

# Half Year Results

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# 2024

Six months ended 30 June

# Overview

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John Neal, Chief Executive Officer

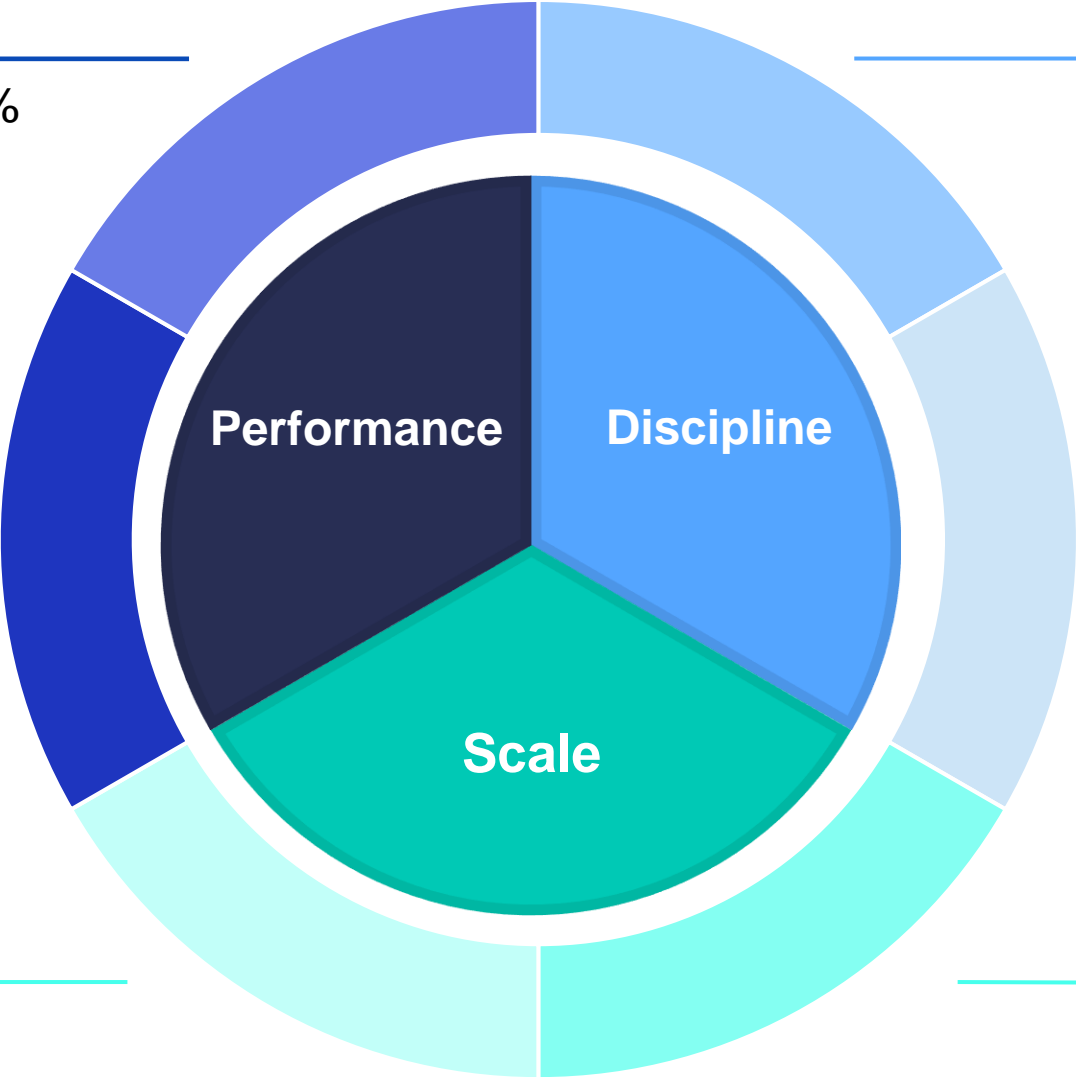
# Delivering our unique proposition in H1 2024

Twelve quarters of ~80% underlying COR

Sustainable growth of 6.5% in H1 (excl. FX)

Investment result in line with expectations

Trusted brand



Prices holding at +1.5%

Upgraded financial strength ratings

FY24 outlook maintained

Truly global

# Continued strong, sustainable performance

**£30.6bn**

Gross written premium

**83.7%**

Combined ratio

**£2.1bn**

Investment result

**£4.9bn**

Profit before tax

## HY 2024 highlights:

- **Outstanding performance on both sides of the P&L**

*Underwriting profit of £3.1bn*

*Investment result of £2.1bn*

- **Underwriting discipline maintained**

*Underlying combined ratio of 80.6%*

*Prepared for range of scenarios and hurricane season*

- **High quality balance sheet**

*Improved central solvency ratio to 520%*

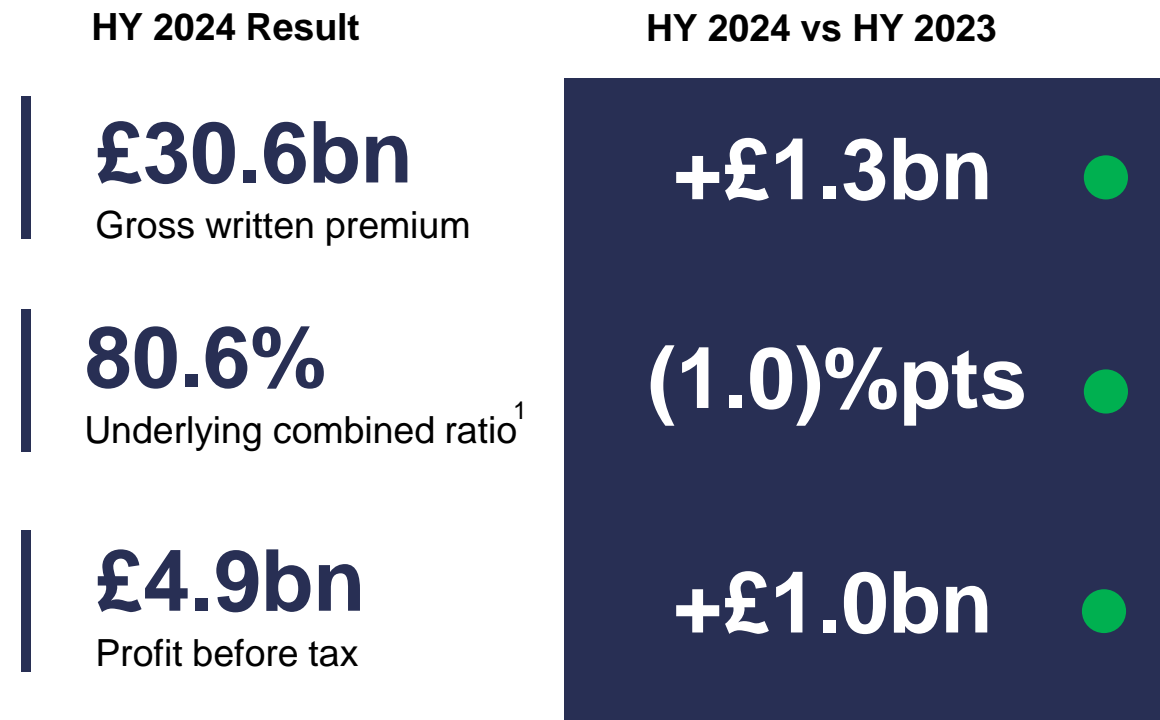
*AM Best financial strength rating **upgraded***

# Financials

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Burkhard Keese, Chief Financial Officer

# Underwriting discipline maintained: 6.5% profitable growth

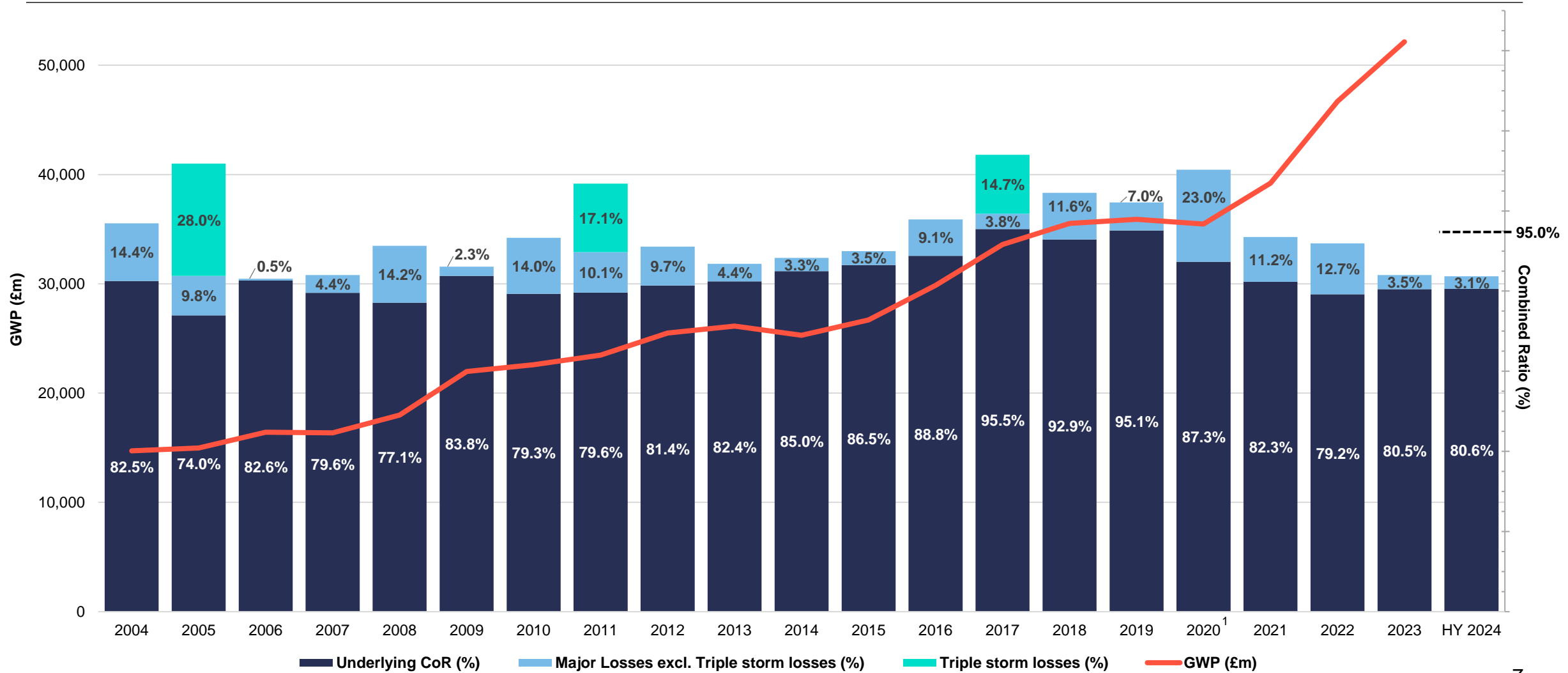


Premium growth excluding FX movements of (2.1)%

<sup>1</sup> Underlying combined ratio: combined ratio excluding Major Claims

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# Resilience through disciplined growth



<sup>1</sup> 2020 major losses include COVID

Major losses: 2005 – Katrina, Rita, Wilma; 2011 – Japan quake, NZ quake, Thai floods; 2017 – Harvey, Irma, Maria

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# Disciplined portfolio management is key

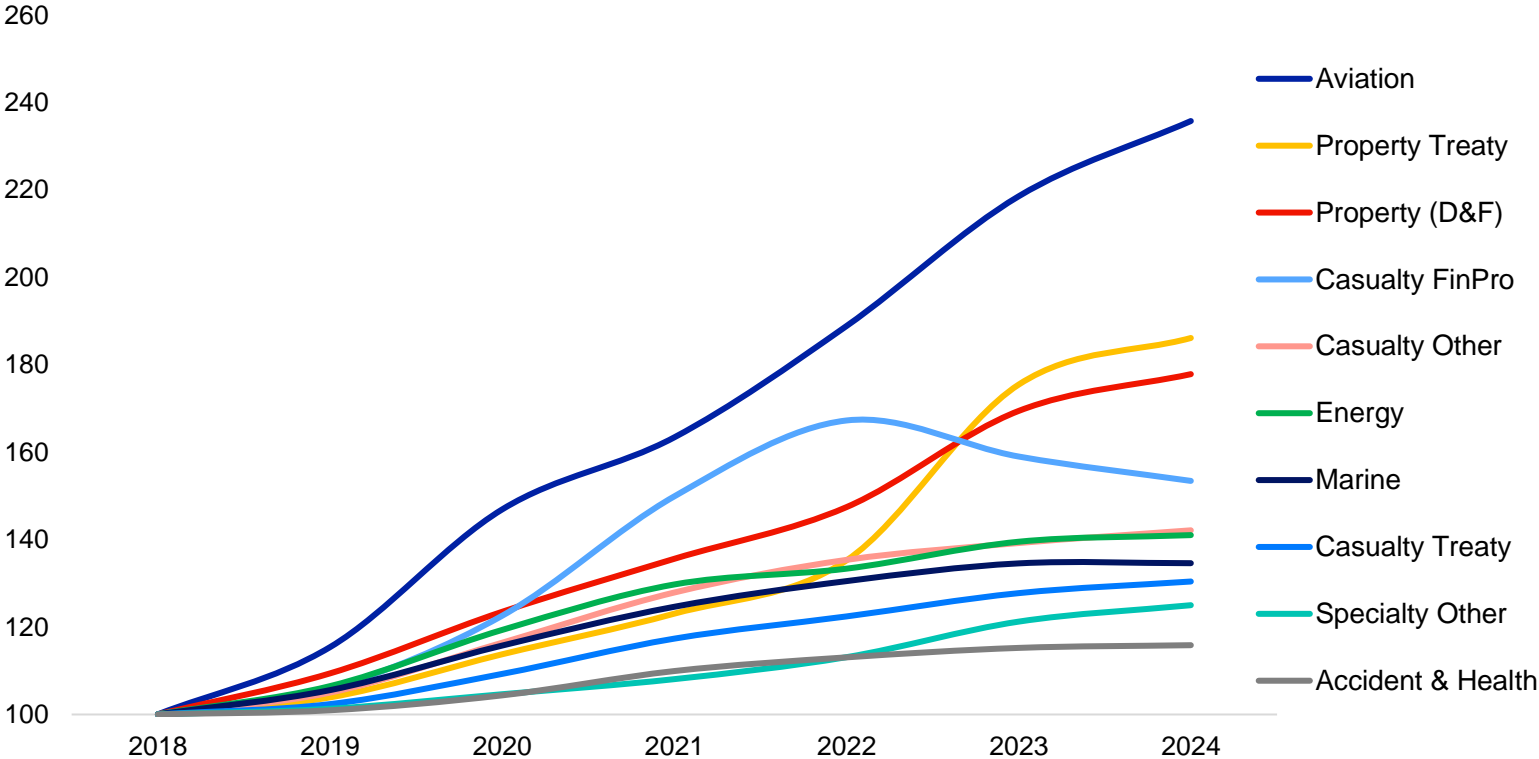
**£30.6bn**  
Gross written premium

**+5.0%** volume growth

**+1.5%** price growth

**80.6%**  
Underlying combined ratio<sup>1</sup>

Risk adjusted rate change index indicating positive trajectory



<sup>1</sup> Underlying combined ratio: combined ratio excluding Major Claims  
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# Stable underlying combined ratio

|  | HY 2024 Result   | HY 2024 vs HY 2023 |
|--|--|--------------------|
|  | <b>83.7%</b><br>Combined ratio                         | <b>(1.5)%pts</b> ● |
|  | <b>80.6%</b><br>Underlying combined ratio <sup>1</sup> | <b>(1.0)%pts</b> ● |
|  | <b>49.2%</b><br>Attritional loss ratio                 | <b>(1.7)%pts</b> ● |
|  | <b>34.5%</b><br>Expense ratio                          | <b>(0.9)%pts</b> ● |

<sup>1</sup> Underlying combined ratio: combined ratio excluding Major Claims

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# Stable key ratios stable and lower expenses

## Major claims

**£0.6bn**

HY 2024



**£0.6bn**

HY 2023

| Major claims (£bn)              | HY 2024    |
|---------------------------------|------------|
| Dali Baltimore Bridge Collision | 0.5        |
| Taiwan Earthquake               | 0.1        |
| Hurricane Beryl                 | 0.0        |
| <b>TOTAL</b>                    | <b>0.6</b> |

## Expense ratio

**34.5%**

HY 2024



**35.4%**

HY 2023

- Acquisition cost ratio: 22.2% (-0.7%pts)
- Admin expense ratio: 12.3% (-0.2%pts)

## Prior Year releases

**(3.1)%**

HY 2024



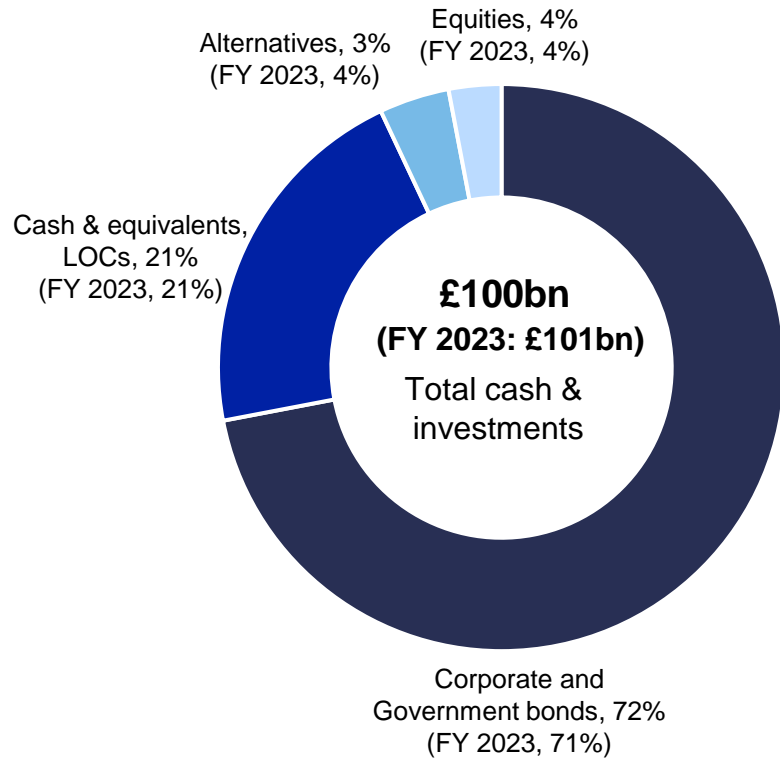
**(4.7)%**

HY 2023

- Overall HY 2024 release mainly driven by Property
- Overall reduction in release of 29% when compared to last year, largely due to run off transactions in 2023 and in Casualty where releases have decreased

# Robust investment return

## Conservative asset allocation



## HY 2024 Results

**£1.5bn**  
Investment income

**£0.5bn<sup>1</sup>**  
Growth asset price variance

**£0.1bn<sup>1</sup>**  
Fixed income price variance

**£2.1bn**  
Investment return

## HY 2023 Results

**£1.4bn**  
Investment income

**£0.5bn<sup>1</sup>**  
Growth asset price variance

**£(0.1)bn<sup>1</sup>**  
Fixed income price variance

**£1.8bn**  
Investment return

<sup>1</sup> Analytically derived  
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# Investment stress test scenarios

## Impact on Lloyd's Market Portfolio based on asset valuation as at 30 June 2024

| Scenario   | Change in asset value | Comments  |
|--|-----------------------|---|
| Interest rates rise by 100bps  | £1.9bn loss           | Despite an economic matching of asset and liability duration, interest rate shifts have a P&L impact since UK GAAP does not allow insurance liabilities to be discounted. The £1.9bn loss derives from the impact of a 100bps impact on the c.£72bn invested in fixed income assets with an average duration of 2.7 years |
| Equities decline by 24% from the expected value (1-in-10 year shock)         | £1.7bn loss           | The £1.7bn loss derives from the impact of a 1-in-10 year shock on £3.8bn of investments in equities and £3.2bn investments in alternative assets   |
| USD weakens by 10% against GBP   |                       |   |
| <ul style="list-style-type: none"> <li>Impact on Funds at Lloyd's</li> </ul> | £2.7bn loss           | Impact balance sheet only; no P&L impact  |
| <ul style="list-style-type: none"> <li>Impact on P&amp;L</li> </ul>          | £0.4bn loss           | This includes the FX conversion impact on net Premium Trust Fund position (impact on assets largely offset by liabilities due to currency matching) and Central Assets  |

The analysis above is performed for reasonably possible movements in interest and FX rates with all other variables held constant, showing the impact on the asset values on the Solvency II balance sheet. The cash and investment assets on the Solvency II balance sheet at 30 June 2024 are £100.6bn.

# Rating upgrades for resilient performance and capital

## HY 2024 Result

**206%**  
Market-wide solvency<sup>1</sup>

**520%**  
Central solvency<sup>1</sup>

**£43.5bn**  
Total capital

## HY 2024 vs FY 2023

**(1.0)%pts**

**17.0%pts**

**£(1.8)bn**

## Financial Strength ratings and outlooks:

AM Best:

**A+**

*(Superior)*

Stable

S&P  
Global:

**AA-**

*(Very Strong)*

Stable

Fitch  
Ratings:

**AA-**

*(Very Strong)*

Stable

KBRA:

**AA-**

*(Very Strong)*

Stable

<sup>1</sup> Reminder that the 2019 tranche of syndicate loans was repaid on the fifth anniversary of commencement, being 29 March 2024, reducing the CSCR by 7%, with no impact to the MWSCR. Further, the subordinated debt maturing in 2024 currently accounts for c.1% of the MWSCR and c.25% of the CSCR.

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# Summary

## Sustainable premium growth

**6.5%** ✓  
Premium growth  
(excl. FX movements)

**1.5%** ✓  
Price

**5.0%** ✓  
Volume

## Resilient profitability

**80.6%** ✓  
Underlying combined ratio<sup>1</sup>

**£2.1bn** ✓  
Investment return

**£4.9bn** ✓  
Profit before tax

## High quality balance sheet

**206%** ✓  
Market-wide solvency

**520%** ✓  
Central solvency

**£43.5bn** ✓  
Total capital

**Upgraded to A+ (Superior) financial strength rating, and AA-, stable outlook L-T credit rating by AM Best**

Premium growth excluding FX movements of (2.1)%

<sup>1</sup> Underlying combined ratio: combined ratio excluding Major Claims

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# Looking ahead

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John Neal, Chief Executive Officer

# Outlook remains unchanged from FY

## HY 2024 Results

**£30.6bn**

Gross written premium

**83.7%**

Combined ratio

**£2.1bn**

Investment result

## 2024 Outlook<sup>1</sup>

**£57bn +/- 5%**

Gross written premium

**90-95%**

Combined ratio

**~4%**

Investment return

<sup>1</sup> Subject to financial markets, F/X, unpredictable economic developments, and major losses within normal expected range. The foregoing should not be relied upon as a promise or representation as to past or future performance. Furthermore, past performance is not necessarily indicative of future performance.



# Executing our strategic priorities in 2024 and beyond

## Performance

### *Sustainable profitable growth*

- **Market conditions strong** - factors support a “super cycle” of profitable performance
- **Strong discipline** maintained to support ongoing industry-leading performance
- Support for **appropriate, smart growth** and accretive new entrant opportunities



## Digitalisation

### *Efficient and effective platform*

- Cutover to **new digital platform in 2025** with increased resiliency
- **Process simplification** and improved engagement across the market
- Driving continued focus on **expense and efficiency**

## Purpose

### *Industry leadership*

- **Insuring the transition** by enabling market product innovation through new and expanded risk classes, ICX and TXC
- **Convening the industry** through the Sustainable Markets Initiative to strengthen global cross-sector engagement & solutions
- **Telling the Lloyd's story** at our first Capital Markets Day to highlight distinctive investment proposition



## Culture

### *High performing, inclusive*

- **10<sup>th</sup> anniversary of Dive In Festival** convening industry to drive inclusion
- **Lloyd's 2024 Culture Dashboard** demonstrated steady improvement across key market culture indicators
- **Inclusive Futures Coalition** of eight market firms and three delivery partners launched to support Black and ethnically diverse talent

# Appendix

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# Culture

Our progress and activity to date. We continue to build a more diverse and inclusive market

## Continued good progress in creating a more diverse market

- The market achieved our 35% target for **women in leadership**, with improvements across **all leadership levels**. **45% of market firms achieved or exceeded** the target in the last year, and women now make up 43% of the workforce
- The market made progress on the **1 in 3 hiring ambition**, with 21% of new hires coming from an ethnically diverse background (+4pp), and ethnic diversity increasing to 13% of the market workforce (+2pp)
- Our fifth **Market Policies and Practices (MP&P)** return also demonstrates increasing adoption of practices that underpin an inclusive and high-performance culture in firms
- **Culture survey** showed **improved performance** against Financial Services benchmarks, **exceeding the benchmark in 25 of 27** comparable areas

## Learning and development

- **Culture Upskilling Programme 2024** now running
- Lloyd's **Accelerate Programme** for Ethnically diverse talent **launches in the USA November 2024**

## Recognition

- Awarded **Top 100 Great British Employer of Veterans** and retained **Gold standard accreditation** for the **Armed Forces Covenant**
- Retained **Gold standard accreditation for Clear Assured**
- Lloyd's awarded **Trailblazer status by Race Equality Matters**
- Improvement of **30 places to #45 on the Social Mobility Index**

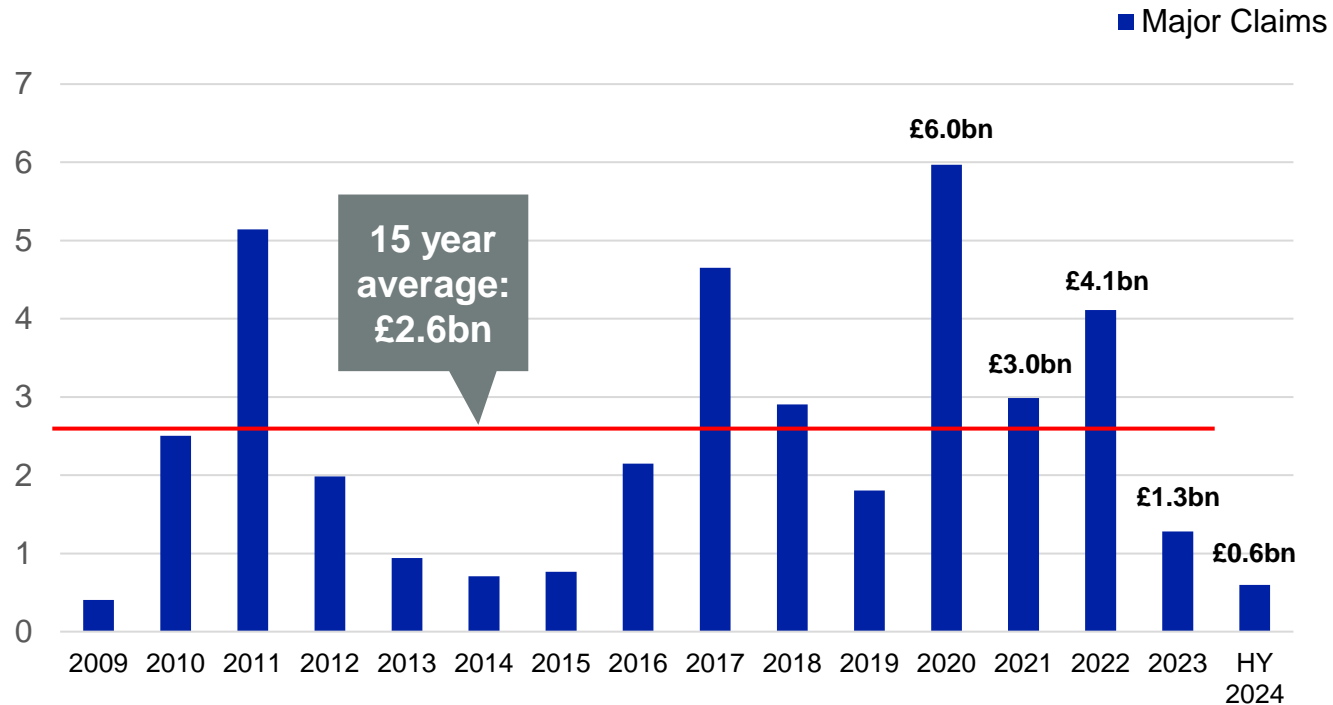
## Inclusive Futures

- Launch of **Underwriting Souls** and the **Inclusive Futures programme** in response to Lloyd's historical role in the transatlantic slave trade
- Inclusive Futures programme awarded **VERCIDA D&I Initiative of the year Award**



# Major Claims for 1H 2024

## Lloyd's Major Claims (£bn)



| Major claims, net earned ultimate (£bn) | FY 2023    | HY 2023    | HY 2024    |
|---|------------|------------|------------|
| Dali Baltimore Bridge Collision         | -          | -          | 0.5        |
| Taiwan Earthquake                       | -          | -          | 0.1        |
| Hurricane Beryl                         | -          | -          | 0.0        |
| Cyclone Gabrielle                       | 0.2        | 0.2        | -          |
| Middle East Earthquake                  | 0.3        | 0.2        | -          |
| New Zealand Floods                      | 0.1        | 0.1        | -          |
| Sudan Conflict                          | 0.1        | 0.1        | -          |
| Hawaii Wildfires                        | 0.4        | -          | -          |
| Hurricane Idalia                        | 0.2        | -          | -          |
| <b>Total</b>                            | <b>1.3</b> | <b>0.6</b> | <b>0.6</b> |

# 4.4% premium growth with 83.7% combined ratio

| £m   | FY 2021 <sup>1</sup>     | FY 2022      | FY 2023       | HY 2023      | HY 2024      |
|--|--------------------------|--------------|---------------|--------------|--------------|
| Gross written premium (GWP)                | 39,216                   | 46,705       | 52,149        | 29,306       | 30,581       |
| Net earned premium (NEP)                   | 26,657                   | 32,458       | 36,925        | 16,932       | 18,866       |
| Net incurred claims                        | (15,440)                 | (18,655)     | (18,302)      | (8,435)      | (9,282)      |
| Operating expenses                         | (9,476)                  | (11,162)     | (12,713)      | (5,997)      | (6,517)      |
| <b>Underwriting result</b>                 | <b>1,741</b>             | <b>2,641</b> | <b>5,910</b>  | <b>2,500</b> | <b>3,067</b> |
| Net investment (loss)/income*              | 948                      | (3,128)      | 5,310         | 1,808        | 2,142        |
| Foreign exchange (loss)/gains              | (478)                    | 158          | (134)         | (186)        | (73)         |
| Other expenses, net                        | 66                       | (440)        | (423)         | (202)        | (220)        |
| <b>Profit/(loss) before tax</b>            | <b>2,277</b>             | <b>(769)</b> | <b>10,663</b> | <b>3,920</b> | <b>4,916</b> |
| <b>Loss ratio</b>                          | <b>58.0%</b>             | <b>57.5%</b> | <b>49.6%</b>  | <b>49.8%</b> | <b>49.2%</b> |
| <i>Attritional losses</i>                  | 48.9%                    | 48.4%        | 48.3%         | 50.9%        | 49.2%        |
| <i>Prior year (release)/strengthening</i>  | (2.1)%                   | (3.6)%       | (2.2)%        | (4.7)%       | (3.1)%       |
| <i>Major claims</i>                        | 11.2%                    | 12.7%        | 3.5%          | 3.6%         | 3.1%         |
| <b>Expense ratio</b>                       | <b>35.5%</b>             | <b>34.4%</b> | <b>34.4%</b>  | <b>35.4%</b> | <b>34.5%</b> |
| Admin expense ratio                        | 11.5%                    | 11.0%        | 11.8%         | 12.5%        | 12.3%        |
| Acquisition cost ratio                     | 24.0%                    | 23.4%        | 22.6%         | 22.9%        | 22.2%        |
| <b>Combined ratio (excluding COVID-19)</b> | <b>93.5%<sup>2</sup></b> | <b>91.9%</b> | <b>84.0%</b>  | <b>85.2%</b> | <b>83.7%</b> |

<sup>1</sup> FY2021 Restated for UK GAAP

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# Balance Sheet

|   | FY 2023        | HY 2023        | HY 2024        |
|---|----------------|----------------|----------------|
| £m                                      |                |                |                |
| Cash and investments                    | 100,686        | 94,442         | 100,424        |
| Reinsurers' share of unearned premiums  | 5,036          | 7,310          | 7,753          |
| Reinsurers' share of claims outstanding | 26,768         | 28,111         | 27,099         |
| Other assets                            | 32,605         | 36,647         | 38,889         |
| <b>Total assets</b>                     | <b>165,095</b> | <b>166,510</b> | <b>174,175</b> |
| Gross unearned premiums                 | (25,065)       | (28,318)       | (31,085)       |
| Gross claims outstanding                | (78,774)       | (78,518)       | (80,889)       |
| Other liabilities                       | (15,987)       | (18,920)       | (18,703)       |
| <b>Net resources</b>                    | <b>45,269</b>  | <b>40,754</b>  | <b>43,498</b>  |
| Member assets                           | 42,161         | 37,538         | 40,139         |
| Central assets                          | 3,108          | 3,216          | 3,359          |

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