
2016 Interim Results

Financial highlights

- Profit of £1.5bn (2015: £1.2bn) with a combined ratio of 98.0% (2015: 89.5%)
- Underwriting result reflects difficult industry conditions
- Investment return of 1.8% (2015: 0.6%)
- Net resources £26.6bn (Dec 2015: £25.1bn)
- Annualised return on capital remains strong at 11.7% (2015: 10.7%)

Strategic highlights

- New entrants and licences continue to expand the global reach of the market
 - First anniversary of the Dubai platform
 - Opening of a new office in Bogotá, Colombia
 - Applied for an Indian reinsurance branch based in Mumbai and a Malaysian reinsurance licence
- Brexit has led to re-prioritisation of work within the Corporation
- Significant progress on market modernisation: Placing Platform Limited, Central Services Refresh Programme and Delegated Authority

Financial Results

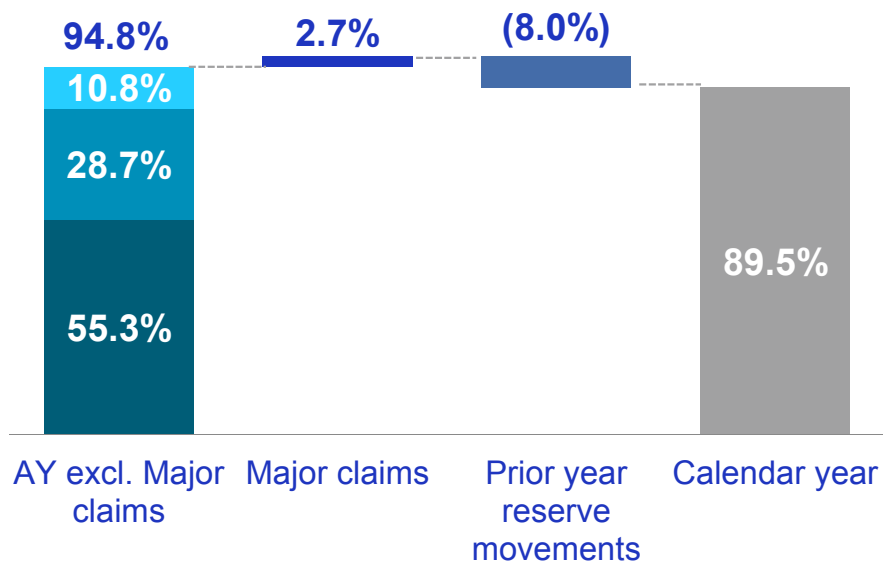
Underwriting result offset by improved investment return and FX gains

Lloyd's aggregated results				
£m	Jun 2014	Jun 2015	Jun 2016	Change YoY
Gross written premium	14,481	15,513	16,307	+5%
Net earned premium	9,511	10,037	10,533	+5%
Net incurred claims	(4,693)	(5,018)	(6,048)	+21%
Operating expenses ¹	(3,619)	(3,966)	(4,279)	+8%
Underwriting result	1,199	1,053	206	-80%
Net investment income ²	647	339	1,087	221%
Foreign exchange gains/(losses) ³	(99)	(85)	301	-
Other expenses	(95)	(113)	(133)	+18%
Profit before tax	1,652	1,194	1,461	+22%
Return on capital (pre-tax)	16.3%	10.7%	11.7%	
Combined ratio	87.4%	89.5%	98.0%	

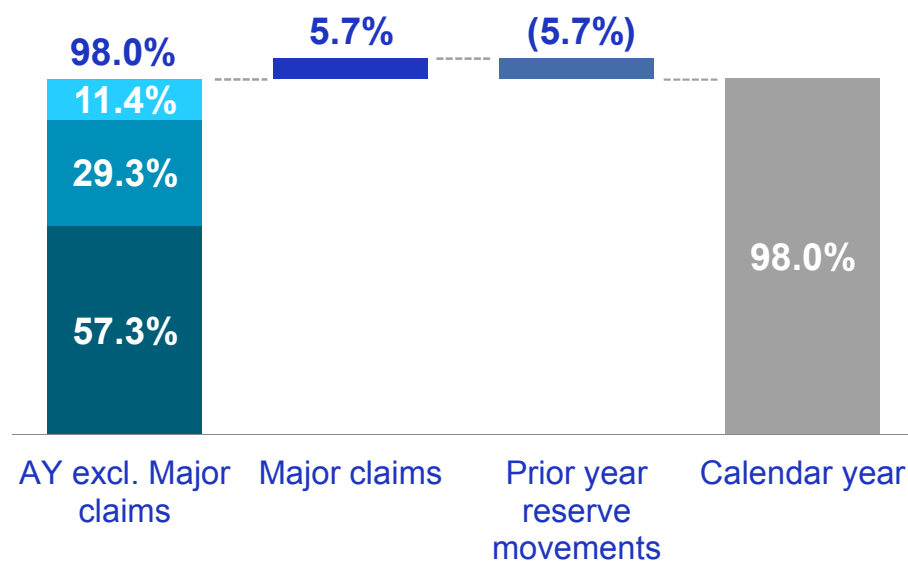
Source: Lloyd's pro forma financial statements, 30 June 2016, ¹Technical account, ²Return on syndicates' assets, members' funds at Lloyd's and central assets, ³Non-technical account, includes foreign exchange gains or losses.

Deterioration in accident year result with major claims costs offset by prior year releases

H1 2015 Combined ratio %



H1 2016 Combined ratio %

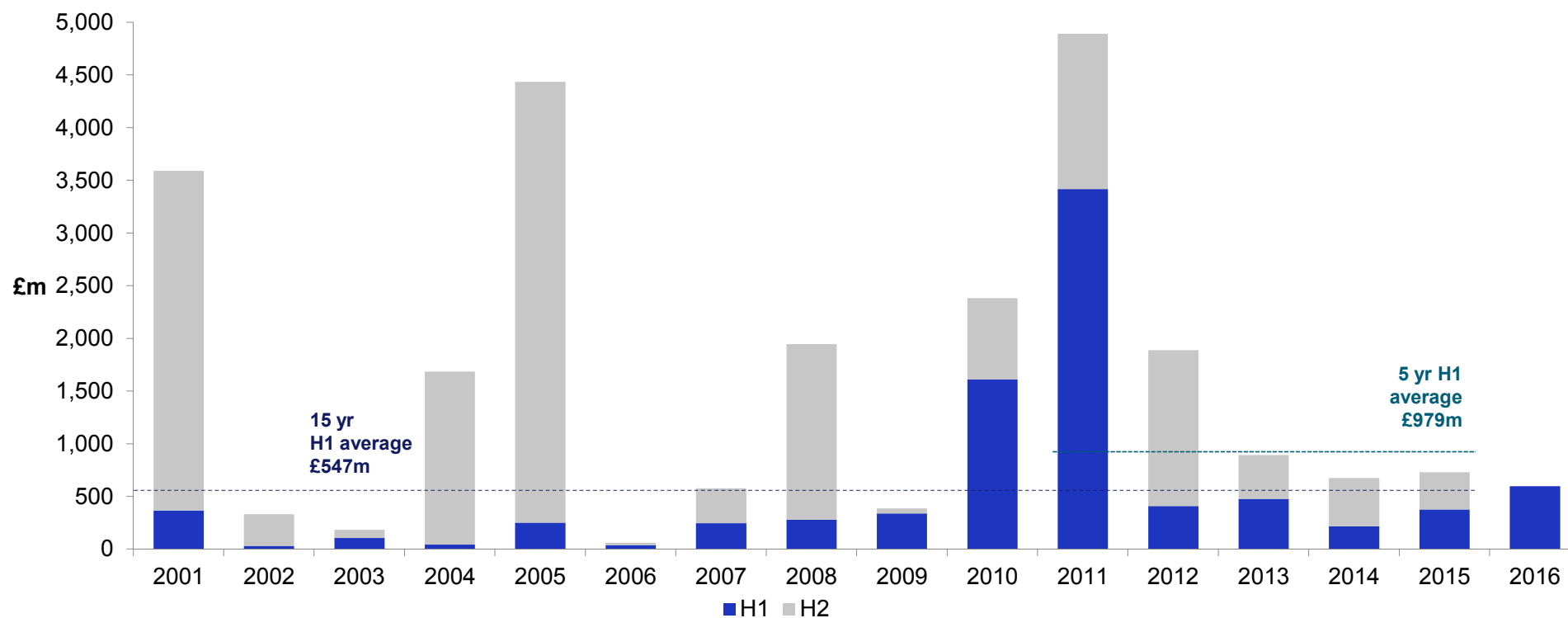


Attritional loss ratio
 Acquisition expense ratio
 Admin expense ratio

Source: Lloyd's pro forma financial statements, 30 June 2016, AY: accident year, Premium refers to net earned premium.

Impact of major losses in first half of 2016 higher than previous years other than the exceptional 2010/11

Lloyd's major claims: net ultimate claims

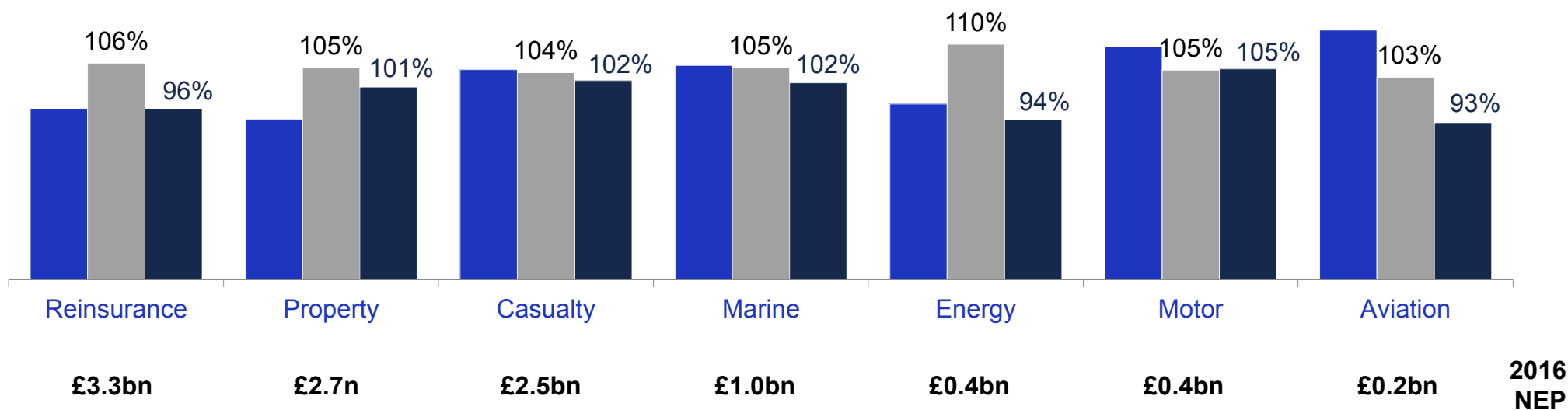


Indexed to June 2016. Claims in other currencies translated at the exchange rate prevailing at the date of loss. Excl 2016 15 year H1 average £547m.; 5 year H1 average £979m

Accident year ratios remain under pressure

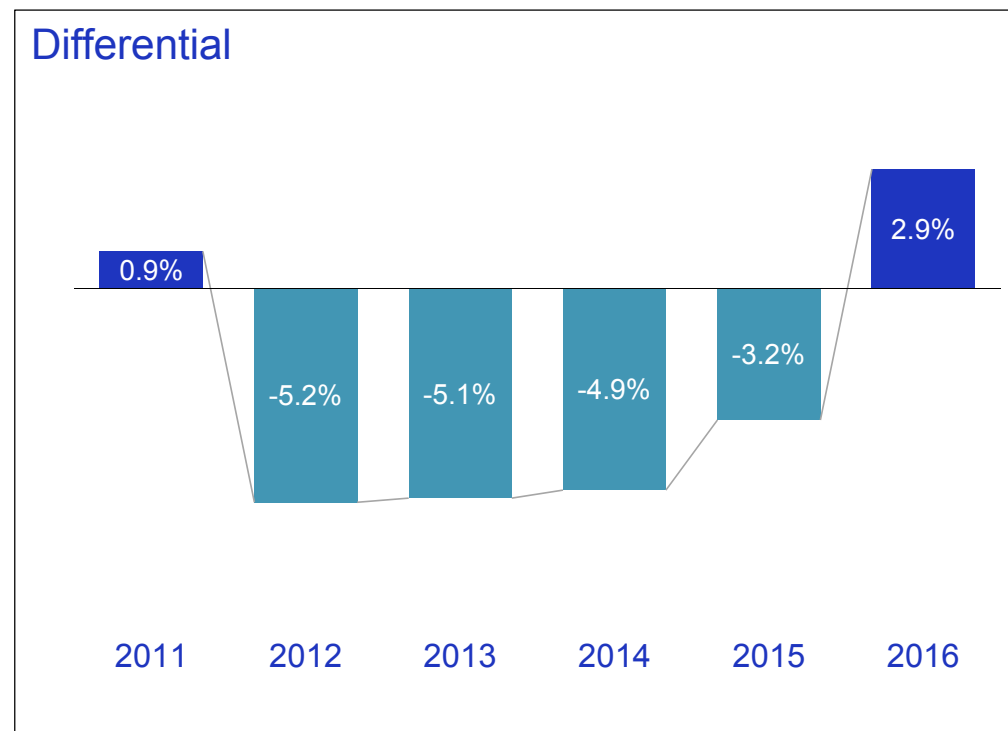
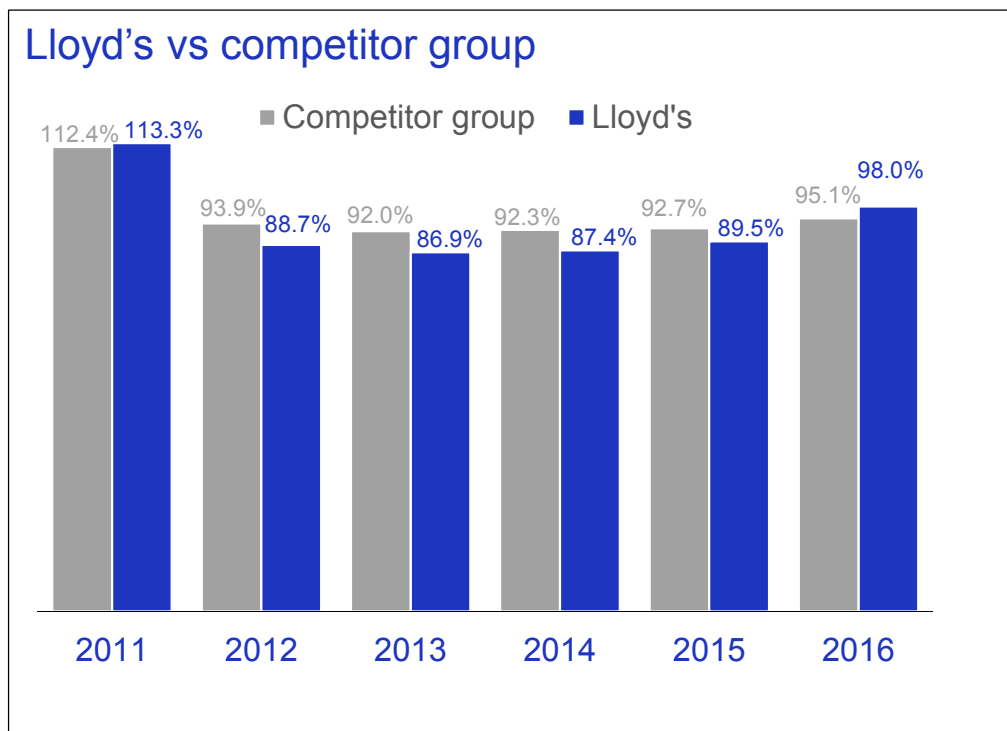
Combined ratios by class of business

■ AY 15 incl. major claims ■ AY 16 incl. major claims ■ CY 16 post prior year releases



Source: Lloyd's pro forma financial statements, 30 June 2016, NEP: net earned premium, AY: accident year., CY: calendar year.

Rise in attritional loss and expenses push Lloyd's above its competitors for the first time since 2011

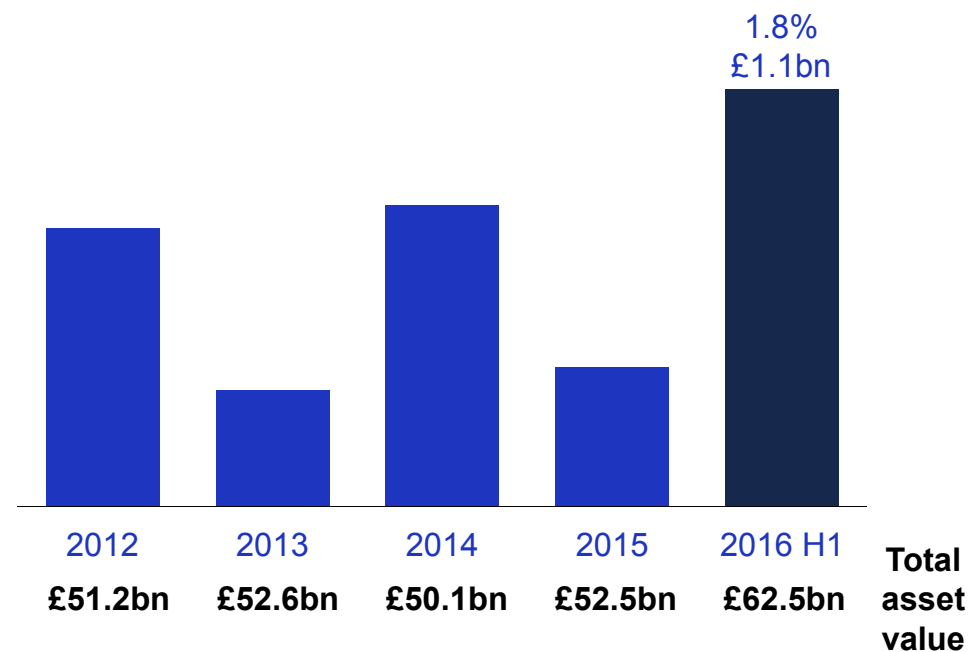


Competitor group comprises 11 companies operating in US, European & Bermudan markets: Ace (Chubb including Ace from 2016), AIG, Arch, Everest Re, Hannover Re, Mapfre, Munich Re, Partner Re, SCOR, Swiss Re & XL

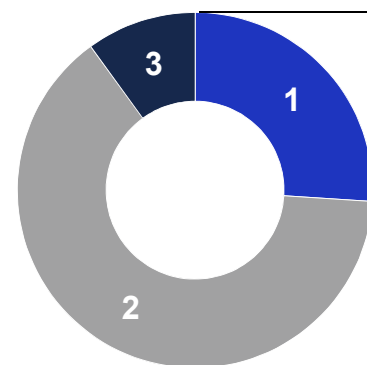
Source: Lloyd's pro forma financial statements, 30 June 2016.

Mark to market gains from falling bond yields led to increased investment return

Investment return¹: H1 results



Investment disposition



1	Cash & equivalent	26%
2	Investment grade bonds	64%
3	Equity & risk assets	10%

- **Cash & equivalent:** includes letters of credit;
- **Investment grade bonds:** includes debt issued by sovereign, supranational, agency and corporate entities rated BBB or better;
- **Equity & risk assets:** includes all other exposures

Source: Lloyd's pro forma financial statements, 30 June 2016, 'Return 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.

Strong capital base with net resources increasing to c.£27bn

Balance sheet				
£m	June 2015	Dec 2015	June 2016	Change since Dec 2015
Cash and investments	52,537	56,900	62,529	+10%
Reinsurers' share of unearned premiums	3,264	2,368	3,792	+60%
Reinsurers' share of claims outstanding	8,676	8,610	10,413	+21%
Other assets	17,586	15,751	20,931	+33%
Total assets	82,063	83,629	97,665	+17%
Gross unearned premiums	(15,258)	(13,723)	(17,957)	+31%
Gross claims outstanding	(37,258)	(38,833)	(44,069)	+13%
Other liabilities	(6,703)	(5,975)	(9,022)	+51%
Net resources	22,844	25,098	26,617	+6%
Member assets	20,189	22,453	23,872	+6%
Central assets ¹	2,655	2,645	2,745	+4%

Source: Lloyd's pro forma financial statements, 30 June 2016 , ¹Central assets are the net assets of the Society including the Central Fund, excluding subordinated debt liabilities and the callable layer

Looking ahead

- Challenging underwriting conditions and pressure on premium rates remain
- Maintaining Lloyd's position in the new post-Brexit landscape
- Market modernisation will continue to be critical for Lloyd's
- Corporation processes are being reviewed to make it as efficient as possible
- Continuing to work hard on delivering our Vision 2025 strategy

Disclaimer

This information is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. It is the responsibility of any person publishing or communicating the contents of this document or communication, or any part thereof, to ensure compliance with all applicable legal and regulatory requirements.

The content of this presentation does not represent a prospectus or invitation in connection with any solicitation of capital. Nor does it constitute an offer to sell securities or insurance, a solicitation or an offer to buy securities or insurance, or a distribution of securities in the United States or to a U.S. person, or in any other jurisdiction where it is contrary to local law. Such persons should inform themselves about and observe any applicable legal requirement.

LLOYD'S