LLOYD'S

Half Year Results

Six months ended 30 June

Overview

John Neal, Chief Executive Officer

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On track to deliver the growth, underwriting and investment outlook outlined in our FY results

HY 2023 Actual	2023 Targets[1]	
£29.3bn Gross written premium	**£56bn** Gross written premium	✓
85.2% Combined ratio	**<95%** Combined ratio	✓
£1.8bn[2] Investment return	**>3%** Total investment performance	✓

[1] 2023 targets taken from Outlook provided at FY22. Subject to financial markets, F/X, unpredictable economic developments, and major losses within normal expected range.
[2] Investment return at HY23 is 1.9% investment performance.

Sustainable performance supports a digital, inclusive and purpose-led market

Performance

- Consistent profitable performance with **combined ratio of 85.2%**
- Strong, profitable growth with 22% rise in premiums to **£29.3bn.** The risk consists of 4% FX, 9% price and **9% growth**
- Exceptionally strong capital position, with increased central solvency ratio at **438%** and increased market-wide solvency ratio at **194%**
- Solid investment yields generating total return of **£1.8bn**

Digitalisation

- Good progress on Lloyd's digitalisation journey
- London Market Group Data Council introduces globally recognised data standard and enables **computable contracts**
- Faster Claims Payment solution available for over **80%** of delegated authority business

Purpose

- Enabling over **30 million tonnes** of grain and fertiliser to be shipped from Ukraine through Black Sea Grain Initiative
- Convening industry through the **Lloyd's Lab** and **Sustainable Markets Initiative** to build global climate resilience
- Launching **Private Impact Fund** with £250m initial asset allocation

Culture

- Fourth Market Policies & Practices return demonstrates **strong progress** towards a diverse and inclusive culture
- **Women in leadership** up two points to **32%**, and **one third** of market firms meeting one in three **ethnicity hiring ambition**

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Financials

Burkhard Keese, Chief Financial Officer

Strong start to 2023

	HY 2023 Result	HY 2023 vs HY 2022
Gross written premium	£29.3bn	+£5.3bn
Underwriting profit	£2.5bn	+£1.3bn
Combined ratio	85.2%	(6.2%pts)
Investment return	£1.8bn	+£4.9bn
Profit before tax	£3.9bn	+£5.7bn

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Record revenue driven by price and volume growth

£29.3bn

Gross written premium

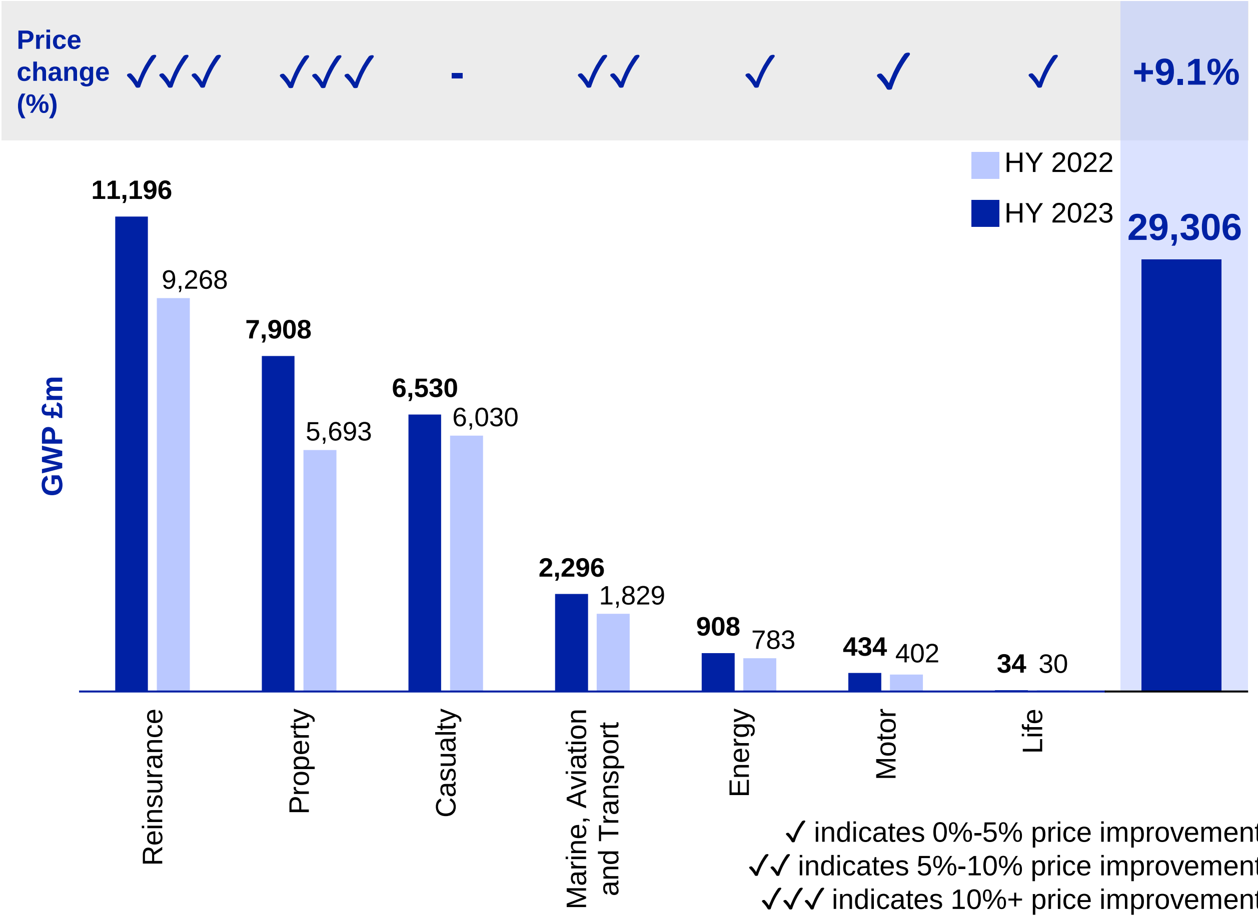
HY 2023

21.9%

Growth

FX	4.1%
Price	9.1%
Volume Growth	8.7%

22 consecutive quarters of positive price improvement



✓ indicates 0%-5% price improvement
✓✓ indicates 5%-10% price improvement
✓✓✓ indicates 10%+ price improvement

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LLOYD'S

Record revenue driven by price and volume growth

Price

9.1%

HY 2023

HY 2023 vs HY 2022

7.7%

HY 2022

Volume Growth

8.7%

HY 2023

Growth New Syndicates

2.2%

Growth Existing Syndicates

6.5%

- Property (direct & re-insurance) lines saw a much needed rate movement and better terms and conditions.
- Our focus will be on US General Liability and D&O where there are concerns in respect of forward risk pricing. Price compensation for inflation is of lesser concern.
- Cyber prices are flat and our focus is on terms and conditions.
- In Specialty, war covers have experienced rate strengthening but overall prices are not adequate.
- Please note that we no longer differentiate between price and rate in our disclosures.

- Growth in new syndicates reflects Lloyd's attractiveness to new players in the Market.

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Continued strong and profitable growth

	HY 2023 Result	HY 2023 vs HY 2022
Combined ratio	85.2%	(6.2%pts)
Attritional loss ratio	50.9%	+2.0%pts
Expense ratio	35.4%	-
Major claims	3.6%	(6.3%pts)
Prior Year Releases	4.7%	+1.9%pts

LLOYD'S

Continued strong and profitable growth

Major losses

0.6bn

HY 2023

HY 2023 vs HY 2022

1.4bn

HY 2022

Major claims (£bn)	HY 2022	HY 2023
Ukraine losses	1.0	-
Eastern Australia Floods	0.2	-
Cyclone Gabrielle	-	0.2
Turkey Earthquake	-	0.2
New Zealand Floods	-	0.1
Sudan Conflict	-	0.1
Other losses	0.2	-

Attritional loss ratio

50.9%

HY 2023

HY 2023 vs HY 2022

48.9%

HY 2022

Expense ratio

35.4%

HY 2023

HY 2023 vs HY 2022

35.4%

HY 2022

- Acquisition cost ratio: 22.9% (-0.7%) reduced as planned but offset by Admin expenses.
- Admin expense ratio:12.5% (+0.7%).

- The higher admin costs are driven by profit commissions resulting from Underwriting results.

Prior Year releases

4.7%

HY 2023

HY 2023 vs HY 2022

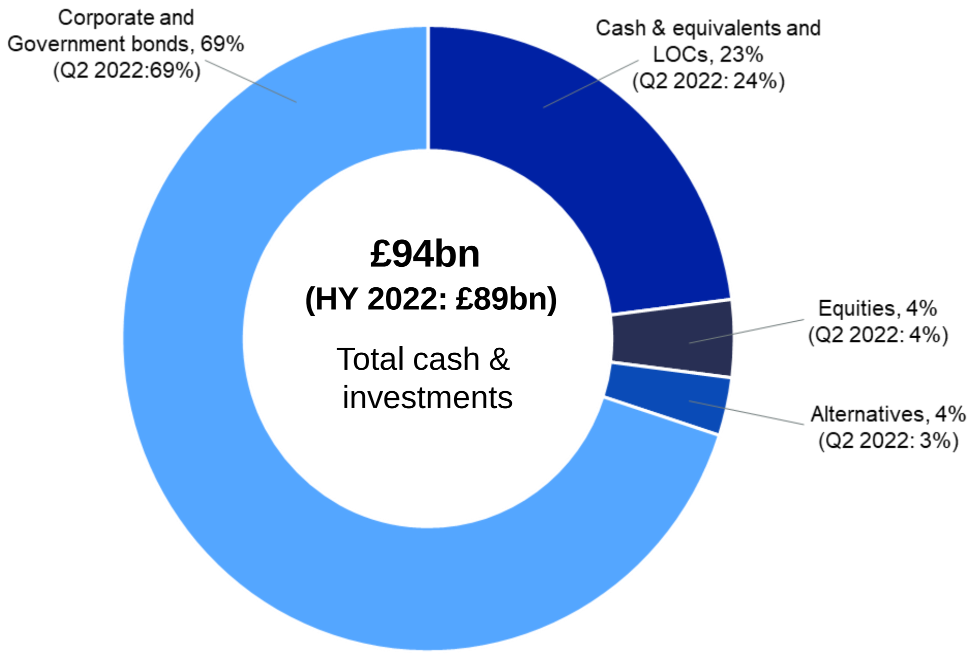
2.8%

HY 2022

- No material change for Ukraine losses.
- Releases across all classes, the largest contribution being Property and Casualty.
- Property releases were driven by favourable developments.
- Casualty releases were driven by loss portfolio transfers and a better than expected experience in Cyber.

Confident investment outlook

Conservative asset allocation



HY 2022 Results	HY 2023 Results	2023 Forecast [2]
£0.6bn Investment income	**£1.4bn** Investment income	**£2.7bn** Investment income forecast
£(2.6bn)[1] Fixed income price variance	**£(0.1bn)[1]** Fixed income price variance	**£0.5bn[1]** Fixed income price and mark-to-market variance
£(3.1bn) Investment return	**£1.8bn** Investment return	**>3%** Total investment performance

[1] Analytically derived.
[2] Assuming market rates move to terminal rates. Subject to financial markets, F/X, and unpredictable economic developments.

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Robust solvency and positive A.M. Best outlook

	HY 2023 Result	HY 2023 vs FY 2022
Market-wide solvency	194%	+13%pts
Central solvency	438%	+26%pts
Total capital	£40.8bn	+1.4%

Financial strength ratings and outlook

AA- Fitch Ratings	**Stable**
AA- KBRA	**Stable**
A+ Standard & Poor's	**Stable**
A A.M. Best	**Positive**

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LLOYD'S

Resilient profitability and Capital position

Strong overall profitability

Sustainable premium growth

Improving yield environment

High quality balance sheet

LLOYD'S

Resilient profitability and capital position

Sustainable premium growth

21.9%
Premium growth

9.1%
Price

8.7%
Volume

Improving yield environment

£800m
More investment income (dividends and coupons) than HY22

£4.9bn
More investment return than HY22

Strong overall profitability

£2.5bn
Underwriting result

85.2%
Combined ratio

£1.8bn
Investment return

£3.9bn
Profit before tax

High quality balance sheet

194%
Market-wide solvency

438%
Central solvency

£40.8bn
Total capital

Positive outlook
assigned from A.M. Best

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Looking ahead

John Neal, Chief Executive Officer

LLOYD'S

Sustaining performance, addressing costs and showing leadership

Driving sustainable performance

- **On track to deliver FY23 outlook** of profitable growth and solid underwriting and investment returns
- **Sustainability framework** ensures our ability to maintain market leading performance
- **Balance sheet strength** continues to underpin key ratios for capital, solvency and liquidity

Operational infrastructure and resilience at Lloyd's

- Technology and process renewal (digitalisation programme) to **improve resilience** and facilitate **cost reductions**
- **Core Data Record** and **Market Reform Contract** operable for 2024
- **Adoption and transition** commences H2 2023 and completes in 2024
- **London Bridge Two** making excellent progress with over **$500m** invested

Leading where it matters

- Stepping up as **insurer of the transition** to deliver resilience for customers, support transition and enable economic growth
- Hosting **ninth annual DiveIn Festival** around theme of 'Unlocking Innovative Cultures'
- Continuing to innovate and convene through **Lloyd's Lab** as it celebrates five years of innovation

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Appendix

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Lloyd’s Market approach to claims reserving

Proactive approach

- Early recognition of how much losses may ultimately cost, limits surprises on the balance sheet.
- Probability weighted exposure-based reserving, based on a full range of scenarios.
- Independent reserve and capital oversight carried out by Lloyd’s centrally in conjunction with independent actuarial reserve reviews and model validation.
- Ongoing oversight of approach taken by syndicates to adjusting reserves for the heightened inflationary environment.

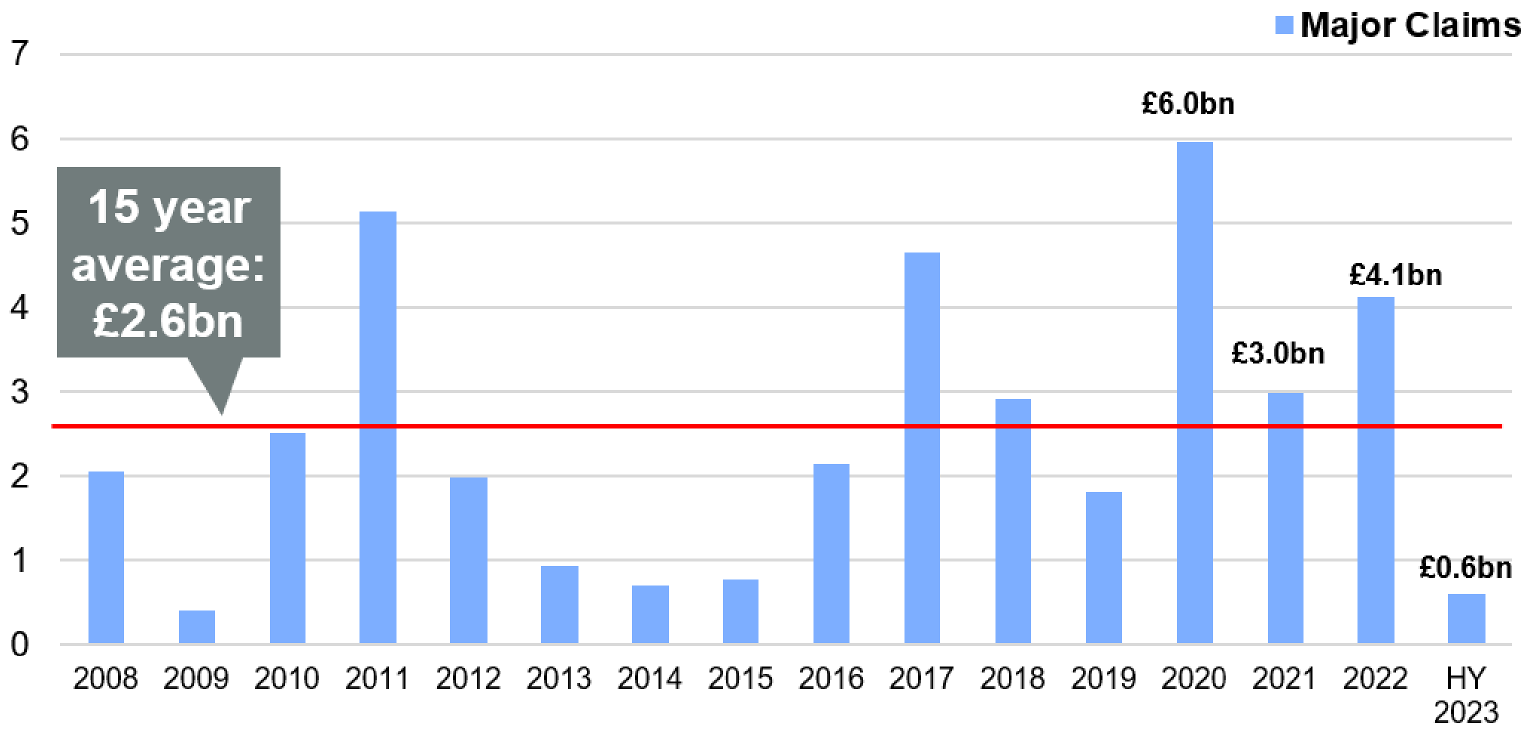
Reserve margins and capital to reflect uncertainty

- 4.7% prior year reserve release at HY 2023.
- Margins are strong enough to absorb unexpected claims movement such as inflation.
- Central and Syndicate capital setting includes a variety of event outcomes and oversight process checks to ensure that capitalisation is adequate.

LLOYD'S

Low level major claims

HY 2023 marked a relatively light period for catastrophe losses



Major claims, net earned ultimate* (£bn)	FY 2022	HY 2022	HY 2023
Hurricane Ian	2.0	-	-
Ukraine losses	1.4	1.0	-
Eastern Australia Floods	0.3	0.2	-
Winter Storm Elliot	0.2	-	-
Cyclone Gabrielle	-	-	0.2
Turkey Earthquake	-	-	0.2
New Zealand Floods	-	-	0.1
Sudan Conflict	-	-	0.1
Other losses	0.2	0.2	-
Total	**4.1**	**1.4**	**0.6**

- The improvement in combined ratio vs HY 2022 was driven in part by **improved major claims experience with fewer large events**.
- Overall, the **impact of major claims represented only 3.6% of the combined ratio down from 9.9% in HY 2022**.

LLOYD'S

Profit and Loss Account

£m	FY 2018	FY 2019	FY 2020	FY 2021	HY 2022	FY 2022	HY 2023
Gross written premium	35,527	35,905	35,466	31,216	24,035	46,705	29,306
Net earned premium	25,178	25,821	25,876	26,657	14,143	32,458	16,932
Net incurred claims	(16,438)	(16,361)	(18,929)	(15,440)	(7,916)	(18,655)	(8,435)
Operating expenses	(9,870)	(9,998)	(9,623)	(9,476)	(5,010)	(11,162)	(5,997)
Underwriting result	**(1,130)**	**(538)**	**(2,676)**	**1,741**	**1,217**	**2,641**	**2,500**
Net investment income	504	3,537	2,268	948	(3,122)	(3,128)	1,808
Other expenses, net	(367)	(413)	(374)	(478)	(184)	(440)	(202)
Foreign exchange gain / (loss)	(8)	(54)	(105)	66	288	158	(186)
Profit/(loss) before tax	**(1,001)**	**2,532**	**(887)**	**2,277**	**(1,801)**	**(769)**	**3,920**
Loss ratio	**65.3%**	**63.4%**	**73.1%**	**58.0%**	**56.0%**	**57.5%**	**49.8%**
Attritional losses	57.6%	57.3%	51.9%	48.9%	48.9%	48.4%	50.9%
Prior year development	(3.9%)	(0.9%)	(1.8%)	(2.1%)	(2.8%)	(3.6%)	(4.7%)
Major claims	11.6%	7.0%	23.0%[1]	11.2%	9.9%	12.7%	3.6%
Expense ratio	**39.2%**	**38.7%**	**37.2%**	**35.5%**	**35.4%**	**34.4%**	**35.4%**
Admin expense ratio	11.9%	11.2%	11.1%	11.5%	11.8%	11.0%	12.5%
Acquisition cost ratio	27.3%	27.5%	26.1%	24.0%	23.6%	23.4%	22.9%
Combined ratio	**104.5%**	**102.1%**	**110.3%** [1]	**93.5%**	**91.4%**	**91.9%**	**85.2%**

[1] Major claims excluding COVID-19 was 13.3%; Combined ratio excluding COVID-19 was 97.0%.

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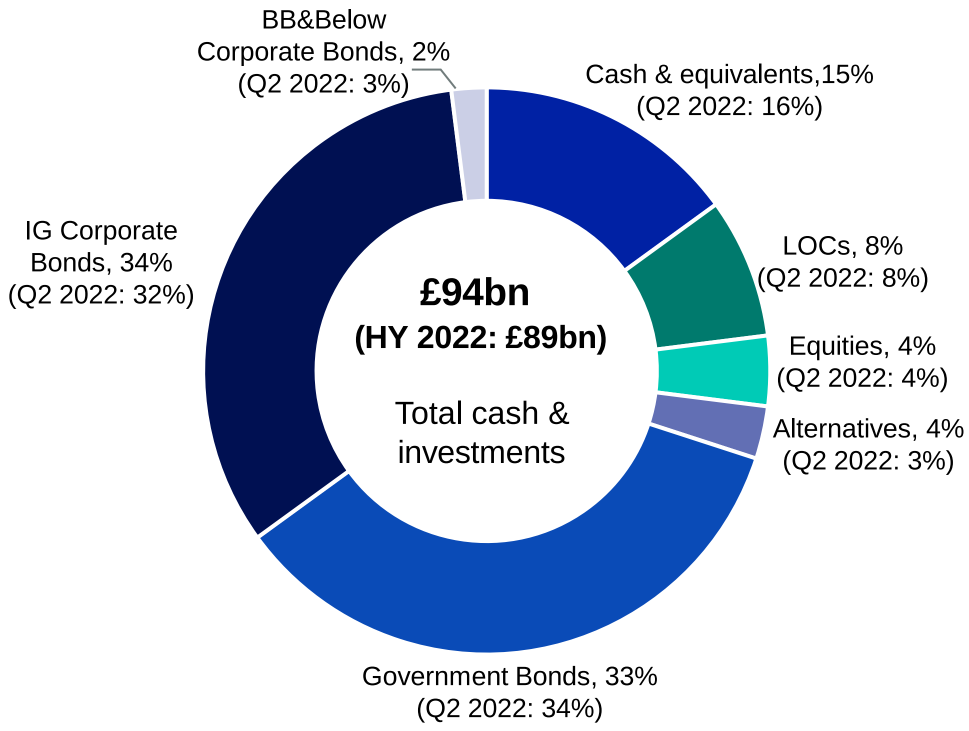
Balance Sheet

£m	FY 2022	HY 2022	HY 2023
Cash and investments	95,872	88,756	94,442
Reinsurers' share of unearned premiums	4,847	6,722	7,310
Reinsurers' share of claims outstanding	29,408	26,993	28,111
Other assets	31,403	33,375	36,647
Total assets	**161,530**	**155,846**	**166,510**
Gross unearned premiums	(23,228)	(25,534)	(28,318)
Gross claims outstanding	(80,905)	(75,433)	(78,518)
Other liabilities	(17,192)	(18,378)	(18,920)
Net resources	**40,205**	**36,501**	**40,754**
Member assets	37,100	33,190	37,522
Central assets	3,105	3,311	3,216

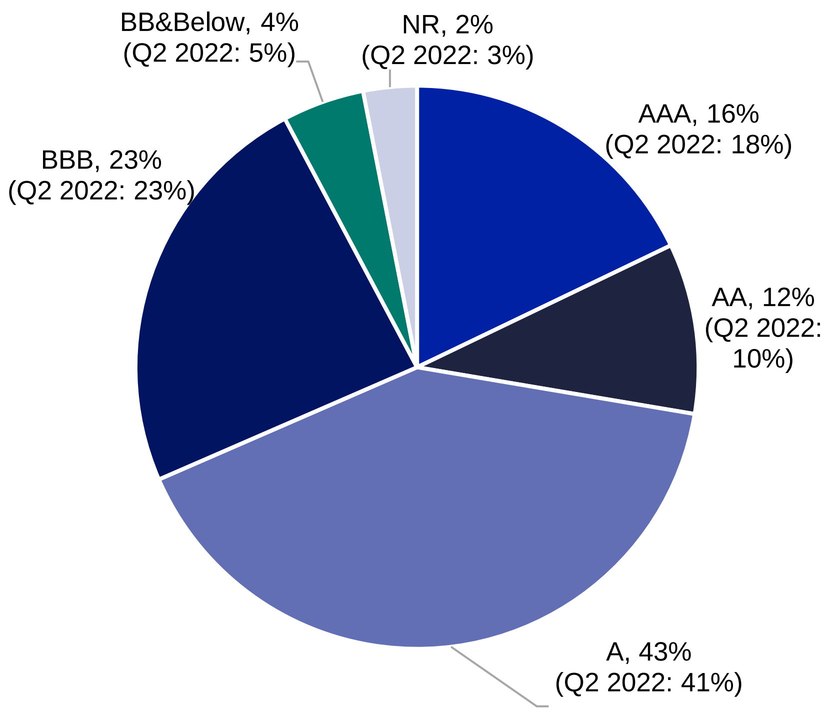
LLOYD'S

Well-balanced Asset Allocation

Conservative asset allocation



High quality corporate bond portfolio



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