

INTERIM RESULTS TO JUNE 2006

27th September 2006

Private & Confidential

A strong first half performance

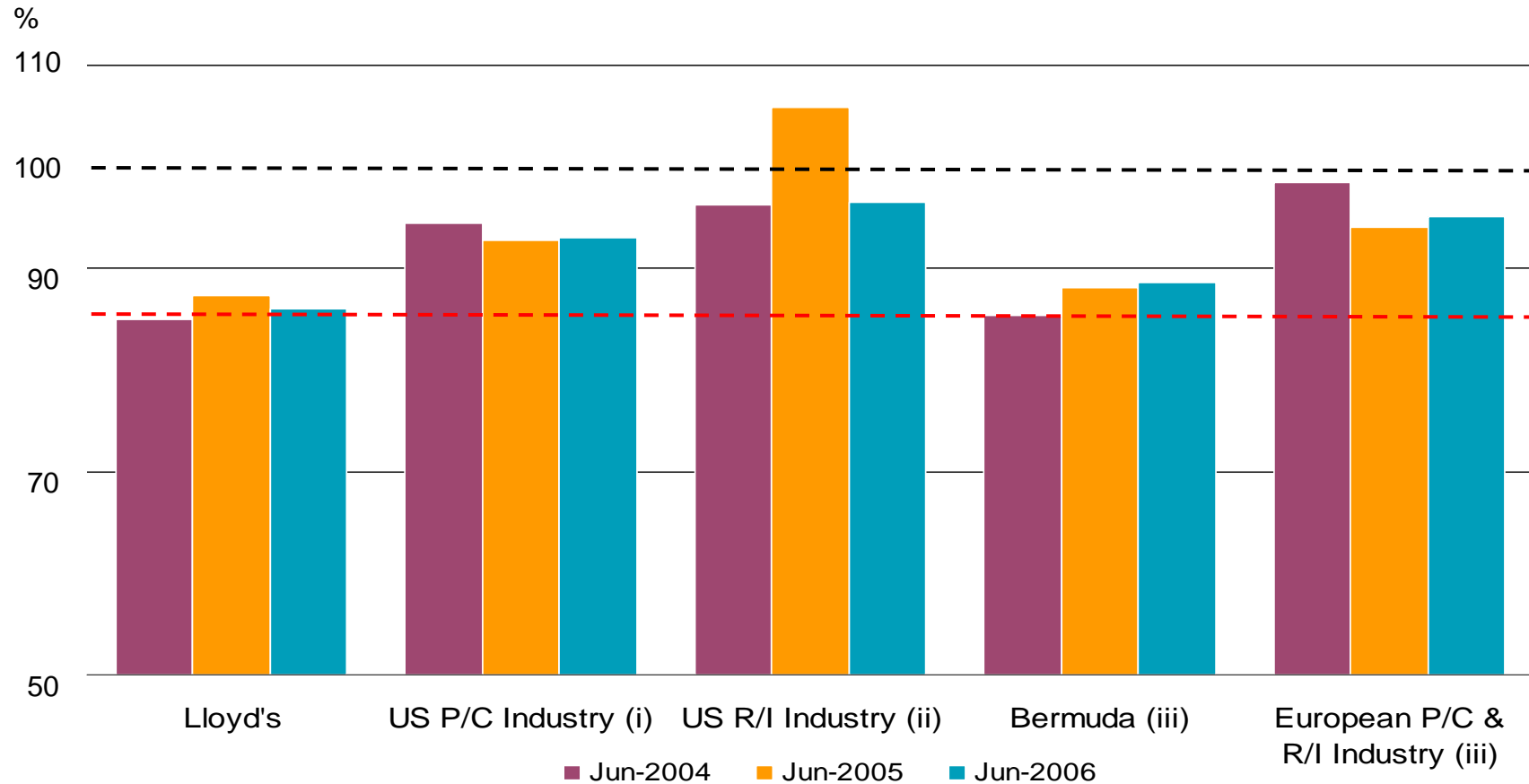
	6 months to June 2006	6 months to June 2005
Gross written premiums ¹	£9,966m	£8,395m
Combined ratio ¹	86.0%	87.3%
Profit ¹	£1,351m	£1,377m
Central assets ²	£1,401m	£1,237m

1) Lloyd's pro forma financial statements

2) Net assets per Society of Lloyd's consolidated financial statements (under IFRS) excluding the callable layer and the liability in respect of the subordinated debt.

Strong comparative performance

COMBINED RATIO



Source: Lloyd's proforma financial statements

Sources: i) Insurance Information Institute estimate, ii) Reinsurance Association of America iii) Company data (8 European companies: 16 Bermudian companies)

FINANCIAL RESULTS

Summary: premium growth and no extraordinary losses

£m	June 2006	June 2005	% change	Dec 2005
Gross written premiums	9,966	8,395	19	14,982
Net earned premiums	6,067	5,576	9	11,785
Net incurred claims	(3,288)	(3,161)	4	(9,505)
Net operating expenses ¹	(1,927)	(1,707)	13	(3,668)
Underwriting result	852	708	20	(1,388)
Investment return ²	571	657	(13)	1,307
Other income/(expenses) ³	(72)	12	-	(22)
Profit	1,351	1,377	(2)	(103)
Combined ratio	86.0%	87.3%		111.8%

Source: Lloyd's pro forma financial statements 1) Technical account 2) Return on members' and syndicates' assets 3) Non-technical account

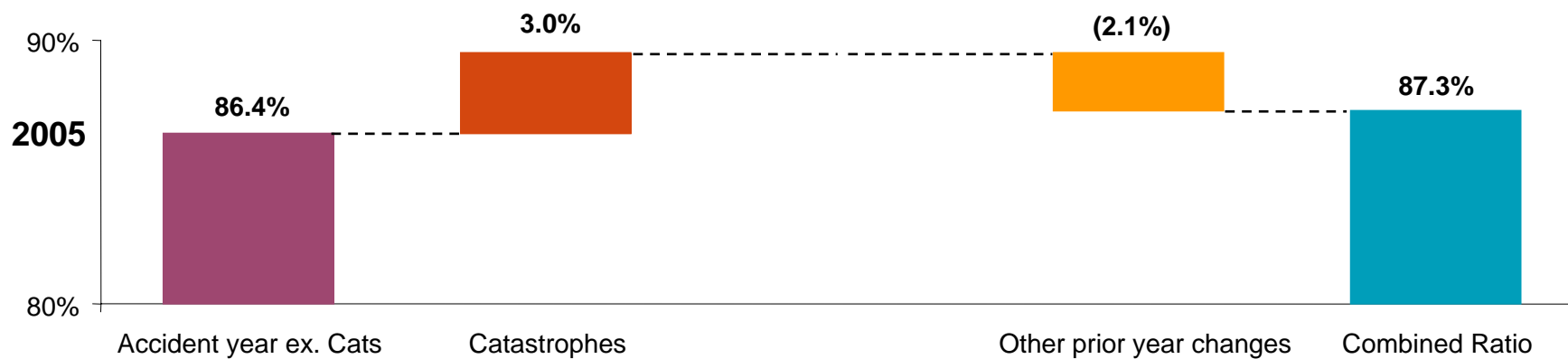
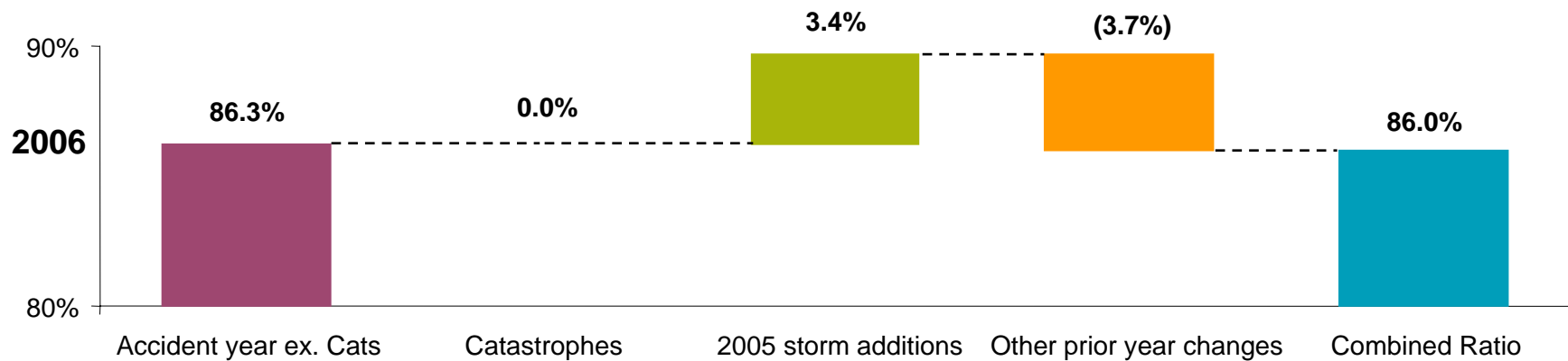
Rising rates in U.S. catastrophe-exposed classes driving premium growth

£m	June 2006	June 2005	% change	Dec 2005
Gross written premiums	9,966	8,395	19	14,982
Reinsurance ceded	2,406	1,928	25	3,212
<i>% GWP ceded</i>	24%	23%		21%
Net written premiums	7,560	6,467	17	11,770
Net earned premiums	6,067	5,576	9	11,785

Source: Lloyd's pro forma financial statements 1) Technical account 2) Non-technical account

No catastrophe activity and moderate reserve releases during first half

COMBINED RATIO



Source: Lloyd's proforma financial statements
7 Interim Results To June 2006

Modest increase in net claims and expenses

£m	June 2006	June 2005	% change	Dec 2005
Net incurred claims	3,288	3,161	4%	9,505
Acquisition costs	1,528	1,386	10%	2,913
Administrative expenses	375	417	(10)%	872
(Profit)/loss on exchange	24	(96)		(117)
Net claims and operating expenses	5,215	4,868	7%	13,173

Source: Lloyd's pro forma financial statements

Rising bond yields reduce investment income

%	June 2006	June 2005	Dec 2005
Bonds	70	68	67
Equities	4	5	4
Cash & other	26	27	29
	<i>100</i>	<i>100</i>	<i>100</i>
Total average funds invested (£m)	33,081	30,554	31,985
Return (£m)	571	657	1,307
Annualised yield (%)	3.5%	4.3%	4.1%

Source: Lloyd's results on pro forma basis. Includes Premiums Trust Funds & Funds at Lloyd's excluding Central assets.

*Collection of data on mid year financial investment details for PTFs only commenced from June 2006, 2005 PTF investment split is partially interpolated.

Claims payments have reduced liabilities since year end

£m	June 2006	Dec 2005
Cash and investments	33,871	35,012
Reinsurers' share of technical provisions	13,346	15,146
Other assets	11,932	9,895
Total assets	59,149	60,053
Provision for unearned premiums	(9,089)	(6,829)
Other liabilities	(38,495)	(42,232)
Net resources	11,565	10,992
<i>Represented by:</i>		
Members' assets ¹	10,164	9,798
Central assets ²	1,401	1,194
	11,565	10,992

Source: Lloyd's pro forma financial statements

1) Net assets held at syndicate level and in funds at Lloyd's

2) Stated on a UK GAAP basis

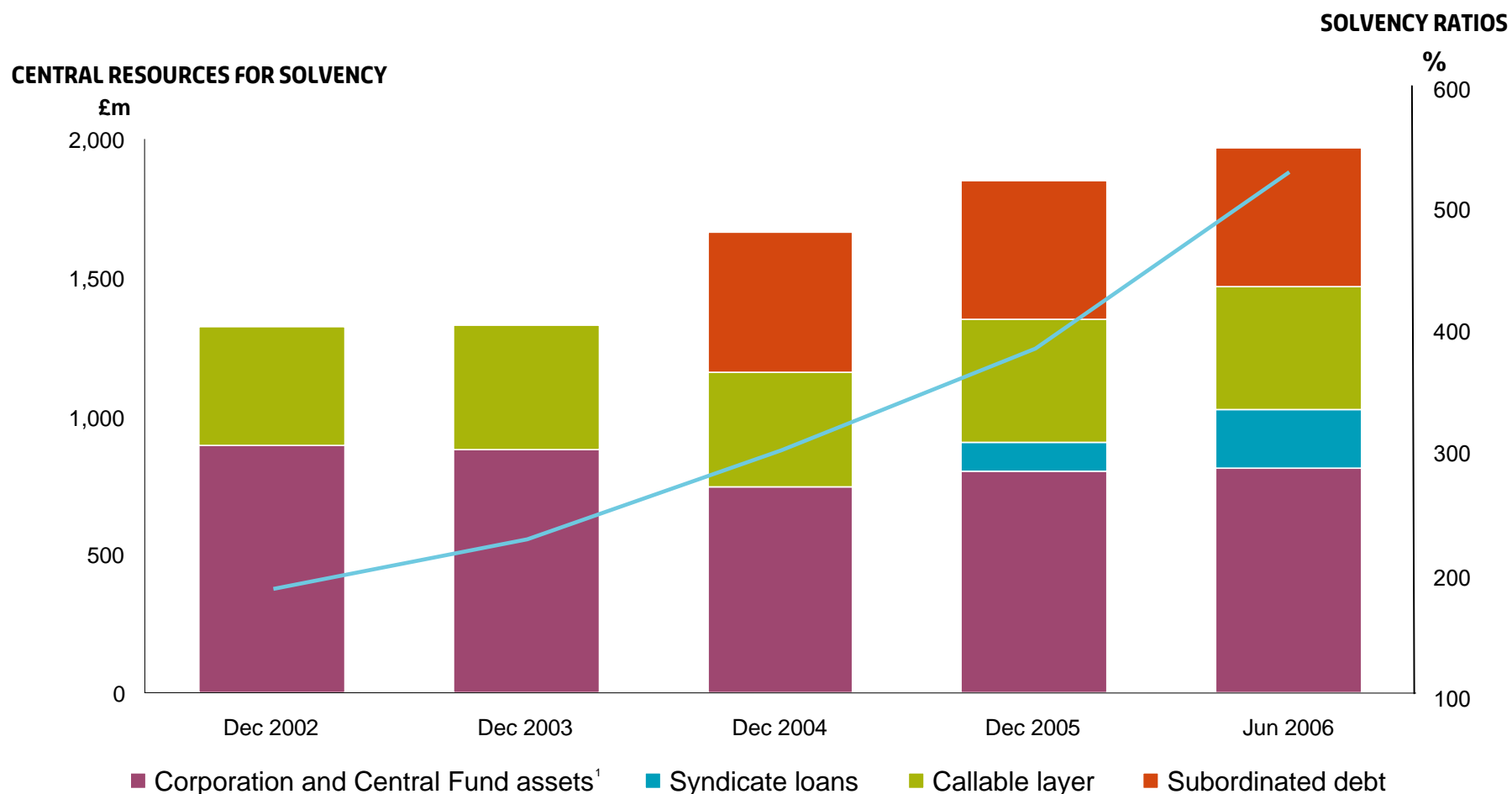
Central resources continue to grow

£m	June 2006	Full Year to Dec 2005
Net Central Fund assets at 1 January	670	607
Contributions from members	151	70
Receipt of syndicate loans	111	104
Claims and provisions	(112)	(224)
Net finance income	(27)	87
Other	(9)	26
Net Central Fund assets at 30 June / 31 Dec	784	670
Corporation of Lloyd's + subsidiaries	115	94
Subordinated debt	502	501
Central assets under IFRS	1,401	1,265
Callable layer ¹	443	443
Other adjustments for solvency	125	141
Central resources for solvency	1,969	1,849

Source: Society of Lloyd's financial statements (under IFRS)

1) Callable layer calculated at 3% of initial 2006 capacity of £14.8bn.

Central resources continue to grow



Note: Ratio of central resources for solvency to members' solvency deficits.

Source: Lloyd's

1) On IFRS basis, as adjusted for solvency.

Outlook

- Key sensitivity for full year 2006 result will be catastrophe activity in the remainder of the year
 - Investment outlook is more favourable
 - Further 2005 storm loss and other prior year development expected to be limited
- Longer term:
 - Impact of past failed members on Central Fund will continue to reduce
 - Expect to reduce Central Fund contribution rate in 2008 in light of strong current position
 - Capital inflows to industry and recent good profitability will continue to put pressure on rates
 - Lloyd's market will maintain bottom-line focus, tailoring underwriting as required

CONCLUSIONS

Lloyd's is in a strong position

- World's strongest insurance brand
- Global licence network
- Resilient financial strength
 - "A" rating affirmed
- Attractive platform – new entrants
- Good progress on key business reform initiatives
- Well placed to develop further
 - Disciplined response to market conditions
 - Driving business process reform forward
 - Building underlying financial strength
- Lloyd's – the insurance market of choice

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