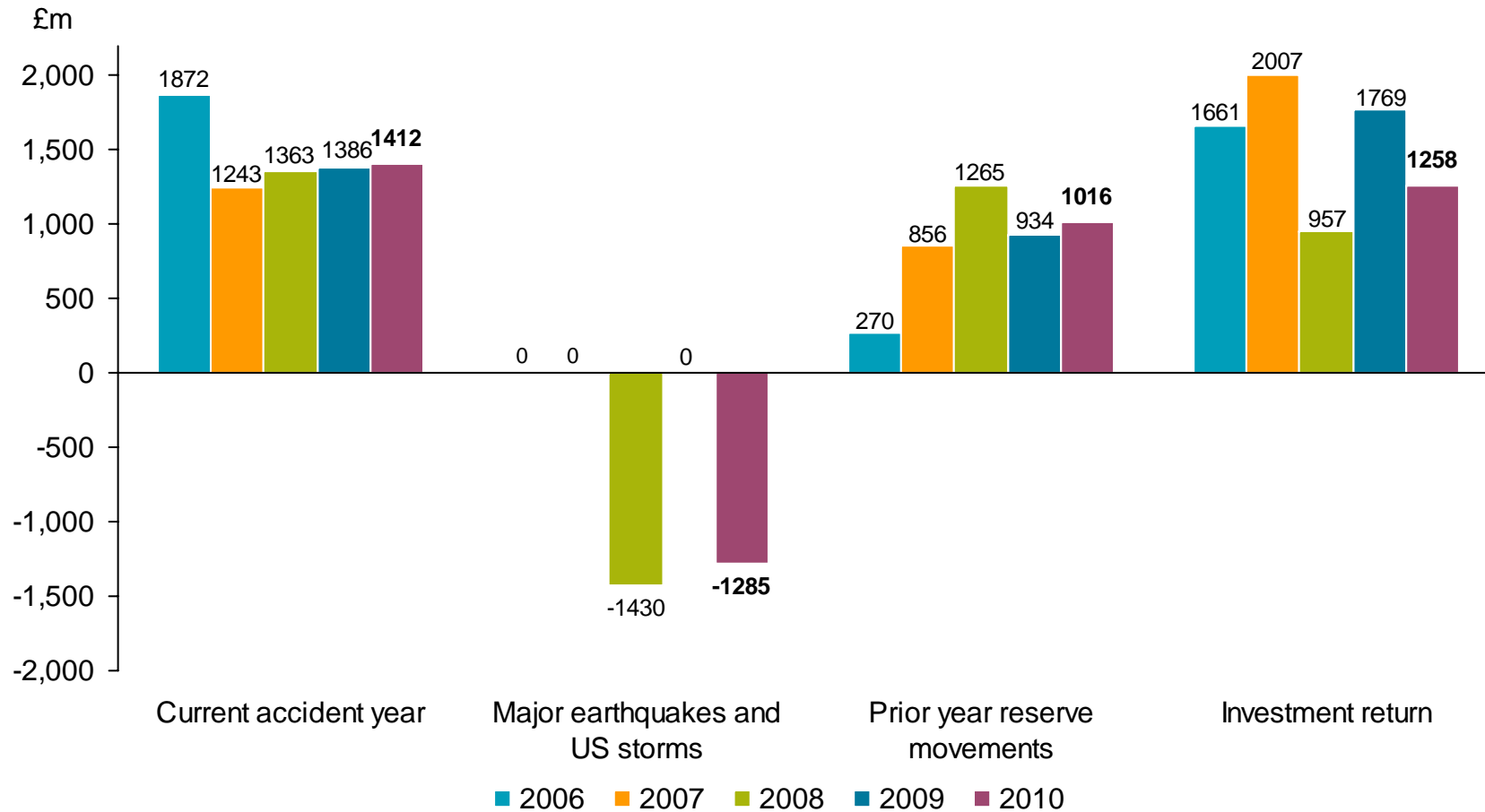
LLOYD'S MAJOR LOSSES
\$BN INDEXED TO 2010



Source: Industry - Swiss Re, Sigma No 1/2011; Lloyd's - Net ultimate claims for major losses per syndicate QMRs,

Source: Lloyd's pro forma financial statements, 31 Dec 2010

Consistent current year profits and solid investment return



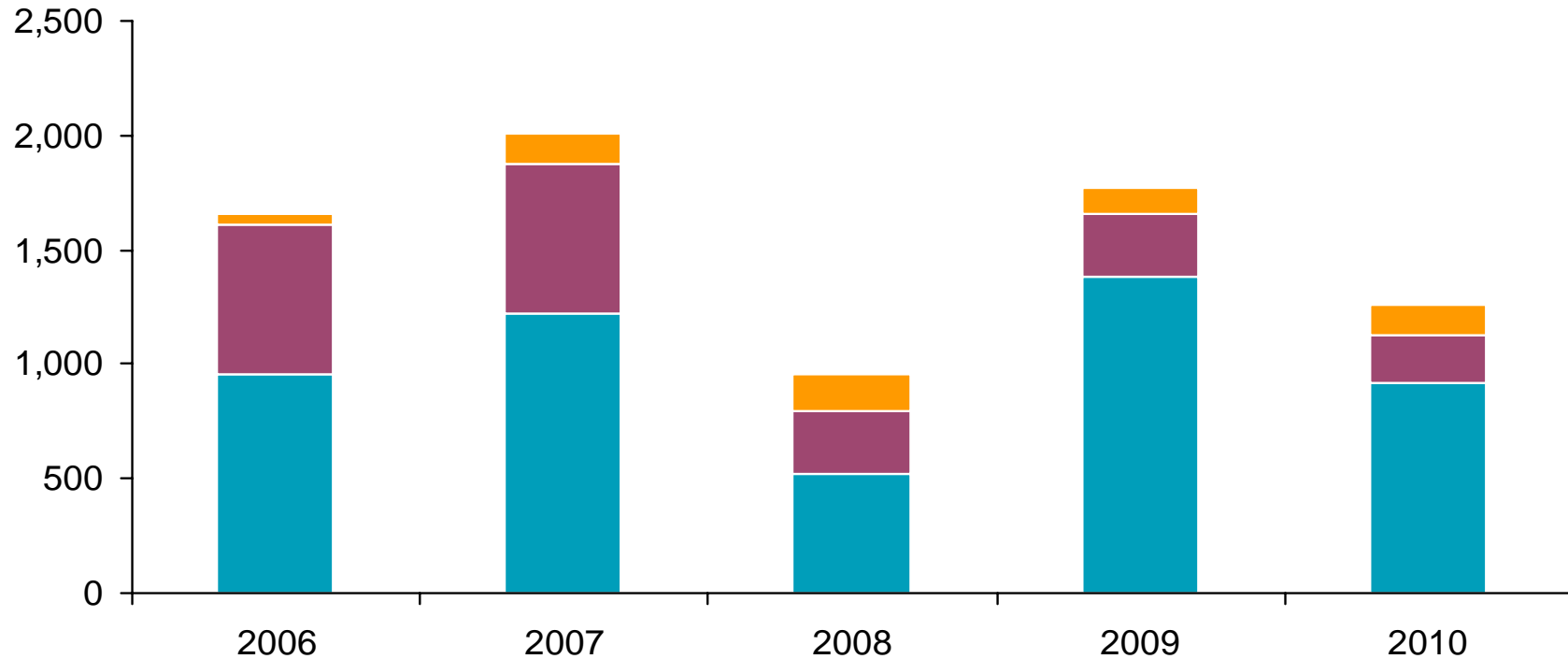
Source: Lloyd's pro forma financial statements, 31 Dec 2010

INVESTMENT PERFORMANCE

Low yields have reduced absolute returns, although exceeding expectations in 2010 due to rising markets

INVESTMENT RETURN

£m



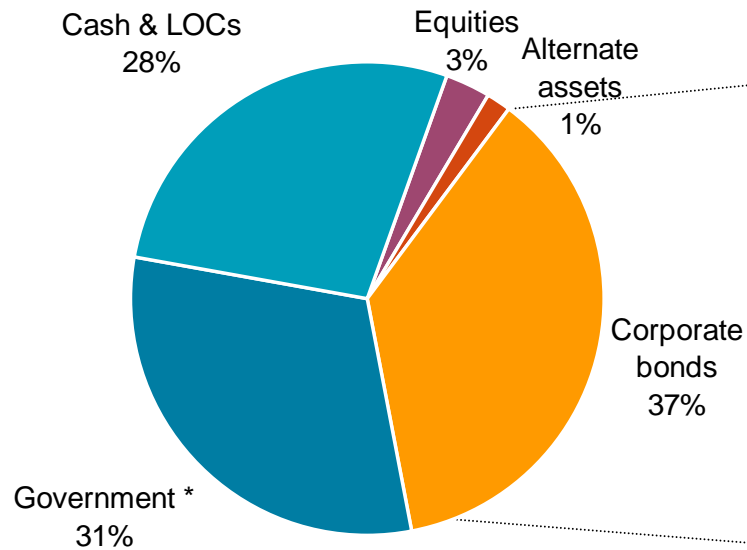
IR:	4.7%	5.6%	2.5%	3.9%	2.6%
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■ PTF ■ FAL ■ Central assets

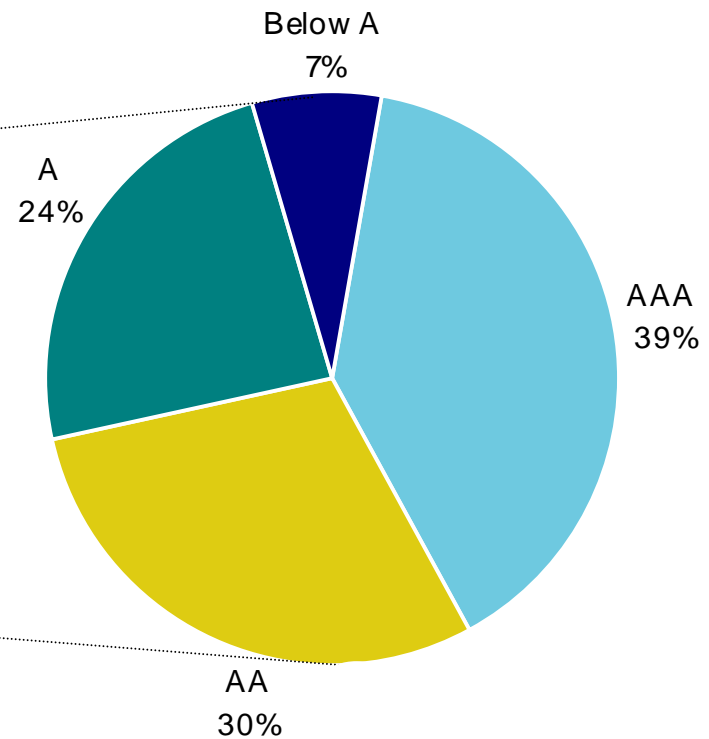
*Note: FAL - Members' Funds at Lloyd's; PTF - Syndicate Premium Trust Funds; IR: Investment Return
Source: Lloyd's pro forma financial statements, 31 Dec 2010*

In excess of 90% of investments remain in cash and high quality bonds...

LLOYD'S MARKET INVESTED ASSETS



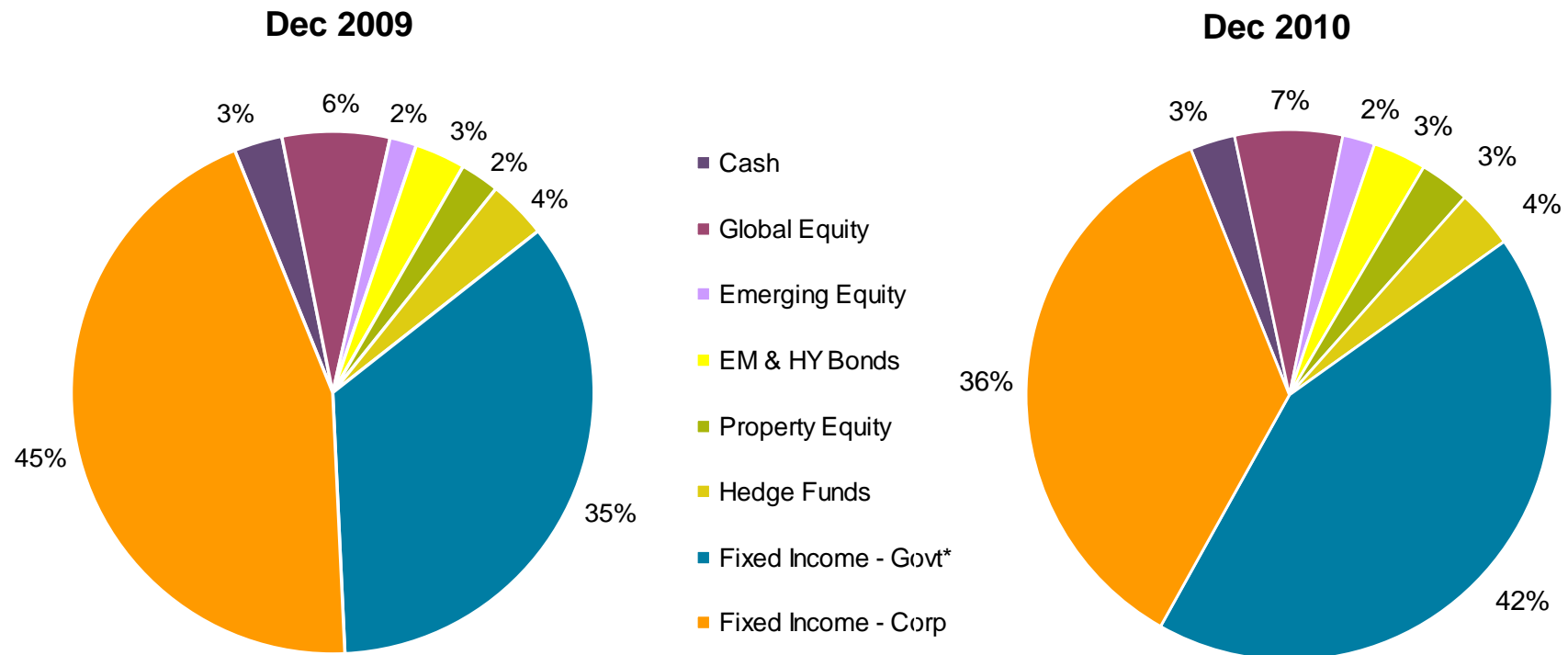
CORPORATE BONDS



Note: * Includes supranationals and government agencies
Source: Lloyd's pro forma financial statements, 31 Dec 2010

...and recent Central Fund investment allocations have focused on sovereign debt

CENTRAL FUND DISPOSITION



Note: * Includes supranationals and government agencies
 Source: Lloyd's pro forma financial statements, 31 Dec 2010

BALANCE SHEET

Stable balance sheet with further increase in central assets

£m	Dec 2009	Dec 2010	% change
Cash and investments	46,254	48,483	5
Reinsurers' share of technical provisions	9,931	10,237	3
Other assets	11,105	11,890	7
Total assets	67,290	70,610	5
Unearned premiums	(9,433)	(10,125)	7
Other liabilities	(38,736)	(41,364)	7
Net resources¹	19,121	19,121	0
<i>Represented by:</i>			
Members assets ²	17,037	16,744	(2)
Central assets ³	2,084	2,377	14
	19,121	19,121	0

1. Capital, reserves & subordinated loan notes and securities

2. Includes syndicate balances and Funds at Lloyd's

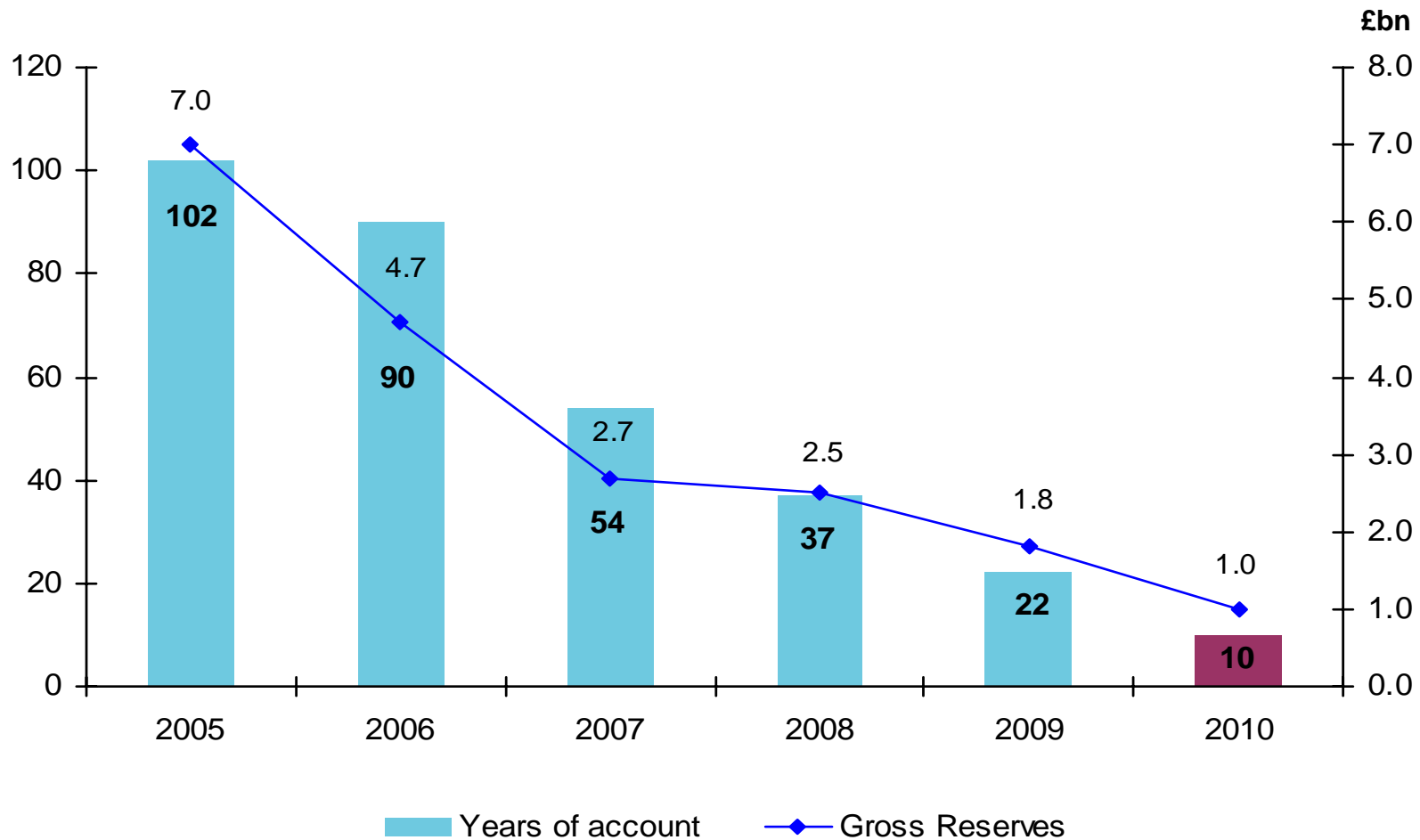
3. Stated on a UK GAAP basis; excludes subordinated debt liabilities

Source: Lloyd's pro forma financial statements, 31 Dec 2010

Dedicated focus on Open Years has yielded positive results...

NO. OF YEARS OF ACCOUNT IN RUN OFF

GROSS RESERVES

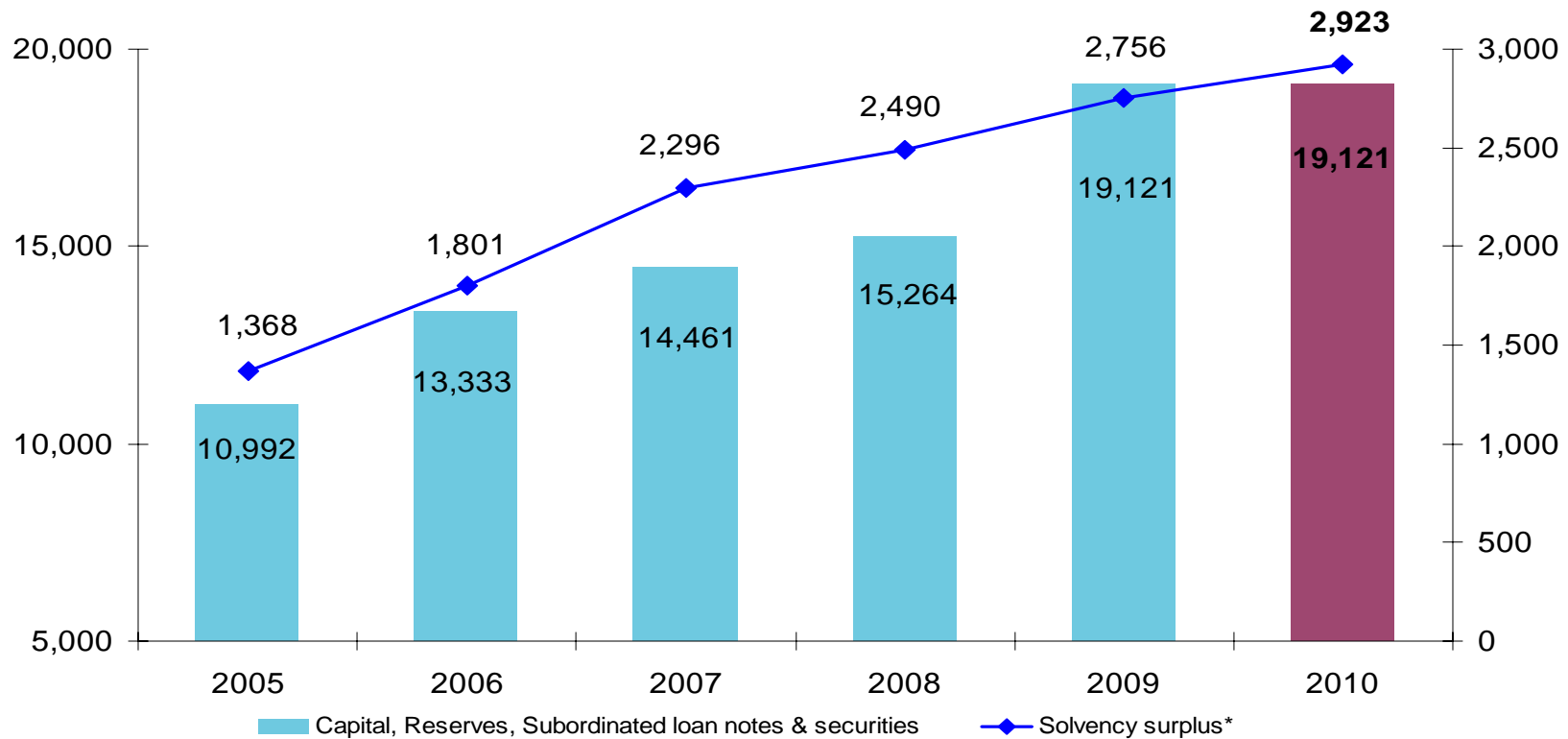


Source: Lloyd's pro forma financial statements, 31 Dec 2010

...and Solvency coverage is at record levels

BALANCE SHEET
£m

SOLVENCY
£m



Note: * Solvency surplus net of solvency deficits
Source: Lloyd's pro forma financial statements, 31 Dec 2010

SUMMARY

Lloyd's remains well positioned for the challenges ahead

- Despite the events of Q1 2011, financial strength remains strong
- Robust market oversight to ensure underwriting discipline, risk management and efficient claims handling
- Continue to use industry leadership position to influence domestic and international regulatory development
- Continue to make the market more attractive for capital providers, brokers and insureds

'...To be the market of choice for insurance and reinsurance buyers and sellers...'

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