

BOARD PAPER · FOR DISCUSSION

Lloyd's half year results 2026

What the market's first half means for our 2027 plan, and five questions for the board

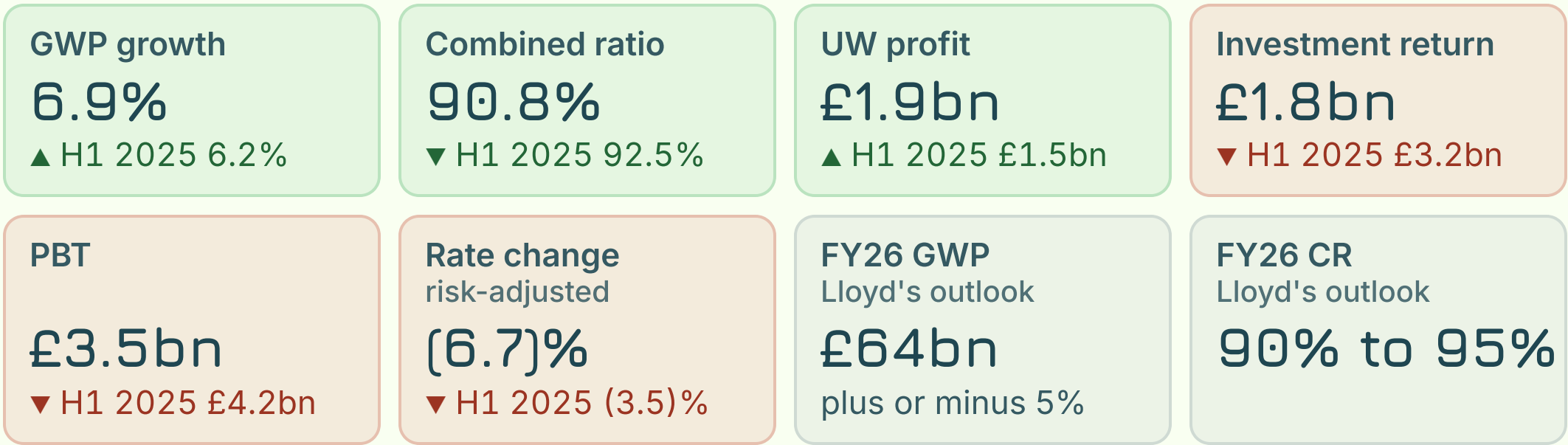
Prepared by the risk team
October 2026



OVERVIEW

Lloyd's half year results 2026, in brief

HEADLINE FIGURES



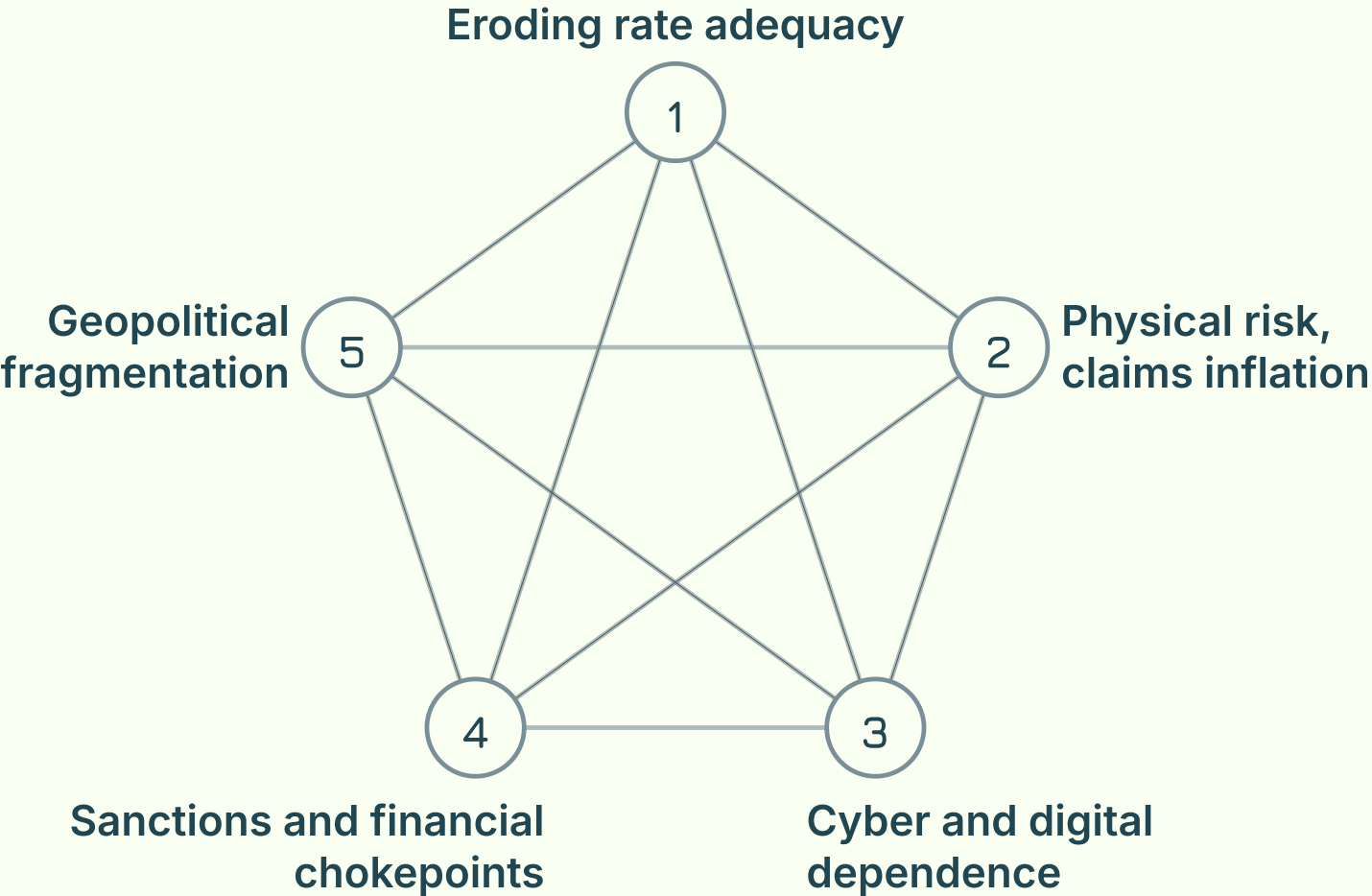
■ Green: better than H1 2025. ■ Red: worse. ■ Grey: no better or worse call.

GWP gross written premium · CR combined ratio · UW underwriting · PBT profit before tax · FY26 full year 2026.

- Gross written premium grew 6.9%, and the combined ratio improved to 90.8% from 92.5%.
- Excluding major claims, the underlying combined ratio worsened to 84.0% from 82.1%, so the gain came from lighter major claims.
- Rising yields cut investment return to £1.8bn from £3.2bn, so profit before tax fell 16.8% to £3.5bn.
- Rates fell 6.7% and adequacy is eroding in core markets. Lloyd's says 2027 planning "will be different".

KEY RISKS

Which of these five risks would we hear of from Lloyd's before our own reports?



WHAT IT SHOWS

These five risks interact, so they compound. Physical damage can trigger cyber disruption, and sanctions can change what is insurable overnight.

FOR THE BOARD

A good answer shows, for each risk, which of our own reports would show it moving first, and who acts when it does.

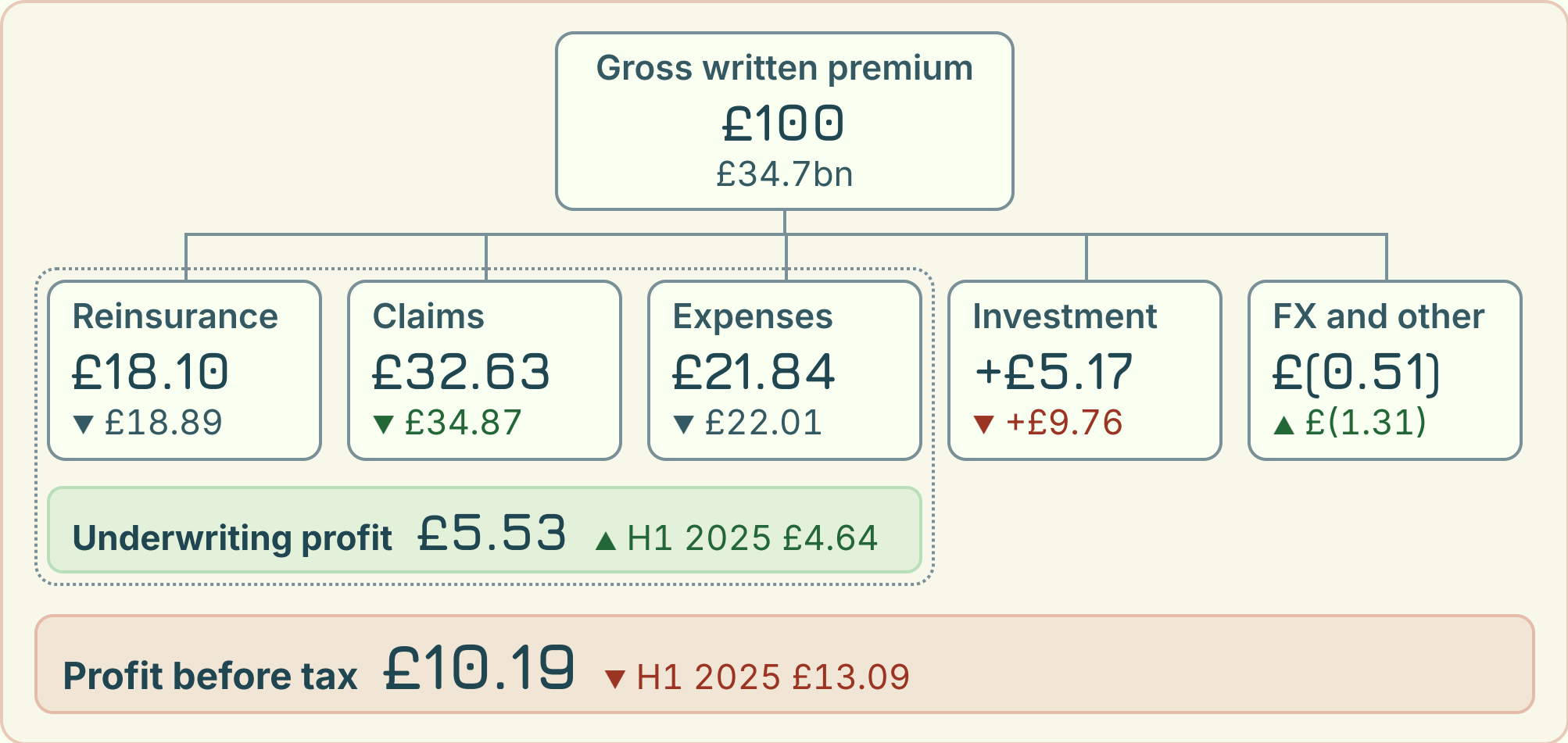
PERFORMANCE ANALYSIS

How much of our 2027 profit plan rests on investment return?

Profit before tax fell to £10.19 per £100 written, from £13.09

WHERE EVERY £100 OF WRITTEN PREMIUM WENT

Green: better than H1 2025. Red: worse. Grey: no better or worse call.



£ per £100 of gross written premium. £21.90 of each £100 is not yet earned and is not shown (H1 2025: £19.59).

WHAT IT SHOWS

Underwriting profit rose to £5.53 from £4.64 per £100 written, while investment return fell to £5.17 from £9.76. With rates down 6.7%, softer pricing now squeezes the larger share of profit.

FOR THE BOARD

A good answer splits the plan's profit between underwriting and investment return, and shows how that split moves if yields rise or rates fall further.

SEGMENT ANALYSIS

Which of our classes could swing to a loss before the board sees it?



WHAT IT SHOWS

Specialty swung to a £183m loss, while reinsurance acceptances swung to £823m from a £26m loss. A rising total can hide a class-level loss.

FOR THE BOARD

A good answer shows how soon a class moving against plan reaches the board, and in which report.

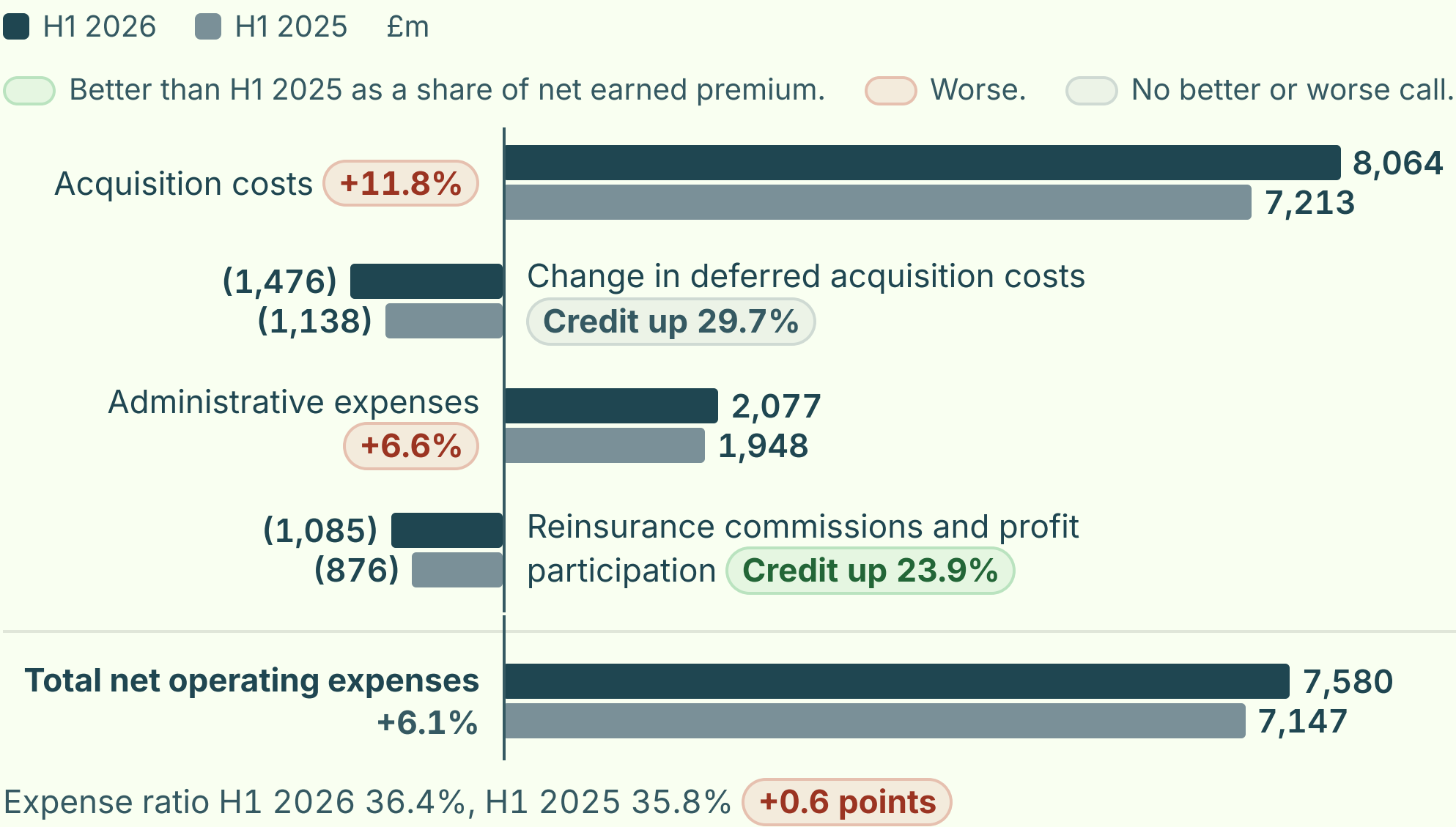
% Share of GWP, H1 2026, and GWP in £m  Underwriting result, H1 2026 --- H1 2025 (marker and arrow)
Gross combined ratio, H1 2026 (our bands) **Strong** below 92% **Marginal** 92% to 100% **Loss** above 100%
Gross ratios are our calculation and do not compare with the 90.8% net.

Source: Lloyd's Half Year Report 2026, Note 8, Segmental analysis, p17; gross combined ratios and GWP shares are our calculation.

NET OPERATING EXPENSES

Which commission levels sit behind the expense ratio in our 2027 plan?

Acquisition costs rose 11.8%, faster than premium



WHAT IT SHOWS

Acquisition costs grew 11.8% against premium growth of 6.9%, lifting the expense ratio to 36.4% from 35.8%. Acquisition costs are rising while rates fall.

FOR THE BOARD

A good answer sets out the commission levels the plan assumes, by class or channel, and what a further rise would do to the expense ratio.

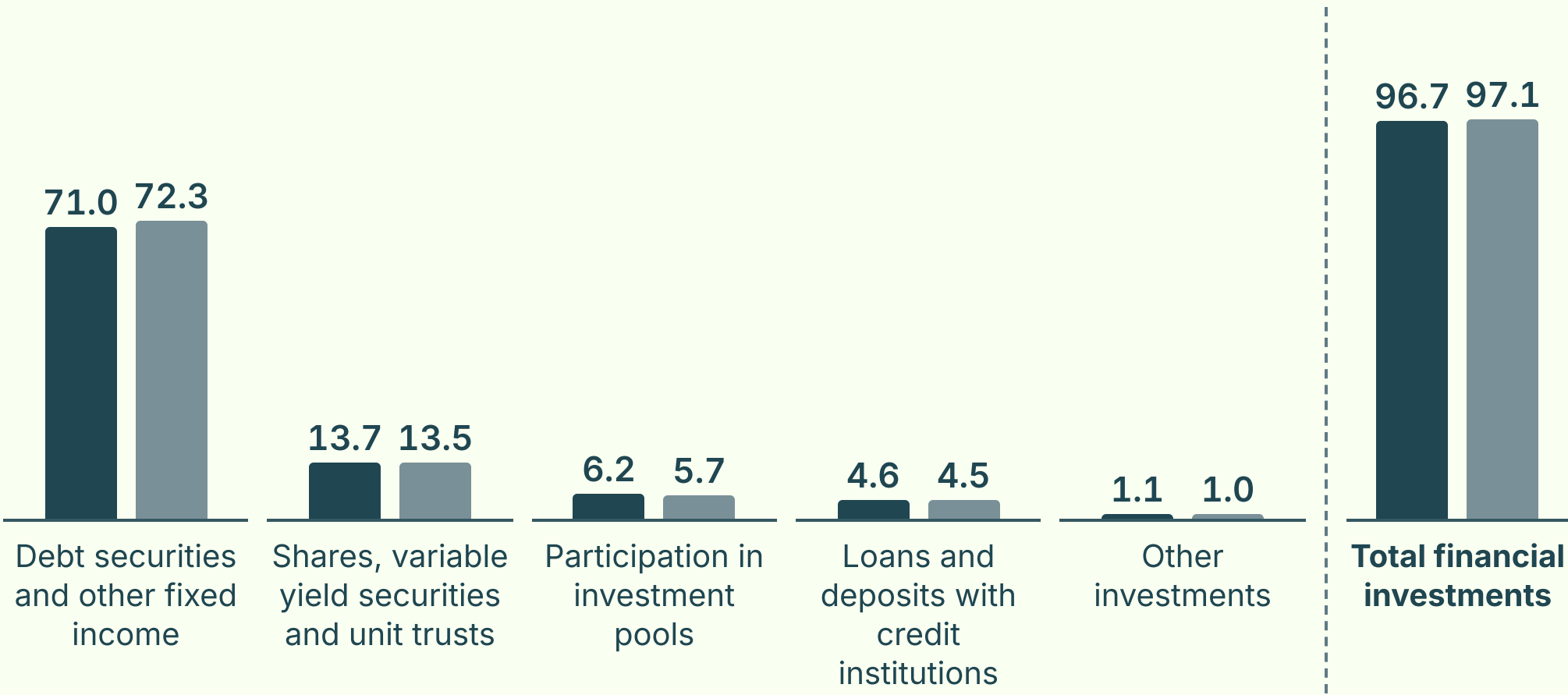
Source: Lloyd's Half Year Report 2026, Note 9, Net operating expenses, p18, and Market interim financial review, pp3 and 8; percentage changes are our calculation.

FINANCIAL INVESTMENTS

If yields rise again, what would our bond losses do to our capital?

Bonds are 73% of a £96.7bn portfolio, so yields set the return

■ 30 Jun 2026 ■ 31 Dec 2025 £bn



Figures are rounded, so categories may not add to the total.

WHAT IT SHOWS

Rising yields turned a £724m unrealised gain into a £421m loss, cutting investment return to 1.6% from 3.1%. With 73% in bonds, yield moves set both the return and the asset values.

FOR THE BOARD

A good answer shows what a further rise in yields would do to asset values, to capital cover and to the investment return in the 2027 plan.

Source: Lloyd's Half Year Report 2026, Note 10, Financial investments, p18, and Market interim financial review, p8; the 73% share is our calculation.



Questions for the board

- 01 Which of these five risks would we hear of from Lloyd's before our own reports?
- 02 How much of our 2027 profit plan rests on investment return?
- 03 Which of our classes could swing to a loss before the board sees it?
- 04 Which commission levels sit behind the expense ratio in our 2027 plan?
- 05 If yields rise again, what would our bond losses do to our capital?

