LLOYD'S

Full year results

Twelve months ended 31 December

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Overview

John Neal, Chief Executive Officer

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

Performance

- Proven profitable performance with combined ratio of 91.9% and GWP growth of 19% with premiums rising to £46.7bn
- Exceptionally strong capital position, with increased central solvency coverage ratio to 412%
- Investment yields improve significantly from 2023 onwards

Digitalisation

- Strong progress made on Lloyd’s digitalisation journey, including delivery of the first two digital processing phases with the Joint Venture
- London Market Data Council introduces global recognised data standard; a first in corporate and specialty (re)insurance
- Faster Claims Payment solution supports customers in the wake of Hurricane Ian

Purpose

- Working with global governments and policymakers to provide customers with protection and confidence
- Convening the industry to drive action on climate change, through the Sustainable Markets Initiative
- Launching the Lloyd’s of London Foundation, supporting communities around the world

Culture

- Fourth Market Policies & Practices return demonstrates strong progress towards a diverse and inclusive culture
- 32% women in leadership (+2% increase) and 9% ethnic representation in leadership (+4% increase)
- Culture now embedded as a gateway principle in Lloyd’s regulatory oversight framework

Strong underwriting result supported by profitable growth and resilient capital position

Sustainable performance

- Outstanding underwriting result of £2.6bn and combined ratio of 91.9%
- Attritional loss ratio of 48.4% demonstrates consistent, improved performance
- Expense ratio of 34.4% improves a further 1.1%
- Loss of £0.8bn driven by mark-to-market losses of £3.1bn will resolve through 2023-2024

Profitable growth

- GWP growth of 19% with premiums rising to £46.7bn
- 8% average price change, reflecting 20 consecutive quarters of positive price change
- 4% organic growth from syndicates
- Sustainable underwriting performance permits the market to grow through 2023

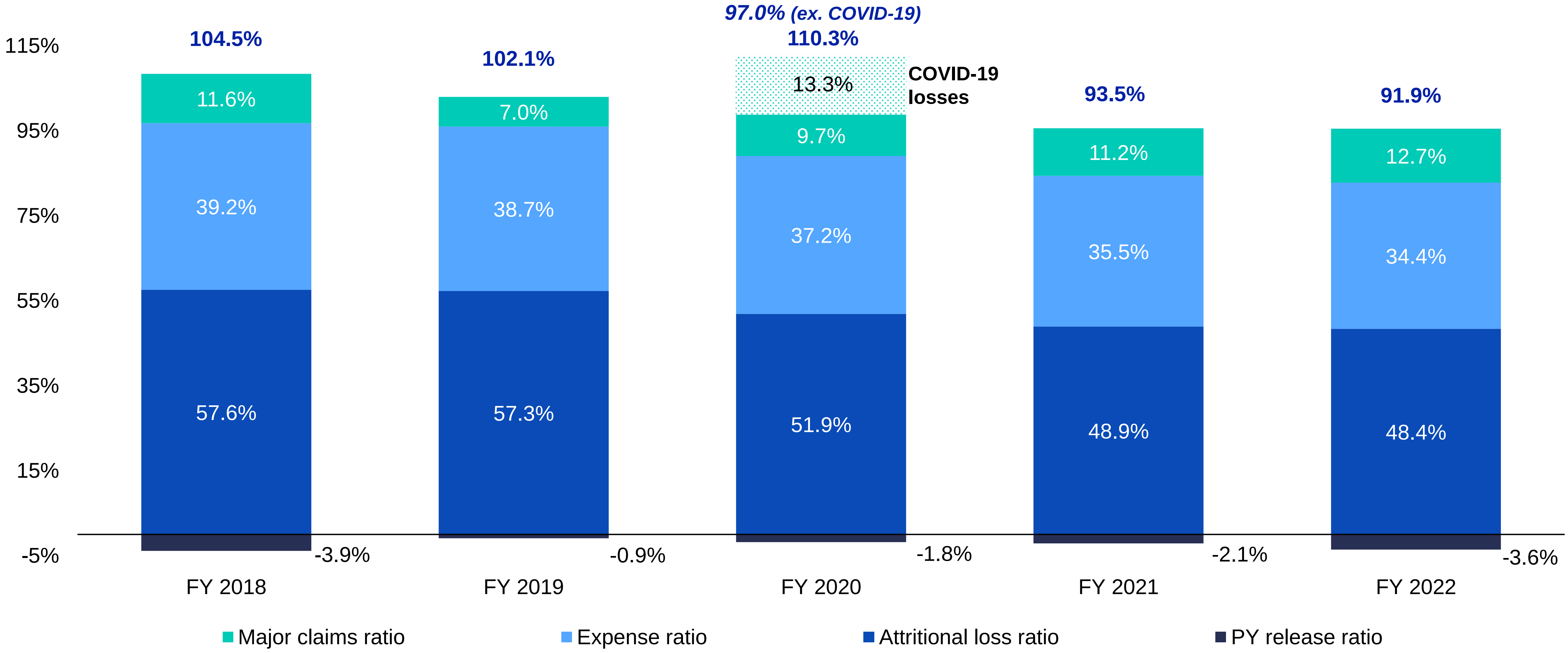
Resilient capital

- Lloyd’s capital, liquidity and solvency further strengthened in 2022
- Increased central solvency coverage ratio to 412%
- Increased market wide solvency coverage ratio to 181%
- Heightened major loss activity continues; Hurricane Ian and Ukraine losses within expected estimates (£2.0bn and £1.4bn)

Macro environment

- Volatile risk environment; COVID-19, conflict in Ukraine, climate change and systemic risk
- Inflation, cost of living crisis and energy costs are all challenging
- Supporting Lloyd’s people remains paramount
- The insurance industry has a vital role to play, providing customers with confidence and protection

Performance turnaround delivers solid underwriting result



* Major claims are based on syndicates' internal definition which may not align to those used for Lloyd's market reporting

Financials

Burkhard Keese, Chief Financial Officer

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Record year 2022: Strong profitable growth

2022 Result	2022 vs 2021
£46.7bn Gross written premiums	**+4%** Volume
£2.6bn Underwriting profit	**+53%** YoY Growth
91.9% Combined ratio	**(1.6%pts)**
412% Central solvency ratio	**200%** Risk appetite
(£0.8bn) Net Loss	**(£3.0bn)**

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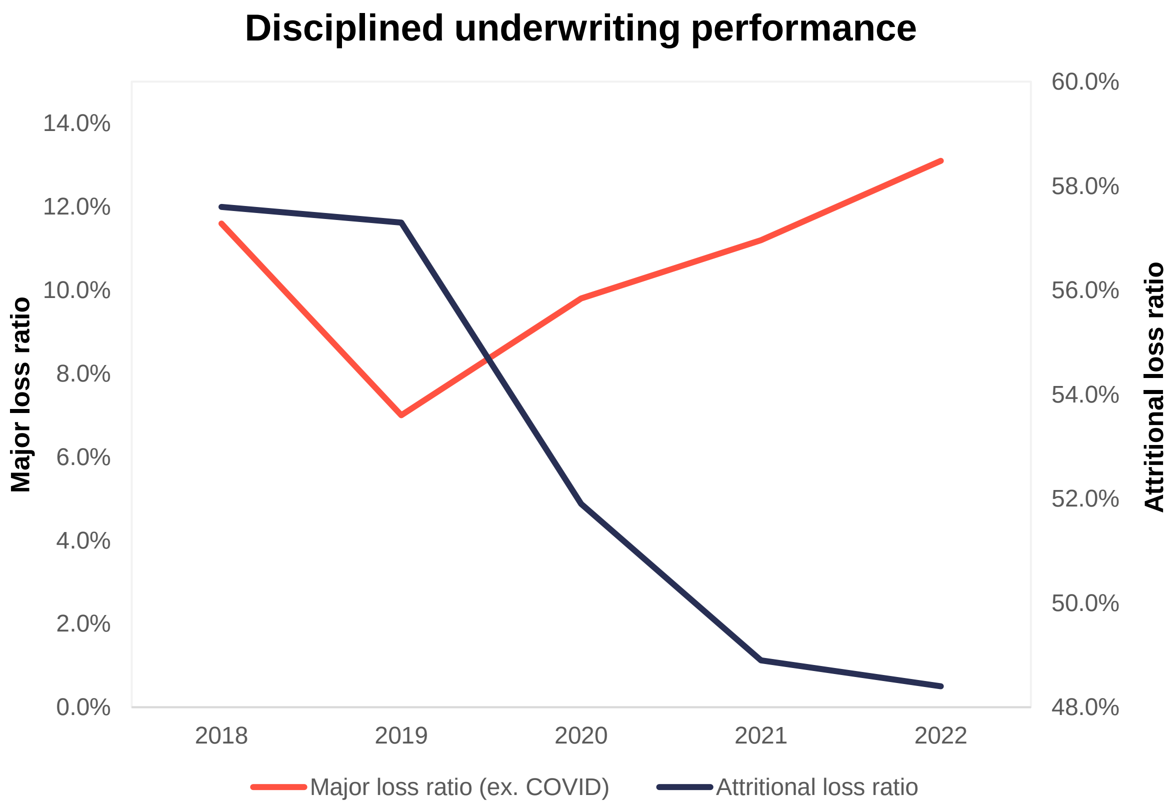
Successful management actions deliver results

Underwriting



Disciplined underwriting played out as expected

Expense ratio

34.4%

2022 vs 2021	2022 vs 2018
(1.1%pts)	**(4.8%pts)**

11.0%	**23.4%**
Admin expense ratio	Acquisition cost ratio
2022 vs 2021	2022 vs 2021
(0.5%pts)	**(0.6%pts)**

On track for 2025 target expense ratio of 31.5%

Strong pricing environment continues

£46.7bn

Gross written premiums

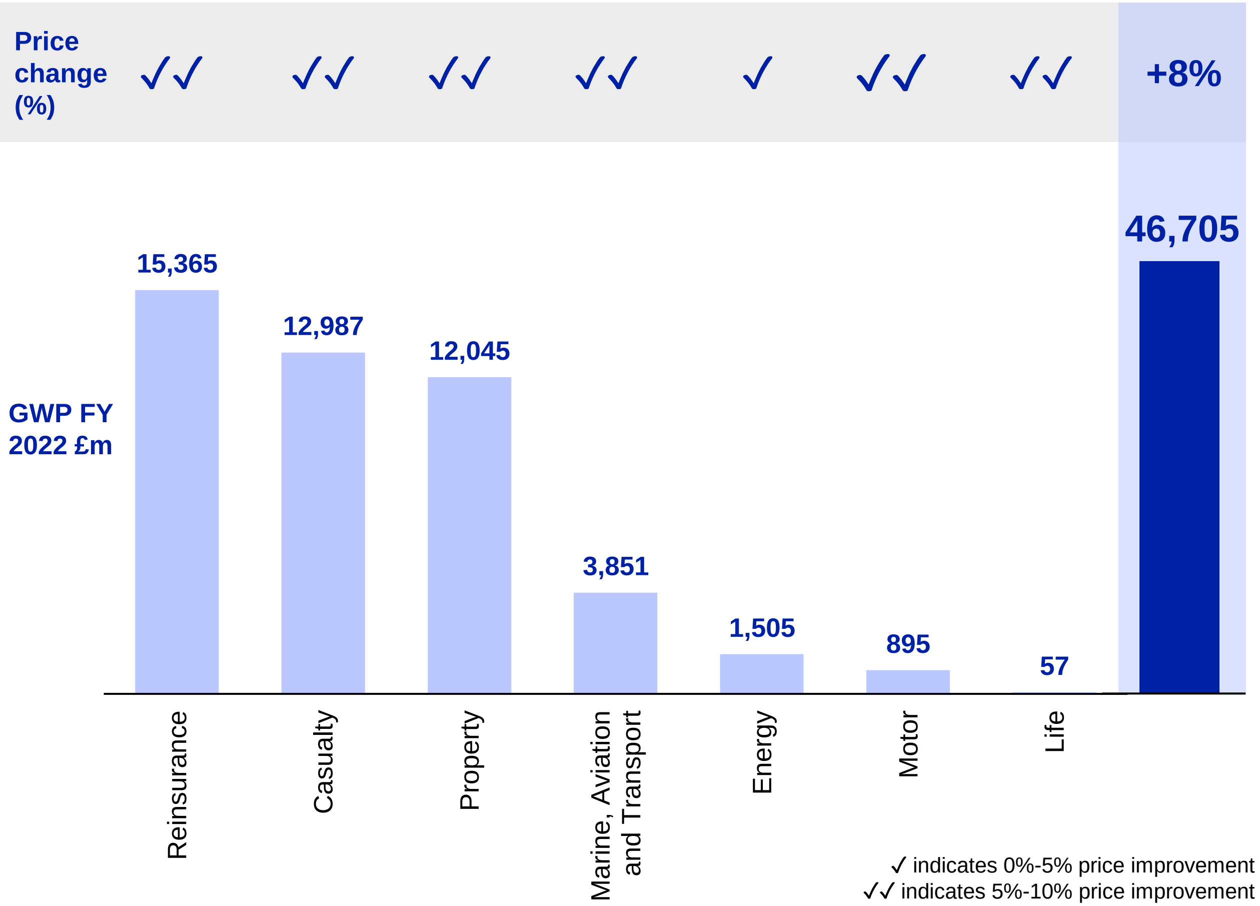
2022 vs 2021

+19%

Growth

FX	**+7%**
Price	**+8%**
Volume	**+4%**

20 consecutive quarters of positive price improvement



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

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Continued improvement in underwriting

	2022 Result	2022 vs 2021
Combined ratio	91.9%	(1.6%pts)
Attritional loss ratio	48.4%	(0.5%pts)
Expense ratio	34.4%	(1.1%pts)
Major claims	12.7%	+1.5%pts
Prior Year Releases	3.6%	+1.5%pts

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Promising investment outlook

2021 Results (£, mn)

1,442mn
Investment income

(1,137mn)*
Fixed income price variance

948mn
Investment result

2022 Results (£, mn)

1,667mn
Investment income

(3,670mn)*
Fixed income price variance

(3,128mn)
Investment result

2023 Forecast (£, bn)**

2.7bn
Investment income forecast

0.5bn*
Fixed income price and mark-to-market variance

>3%
Total investment performance

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

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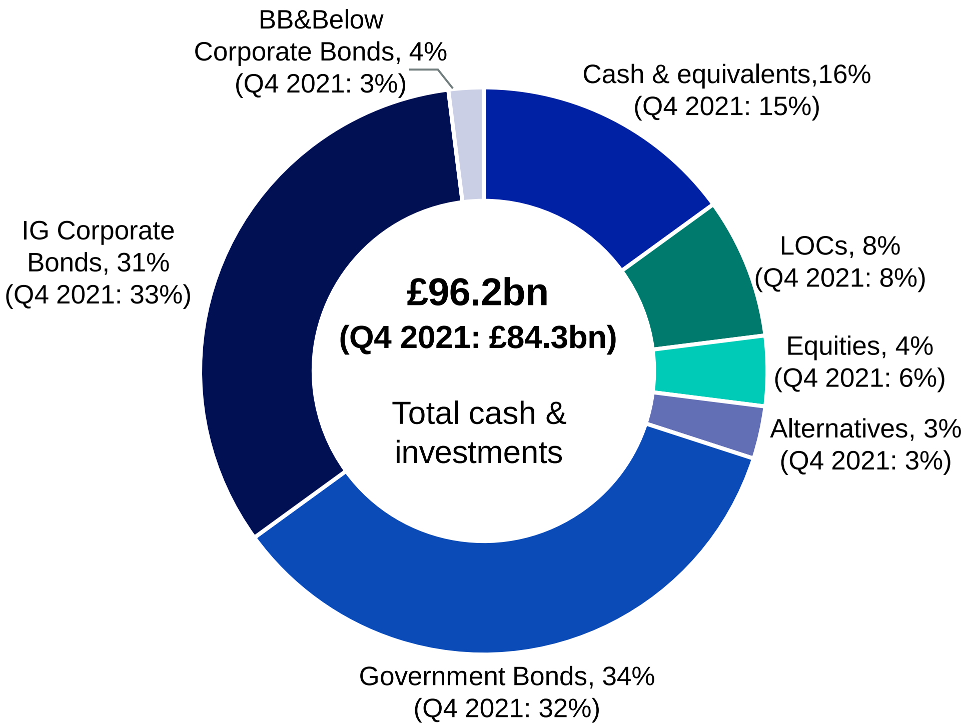
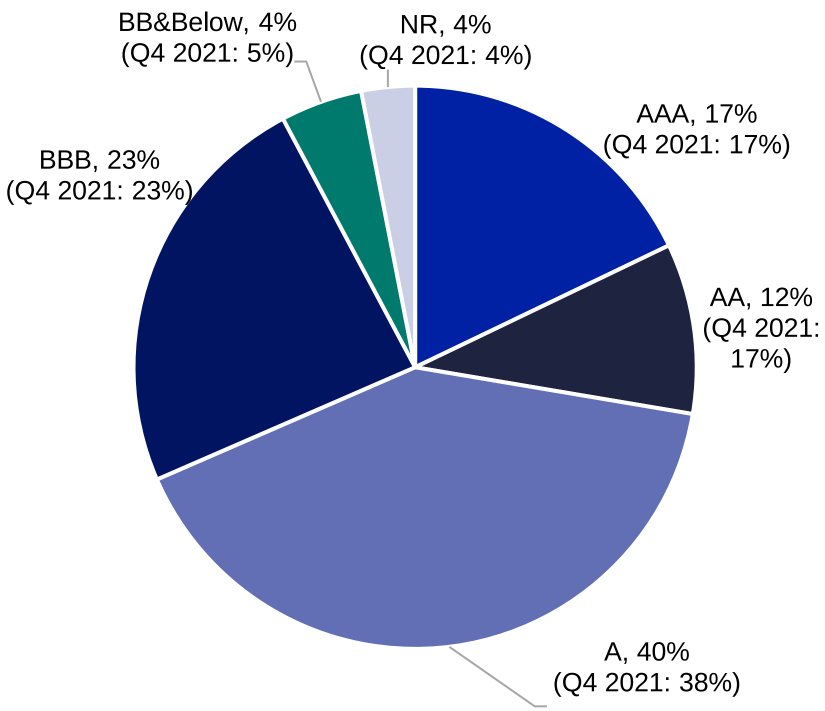
High quality investment portfolio

Conservative asset allocation



High quality corporate bond portfolio



Asset Liability Management

Overall short duration

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Strong balance sheet

2022 Result	2022 vs 2021	Financial strength ratings
181% Market-wide solvency	**+4%**	**AA-** Fitch Ratings
412% Central solvency ratio	**+24%**	**AA-** KBRA
£40.2bn Paid in capital*	**+10%**	**A+** Standard & Poor's
£3.5bn** Reserve margin	**+16%**	**A** AM Best

*Total capital, reserves and sub-ordinated loan notes
**According to the signing actuaries

Strong underwriting result, resilient capital position and promising investment outlook

Strong underwriting result

Strong pricing conditions

Improving yield environment

High quality balance sheet

2023 Outlook

John Neal, Chief Executive Officer

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2023 Outlook

2022 Actual	2023 Outlook*	
£46.7bn Gross written premium	**£56bn** Gross written premium	
91.9% Combined ratio	**<95%** Combined ratio	
(£3.1bn) Net investment income	**>3%** Total investment performance	

- **Profitable growth, sustainable performance**
- **Performance and capital management unabating**
- **Continue Blueprint Two delivery**
- **Maintain focus on building an inclusive and high performing culture**

***Subject to financial markets, F/X, unpredictable economic developments, and major losses within normal expected range**

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