LLOYD'S

Half Year Report

Six months ended
30 June 2025

Contents

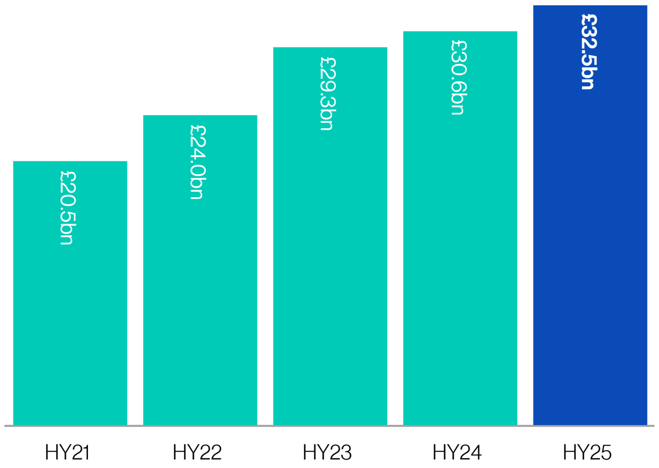
Lloyd's is the world's leading insurance and reinsurance marketplace. We're sharing risk to create a braver world – protecting what matters most, building resilience and helping people and businesses recover in times of need.

Performance at a glance

Financial key performance indicators

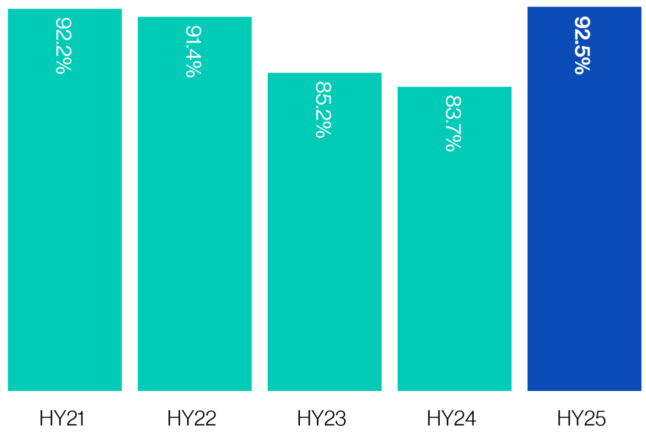
Gross written premium

£32.5bn



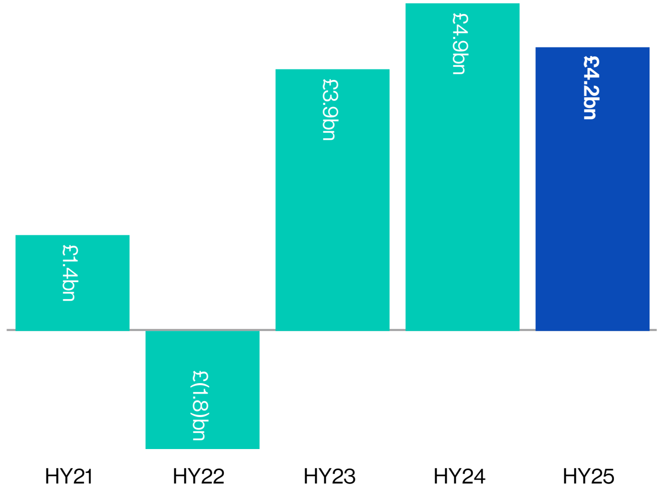
Combined ratio

92.5%



Result before tax

£4.2bn



Underwriting result

£1.5bn

(HY 2024: £3.1bn)

Expense ratio

35.8%

(HY 2024: 34.5%)

Investment return

£3.2bn

(HY 2024: £2.1bn)

Underlying combined ratio

82.1%

(HY 2024: 80.6%)

Return on capital

20.7%

(FY 2024: 21.0%)

Total capital, reserves and subordinated loan notes

£43.8bn

(FY 2024: £47.1bn)

Market-wide solvency coverage ratio

206%

(FY 2024: 205%)

Central solvency coverage ratio

468%

(FY 2024: 435%)

Financial strength ratings

AM Best

A+

(Superior)
Stable outlook

KBRA

AA-

(Very strong)
Stable outlook

Fitch Ratings

AA-

(Very strong)
Stable outlook

S&P Global

AA-

(Very strong)
Stable outlook

The metrics above include alternative performance measures (APMs). See page 21 for definitions.

Chief Executive Officer's statement

"Our industry is no stranger to turbulence, be it natural, man-made, economic or political. Insurance helps people, businesses and governments move forward despite the risks they face by sharing the burden and reducing the jeopardy."

Our industry is no stranger to turbulence, be it natural, man-made, economic or political. Insurance helps people, businesses and governments move forward despite the risks they face by sharing the burden and reducing the jeopardy.

As we approach the second quarter of the 21st century, the headline threats are familiar: extreme weather events, large-scale disasters, economic shocks and geopolitical instability. What's changing is the tempo – driven by new dynamics including climate change risk, the advent of AI, increasing social unrest and outsized liability awards, or 'nuclear verdicts'.

Add to that a web of interconnected risks – cyber, supply chains, capital flows – and crises no longer ripple; they ricochet. Losses don't sting; they hurt. Insurers must prepare for chain reactions, not just isolated events.

But risk and opportunity are two sides of the same coin. Greater volatility should drive demand for insurance. The push for economic growth should increase risk sharing, which has a catalytic effect on economic activity.

And yet, insurance penetration is still too low. Product innovation isn't keeping pace with the proliferation of risk. We must continue to make the case for the value insurance brings to the economy by innovating and distributing to those who would benefit most from the reduction in uncertainty insurance provides.

That's why the role played by the Lloyd's market matters more than ever. Lloyd's is a marketplace that utilises the wisdom of crowds to price risk and share exposure. Our global network of people and licences allows syndicates to deliver coverage quickly, wherever it's needed. Our balance sheet absorbs more risk per pound sterling of capital than any other financial institution.

And it's underpinned by dedicated Corporation staff working relentlessly to help the market deliver.

None of this works without trust. The sustainable risk-adjusted performance through the economic cycle is ultimately how the Lloyd's market earns and retains that trust.

Combined syndicate performance

Over the first six months of the year, the Lloyd's market delivered solid results in more normal major loss conditions:

- Gross written premium of £32.5bn grew at 6.2% in line with expectations
- Pricing softened by (3.5)% on a risk-adjusted basis
- Underlying combined ratio of 82.1% was consistent with prior periods but will need to improve if the volatility of the portfolio continues to tick up
- Major losses returned to long term trends, adding 10.4% to the combined ratio
- Reported combined ratio is solid at 92.5%
- Investment return of £3.2bn (or 3.1%) was achieved through a conservative portfolio, providing stability amid turbulent economic conditions
- The market produced a creditable £4.2bn of profit for the half year

Claims paid by the market totalled £14bn driven by the California wildfires and aviation settlements related to the conflict in Ukraine, while cash returned to members was £4bn as previous profitable years closed. These two figures well illustrate the dual purpose of the market.

The Lloyd's balance sheet remains very strong. Capitalisation is healthy. As a result, Lloyd's is well positioned to absorb volatility and support growth.

That said, premiums in certain lines are falling at a concerning rate. In a market with elevated risk, reinvestment of profits and top-line targets are having a softening effect in certain wholesale-dominated sectors of the market.

The quality of underwriting decisions, especially among the market's top-performing syndicates, has been maintained. But the quality of earnings must also be maintained. At Lloyd's, underwriting discipline and vigilance are fundamentals to ensure sustainable returns; this is at the centre of our principles-based oversight regime.

Chief Executive Officer's statement

continued

Operational resilience and transformation

To grasp the opportunity presented by the prevailing risk environment, Lloyd's can take nothing for granted. Trust, efficiency, operational reliability, focus on core issues, and the ability to attract the best and broadest array of talent are features we must continue to improve – and, in some cases, radically.

In June, I made it clear that Blueprint Two, the re-platforming of the market to a resilient, cloud-based operational infrastructure, is a top priority. This work continues to be mission critical and I reiterate Lloyd's commitment to this essential improvement.

Years of hard work by many talented and dedicated individuals have brought us closer to success than ever before. But progress in this type of project is rarely straightforward. The market systems handle thousands of messages a day, resulting in gross cash settlements of nearly a quarter of a trillion pounds annually. Therefore, it is imperative we take the care required for such a complex transformation to maintain the operational resilience of the market.

In taking responsibility for the Lloyd's market, I required a clear picture of the status of Blueprint Two. I commissioned an in-depth, independent, expert-led analysis of the existing estate to get an objective view of the progress of the transformation projects. Because binding commitments require hard facts and a solid understanding.

I am grateful to DXC and Velonetic for the spirit and urgency of their engagement, and to the International Underwriting Association and the Lloyd's Market Association (LMA) for their trust, counsel and support. In partnership, we are establishing a framework to work through the issues and agree what the project will deliver and when.

As chief executive I said 'openness' would be a watchword of my tenure. In that spirit I want to share the key findings of this review.

As such, I need to reset expectations around the milestones of market testing, dress rehearsals and safe cutover.

- Market testing will not commence before 2026.
- When it does commence, due to earlier design choices, extensive testing is vital in order to verify that the re-platforming will deliver to the market's needs. That process takes time and should not be rushed.
- As required, dress rehearsals and parallel runs will be conducted to provide assurance to the market before cutover. Again, this process needs time.
- As a result, we do not expect the re-platforming element of Blueprint Two to be completed before 2028.
- For this reason, we are committing to keeping heritage systems operationally resilient until at least 2030, so the market can be assured of long term stability.

There will be cost implications of this more realistic timeline. We have not yet completed the full assessment of what these may be and I'm therefore not able to share them with the market today. However, my expectation is that it will not require any further market levies or capital raises. This will be confirmed once the full assessment has been completed. I have committed to keep the Council and the LMA board updated quarterly on all aspects of this programme including past and future costs.

Completion will not automatically yield material savings to the existing cost base, as has been floated previously. But market participants will have more scope to compete on differing operating models.

I recognise that this update will come as a disappointment to many. I am fully aware that the market has waited too long for the delivery of this project. I acknowledge the challenges this has posed for firms seeking to plan their own technology initiatives with confidence.

The market asked me for transparency. Today I'm delivering that transparency on operational resilience.

However, we must be clear-eyed about the remaining challenges. A shared, open and honest view of the issues we face will allow us to collaborate and resolve them. I hope greater transparency on the Corporation's part will at least alleviate the current uncertainty.

I am very grateful to our partners in this project who have worked with us at pace over the past 100 days. We need to continue to keep up the pressure and intensity in the coming weeks to finalise our agreements on governance frameworks and contractual terms.

Lloyd's role as a shareholder in Velonetic is to ensure that the programme is governed and overseen appropriately, representing the views of the market. The responsibility for regulatory and reputational risk now sits with me. It is a responsibility I and the executive team take very seriously. We will work tirelessly in partnership with the other shareholders and the LMA to deliver for the market.

The work to earn your trust begins today by being open and by avoiding making promises I cannot keep. This does not mean more communication and information. I'm not going to give a running commentary. I will provide concrete updates when I have new and credible information to share. I hope the next update will be a positive one, but I assure you it will be a substantive one.

At this point I must, therefore, ask not only for your continued patience but also for your support in getting this project over the line.

> **"This work continues to be mission critical and I reiterate Lloyd's commitment to this essential improvement."**

Chief Executive Officer's statement

continued

Vision and strategy

Our Chair has set a clear vision for Lloyd's to be the preeminent global market for risk. We are working to provide the Council and the market with a strategy that can deliver this vision.

I want to thank all those who have taken part in what has been an extensive stakeholder engagement process thus far. It has been an invaluable exercise listening to your insights. My team and I will take time to absorb the findings before presenting final options to the Council and launching our refreshed strategy in March 2026.

I don't want to pre-empt that process. However, some of the broad outlines of how we can improve Lloyd's are already becoming clear.

When finalised, our strategy will be for the market. The Corporation will not dictate the direction of travel. We will help market participants get to where they want to go prudently but as efficiently as possible.

The overwhelming message from all those we have heard from so far is that the Corporation's focus must be on facilitating sustainable and attractive returns on capital through the economic cycle.

I will deprioritise or end those activities which are not serving that purpose. The 'shadow costs' of Lloyd's, which can result in higher cost or greater bureaucracy for market participants, must be reduced.

This can only be achieved by focusing on areas of advantage and ensuring oversight is principles-based and not unnecessarily overbearing.

This will result in a relentless and comprehensive focus on cutting the cost and complexity of operating at Lloyd's. We will compete on quality of service and strategic offering. And, over time, the only difference between the cost of doing business inside and outside Lloyd's should be the 1% charge for access.

We will only invest where we hold, or can build, a clear and demonstrable advantage. We will strive to increase the attraction and relevance of the Lloyd's market by better tailoring propositions to specific stakeholder groups.

We will not pursue top-line growth. The size of the market will be an outcome, not a target.

We will look to extol the advantages of wholesale and new markets over the longer term. We will seek to expand the multiplying effect of our network to developed and developing markets alike. From geographies where we already have a strong presence, such as North America, the United Kingdom and Asia-Pacific, through under penetrated markets such as Europe and into expanding markets such as the Middle East.

Lastly, we must remain apolitical. Our neutrality is part of our value. In a world of strained trade relations, Lloyd's licence network can be a safe harbour.

> **"Our strategy will be for the market. The Corporation will not dictate the direction of travel. We will help market participants get to where they want to go prudently but as efficiently as possible."**

Innovation and capital

In the past six months, Lloyd's has, as ever, been working hard to foster innovation, broaden our talent base and attract new sources of capital to strengthen the market.

Lloyd's Lab continues to be a powerful engine of innovation for the market. This year, the Lab was named the UK's leading finance start-up hub by the Financial Times and won Best Accelerator of the Year at the London Fintech Awards.

Investor appetite for innovative reinsurance structures remains strong, with £2.2bn of new capital coming through London Bridge 2 supporting new sidecar-style syndicates and reinsurance start-ups at scale such as Oak Re.

Our strategy to attract leading global insurers is also bearing fruit. Inwards interest in our market – both organic and M&A – is exciting. Convex began underwriting at Lloyd's in the first half of the year, while Atradius, Coface and Santam all received approval in principle to establish syndicates, broadening the market's reach into trade credit and African insurance.

All of these initiatives, and many more in the works, provide good illustrations of how Lloyd's is committed to making progress at pace for the benefit of the market and the global economy.

These outcomes, supplemented by our emerging strategy, are how Lloyd's will pursue our vision to be the preeminent market for risk in the world.

This is a solid set of half year results and the market is at a very exciting juncture. Lloyd's is ready to meet the challenges ahead. My thanks to everyone across the market and to my colleagues in the Corporation for their contribution.

Patrick Tiernan
Chief Executive Officer

Market interim financial review

Market results

The Lloyd's market delivered a strong financial performance in the first half of 2025, reporting an underwriting profit of £1,505m (HY 2024: £3,067m) and a combined ratio of 92.5% (HY 2024: 83.7%). The period was marked by severe wildfires in California, Ukraine settlements and economic turbulence. Investment performance continued to deliver good returns with net investment income of £3,168m (HY 2024: £2,142m), supported by fair value gains, the reversal of prior valuation losses and higher reinvestment yields. After accounting for foreign exchange losses of £(227)m (HY 2024: £(73)m) and other net expenses of £(197)m (HY 2024: £(220)m), the market reported an overall profit before tax of £4,249m (HY 2024: £4,916m). This performance reflects the market's ability to absorb higher major losses and economic volatility, and build resilience as external pressures continue to shape the landscape.

Underwriting result

Gross written premium increased by 6.2% to £32,470m (HY 2024: £30,581m) for the six months ended 30 June 2025, driven by growth from new (4.4%) and existing (7.5%) syndicates of 11.9%, partially offset by adverse foreign exchange movements of (2.2)% as sterling strengthened against the US dollar. Despite this growth, the market continues to navigate a challenging pricing environment, with a price change of (3.5)%, most notably in Property, where competitive pressures in the US open market D&F segment have intensified following the re-engagement of domestic carriers, though rates in this segment remain adequate. The Reinsurance segment saw the largest growth, driven by significant market hardening as well as several new entrants focused on reinsurance business. Property reinsurance, which is the largest component, is showing signs of increased competition though business remains well priced, with post-2023 programme structures being maintained, continuing to protect the portfolio from attritional loss experience.

The underwriting profit decreased to £1,505m (HY 2024: £3,067m), resulting in a combined ratio of 92.5% (HY 2024: 83.7%). The result reflects a return to more normal major claims activity, which contributed 10.4% to the combined ratio (HY 2024: 3.1%), driven primarily by the impact of the California wildfires with a reported net loss of £1.7bn in the first half of 2025. Excluding major claims, the market reported an underlying combined ratio of 82.1% (HY 2024: 80.6%) and an attritional loss ratio of 48.3% (HY 2024: 49.2%). Prior year reserve releases benefited the combined ratio by (2.0)% (HY 2024: (3.1)%). Property classes benefited from reserve releases linked to improvements in catastrophe events, including Hurricanes Helene and Milton in 2024; however, this was partially offset by deterioration in Aviation reserves following updated Ukraine loss estimates driven by recent settlements and court judgements. The expense ratio increased to 35.8% (HY 2024: 34.5%), driven by higher gross commissions and increased staff costs.

Investment review

The market reported a net investment return of £3,168m or 3.1% for the first six months of 2025 (HY 2024: £2,142m, 2.1%), which largely comprised investment income of £1,307m (HY 2024: £1,139m) and realised gains of £246m (HY 2024: £188m), reflecting the portfolio's strong underlying performance. Unrealised gains of £724m (HY 2024: £105m loss) also contributed, driven by growth assets which are now trading at or near all-time highs following early-year market corrections. Notional investment return on members' funds at Lloyd's of £947m (HY 2024: £972m) remained stable. This return composition highlights the resilience of the portfolio, which is predominantly held in high-quality government and corporate bonds, positioning it prudently amid ongoing macroeconomic volatility, with the majority of gains being realised or income-based rather than mark-to-market revaluations.

The first half of the year was characterised by heightened geopolitical uncertainty, which contributed to volatility across asset classes. The US Central Bank maintained interest rates amid concerns over the inflationary impact of trade tariffs, while the ECB and Bank of England continued their rate-cutting cycles. Fiscal policy developments – including the US's unresolved deficit, increased defence spending in Germany and limited fiscal headroom in the UK – led to a broad steepening in yield curves. Growth assets experienced an initial correction, with the S&P 500 falling approximately 20%, but subsequently rebounded and are now trading at or near all-time highs across multiple indices.

Balance sheet

The Lloyd's market continues to be very strongly capitalised with total capital, reserves and subordinated loan notes of £43,765m at 30 June 2025 (FY 2024: £47,149m). Underlying capital generation in the first half of the year was offset by the return of capital to members, reflecting the strong performance of the closing underwriting year of account.

The Lloyd's central and market-wide solvency ratios have both strengthened since 31 December 2024. The central solvency ratio increased to 468% (FY 2024: 435%), while the market-wide solvency ratio rose marginally to 206% (FY 2024: 205%). These improvements were primarily driven by a reduction in the solvency capital requirement, largely attributable to the strengthening of sterling against the US dollar during the period. The market-wide solvency ratio increase was partially offset by the release of surplus capital to members. The first tranche of the 2020 syndicate loans was repaid on 26 June 2025 and the second tranche is approaching the fifth anniversary of commencement being 6 November 2025. The outstanding syndicate loans currently account for approximately 17pp of the central solvency ratio.

Lloyd's financial strength continues to be recognised by leading rating agencies, with current ratings of A+ (AM Best) and AA- (Fitch, KBRA and S&P Global), underpinned by its robust capitalisation, diversified capital structure, strong operating performance, global licence network and the protection afforded by the Chain of Security.

Statement of Council's Responsibilities

Statement of Council's responsibilities in respect of the Interim Pro Forma Financial Statements

The Interim Pro Forma Financial Statements (interim PFFS or financial statements) are prepared so that the financial results of the Society of Lloyd's (the Society) and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

The Council of Lloyd's is responsible for the preparation and approval of the interim PFFS in accordance with the basis of preparation set out in note 2.

The maintenance and integrity of the Lloyd's website is the responsibility of the Council of Lloyd's; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation of financial statements may differ from legislation in other jurisdictions.

Interim Pro Forma Financial Statements

The interim PFFS present the financial results of the Society and its members. Lloyd's is not an insurance company. It is a Society of members, both corporate and individual, which underwrite insurance via syndicates. These syndicates can comprise one single corporate member or any number of corporate and individual members, underwriting severally for their own account.

The interim PFFS have been prepared by aggregating financial information reported in interim syndicate accounts, members' funds at Lloyd's (FAL), the Society of Lloyd's and any central adjustments (see note 2).

Pro Forma Profit and Loss Account and Statement of Comprehensive Income

(For the six months ended 30 June 2025)

Profit and Loss Account	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m
Technical account			
Gross written premiums	8	**32,470**	30,581
Outward reinsurance premiums		**(9,032)**	(8,377)
Net written premiums		**23,438**	22,204
Change in gross provision for unearned premiums		**(6,362)**	(6,037)
Change in provision for unearned premiums, reinsurers' share		**2,898**	2,699
Change in net provision for unearned premiums		**(3,464)**	(3,338)
Earned premiums, net of reinsurance		**19,974**	18,866
Allocated investment return transferred from the non-technical account	8	**1,939**	959
Gross claims paid		**(14,088)**	(10,707)
Claims paid, reinsurers' share		**4,361**	3,305
Net claims paid		**(9,727)**	(7,402)
Change in provision for gross claims		**(1,337)**	(2,158)
Change in provision for claims, reinsurers' share		**(258)**	278
Change in net provision for claims		**(1,595)**	(1,880)
Claims incurred, net of reinsurance		**(11,322)**	(9,282)
Net operating expenses	9	**(7,147)**	(6,517)
Balance on the technical account for general business		**3,444**	4,026

Profit and Loss Account	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m
Non-technical account			
Balance on the technical account for general business		**3,444**	4,026
Investment return on syndicate assets		**2,059**	1,021
Notional investment return on members' funds at Lloyd's	5	**947**	972
Investment return on Society assets		**162**	149
Total investment return		**3,168**	2,142
Allocated investment return transferred to the technical account		**(1,939)**	(959)
Loss on foreign exchange		**(227)**	(73)
Other income		**69**	36
Other expenses		**(266)**	(256)
Result for the financial period before tax	7	**4,249**	4,916

Statement of Comprehensive Income	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m
Result for the financial period before tax	7	**4,249**	4,916
Currency translation differences		**(876)**	(23)
Other comprehensive gains		**14**	4
Other comprehensive expense		**(11)**	–
Remeasurement (loss)/gain on pension assets and liabilities in the Society accounts		**(6)**	12
Total comprehensive income for the financial period		**3,370**	4,909

All operations relate to continuing activities.

Pro Forma Balance Sheet

(As at 30 June 2025)

	Note	30 June 2025 £m	31 December 2024 (Restated) £m
Financial investments	10	87,476	93,162
Deposits with ceding undertakings		182	252
Provision for unearned premiums		7,980	5,570
Claims outstanding		25,633	27,628
Reinsurers' share of technical provisions		33,613	33,198
Debtors arising out of direct insurance operations		18,821	17,149
Debtors arising out of reinsurance operations		12,142	9,314
Other debtors		1,401	1,319
Debtors		32,364	27,782
Tangible assets		33	33
Cash at bank and in hand	11	11,405	12,039
Other		2,908	2,829
Other assets		14,346	14,901
Accrued interest and rent		298	300
Deferred acquisition costs		7,163	6,476
Other prepayments and accrued income		456	446
Prepayments and accrued income		7,917	7,222
Total assets		175,898	176,517

Comparative values for the year ended 31 December 2024 have been restated - refer to note 3(c) for details of the restatement. In addition, amounts owed to credit institutions have been reclassified from other creditors including taxation to report the balance separately on the balance sheet, including for comparative amounts.

	Note	30 June 2025 £m	31 December 2024 (Restated) £m
Members' funds at Lloyd's	5	30,329	30,500
Members' balances	12	10,536	13,533
Members' assets (held severally)		40,865	44,033
Central reserves (mutual assets)		2,602	2,818
Total capital and reserves	7	43,467	46,851
Subordinated loan notes		298	298
Total capital, reserves and subordinated loan notes		43,765	47,149
Provision for unearned premiums		32,093	27,651
Claims outstanding		81,643	85,395
Technical provisions		113,736	113,046
Deposits received from reinsurers		1,012	1,128
Creditors arising out of direct insurance operations		1,244	1,280
Creditors arising out of reinsurance operations		10,600	9,017
Other creditors including taxation		2,912	2,573
Amounts owed to credit institutions		479	307
Senior debt		303	303
Creditors		15,538	13,480
Accruals and deferred income		1,847	1,714
Total capital, reserves and liabilities		175,898	176,517

The interim pro forma financial statements on pages 9 to 18 were approved by the Council on 3 September 2025 and signed on its behalf by:

Sir Charles Roxburgh
Chair

Patrick Tiernan
Chief Executive Officer

Pro Forma Statement of Cash Flows

(For the six months ended 30 June 2025)

	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 (Restated) £m
Result for the financial period before tax		**4,249**	4,916
Increase in gross technical provisions		**6,654**	7,988
Increase in reinsurers' gross technical provisions		**(2,057)**	(2,944)
Increase in debtors		**(6,535)**	(5,148)
Increase in creditors		**2,511**	2,102
Movement in other assets/liabilities		**(1,109)**	(47)
Investment return		**(3,220)**	(2,065)
Depreciation, amortisation and impairment charge		**12**	8
Tax paid		**(57)**	(44)
Foreign exchange		**749**	119
Other		**20**	273
Net cash flows from operating activities		**1,217**	5,158
Cash flows from investing activities			
Purchase of equity and debt instruments		**(26,466)**	(26,478)
Sale of equity and debt instruments		**28,777**	24,310
Purchase of derivatives		**(107)**	(89)
Sale of derivatives		**126**	93
Investment income received		**1,356**	1,093
Other		**172**	322
Net cash flows from investing activities		**3,858**	(749)

	Note	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 (Restated) £m
Cash flows from financing activities			
Net (distribution of profits)/collection of losses		**(4,186)**	(2,982)
Net capital transferred (out of)/into syndicate premium trust funds		**(954)**	(676)
Interest paid on subordinated and senior loan notes		**(19)**	(19)
Net movement in members' funds at Lloyd's		**(263)**	181
Other		**154**	(36)
Net cash flows from financing activities		**(5,268)**	(3,532)
Net (decrease)/increase in cash and cash equivalents		**(193)**	877
Cash and cash equivalents at the beginning of the period		**14,765**	13,592
Foreign exchange difference on cash and cash equivalents		**(313)**	(54)
Cash and cash equivalents at the end of the period	13	**14,259**	14,415

Comparative values for the period ended 30 June 2024 have been restated - refer to note 3(c) for details of the restatement.

Notes to the Interim Pro Forma Financial Statements

(For the six months ended 30 June 2025)

1. The Interim Pro Forma Financial Statements

The Interim Pro Forma Financial Statements (interim PFFS) are prepared so that the financial results of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with general insurance companies.

2. Basis of preparation

General

The interim PFFS for the six months ended 30 June 2025 have been prepared by aggregating financial information reported in interim syndicate accounts, members' funds at Lloyd's (FAL), the Society of Lloyd's (the 'Society') and any central adjustments.

The interim syndicate accounts have not been audited but have been subject to review by the syndicate auditors. In their reports on the interim syndicate accounts, syndicate auditors are required to state whether they are aware of any material modifications that should be made to the financial information presented in those accounts.

The Interim PFFS, where practicable, have been prepared in compliance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice (UK GAAP)), including Financial Reporting Standard 104 (Interim Financial Reporting), Financial Reporting Standard 102 (FRS 102) and the applicable Accounting Standard on insurance contracts, Financial Reporting Standard 103 (FRS 103).

Application of UK GAAP is not practicable for the following items:

- Use of the aggregation basis to prepare the interim PFFS;
- Notional investment return on members' FAL;
- The statement of changes in equity;
- Taxation; and
- Related party transactions.

The approach taken in preparing the interim PFFS is outlined in a) to e) below.

In preparing the interim PFFS, note disclosures have been included for those areas the Council considers material to enable the interim PFFS to depict a comprehensive view of the financial results and position of the Lloyd's market and to enable comparison with general insurance companies.

The Council has considered the environment in which the Society of Lloyd's and the Lloyd's market participants are operating and any associated risks which could have an impact on the reasonableness of financial information presented in the interim PFFS. Where appropriate, central adjustments have been included to reflect the impact of such risks.

Having assessed the principal risks, the Council considered it appropriate to adopt the going concern basis of accounting in preparing the interim PFFS.

(a) Aggregation

The interim PFFS have not been prepared in accordance with full consolidation principles and do not present a consolidated view of the results of the Lloyd's business taken as a single entity for the reasons detailed further below. However, the interim PFFS may be used as a reasonable presentation of the results and state of affairs of the Lloyd's market on a basis that is broadly comparable with general insurance companies.

The syndicates' financial information included in the interim PFFS has been prepared in accordance with the recognition and measurement requirements of UK accounting standards, by reference to the accounting policies that are deemed most appropriate by the managing agents. Where different accounting policies have been selected by managing agents, no adjustments are made to align the bases of recognition and measurement in the interim PFFS.

The interim syndicate accounts are prepared in multiple currencies. For aggregation purposes, the financial information of each syndicate is translated into Lloyd's presentational currency, pounds sterling, using the Lloyd's rates. Assets and liabilities are translated at the closing rate at the balance sheet date, while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income.

No adjustments are made to eliminate inter-syndicate transactions and balances, except for those relating to inter-syndicate loans, Special Purpose Arrangements (SPA) and reinsurance to close (RITC) arrangements between syndicates where material. Transactions between syndicates and the Society are also eliminated in the interim PFFS. These adjustments are described below.

Inter-syndicate loans

The interim syndicate accounts report debtor and creditor balances for inter-syndicate loans totalling £199m (FY 2024: £223m). These amounts have been eliminated from the amounts reported in the balance sheet to provide a more meaningful presentation of the balance sheet for users of the interim PFFS.

Special Purpose Arrangements (SPAs)

The aggregated interim syndicate accounts include the results and assets of SPAs. Due to the nature of SPAs, the quota share of the host syndicate's business is reported as gross written premium in both the host syndicate and SPA interim syndicate accounts. This leads to an overstatement of the original premium written by the whole Lloyd's market.

Notes to the Interim Pro Forma Financial Statements

continued

2. Basis of preparation continued

To provide users of the interim PFFS with a more meaningful presentation of the market's figures, all the transactions arising from the insurance contracts between the SPA and the host syndicates have been eliminated. The key impact of this elimination is that gross written premium is reduced by £317m (HY 2024: £307m). The elimination does not affect the interim PFFS result or the balance due to members. All other inter-syndicate reinsurance arrangements are included in full, with the exception of RITC transactions as detailed below.

Reinsurance to close arrangements between syndicates

The aggregated interim syndicate accounts include the results of the syndicates, including the arrangements where prior years of account are ceded to other syndicates. Due to the nature of the arrangements, the ceding and accepting syndicates report these as current period transactions impacting gross written premium, net earned premium and net incurred claims. This leads to an overstatement of such balances for the Lloyd's market as a whole. To provide users of the interim PFFS with a more meaningful presentation of the market's figures, RITC arrangements between syndicates for prior years of account are eliminated. There were no material RITC transactions reported in the current or prior period and therefore no adjustments have been required.

Transactions between syndicates and the Society

The following transactions have been eliminated:

- Central Fund contributions, members' subscriptions and other market charges levied by the Society are reported as net operating expenses in the interim syndicate accounts and as income in the Society result.
- Syndicate loans to the Central Fund are reported as assets in the interim syndicate accounts and as equity in the Society financial position. Interest on the loans is reported as investment income in the interim syndicate accounts and as a reduction in equity in the Society financial position.
- Technical insurance-related transactions and balances existing between the syndicates and the subsidiaries of the Society are reported in both the interim syndicate accounts and in the Society result and financial position.
- Loans funding statutory insurance deposits and other deposits received from syndicates are reported as assets within the interim syndicate accounts and as liabilities in the Society financial position.

Central reserve margin (CRM)

Claims reserves reported in the pro forma balance sheet include a CRM of £750m (FY 2024: £500m) in addition to the reserves held by syndicates, to reflect the heightened risk of atypical reserve movement at an aggregate level. The CRM is reviewed biannually and any movement is reflected in the pro forma profit and loss account in that period.

(b) Notional investment return on members' funds at Lloyd's

A notional investment return on FAL has been estimated, which is the equivalent of insurance companies generating investment return on the capital that they hold to support their underwriting. Where Lloyd's is the investment manager for FAL, the actual return achieved has been included. For other assets the notional investment return, net of management fees, is estimated on the average value of FAL during the year, based on yields from indices for each type of asset held. The typical investment return on bank deposits has been applied to FAL, provided as letters of credit or bank guarantees. The actual return achieved on FAL investments will differ from the notional return due to individual stocks held, daily cash flows and transactional charges. Notional investment return on FAL is reported in the non-technical account.

Due to the estimation of the notional investment return, movements in FAL recorded within the financing section of the statement of cash flows is comprised of both cash and non-cash activity.

(c) Statement of changes in equity

Where Lloyd's is not the investment manager for FAL, actual changes are not available and therefore a statement of changes in equity has not been included. However, a statement of changes in members' balances has been included in note 12, which represents the changes in equity of the other components of the interim PFFS.

(d) Taxation

The interim PFFS reports the market's result before tax. Members are responsible for tax payable on their syndicate results and investment income on FAL. For consistency, the results of the Society are also included pre-tax in the interim PFFS profit and loss account.

(e) Related party transactions

Individual syndicates or their members do not disclose details of insurance and/or reinsurance transactions with other (non-related) syndicates or members within the market. Therefore, analysis and/or disclosure of these transactions within the Lloyd's market in the interim PFFS is not possible. The annual syndicate accounts of each syndicate or member provide, where appropriate, the required disclosures on related parties.

Notes to the Interim Pro Forma Financial Statements

continued

2. Basis of preparation continued

Members' funds at Lloyd's

FAL comprise the capital provided by members, which is generally held centrally, to support their underwriting, and are the equivalent of capital shown in insurance companies' accounts. The valuation of FAL has, therefore, been included in the pro forma balance sheet. FAL is available to meet cash calls made on the member in respect of a syndicate liability. The assets in FAL must be readily realisable and may include letters of credit and bank and other guarantees.

The total resources, including FAL, for members writing ongoing insurance must be at least equivalent to the aggregate of the member's Economic Capital Assessment (ECA) requirement and certain liabilities in respect of its underwriting business. Each member's ECA to support its underwriting at Lloyd's is determined using Lloyd's Solvency Capital Requirement to ultimate capital setting methodology.

Society result and financial position

The interim PFFS include the results and capital and reserves of the Society of Lloyd's, comprising the Society and its subsidiaries, the Lloyd's Central Fund and the Society's interest in associates and joint ventures. The Society's results have been prepared under UK GAAP.

3. Notes to the accounting policies

(a) General

The syndicate-level and Society information within the interim PFFS has been prepared in accordance with the recognition and measurement requirements of FRS 102 and FRS 103. These policies are consistent with those adopted in the PFFS in the 2024 Annual Report.

The accounting policies adopted are consistent with those applied to the PFFS as at and for the year ended 31 December 2024 and corresponding interim reporting period.

(b) Members' funds at Lloyd's

FAL is valued in accordance with their market value at the period end, and using period end exchange rates. Investments are stated at fair value at the balance sheet date. For this purpose, listed investments are stated at their bid price market value, and deposits with credit institutions and international deposits are stated at cost.

Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Letters of credit are stated at the amount guaranteed by the issuing credit institution.

As disclosed in the basis of preparation, a notional investment return on FAL is estimated, which is recognised in the non-technical account.

Members that only participate in one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust fund. Where a member takes advantage of this facility, the capital held in the premium trust fund is reported within members' balances and the investment return retained within the non-technical account. These policies are consistent with those adopted in the PFFS in the 2024 Annual Report.

(c) Restatements

Consistency of presentation

During the current reporting period, Lloyd's introduced changes to the syndicate accounts process to rationalise and standardise financial reporting across the market, resulting in a revised presentation of certain items in the financial statements. This change in presentation has been applied retrospectively in accordance with FRS 102.3.14, which requires restatement of comparative information where practicable. The comparative balances in the interim pro forma balance sheet, interim pro forma statement of cash flow and notes 8 and 10 have been restated accordingly.

The restatements are presentational in nature and do not affect previously reported net assets, profit or equity. The financial impact of the restatements on the interim proforma balance sheet and the interim pro forma cash flow statement is summarised below:

Interim pro forma balance sheet as at 31 December 2024	As previously reported £m	Restated amount £m	Change £m
Financial investments	95,851	93,162	(2,689)
Debtors arising out of direct insurance operations	16,824	17,149	325
Debtors arising out of reinsurance operations	9,639	9,314	(325)
Other, Other assets	140	2,829	2,689
Creditors arising out of direct insurance operations	1,232	1,280	48
Creditors arising out of reinsurance operations	9,065	9,017	(48)
Total balance sheet impact			–

Interim pro forma cash flow statement for the six months to 30 June 2024	As previously reported £m	Restated amount £m	Change £m
Purchase of equity and debt instruments	(27,176)	(26,478)	698
Sale of equity and debt instruments	25,189	24,310	(879)
Net (distribution of profits)/collection of losses	(3,209)	(2,982)	227
Net increase in cash and cash equivalents	(5,196)	(5,150)	46

Notes to the Interim Pro Forma Financial Statements

continued

Impact of standards issued but not yet effective

The Financial Reporting Council has issued amendments to FRS 102, effective for accounting periods beginning on or after 1 January 2026. These amendments include significant changes to revenue recognition, lease accounting and other areas of financial reporting. The impact of these changes on the PFFS is currently being assessed and the revised standards will be adopted in accordance with the effective date.

4. Critical accounting judgements and key sources of estimation uncertainty

The interim PFFS aggregate judgements, estimates and assumptions made by managing agents in respect of syndicate balances, and the Council in respect of the Society of Lloyd's and FAL balances. In preparing these condensed interim financial statements, the significant judgements and key sources of estimation uncertainty remain consistent with those applied in the preparation of the PFFS for the year ended 31 December 2024.

5. Members' funds at Lloyd's

The valuation of FAL in the balance sheet totals £30,329m (FY 2024: £30,500m). The notional investment return on FAL included in the non-technical profit and loss account totals £947m (HY 2024: £972m).

6. Society of Lloyd's

As stated in note 2(a), syndicates and the Society separately report the transactions and balances for technical insurance related transactions, members' subscriptions and other charges, Central Fund contributions and interest on syndicate loans within their respective financial records. These are eliminated through a central adjustment (refer to note 7) to arrive at the result which is included in the interim PFFS.

The interim results of the Society are not published in full as there is no longer a regulatory requirement to do so, however the Society's pre-tax result and net assets are disclosed in note 7.

7. Aggregation of results and net assets

A reconciliation between the results, statement of other comprehensive income and net assets reported in the interim syndicate accounts, members' FAL and by the Society is set out below:

Profit and loss account	**Six months ended 30 June 2025 £m**	Six months ended 30 June 2024 £m
Result per interim syndicate accounts	**3,462**	3,668
Result of the Society before tax	**46**	354
Central adjustments	**(206)**	(78)
Notional investment return on members' funds at Lloyd's	**947**	972
Result for the financial period before tax	**4,249**	4,916

Capital and reserves	**30 June 2025 £m**	31 December 2024 £m
Net assets per interim syndicate accounts	**10,542**	13,606
Net assets of the Society	**3,622**	3,706
Central adjustments	**(1,041)**	(977)
Assets attributable to non-controlling interests	**15**	16
Members' funds at Lloyd's	**30,329**	30,500
Total capital and reserves	**43,467**	46,851

Comparatives for 2024 have been reclassified to disaggregate the Society result and net assets from the central adjustment. This change enhances clarity and does not impact total amounts previously reported.

Central adjustments are described in note 2 and include the elimination of transactions between the syndicates and the Society and movements in the central reserve margin. The central reserve margin adjusted in capital and reserves at 30 June 2025 is £750m (FY 2024: £500m), with the movement in the period adjusted through the profit and loss account.

Notes to the Interim Pro Forma Financial Statements

continued

8. Segmental analysis

The interim syndicate accounts disclose a segmental analysis in accordance with the requirements of the Schedule 3 regulations (Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008), alongside additional analysis to facilitate the classification of the Schedule 3 classes in the Lloyd's aggregate classes of business shown below.

Six months ended 30 June 2025	Gross written premiums £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Underwriting result £m
Property	7,024	5,832	(2,240)	(1,921)	(698)	973
Casualty	6,955	6,981	(4,035)	(2,483)	(351)	112
Marine, Energy & Aviation	3,715	3,215	(2,496)	(1,014)	132	(163)
Specialty	1,590	1,291	(395)	(463)	(210)	223
Life	19	19	(10)	(9)	(2)	(2)
Total Direct Insurance	**19,303**	**17,338**	**(9,176)**	**(5,890)**	**(1,129)**	**1,143**
Reinsurance acceptances	13,167	8,770	(6,249)	(2,368)	(179)	(26)
Total from Syndicate Operations	**32,470**	**26,108**	**(15,425)**	**(8,258)**	**(1,308)**	**1,117**
Transactions between syndicates and the Society (notes 2 and 7) and insurance operations of the Society	–	–	–	388	–	388
PFFS premiums and underwriting result	**32,470**	**26,108**	**(15,425)**	**(7,870)**	**(1,308)**	**1,505**
Allocated investment return transferred from the non-technical account						**1,939**
Balance on the technical account for general business						**3,444**

In the current period, the particulars of business required under FRS 103 are presented on a gross basis to align with the requirements of the standard. In prior reporting periods, this disclosure was presented on a net basis. In addition, the lines of business presented have been revised to support more consistent and comparable reporting. Accordingly, the comparative figures for the six months ended 30 June 2024 have been restated. This change in presentation does not impact the underlying financial performance or position of the market.

(Restated) Six months ended 30 June 2024	Gross written premiums £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Underwriting result £m
Property	6,864	5,533	(1,911)	(1,773)	(773)	1,076
Casualty	6,848	6,776	(3,835)	(2,266)	(269)	406
Marine, Energy & Aviation	3,467	3,001	(1,970)	(950)	84	165
Specialty	1,476	1,288	(441)	(419)	(209)	219
Life	21	20	(3)	(10)	(3)	4
Total Direct Insurance	18,676	16,618	(8,160)	(5,418)	(1,170)	1,870
Reinsurance acceptances	11,905	7,926	(4,705)	(2,164)	(213)	844
Total from Syndicate Operations	30,581	24,544	(12,865)	(7,582)	(1,383)	2,714
Transactions between syndicates and the Society (notes 2 and 7) and insurance operations of the Society	–	–	–	353	–	353
PFFS premiums and underwriting result	30,581	24,544	(12,865)	(7,229)	(1,383)	3,067
Allocated investment return transferred from the non-technical account						959
Balance on the technical account for general business						4,026

Notes to the Interim Pro Forma Financial Statements

continued

9. Net operating expenses

The following items have been charged/(credited) in arriving at the balance on the technical account for general business:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m
Acquisition costs	**7,213**	6,795
Change in deferred acquisition costs	**(1,138)**	(1,141)
Administrative expenses	**1,948**	1,722
Reinsurance commissions and profit participation	**(876)**	(859)
Total net operating expenses	**7,147**	6,517

10. Financial investments

	30 June 2025 £m	31 December 2024 (Restated) £m
Shares and other variable yield securities and units in unit trusts	**11,370**	11,667
Debt securities and other fixed income securities	**66,080**	71,616
Participation in investment pools	**4,494**	4,304
Loans and deposits with credit institutions	**4,618**	5,273
Other investments	**914**	302
Total financial investments	**87,476**	93,162

Comparatives for 2024 have been restated as part of the reporting rationalisation undertaken by Lloyd's. As a result, £2,689m has been reclassified from Loans and deposits with credit institutions to other assets. The restatement has no impact on total capital and reserves in the prior period.

In accordance with FRS 104, entities are required to disclose the fair value hierarchy of financial investments under paragraph 16A(j). For the six months ended 30 June 2025, Lloyd's has elected not to include this disclosure within the interim PFFS. This approach is consistent with the reduced disclosure framework permitted under FRS 104, and reflects Lloyd's assessment of materiality and relevance for interim reporting purposes. Full disclosure will be provided in the annual report.

11. Cash at bank and in hand

Cash at bank and in hand of £11,405m (FY 2024: £12,039m) includes letters of credit and bank guarantees held in trust within members' FAL to meet policyholder claims as required, totalling £7,573m at 30 June 2025 (FY 2024: £7,836m).

12. Members' balances

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m
Members' balances brought forward at 1 January	**13,533**	10,266
Total comprehensive income per interim syndicate accounts	**2,575**	3,660
(Distribution of profit)/collection of losses	**(5,049)**	(3,334)
Cash calls	**46**	125
Net movement on funds in syndicate	**(637)**	(676)
Other changes in members' balances	**68**	(80)
Members' balances at 30 June	**10,536**	9,961

As a result of the reporting rationalisation undertaken by Lloyd's, the 2024 comparative members' balance, previously reported for the 12 months ended 31 December, is now reported for the six months ended 30 June 2024. This change has been made to better align with the requirements of FRS 104.20(c). Additionally, certain line items have been aggregated to provide a more concise and streamlined presentation of the financial information. The restatement has no impact on total capital and reserves in the prior period.

Members participate in syndicates by reference to years of account. Members' ultimate results, assets and liabilities are assessed by year of account with reference to policies incepting in that year of account. Members' balances represent the net profit/(loss) to be distributed/(collected) by syndicates to/(from) the members. Where there are profits and members' FAL held in excess of members' capital requirements, they will be distributed in the second quarter of the year following the closure of the year of account.

Members that only participate in one syndicate may hold the capital supporting their underwriting in their syndicate's premium trust funds. These funds are known as funds in syndicate (FIS). Where a member takes advantage of this facility in the year, the movement is reflected in the above table as 'net movement on funds in syndicate'.

Notes to the Interim Pro Forma Financial Statements

continued

13. Note to the statement of cash flows

Cash and cash equivalents comprise the following:

	30 June 2025 £m	31 December 2024 £m
Cash at bank and in hand	**11,405**	12,039
Deposits with credit institutions	**870**	700
Bank overdrafts	**(470)**	(297)
Short term debt instruments presented within other financial investments	**2,454**	2,284
Total cash and cash equivalents	**14,259**	14,726

Comparatives for 2024 have been reclassified as part of the reporting rationalisation undertaken by Lloyd's. As a result, £2,284m has been reclassified from deposits with credit institutions to short term debt instruments, reflecting a more granular presentation. This change in presentation has no impact on total capital and reserves in the prior period.

Independent Limited Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2025 Lloyd's Interim Pro Forma Financial Statements

The Council of Lloyd's engaged us to undertake a limited assurance engagement in respect of the preparation of the Interim Pro Forma Financial Statements ("the interim PFFS") for the six months ended 30 June 2025 as set out on pages 9 to 18 in the Lloyd's Half Year Report 2025. The interim PFFS for the six months ended 30 June 2025 have been prepared by aggregating financial information reported in interim syndicate accounts, members' funds at Lloyd's (FAL), the Society of Lloyd's (the 'Society') and by overlaying central adjustments.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the interim PFFS for the six months ended 30 June 2025 have not been prepared, in all material respects, in accordance with the basis of preparation set out in note 2.

This conclusion is to be read in the context of what we say in the remainder of our report.

Scope of work

The scope of our work was limited to assurance over the interim PFFS, prepared by the Council of Lloyd's, which comprise; the Pro Forma Balance Sheet as at 30 June 2025, the Pro Forma Profit and Loss Account and Statement of Comprehensive Income, the Pro Forma Statement of Cash Flows for the six months then ended and notes to the interim Pro Forma Financial Statements.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Lloyd's Half Year Report 2025 for the six months ended 30 June 2025.

The financial reporting framework that has been applied in the preparation of the interim PFFS is set out in note 2, the 'basis of preparation'.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants (IESBA)'s International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply the International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work performed

We are required to plan and perform our work in order to address the areas where we have identified that a material misstatement is likely to arise in the compilation of the interim PFFS.

Our procedures consisted principally of:

- making enquiries to obtain an understanding of how the Council of Lloyd's has compiled the interim PFFS from the syndicate interim accounts, the financial information of the Society of Lloyd's supporting its condensed consolidated interim financial statements, and Members' Funds at Lloyd's;
- obtaining an understanding of the nature of adjustments made to this information in the preparation of the interim PFFS; and applying review procedures over the compilation of the interim PFFS;
- reviewing key reconciliations over the Members' Funds at Lloyd's portfolio; and
- evaluating the overall presentation of the interim PFFS.

This work is performed in order to provide us with a basis for reporting whether anything has come to our attention that causes us to believe that the interim PFFS are not prepared, in all material respects, in accordance with the basis of preparation set out in note 2. We do not independently assess and do not conclude on the appropriateness of that basis of preparation.

Our work also did not involve assessing the quality of the International Standard on Review Engagements (UK) 2410 (Revised) ('ISRE 2410 (R)') reviews performed by the respective auditors over the syndicate interim accounts.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independent Limited Assurance Report of PricewaterhouseCoopers LLP to the Council of Lloyd's on the preparation of the 2025 Lloyd's Interim Pro Forma Financial Statements

continued

The responsibilities of the Council of Lloyd's and our responsibilities

The Council of Lloyd's is responsible for establishing and determining the suitability of the basis for preparing the interim PFFS and the preparation and approval of the interim PFFS in accordance with that basis of preparation, including the appropriateness of the central adjustments. According to the Statement of Council's Responsibilities and Lloyd's Interim Report, the interim PFFS are prepared so that the financial results of the Society of Lloyd's and its members taken together, and their net assets, can be compared as closely as possible with the interim financial reports of general insurance companies.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the compilation of the interim PFFS is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Council of Lloyd's.

Intended users and purpose

This report, including our conclusion, has been prepared solely for the Council of Lloyd's in accordance with our engagement letter dated 1 September 2025. Our examination has been undertaken so that we might state to the Council of Lloyd's those matters which have come to our attention in accordance with the engagement letter and for no other purpose. We permit this report to be disclosed in the Lloyd's Half Year Report 2025, to assist the Council of Lloyd's in responding to their governance responsibilities by obtaining an independent assurance report in connection with the preparation of the interim PFFS. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Lloyd's for our work or this report, except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants

London

3 September 2025

Alternative performance measures

The following metrics, which are consistently used to analyse financial performance in Lloyd's market results, are considered to be alternative performance measures (APMs). These measures are not defined under UK GAAP and may not be comparable with similarly titled measures presented by other companies.

Metric	Definition	Reason for use
Combined ratio	A measure of the profitability of an insurer's underwriting activity. It is the ratio of net operating expenses plus claims incurred net of reinsurance to earned premiums net of reinsurance.	Used to measure the profitability of the underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Expense ratio	A measure of the level of expenses associated with underwriting activity. It is the ratio of net operating expenses to earned premiums net of reinsurance.	Used to measure the level of expenses associated with underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market expenses to its peers.
Underlying combined ratio	A measure of the profitability of underwriting activity excluding major claims. It is the ratio of net operating expenses plus claims incurred, excluding major claims, to earned premium net of reinsurance.	Used to measure the profitability of the underwriting activity of the Lloyd's market, excluding the impact of major claims.
Underwriting result	A measure of the profitability of an insurer's underwriting activity. It is earned premiums net of reinsurance less net operating expenses and claims incurred net of reinsurance.	Used to measure the profitability of the underwriting activity across the Lloyd's market.
Attritional loss ratio	A measure of residual insurance claims as a percentage of earned premiums net of reinsurance. Attritional insurance claims are calculated as total claims, less major losses and movements in prior year claims reserves.	Used to measure the profitability of general underwriting activity across the Lloyd's market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Prior year release ratio	A measure of assessing prior year movements in claims reserves. It is calculated as a percentage of earned premiums net of reinsurance.	Used to determine the adequacy of reserves across the Lloyd's market and the benefit of reserve margin to be considered within the combined ratio. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Major claims ratio	A measure of significant loss events which have impacted the profitability of underwriting activity. It is calculated as the sum of major claims in the market as a percentage of earned premiums net of reinsurance.	Used to measure the impact of significant loss events against the underwriting performance of the market. It also serves as a comparator of Lloyd's market underwriting profitability to its peers.
Investment return	A measure of performance of an insurer's investing activity. When expressed as a ratio it is calculated as total investment return to the average of opening and closing financial investments and cash at bank and in hand.	Used to measure the performance of the portfolio of investments and cash balances held across the Lloyd's market.
Return on capital	A measure of overall profitability. It is the ratio of the result before tax for the most recent 12-month period to the average of opening and closing total capital and reserves over the same period.	Used to measure the overall profitability and value creating potential of the Lloyd's market.
Solvency coverage ratio	Under the Solvency II regime Lloyd's monitors the amount of eligible capital available to cover its market-wide SCR (MWSCR) and central SCR (CSCR). This is calculated as total eligible capital as a percentage of the respective solvency capital requirements.	Used to measure that the Society and its members hold sufficient capital to meet Lloyd's regulatory capital requirements, as well as to ensure Lloyd's solvency risk appetites are satisfied.

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