

LLOYD'S

2015 Annual Results

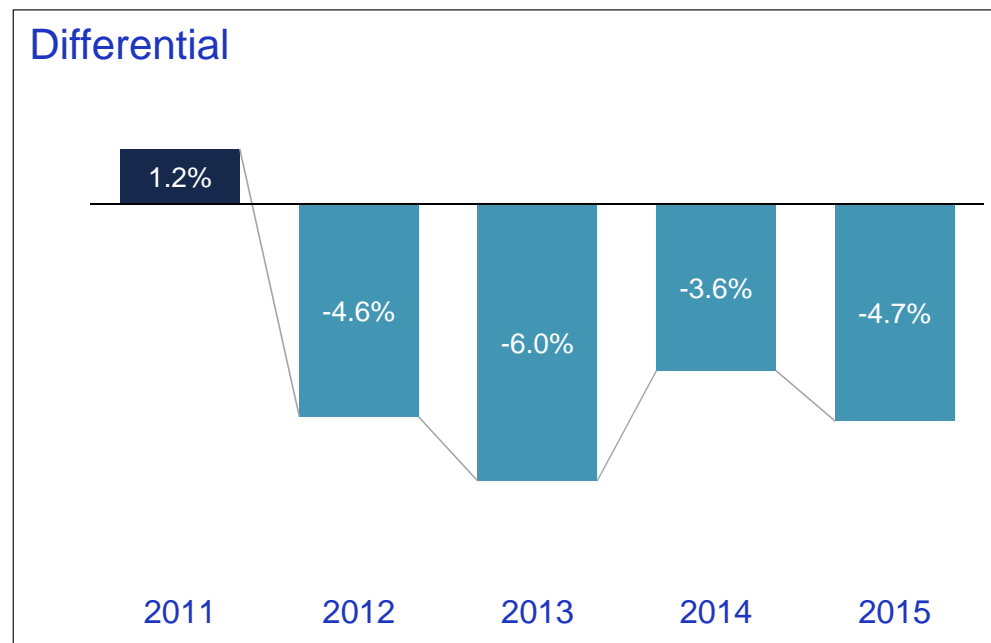
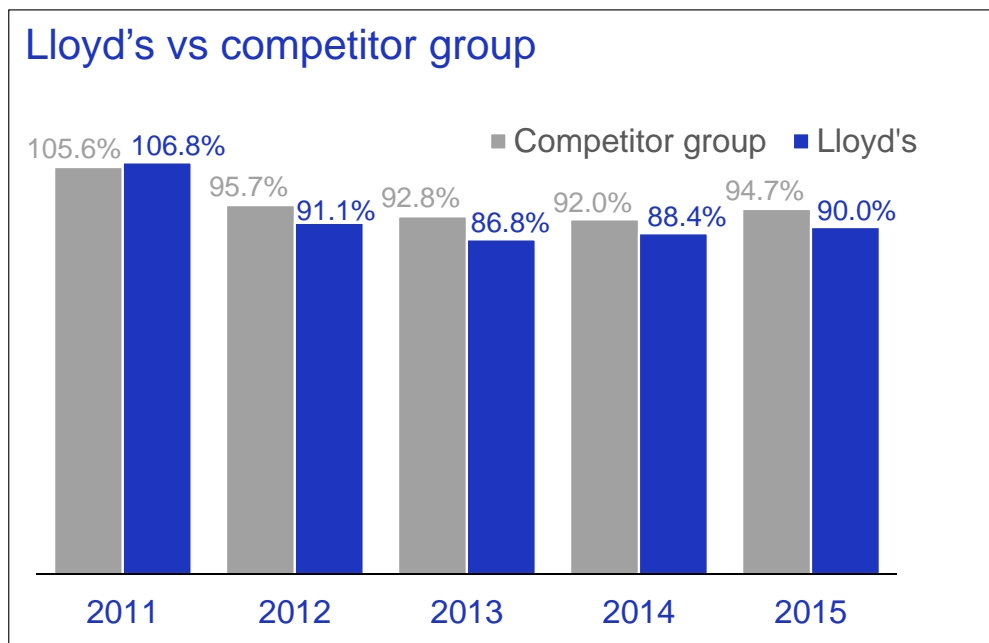
Financial highlights

- Creditable result in a challenging environment
- Healthy profit of £2.1bn (2014: 3.0bn) and RoC at 9.1% (2014: 14.1%)
- Combined ratio of 90.0% (2014: 88.4%) outperforming the competitor group average
- Investment return of 0.7% (2014: 2.0%)
- Strong capital base with net resources increasing by 7.2% to £25.1bn (2014: £23.4bn)

Source: Lloyd's pro forma financial statements, 31 Dec 2015. All 2014 figures in this presentation have been prepared under New UK GAAP, £3.2bn was the original result published in March 2015.

Lloyd's outperforms competitor group average

Combined ratios



Competitor group comprises 11 companies operating in US, European & Bermudan markets: Ace, AIG, Arch, Everest Re, Hannover Re, Mapfre, Munich Re, Partner Re, SCOR, Swiss Re & XL

Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year.

Strategic highlights

- Good progress on Vision 2025 strategic priorities:
 - Capital
 - Global market access
 - Ease of doing business
 - Market oversight
- New entrants, new capital and ongoing M&A activity demonstrates the attractiveness of Lloyd's

2015 calendar of key events for Lloyd's

January Conduct Standards Assurance team established	April Lloyd's 2015-17 strategy is published	July Application plans for Malaysia onshore reinsurance licence are announced	October New office expansion in Singapore and first office opened in Mexico
February Specialist underwriting platform opened in Dubai	May Feast or Famine report highlights insurance implications for food safety and security	August Business Blackout report considers insurance implications of cyber attack	November Inaugural Innovation Awards launched
March Branch office opened in Beijing	June Global offices participate in UN World Environment Day	September £1.2bn result announced for first 6 months of 2015	December Lloyd's internal model for Solvency II is approved by the PRA

Results at a glance

Summary			
	2014 ²	2015	Change YoY
Gross written premium	£25,259m	£26,690m	+£1,431m
Combined ratio	88.4%	90.0%	+1.6%
Investment return ¹	£1,038m	£402m	-£636m
Profit before tax	£3,016m	£2,122m	-£894m
Return on capital (pre-tax)	14.1%	9.1%	-5.0%

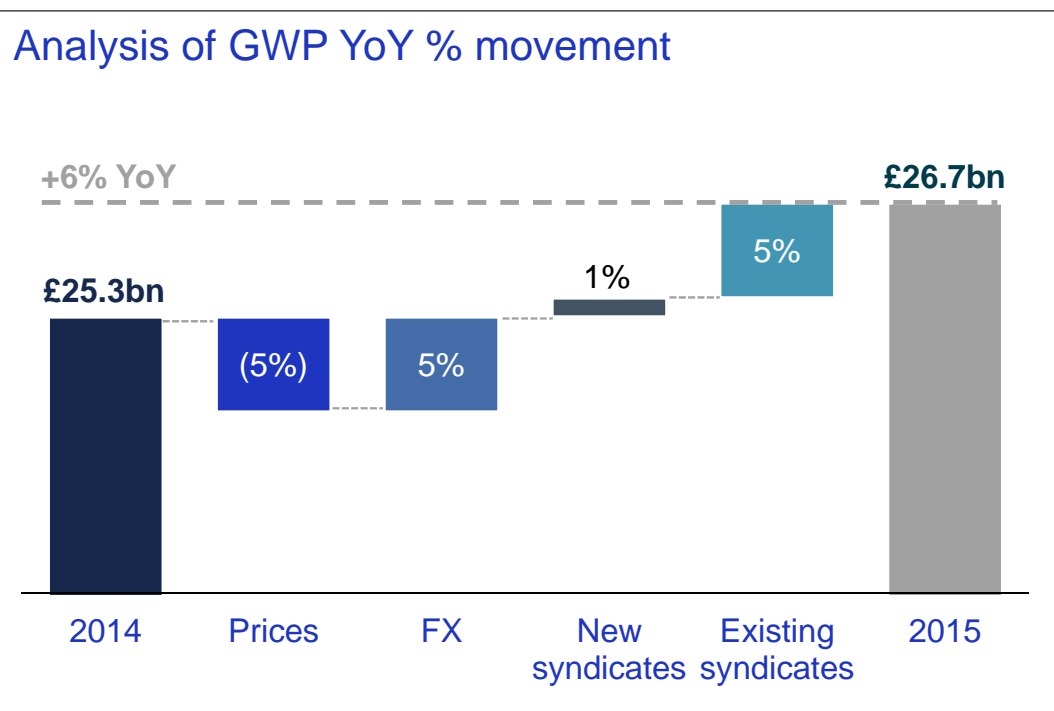
Source: Lloyd's pro forma financial statements, 31 Dec 2015 , ¹Return on syndicates' assets, members' funds at Lloyd's and central assets, ²2014 results reflect new UK GAAP and supersede results reported last year.

Solid underwriting result tempered by fall in investment returns

Lloyd's aggregated results			
£m	2014 ⁴	2015	Change YoY
Gross written premium	25,259	26,690	+6%
Net earned premium	19,499	20,565	+5%
Net claims & operating expenses ¹	(17,246)	(18,518)	+7%
Underwriting result	2,253	2,047	-9%
Combined ratio	88.4%	90.0%	+2%
Net investment income ²	1,038	402	-61%
Other expenses ³	(275)	(327)	+19%
Profit before tax	3,016	2,122	-30%

Source: Lloyd's pro forma financial statements, 31 Dec 2015, ¹Technical account, ²Return on syndicates' assets, members' funds at Lloyd's and central assets, ³Non-technical account, includes foreign exchange gains or losses, ⁴2014 results reflect new UK GAAP and supersede results reported last year.

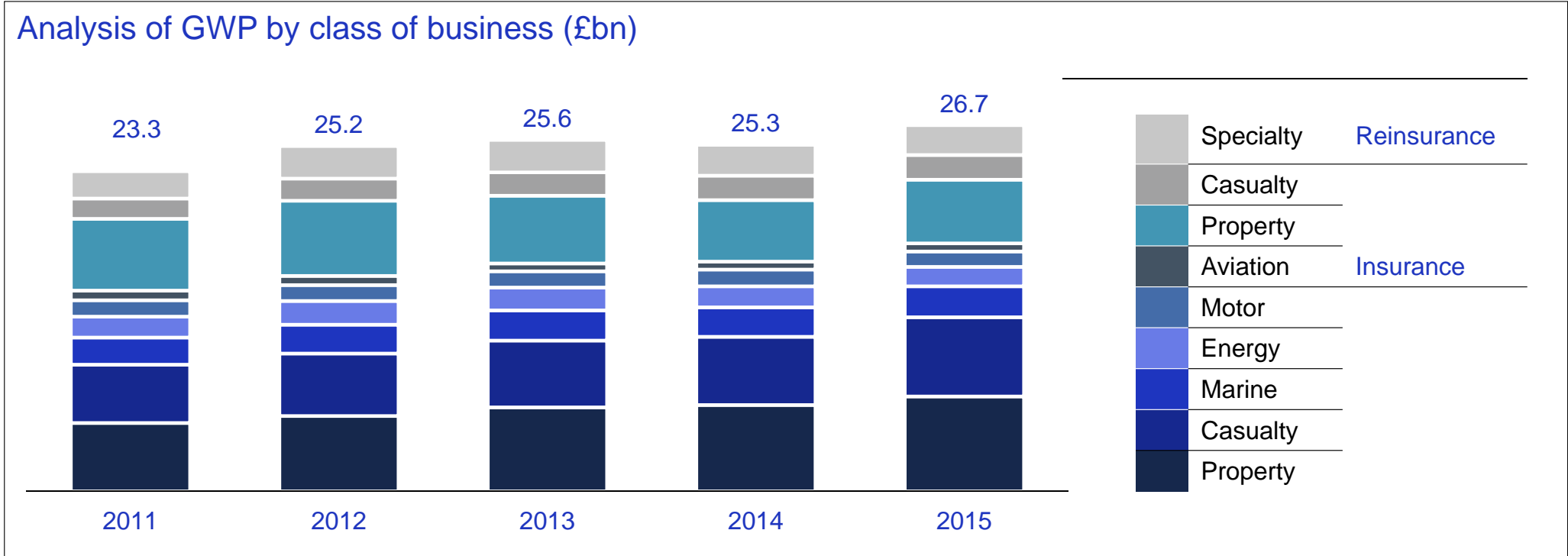
Increase in premiums reflects opportunities for Lloyd's in both mature and emerging markets



- Challenging market environment
- **Prices:** change takes account of T&Cs and is reported on renewal business
- **FX:** stronger USD during 2015 (average USD/GBP 1.53 vs 1.65 in 2014)
- **New syndicates:** commenced trading in 2013-15
- **Existing syndicates:** premiums written are lower than agreed business plans

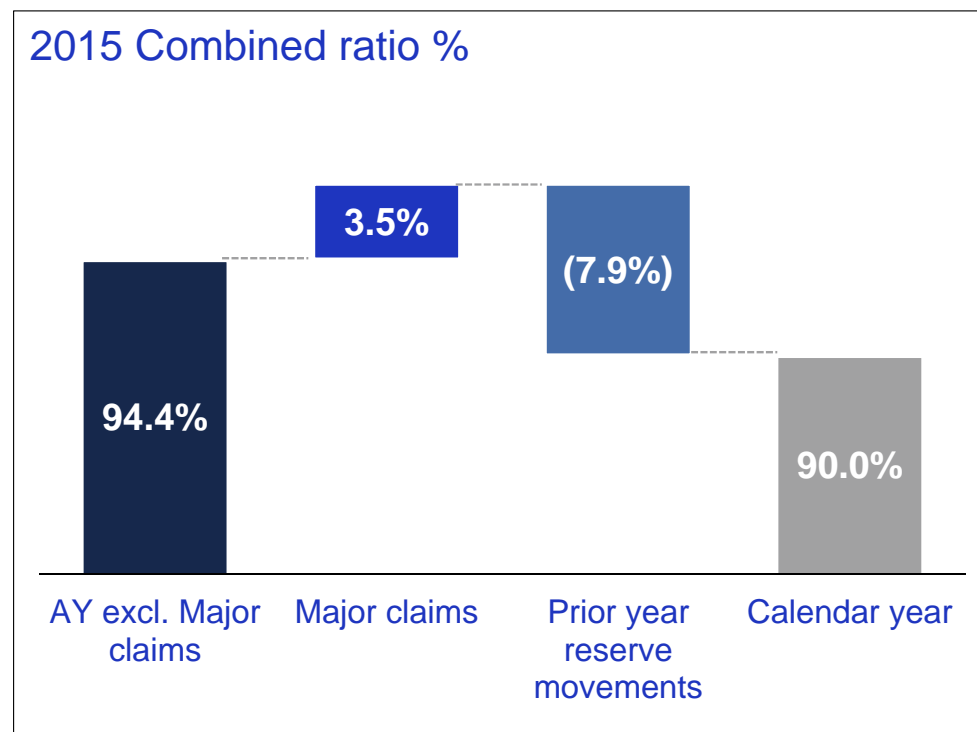
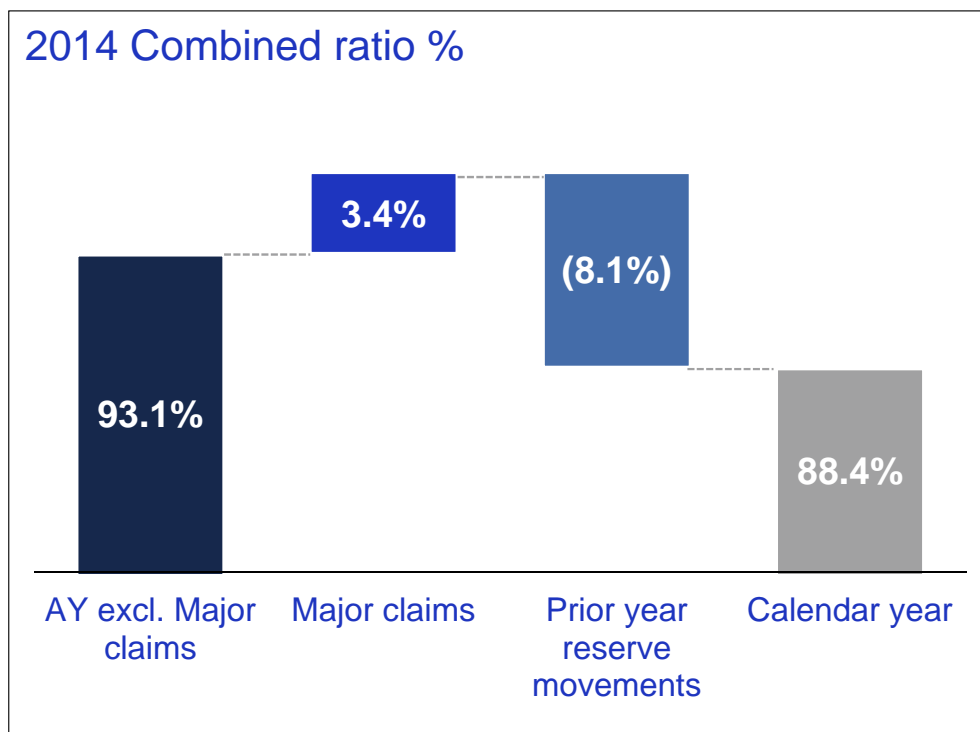
Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year, GWP: Gross written premium, Premium is for market facing syndicates and excludes Special Purpose Syndicates.

Premium composition reflects Lloyd's diversified business mix



Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year, GWP: Gross written premium, Specialty Reinsurance includes aviation, energy & marine.

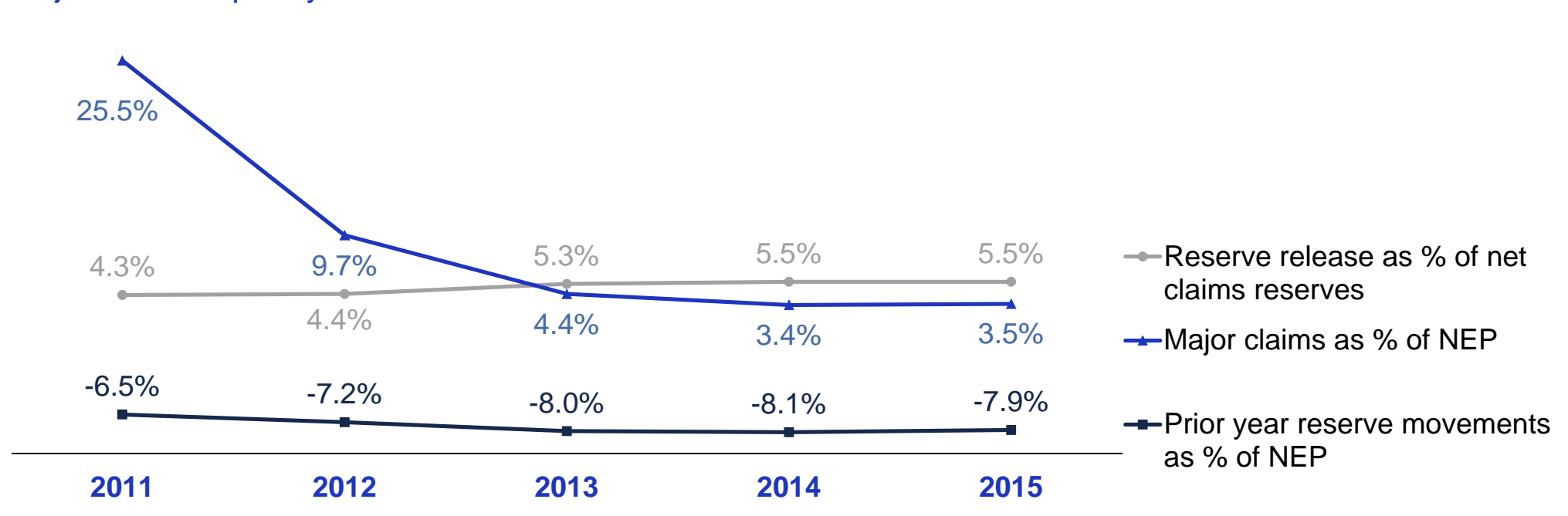
Underwriting profit of £2bn (10% of premium) driven by favourable prior year development...



Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year, AY: accident year, Premium refers to net earned premium.

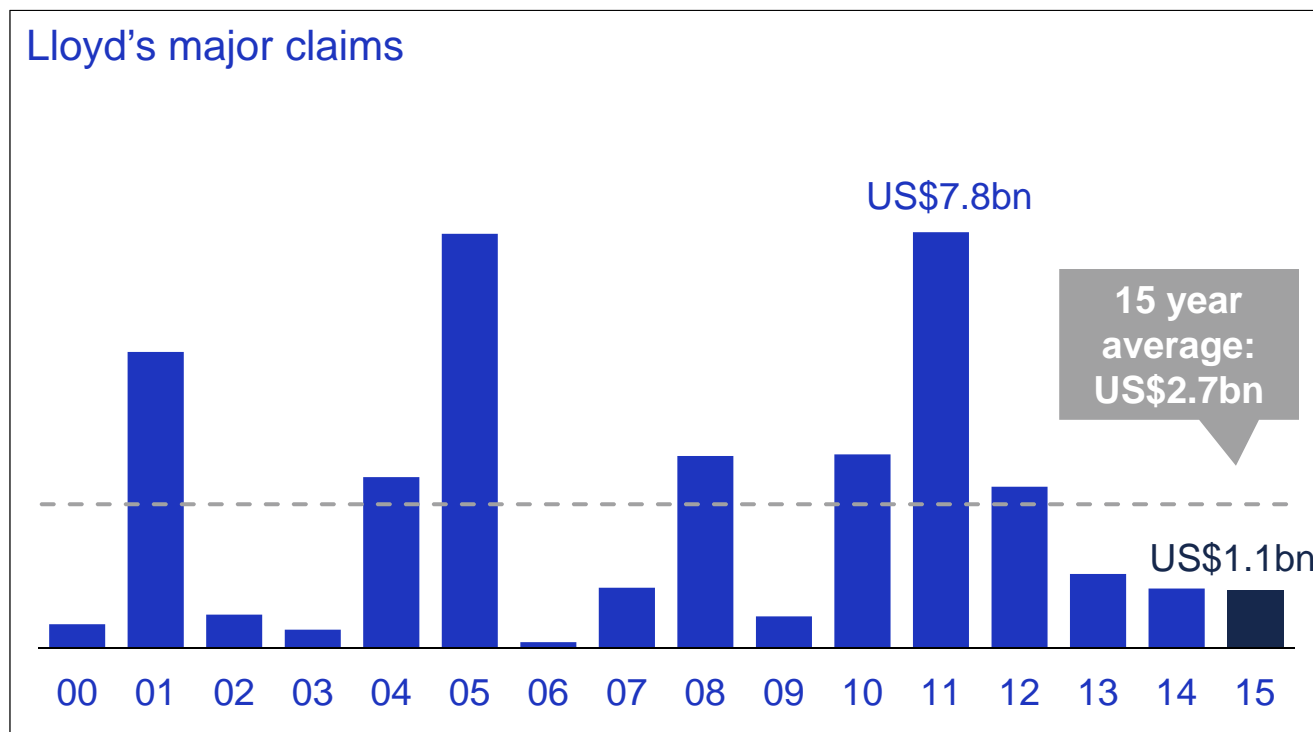
...with strong balance sheet providing the sustained reserve releases while major claims remained relatively low...

Major claims & prior year reserve movements



Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year , NEP: net earned premium.

...and a third year of major claims below the long term average



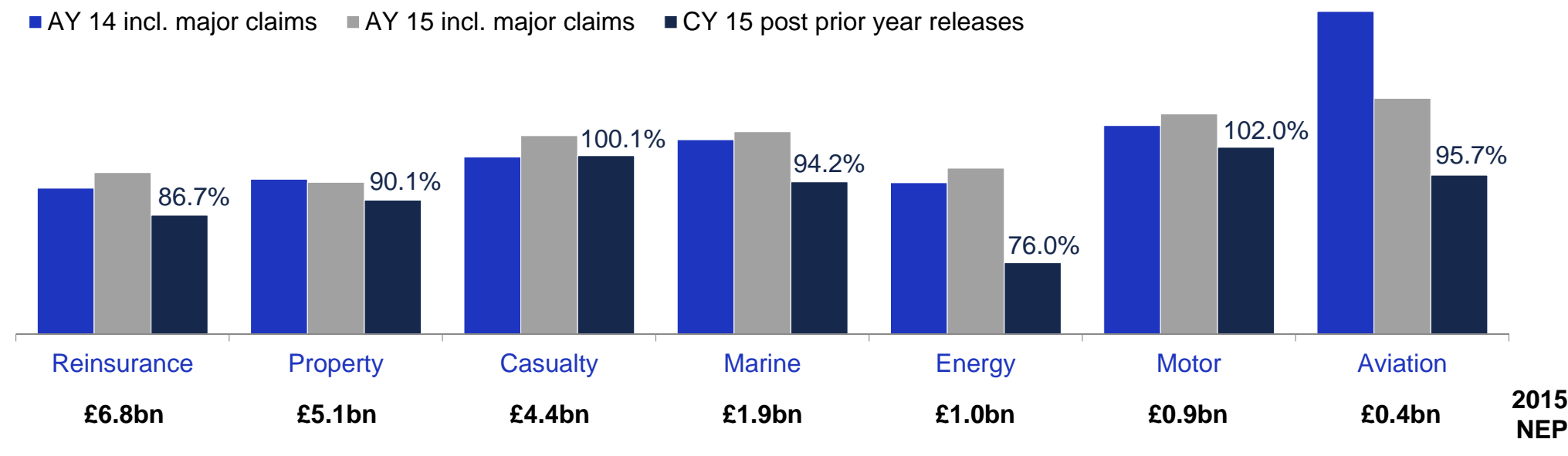
Largest claims of 2015:

- Warehouse explosion at Tianjin port in China
- Fire at Pemex Abkatun Platform
- Chevron Big Foot
- Troll Solution
- Storm Desmond

Source: Lloyd's pro forma financial statements, 31 Dec 2015, Indexed to December 2015. Claims in other currencies translated at the exchange rate prevailing at the date of loss.

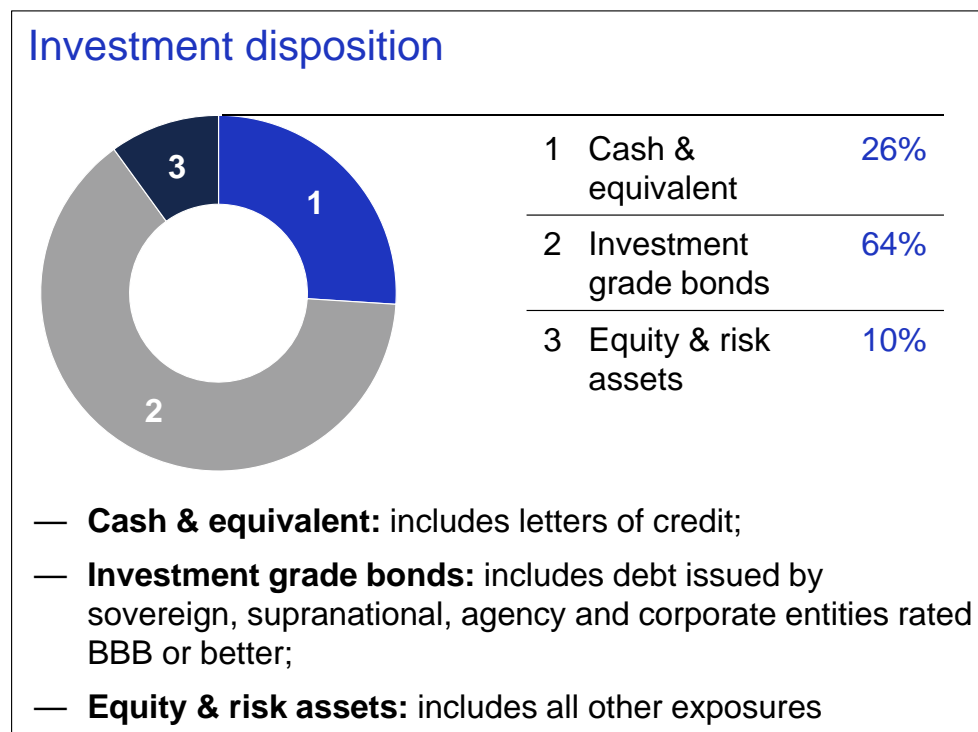
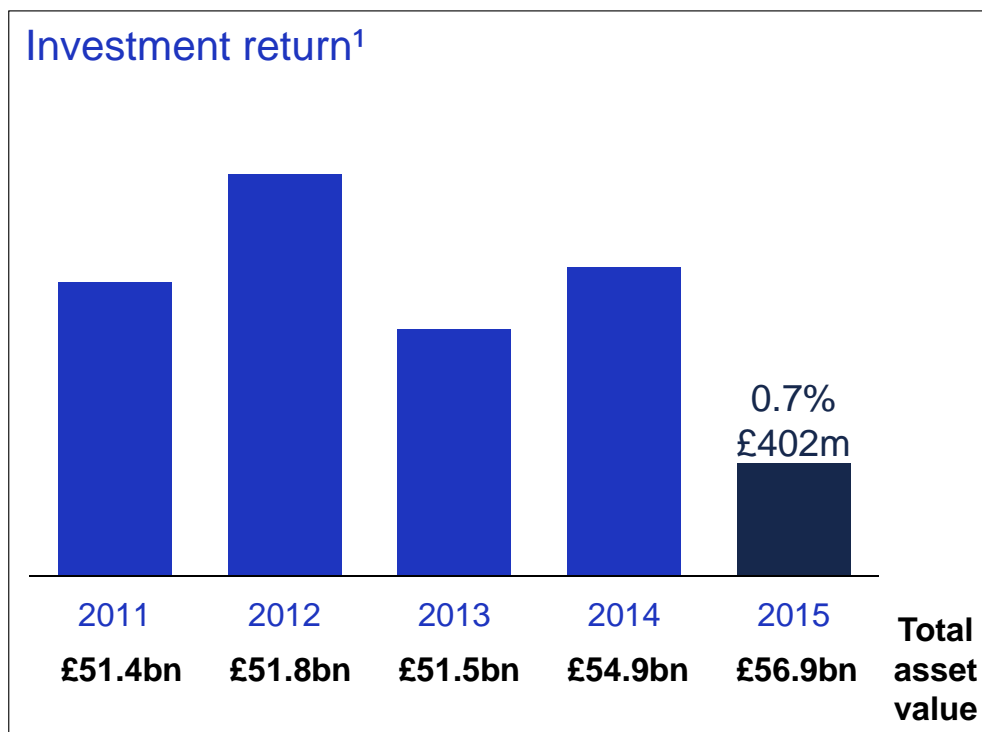
Accident year ratios remain under pressure with a surplus on prior years for all classes

Combined ratios by class of business



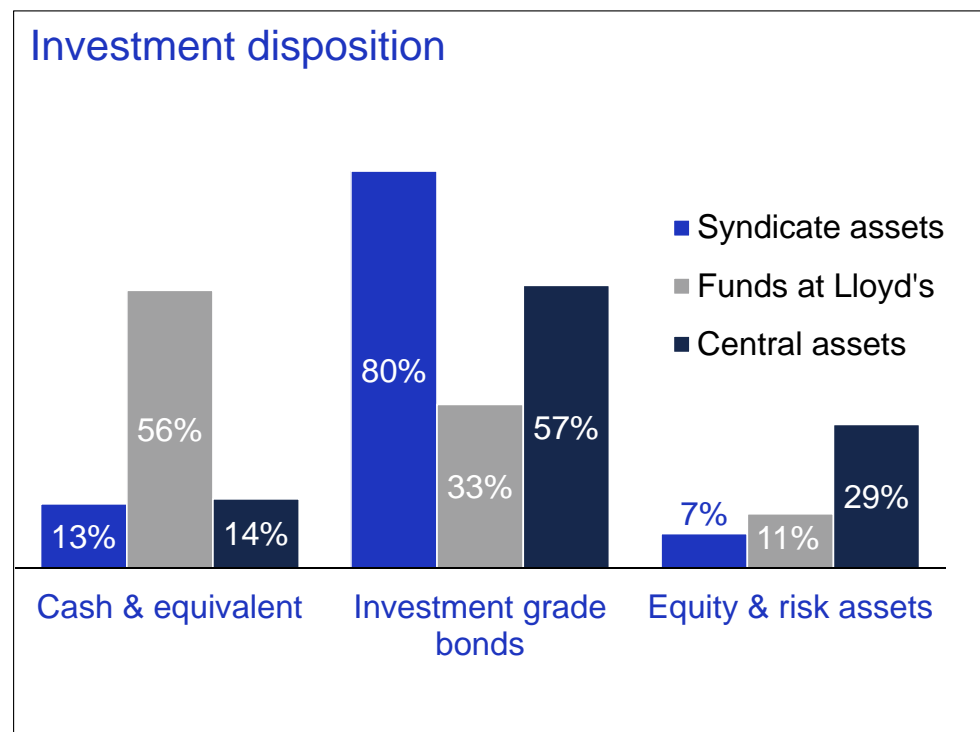
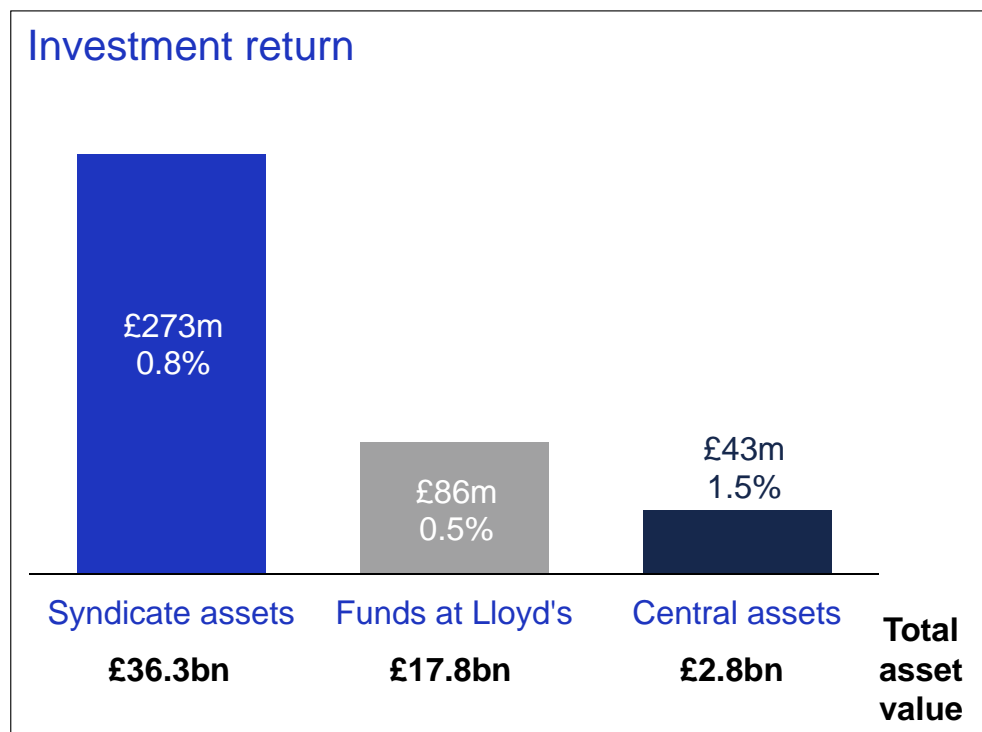
Source: Lloyd's pro forma financial statements, 31 Dec 2015, 2014 results reflect new UK GAAP and supersede results reported last year, NEP: net earned premium, AY: accident year., CY: calendar year.

Positive investment return achieved in challenging environment, on aggregate...



Source: Lloyd's pro forma financial statements, 31 Dec 2015 , ¹Return on syndicates' assets, members' funds at Lloyd's and central assets, central assets are the gross invested assets of the Society, stated on IFRS basis.

...and across each asset pool within Lloyd's chain of security



Source: Lloyd's pro forma financial statements, 31 Dec 2015 , 2014 results reflect new UK GAAP and supersede results reported last year, central assets are the gross invested assets of the Society, stated on IFRS basis.

Strong capital base with net resources increasing to £25bn

Financials

Balance sheet				
£m	2014 ¹		2015	Change YoY
Cash and investments	54,889		56,900	+4%
Reinsurers' share of unearned premiums	1,976		2,368	+20%
Reinsurers' share of claims outstanding	8,785		8,610	-2%
Other assets	14,063		15,751	+12%
Total assets	79,713		83,629	+5%
Gross unearned premiums	(12,652)		(13,723)	+8%
Gross claims outstanding	(38,134)		(38,833)	+2%
Other liabilities	(5,514)		(5,975)	+8%
Net resources	23,413		25,098	+8%
Member assets	20,835		22,453	+8%
Central assets ²	2,578		2,645	+3%

Source: Lloyd's pro forma financial statements, 31 Dec 2015 , ¹2014 results reflect new UK GAAP and supersede results reported last year, ²central assets are the net assets of the Society including the Central Fund, excluding subordinated debt liabilities and the callable layer.

Return on capital has averaged 10% over the last five years

Financials

Return on capital					
	2011	2012	2013	2014 ²	2015
Pre-tax result (£bn)	(0.5)	2.8	3.2	3.0	2.1
Combined ratio	106.8%	91.1%	86.8%	88.4%	90.0%
Investment return	1.9%	2.6%	1.6%	2.0%	0.7%
Gross written premiums (£bn)	23.3	25.2	25.6	25.3	26.7
Net resources ¹ (£bn)	19.1	20.2	21.1	23.4	25.1
Pre-tax ROC	(2.8%)	14.8%	16.2%	14.1%	9.1%
				5 year average	10.4%
				10 year average	14.9%

Source: Lloyd's pro forma financial statements, 31 Dec 2015, ¹Net resources: capital, reserves & subordinated loan notes and securities, ²2014 results reflect new UK GAAP and supersede results reported last year.

The year ahead

- Challenging environment
- Delivery of strategic initiatives
- EU referendum

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