

2010 INTERIM RESULTS

28 September 2010

In the face of a challenging half year...

- Forewarned difficult times ahead
- High incidence of major losses
- Low investment returns

...Lloyd's has made good progress on the stated objectives

- Performance Management
- Solvency II
- The Exchange
- Claims Transformation Pilot
- Market Access

Encouraging results to date...

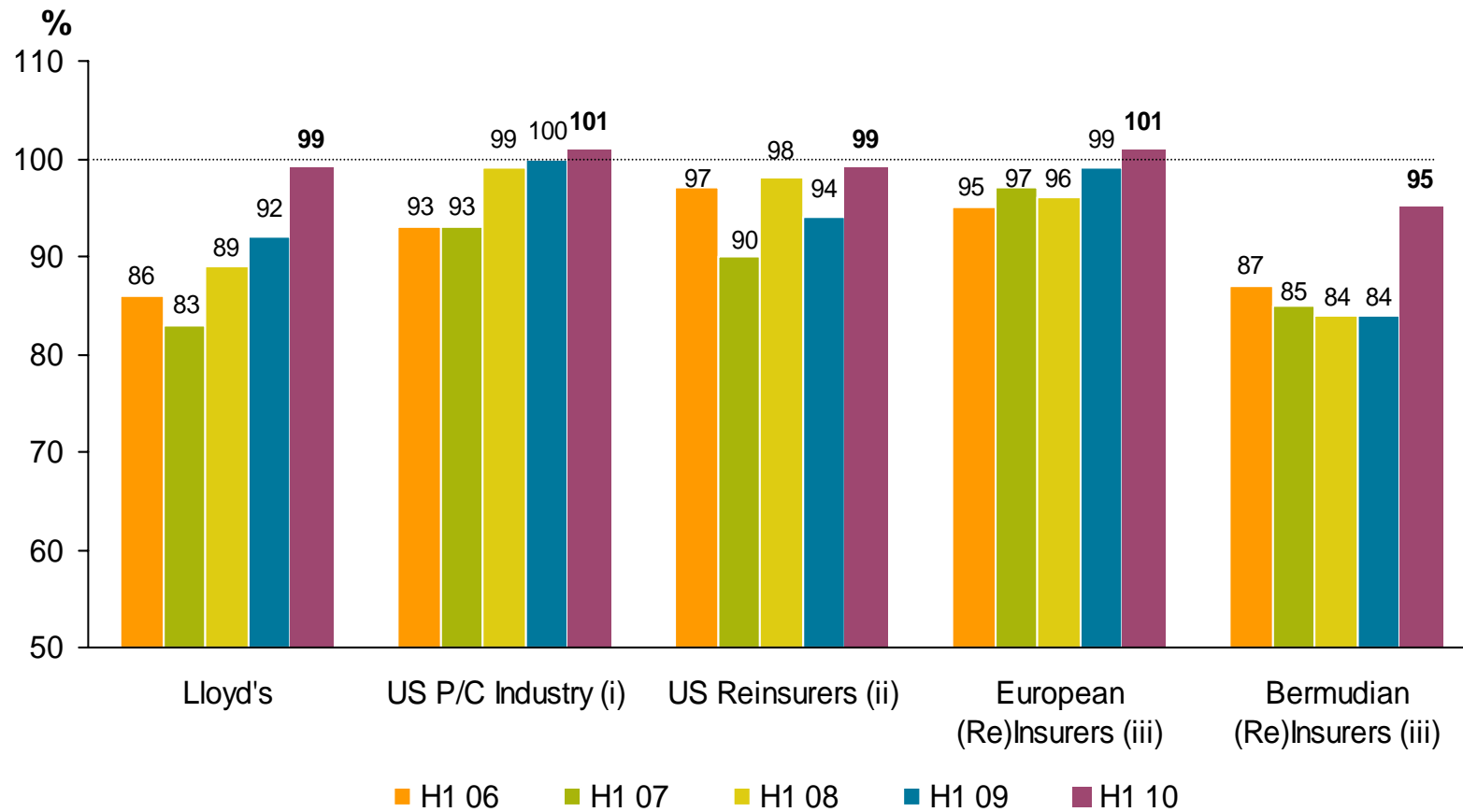
£m	6 months to June 2009	6 months to June 2010
Gross written premiums	13,462	13,490
Combined ratio	91.6%	98.7%
Investment return ¹	708	597
Profit before tax	1,322	628
Return on capital (pre-tax) ²	17.5%	7.0%

Source: Lloyd's pro forma financial statements, 30 June 2010

1) Return on syndicates' assets, members' funds at Lloyd's and central assets, 2) Half year RoC annualised

...and solid performance compared to our peers

COMBINED RATIO



Sources: i) Insurance Information Institute estimate, ii) Reinsurance Association of America, iii) Company data (8 European companies; 17 Bermudian companies)

FINANCIAL RESULTS

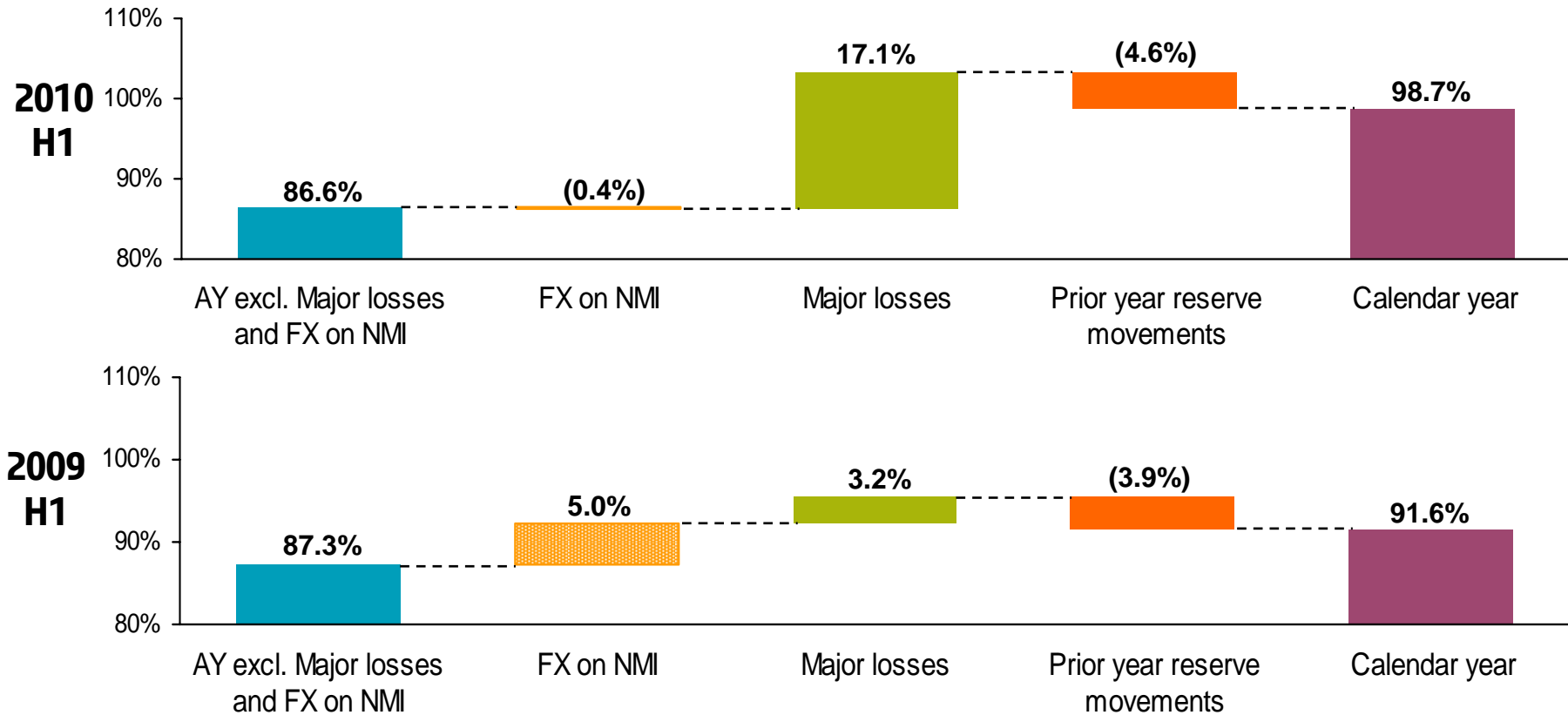
Small interim surplus driven by moderate investment return...

£m	6 months to June 2009	6 months to June 2010	% change (H110/H109)	FY Dec 2009
Gross written premiums	13,462	13,490	0	21,973
Net earned premiums	8,086	8,285	2	16,725
Net incurred claims	(4,461)	(5,403)	21	(8,624)
Net operating expenses ¹	(2,947)	(2,775)	(6)	(5,712)
Underwriting result	678	107	(84)	2,320
Investment return ²	708	597	(16)	1,769
Other income / expenses ³	(64)	(76)	19	(221)
Profit before tax	1,322	628	(52)	3,868
Combined ratio	91.6%	98.7%		86.1%

Source: Lloyd's pro forma basis 30 June 2010, 1) Technical account, 2) Return on syndicates' assets, members' funds at Lloyd's and central assets, 3) Non-technical account

... and H1 underwriting remains in profit despite major loss activity

COMBINED RATIOS

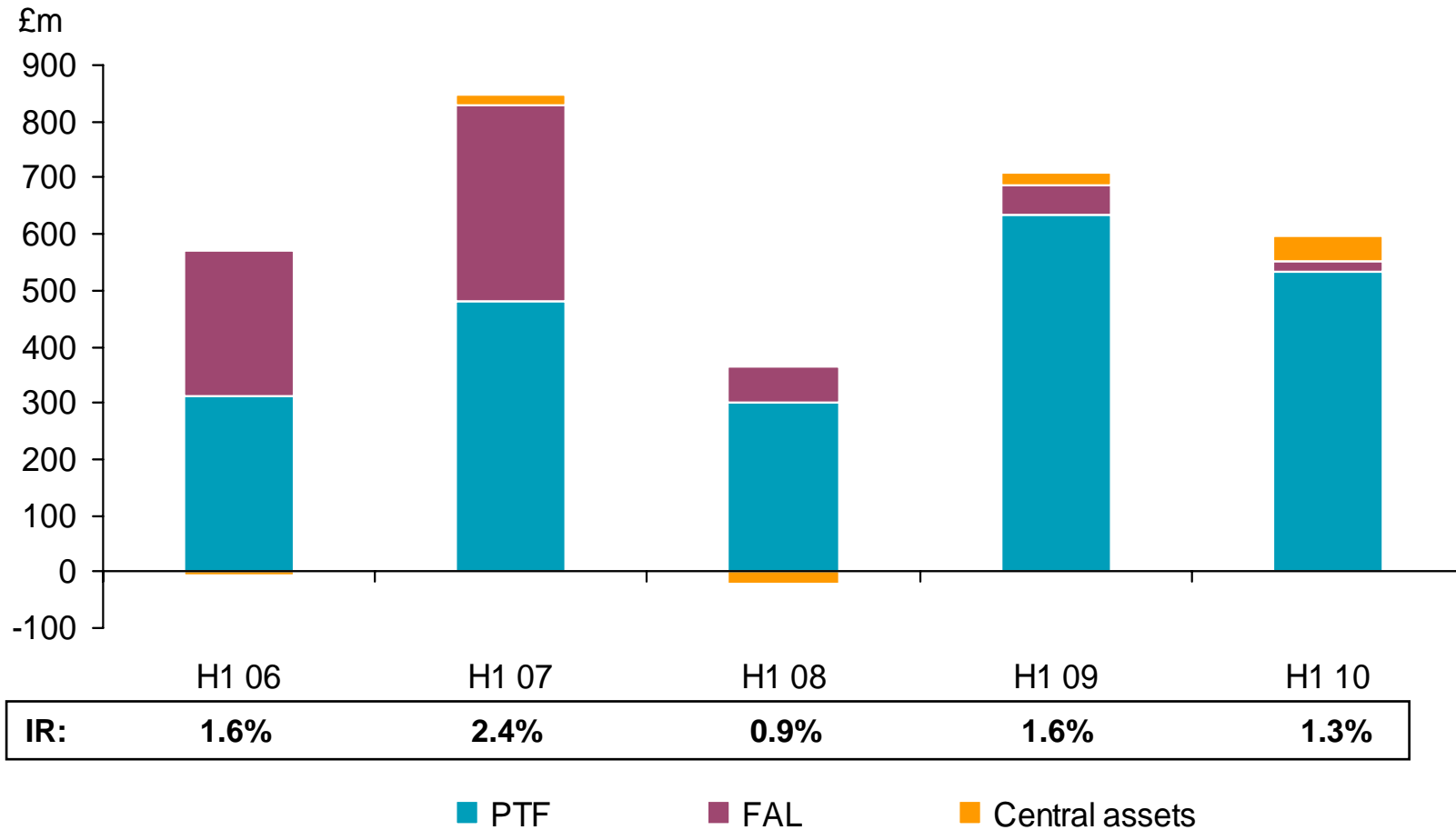


Source: Lloyd's pro forma basis 30 June 2010
 FX on NMI refers to foreign exchange on non-monetary items

INVESTMENT PERFORMANCE

£0.6bn contribution from investments in the first half was modest, but still above expectations

INVESTMENT RETURN

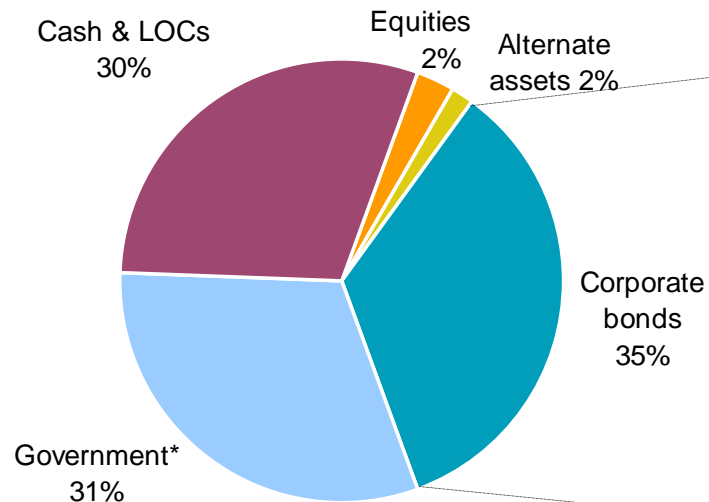


Note: FAL - Members' Funds at Lloyd's; PTF - Syndicate Premium Trust Funds

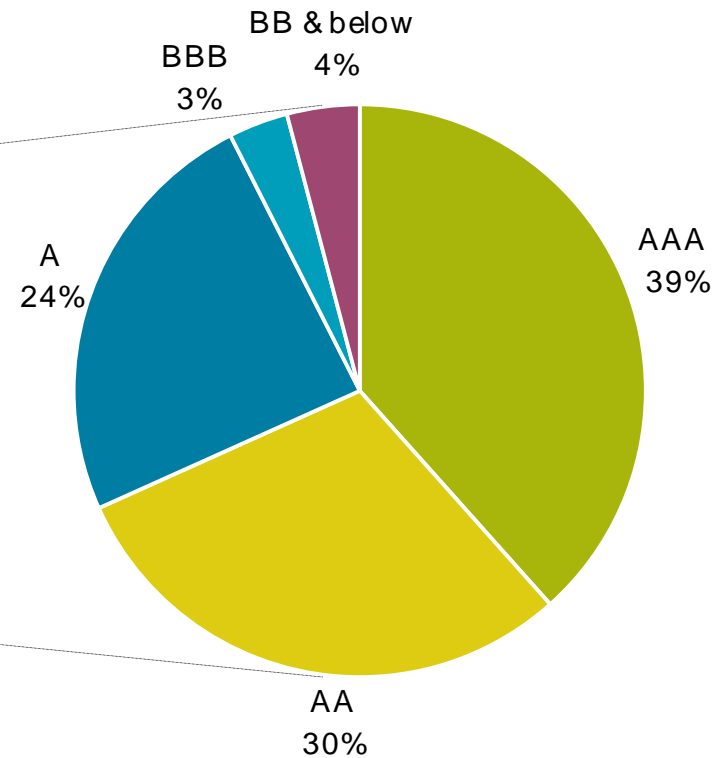
Source: Lloyd's pro forma financial statements, 30 June 2010

Lloyd's investments continue to be held in cash and investment grade bonds...

LLOYD'S MARKET INVESTED ASSETS



CORPORATE BONDS



* Includes supra-nationals and government agencies

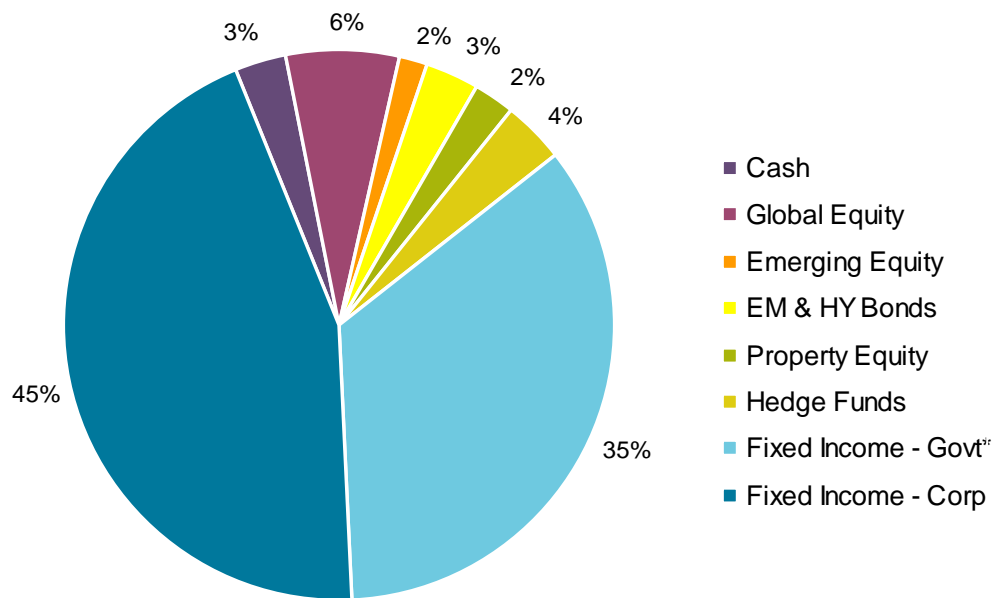
Source: Lloyd's pro forma financial statements, 30 June 2010

...and bond exposures continue to dominate Central Fund dispositions

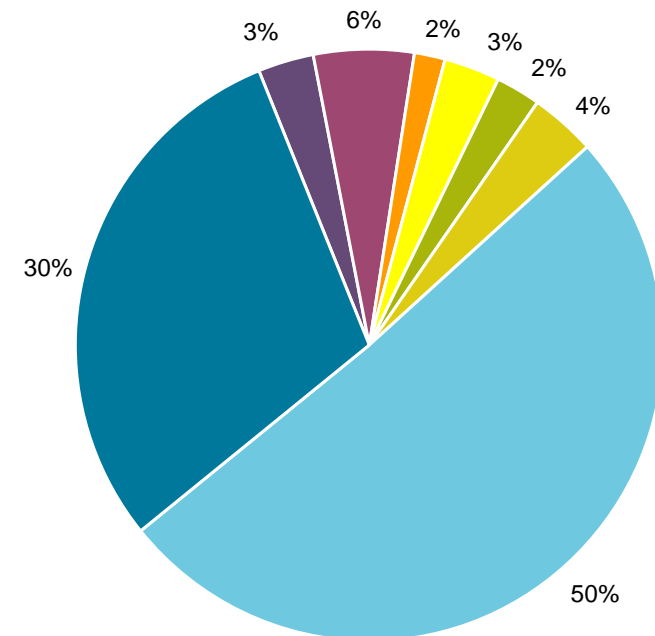
CENTRAL FUND DISPOSITION

Bond portfolios c80% of CF

31 Dec 2009



30 June 2010



* Includes supra-nationals and government agencies

Source: Lloyd's pro forma financial Statements 30 June 2010

BALANCE SHEET

Net resources remain strong...

£m	June 2009	Dec 2009	June 2010	% change (H110/FY09)
Cash and investments	43,766	46,254	47,593	3
Reinsurers' share of technical provisions	11,378	9,931	12,004	21
Other assets	13,352	11,105	14,625	32
Total assets	68,496	67,290	74,222	10
Unearned premiums	(11,767)	(9,433)	(12,535)	33
Other liabilities	(39,780)	(38,736)	(43,148)	11
Net resources	16,949	19,121	18,539	(3)
<i>Represented by:</i>				
Members' assets	14,941	17,037	16,307	(4)
Central assets	2,008	2,084	2,232	7
	16,949	19,121	18,539	(3)

Source: Lloyd's pro forma financial statements, 30 June 2010

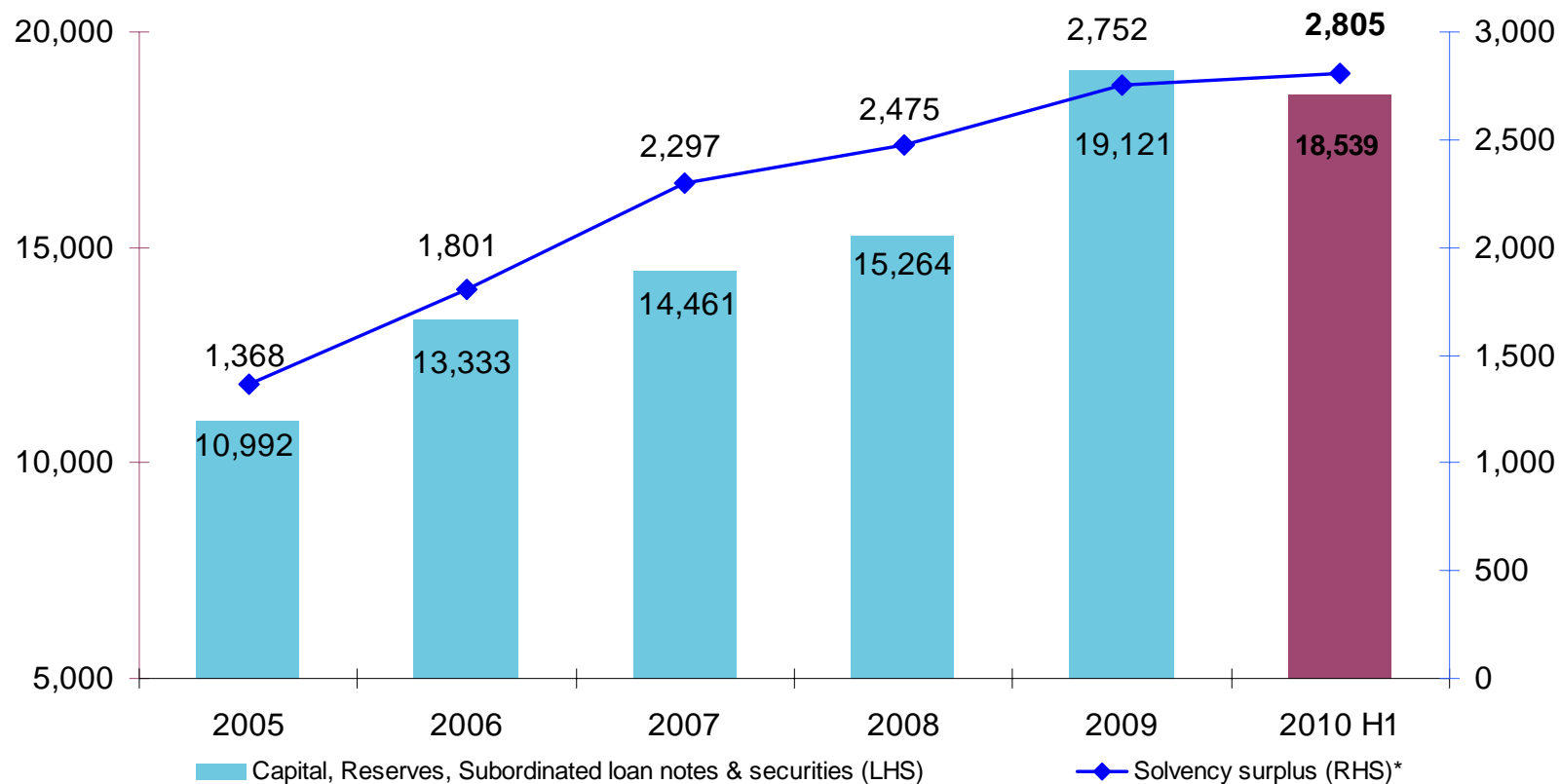
...with solvency coverage at record levels

BALANCE SHEET

£m

SOLVENCY

£m



Note: * Solvency surplus net of solvency deficits
 Source: Lloyd's pro forma financial statements, 30 June 2010

SUMMARY

With further challenges to come, Lloyd's will...

- Continue to focus upon the 5 principal objectives
- Continue to be a safe place for insuring risks and investing capital
- Continue to help rebuild post disaster

'...be the market of choice for insurance and reinsurance buyers and sellers...'

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