

2009 INTERIM RESULTS

24 September 2009

2009 highlights

- Strong first half results
- Robust financial strength
- Performance oversight - market discipline maintained
- Global presence extended
- Market modernisation
- Strategic Review

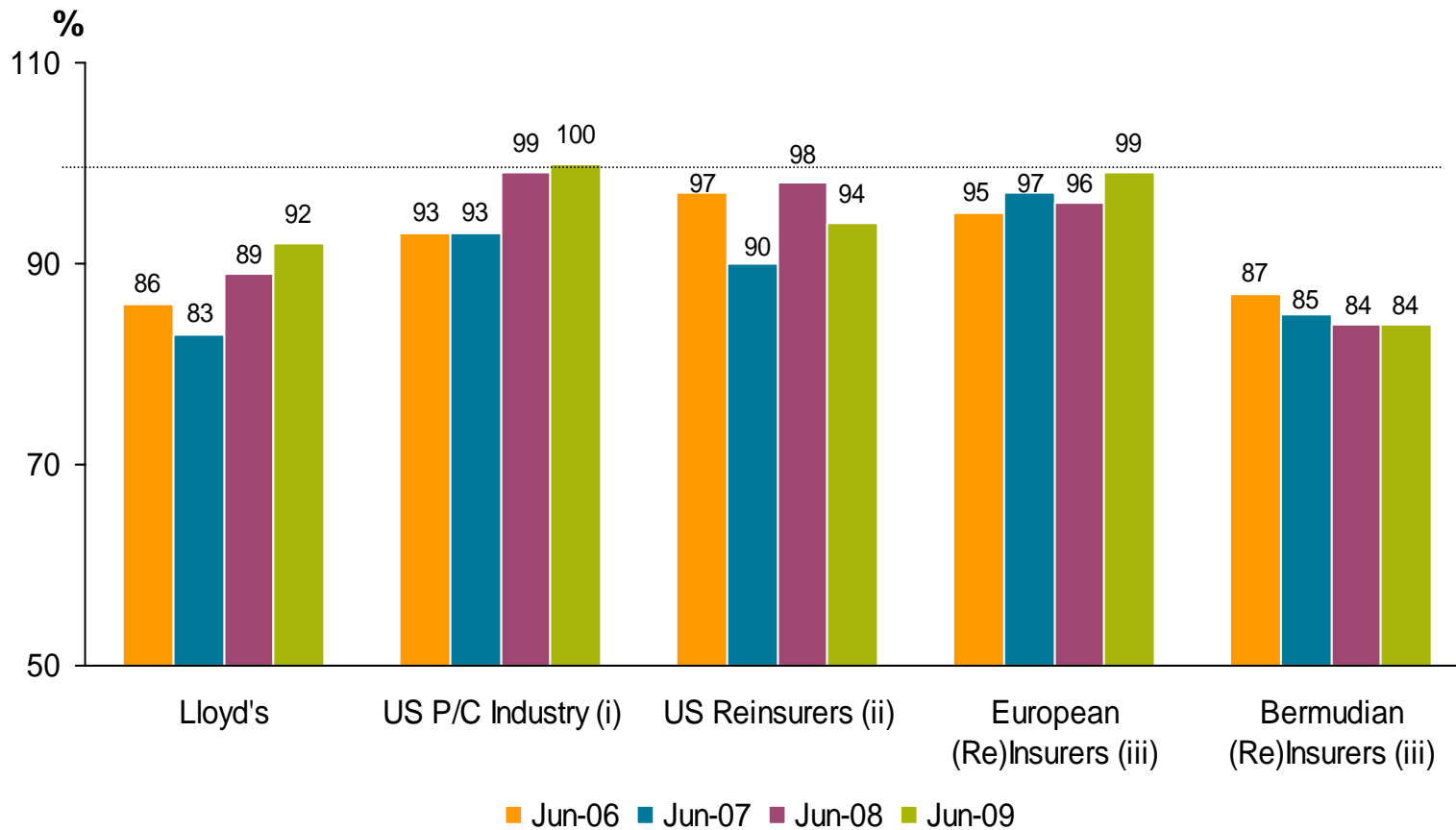
Solid half year results

	6 months to June 2009	6 months to June 2008	12 months to Dec 2008
Gross written premiums	£13,462m	£9,983m	£17,985m
Combined ratio	91.6%	89.0%	91.3%
Investment return	£708m	£346m	£957m
Profit before tax	£1,322m	£949m	£1,899m
Return on capital (annualised)	17.5%	14.7%	13.7%

Source: Lloyd's pro forma financial statements, June 2009

Performance continues to compare well against our peers

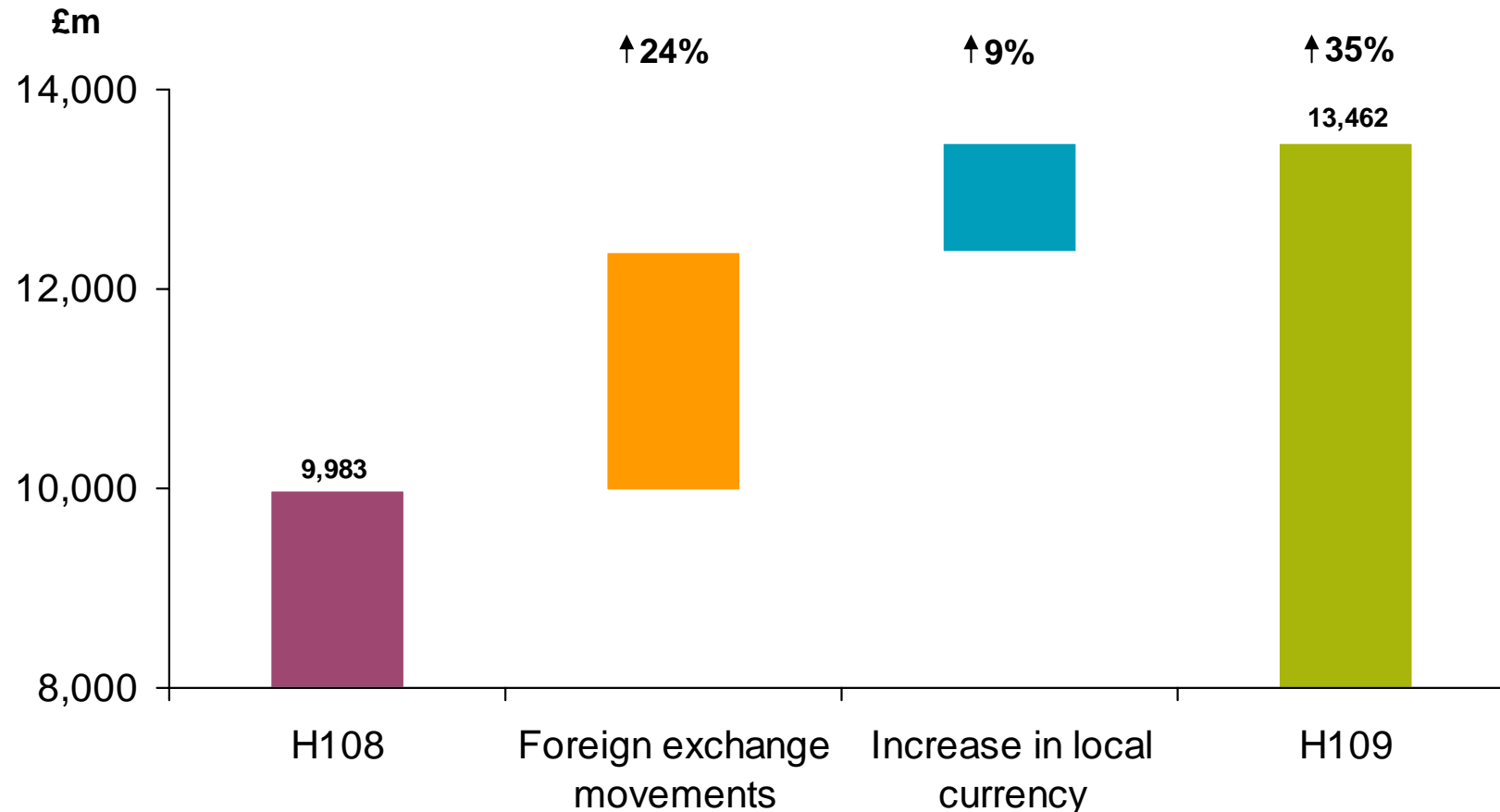
Combined ratio



Sources: i) Insurance Information Institute estimate, ii) Reinsurance Association of America, iii) Company data (8 European companies; 18 Bermudian companies)

FINANCIAL RESULTS

Premium increase driven by currency movements and partly by new business



Note: Attribution to foreign exchange movements and increase in local currency stated on a compound basis

Source: Lloyd's

Underwriting discipline and recovery in investment confidence delivers increase in profits

£m	6 months to June 2009	6 months to June 2008	% change	% change in local currency
Gross written premiums	13,462	9,983	35	9
Net earned premiums	8,086	6,362	27	4
Net incurred claims	(4,461)	(3,407)	31	7
Net operating expenses ¹	(2,947)	(2,256)	31	7
Underwriting result	678	699	(3)	-
Investment return ¹	708	346	105	68
Other income/expenses ²	(64)	(96)	(33)	-
Profit before tax	1,322	949	39	-
Combined ratio	91.6%	89.0%		

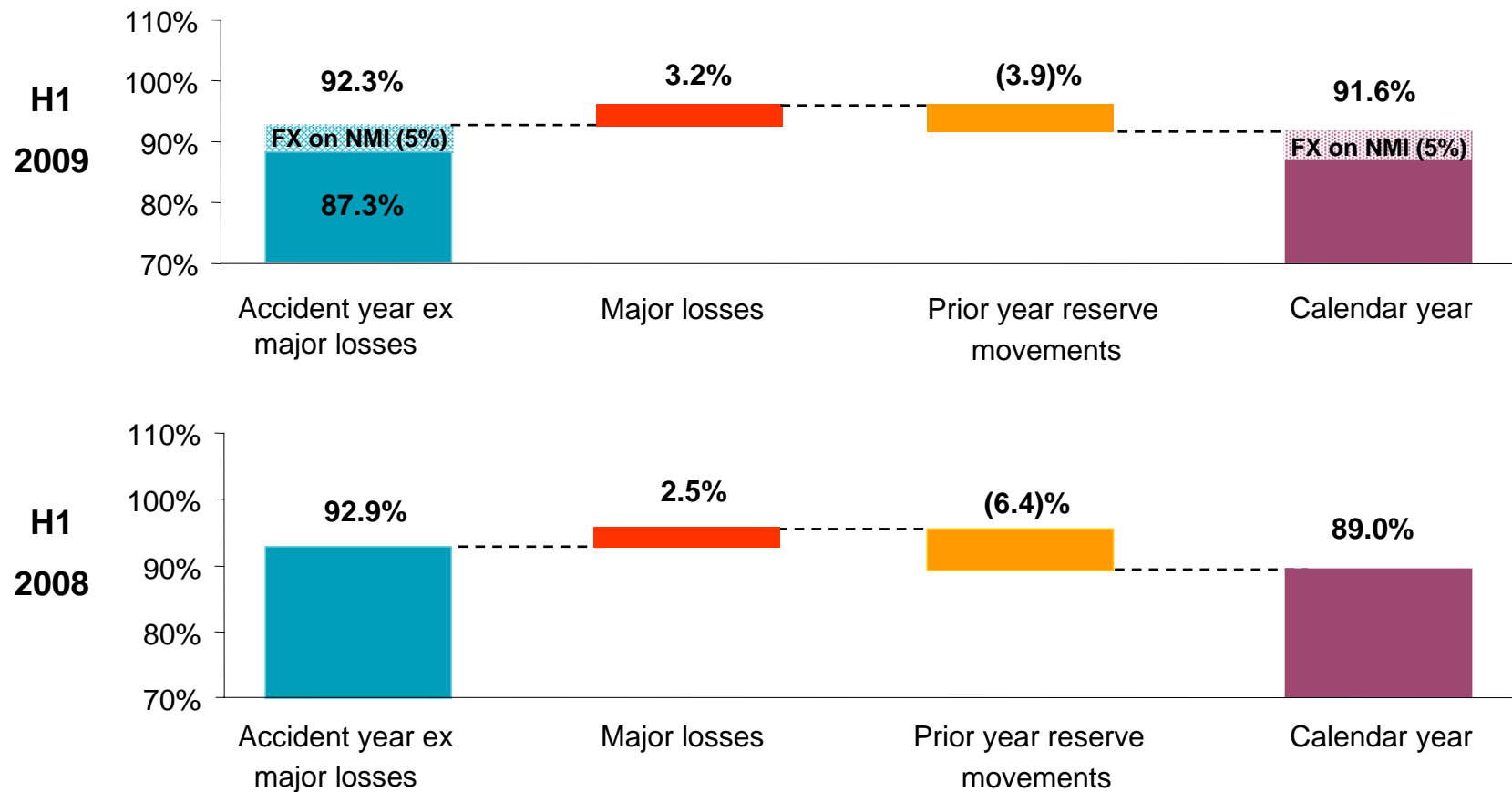
Source: Lloyd's pro forma financial statements, June 2009

1) Technical account 2) Non-technical account

UNDERWRITING PERFORMANCE

Few natural catastrophes and continued prior year releases

Combined Ratios



Source: Lloyd's pro forma financial statements, June 2009

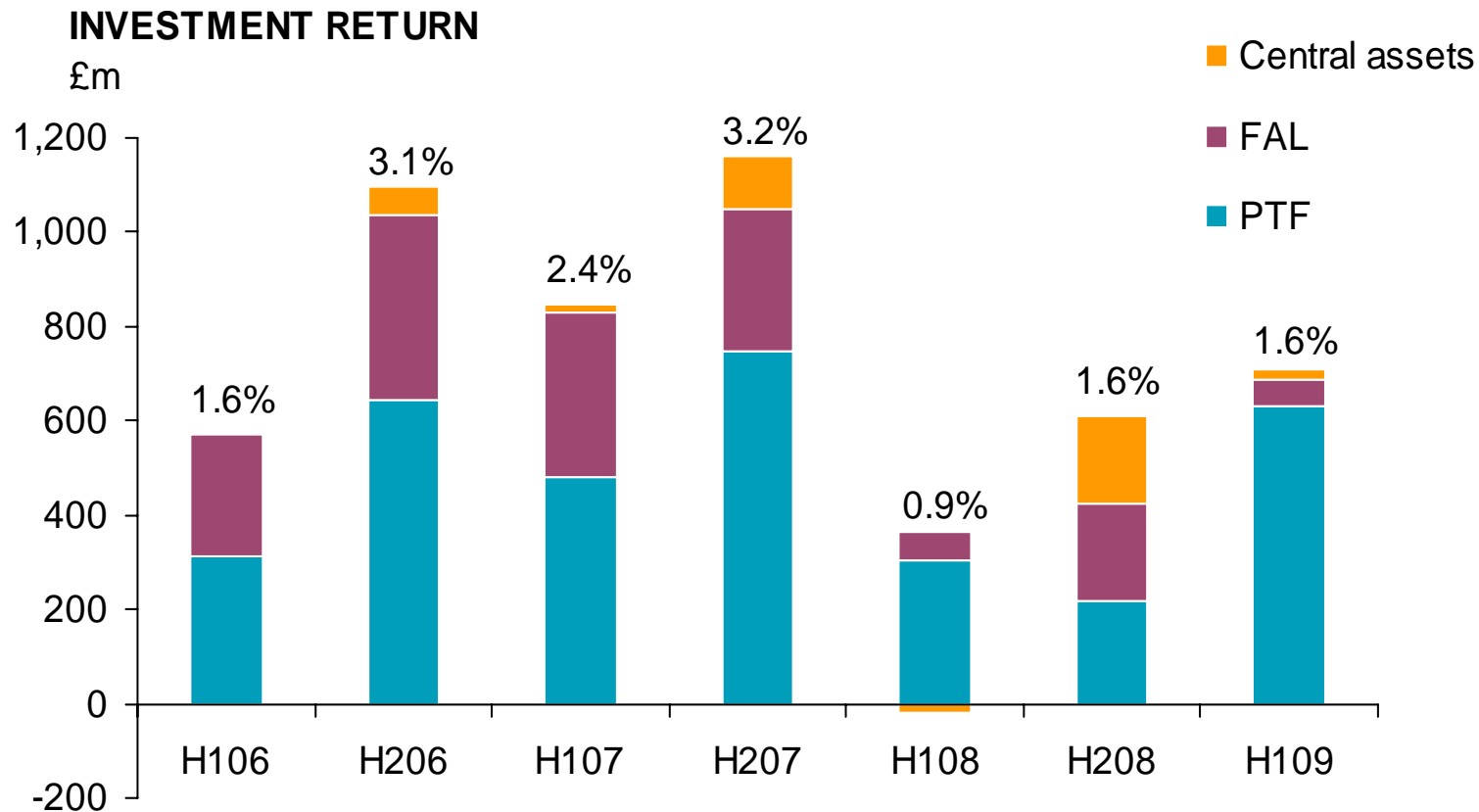
Operating expenses move in line with premiums

£m	6 months to June 2009	6 months to June 2008	% change	12 months to Dec 2008
Net earned premiums	8,086	6,362	27	13,796
Acquisition costs	2,137	1,715	25	3,720
Admin expenses excluding PC	389	378	3	908
Managing agent profit commission	109	199	(45)	359
Sub total	2,635	2,292	15	4,987
Loss / (gains) on exchange	312	(36)	-	(853)
Net operating expenses	2,947	2,256	31	4,134

Source: Lloyd's pro forma financial statements, June 2009

INVESTMENT PERFORMANCE

Positive investment return under challenging financial market conditions

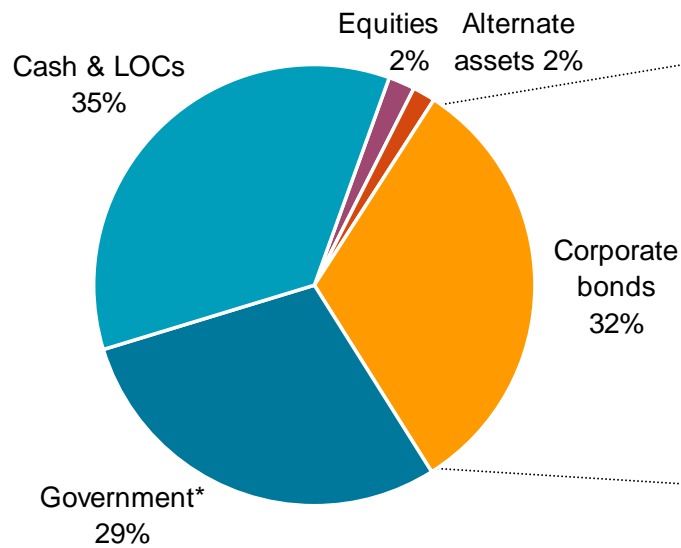


Note: FAL - Member's Funds at Lloyd's; PTF - Syndicate Premium Trust Funds

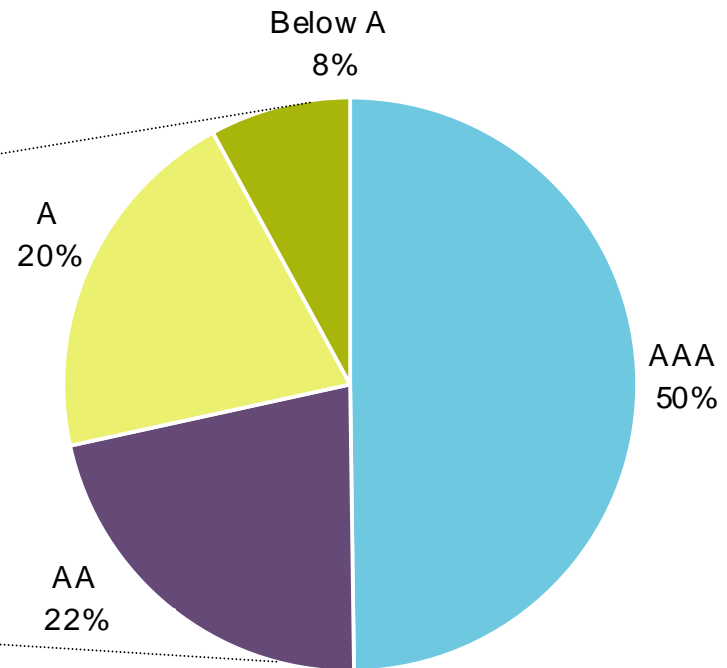
Source: Lloyd's pro forma financial statements

Over 90% of investments remain in government securities, cash and high quality corporate bonds

LLOYD'S MARKET INVESTED ASSETS



CORPORATE BONDS

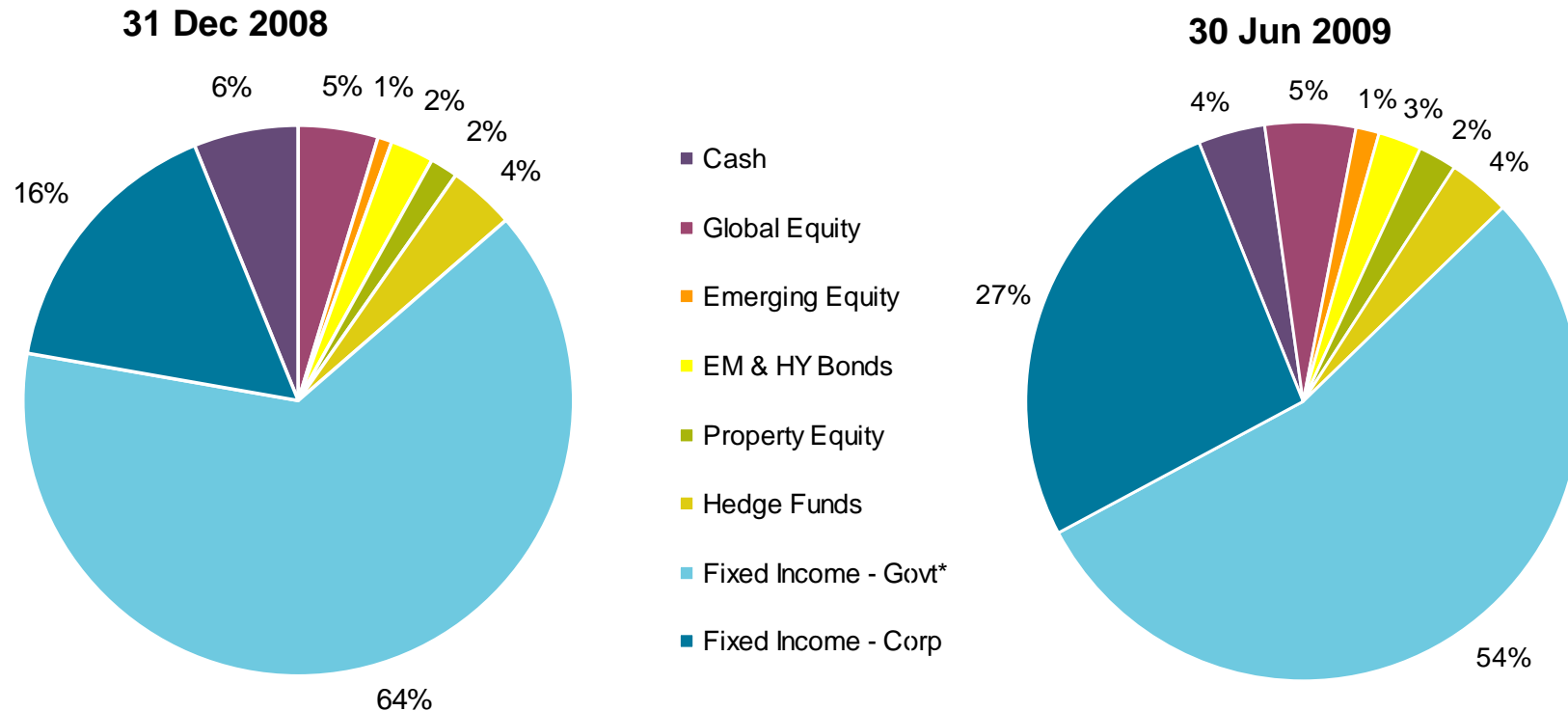


* Includes supra nationals and government agencies
Source: Lloyd's pro forma financial statements, June 2009

Selective addition of high quality corporate bonds within the Central Fund

CENTRAL FUND DISPOSITION

Bond portfolios
over 80% of CF



* Includes supra nationals and government agencies

Source: Lloyd's pro forma financial Statements

BALANCE SHEET

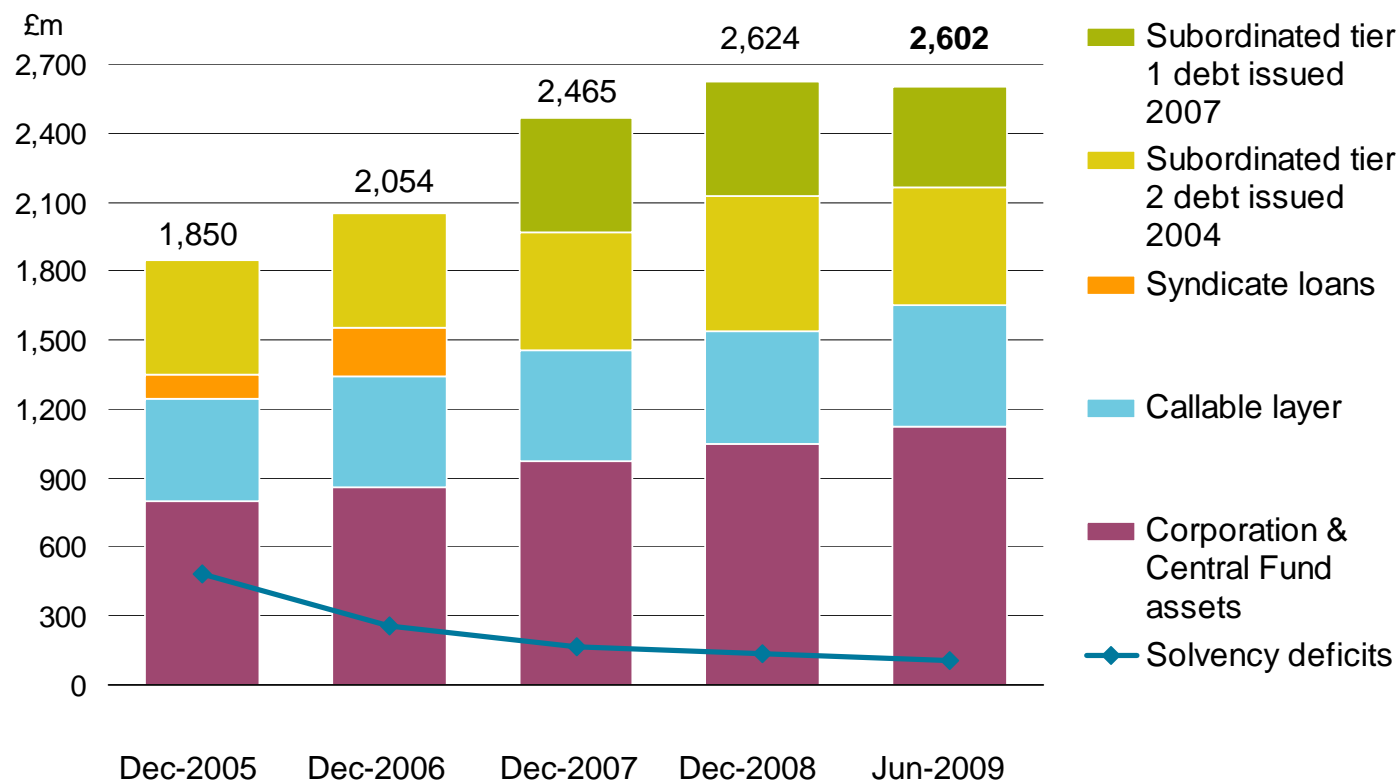
Net resources continue to increase...

£m	June 2009	June 2008	% change	Dec 2008
Cash and investments	43,766	36,112	21	44,370
Reinsurers' share of technical provisions	11,378	9,317	22	11,671
Other assets	13,352	10,747	24	11,291
Total assets	68,496	56,176	22	67,332
Unearned premiums	(11,767)	(9,316)	26	(9,043)
Other liabilities	(39,780)	(33,489)	19	(43,025)
Net resources	16,949	13,371	27	15,264
Represented by:				
Members' assets ¹	14,941	11,435	31	13,192
Central assets ²	2,008	1,936	4	2,072
	16,949	13,371	27	15,264

1. Includes syndicate balances and funds at Lloyd's 2. Stated on a UK GAAP basis; excludes subordinated debt liability

Source: Lloyd's pro forma financial statements, June 2009

... resulting in a solvency surplus of £2.5bn



- 1) Callable layer calculated at 3% of market capacity
- 2) Solvency deficits are the aggregate shortfall in members assets against liabilities (£105m)
- 3) Corporation & Central Fund assets for solvency purposes

Source: Society of Lloyd's financial statements

SUMMARY

From a position of strength we are well placed to take advantage of new opportunities

- *'... Lloyd's continues to attract international investment...drawn by its capital efficient structure and global licenses'* **AM Best - July 2009**
- *'Lloyd's has a strong global franchise...and is a leading market for specialist risks...'* **Fitch - July 2009**
- *'Lloyd's competitive position is strong, supported by...its unique brand, attraction as the world's largest subscription market... and policyholder loyalty.'*
- *'In our view, the impressive level of resilience that Lloyd's has demonstrated to the events of the past 12 months further reinforces its attractiveness as an operating platform.'* **S&P - August 2009**

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