Lloyd's of London and Lloyd's Insurance Company S.A.

Operating Companies			
Action: Affirmed	**Type**	**Rating**	**Outlook**
Lloyd's of London	IFSR	AA-	Stable
Lloyd's Insurance Company S.A.	IFSR	AA-	Stable

Methodology

Insurer & Insurance Holding Company Global Rating Methodology

ESG Global Rating Methodology

Analytical Contacts

Garret Tynan, Managing Director
+353 1 588 1235
garret.tynan@kbra.com

Carol Pierce, Senior Director
+1 (646) 731-3307
carol.pierce@kbra.com

Jonathan Harris, Senior Director
+1 (646) 731-1235
jonathan.harris@kbra.com

Peter Giacone, Senior Managing Director
+1 (646) 731-2407
peter.giacone@kbra.com

Rating Summary:

The ratings reflect Lloyd's very strong risk-adjusted capitalisation, multi-faceted capital structure, strong reserve position, conservative liquid investment portfolio, globally dominant market position, and a mature embedded risk management framework. In 2024, Lloyd's reported a Market-wide Solvency Capital Ratio of 205% (2023: 207%) and a Central Solvency Capital Ratio (CSCR) of 435% (2023: 503%), both of which were well above targets and peer benchmarks. The decrease in the CSCR was driven by an increase in required capital due to growth of the Lloyd's market and a decrease in available capital due to the repayment of the first tranche of syndicate loans and the subordinated debt that matured in October 2024. Lloyd's layered capital structure responds severally then mutually to policyholder claims. Lloyd's has a proven track record of accessing both internal and external capital sources to supplement, if needed, the capital structure's loss-absorption capacity. At the end of 2024, the margin in the syndicate held reserves increased to 8.6% (2023: 8.0%). Adding the Central Reserve Margin of £500 million (2023: £480 million) increased the overall reserve margin to 9.4% (2023: 8.7%). As of the end of 2024, KBRA considers Lloyd's investment portfolio to be conservative and liquid with 82% in cash, government bonds and investment grade public corporate bonds. In addition, assets are well matched to liabilities. Lloyd's global market position drove 2024 earnings, which remained robust with a profit before tax of £9.6 billion (2023: £10.7 billion) and a combined ratio of 86.9% (2023: 84.0%), marking the fourth consecutive year that Lloyd's reported a combined ratio below 100% and reflective of the market's continued underwriting discipline. Lloyd's maintains a robust, appetite-driven enterprise-wide risk management framework that is tightly woven into its governance structure. Risk management is embedded in day-today operations as well as strategic decision-making, with quarterly risk and control assessments and routine scenario testing to ensure solvency ratios stay well above targets even under severe stresses.

Offsetting these strengths are a moderating pricing environment, Significant exposure to catastrophe/ event risk and execution risk on large transformation initiatives. Pricing continues to moderate in 2025 as the industry enters a softer phase of the cycle. The response of Lloyd's underwriters to the softening environment will drive the market's profitability over the medium term. To maintain underwriting discipline Lloyd's intends to dynamically and strategically manage the market through its Principles Based Oversight (PBO) framework. In 2024, Lloyd's major claims ratio increased to 7.8% (2023: 3.5%), driven by hurricanes and large losses such as the Dali Baltimore Bridge collision. KBRA expects Lloyd's to continue to provide meaningful cover for peak perils. At the end of 2024, Lloyd's peak catastrophe risks remained well within risk appetite and budget; however, over the recent past, KBRA notes that the main driver of catastrophe accumulation has been non-peak perils, particularly US severe convective storms. In KBRA's opinion, Lloyd's ability to assess and successfully mitigate the market's accumulation exposure to these additional perils may impact future profitability. Lloyd's faces execution risk on the successful delivery of Blueprint Two as well as reporting simplification and new reserving oversight models.

Outlook

The Stable Outlook reflects KBRA's expectation that Lloyd's risk-adjusted capital will remain above risk appetite, liquidity will remain strong, and management's risk controls will remain commensurate with the market's complex exposure profile. Although peak hard-market pricing appears to be ebbing on some lines of business, KBRA expects that Lloyd's will maintain underwriting profitability and positive net results over the medium term. While there have been several recent senior leadership changes, Lloyd's succession planning ensured a smooth transition, and KBRA expects the entire new management team to further Lloyd's strategy while adapting it to the evolving market environment.

Key Credit Considerations	+/−
Very Strong Risk-Adjusted Capitalisation and Favourable Capital Trends Lloyd's 2024 Market-wide Solvency Coverage Ratio (MWSCR) of 205% (2023: 207%) and Central Solvency Coverage Ratio (CSCR) of 435% (2023: 503%) are well above both internal targets and peer benchmarks. Capital has grown at a 9.0% CAGR over the past five years and 4.2% in 2024 over the prior year.	+
Capital Structure and Access to Additional Capital Enhances Financial Strength Lloyd's layered capital structure responds severally (Premium Trust Funds followed by Funds at Lloyd's), then mutually (Central Fund, reinsurance, callable layer) to policyholder claims. The Society's proven track record of accessing additional capital, both internally (syndicate loans, increased Central Fund contributions, increased callable layer) and externally (senior/subordinated debt and reinsurance), supplements the capital structure's loss-absorption capacity.	+
Strong Reserve Position At the end of 2024, the margin in the syndicate held reserves increased to 8.6% (2023: 8.0%) according to the syndicates' Statements of Actuarial Opinion. Adding the Central Reserve Margin of £500 million (2023: £480 million) increased the overall margin to 9.4% (2023: 8.7%).	+
Conservative, Liquid Investment Portfolio Well Matched to Liabilities As of 31 December 2024, 85% (2023: 85%) of invested assets were held in cash, cash equivalents and public fixed income securities. Illiquid assets (primarily private credit and private equity) were well within risk appetite. 93% (2023: 92%) of corporate bonds are rated investment grade with an average credit quality of A. The average asset duration for the total portfolio was 2.1 years (2023: 2.0 years) as the new strategic asset allocation for the Central Fund continued to be implemented. For the fixed income portfolio, the average asset duration was 2.4 years (2023: 2.6 years). Average liability duration remained at 3.7 years (undiscounted) and 3.3 years (discounted using 31 December 2024 rates). In addition, aggregate assets were reasonably well matched to technical provisions by currency.	+
Globally Diversified Footprint with a Dominant Market Position Based on KBRA analysis, Lloyd's ranks among the top global (re)insurers, writing more than 60 classes of business. Lloyd's trading rights enable syndicates to transact insurance business in 80 countries, reinsurance in 100 countries and offshore reinsurance in over 200 territories. Lloyd's distributes its products through brokers, coverholders, service companies, and local partners.	+
Mature Risk Management Framework and Stress Testing Discipline Lloyd's maintains a robust, appetite-driven enterprise-wide risk management framework that is tightly woven into its governance structure. Risk management is embedded in day-to-day operations and strategic decision-making rather than being an after-the-fact compliance exercise. Risk professionals sit "in the room" for Board and executive deliberations, issuing formal risk opinions that accompany material business proposals and large change initiatives. Comprehensive oversight, quarterly Risk & Control Self-Assessments, and routine scenario testing ensure solvency ratios stay well above targets even under severe stresses.	+
Robust, albeit Moderating, Earnings In 2024, Lloyd's reported a profit before tax of £9.6 billion (2023: £10.7 billion), split £5.3 billion (2023: £5.9 billion) from underwriting and £4.9 billion (2023: £5.3 billion) from investments. Underwriting profit was driven by disciplined underwriting and a focus on those segments of the market that continued to experience positive pricing changes. For the fourth consecutive year, in 2024 Lloyd's had an overall combined ratio less than 100%. As pricing on some lines of business has continued to moderate in 2025, Lloyd's intends to keep an "iron grip" on underwriting discipline by dynamically managing the market through its Principles Based Oversight (PBO) framework to ensure continued profitability during the softer phase of the cycle. 2024 investment performance was driven by continued higher interest rates with investment income increasing to £4.2 billion, up from £3.9 billion the previous year. Less unrealised gains were a driver of the overall lower investment return, with fourth quarter market volatility resulting in mark-to-market losses on fixed income securities. As all investments are held at fair value, mark to market sensitivity could pressure reported profit before tax even if underwriting gains are realised.	+/−
Significant Exposure to Catastrophe and Event Risk In 2024, Lloyd's major claims ratio increased to 7.8% (2023: 3.5%), primarily from Hurricane Milton, Hurricane Helene, Hurricane Beryl, and the Dali Baltimore Bridge collision. KBRA expects Lloyd's to continue to provide meaningful cover for natural and non-natural catastrophes/events. At the end of 2024, Lloyd's peak catastrophe risks remained well within risk appetite and well within budget; however, over the recent past, KBRA notes that the main driver of catastrophe accumulation has been non-peak perils, particularly	−/+

US severe convective storms. Lloyd's ability to assess and successfully mitigate the market's accumulation exposure to these additional perils may impact future profitability, in KBRA's opinion.	
Execution Risk on Large Transformation Initiatives Successful delivery of Blueprint Two, roll out of new reserving/oversight models and continued reporting simplification are critical for Lloyd's to capture planned expense savings, data advantages, and operational efficiencies.	–

Rating Sensitivities	
• Combined ratios below 100% through the soft part of the cycle • Demonstrable reduction in peak and non-peak catastrophe volatility relative to capital base • A meaningful expense ratio reduction as Blueprint Two benefits emerge • Maintain solvency ratios above targets even with planned growth of the market and further paydown of outstanding syndicate loans and subordinated debt	+
• One-off catastrophe or market-loss events that drives solvency ratios below targets • Multiple years of combined ratios above 100% • Inability to access needed additional capital after a stress event • Operational missteps with Blueprint Two or PBO	–

Recent Developments

2024 Market Results

For 2024, Lloyd's reported gross written premium of £55.5 billion, a 6.5% increase over 2023. The underwriting result was £5.3 billion (2023: £5.9 billion). The year-over-year decline in underwriting result was primarily driven by the increased major claims ratio as the attritional loss ratio, a key indicator or underlying underwriting profitability, declined to 47.1% from 48.3% the prior year. During 2024, major losses totalling £3.2 billion (2023: £1.3 billion) arose from Hurricanes Milton, Helene, and Beryl as well as the Dali Baltimore Bridge collision, driving the major claims ratio up to 7.8% from 3.5% in the prior year[1]. The expense ratio of 34.4% was flat compared to 2023. The 2024 investment return of £4.9 billion, reflecting a 4.7% (2023: 5.4%) positive return on investment was £0.4 billion less than 2023, driven by mark-to-market losses from fourth quarter market volatility. For 2024, the Profit before Tax was £9.6 billion (2023: £10.7 billion), reflecting both lower underwriting and investment results for the year.

Lloyd's PFFS Profit and Loss - 12 months ended 31 December 2024			
	FY 2023	FY 2024	change
	£m, except %		
Gross Written Premium	52,149	55,546	6.5%
Net Earned Premium	36,925	40,424	9.5%
Net Incurred Claims	(18,302)	(21,222)	16.0%
Net Operating Expenses	(12,713)	(13,888)	9.2%
Underwriting Result	5,910	5,314	-10.1%
Investment return	5,310	4,914	(396)
Foreign Exchange (Losses)/Gains	(134)	(124)	10
Other (expenses)/Income, Net	(423)	(478)	(55)
Profit / (Loss) before Tax	10,663	9,626	-9.7%
Combined Ratio	84.0%	86.9%	2.9 pts
Loss Ratio	49.6%	52.5%	2.9 pts
Expense Ratio	34.4%	34.4%	0.0 pts

Source: 2024 Annual Report

Lloyd's Insurance Company S.A. (LIC)

On a BE GAAP basis, LIC reported 2024 profit before tax of €94.2 million (2023: €65.9 million) and a combined ratio of 91.2% (2023: 59.0%) on €3.8 billion in gross written premium (2023: €3.9 billion). The solvency ratio declined 4 percentage points to 216% (2023: 220%) under the standard Solvency II formula.

[1] The 10-year average major claims ratio is 10.6%

Insurance Entity Financials

Lloyd's of London (PFFS)					
GBP in millions	**2024**	**2023**	**2022**	**2021**	**2020**
Gross Written Premiums (GWP)	55,546	52,149	46,705	39,216	35,466
Net Written Premiums (NWP)	42,541	39,351	34,570	28,439	25,826
Net Earned Premiums	40,424	36,925	32,458	26,657	25,876
Net Loss and LAE Incurred	21,222	18,302	18,655	15,440	18,929
Acquisition & Other Underwriting Expenses	13,888	12,713	11,162	9,476	9,623
Net Underwriting Gain (Loss)	5,314	5,910	2,641	1,741	(2,676)
Net Investment Income (Loss)	4,914	5,310	(3,128)	948	2,268
Result before Tax	9,626	10,663	(769)	2,277	(887)
Other Comprehensive Net Income (Loss)	100	(281)	340	39	21
Loss & LAE Ratio	52.5%	49.6%	57.5%	57.9%	73.2%
Expense Ratio	34.4%	34.4%	34.4%	35.5%	37.2%
Combined Ratio	86.9%	84.0%	91.9%	93.5%	110.3%
Underlying Combined Ratio[1]	79.0%	80.5%	79.2%	82.3%	87.3%
Attritional Loss Ratio	47.1%	48.3%	48.4%	48.8%	51.9%
GWP/Shareholders' Equity	1.2	1.2	1.2	1.1	1.0
NWP/Shareholders' Equity	0.9	0.9	0.9	0.8	0.8
Total Assets	176,517	165,095	161,530	138,155	128,304
Shareholders' Equity (Capital, Reserves & Subordinated Debt)	47,149	45,269	40,205	36,553	33,941
Market Wide Solvency Coverage Ratio	205%	207%	181%	177%	147%
Central Solvency Coverage Ratio	435%	503%	412%	388%	209%

[1] Underlying Combined Ratio is a non-GAAP measure. It is a key performance indicator (KPI) used by Lloyd's to measure the profitability of underwriting activity excluding major claims.

Stress Testing

Lloyd’s employs a broad suite of solvency, business-plan and market-risk stresses as a core component of its risk-management framework. In addition to its own stress testing, KBRA reviewed the Lloyd’s output from its most recent analysis. Across all modelled scenarios, capital resilience remained comfortably within Lloyd’s risk appetite, underscoring the market’s ability to absorb severe but plausible shocks. Based on these findings, KBRA considers Lloyd’s stress-testing practices strong and effective in managing the multitude of risks the market faces.

Balance Sheet Management

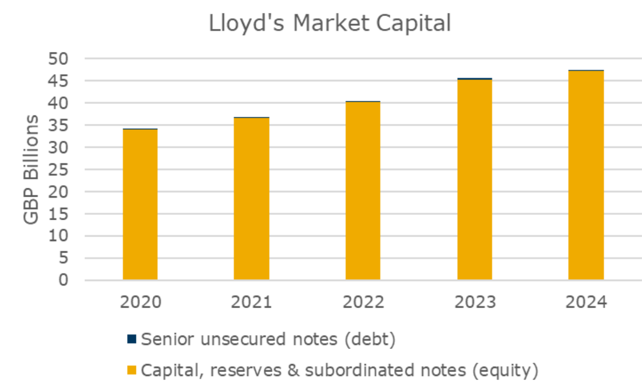
Lloyd's capital structure consists of successive layers that either respond severally or mutually to policyholder claims, as shown in the chart below.

Lloyd's Capital Structure

Claims / Losses	Several Assets	First Layer	Syndicate Level Assets		All premiums received by a syndicate are held in its premium trust fund and are the first resource for paying that syndicate's policyholder claims.
		Second Layer	Members' Funds at Lloyd's (FAL)		Each member provides capital to support its underwriting at Lloyd's. Each managing agent produces its own capital assessment in respect of each managed syndicate stating how much capital it considers it needs to cover a 1-200 loss to ultimate with a 99.5% confidence level. This amount is uplifted by 35% to determine each syndicate's Economic Capital Assessment (ECA) and each member's FAL.
	Mutual Assets	Third Layer	Central Fund Corporation Net Assets[1]	Callable Layer[2]	The central assets are available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met by the resources of any member. It is funded by members' annual contributions, insurance purchased by the Society, and subordinated debt issued by the Society.
			$562.5mm xs $1,133.9mm aggregate Central Fund Insurance		
			$250mm xs $1,821.4mm aggregate Central Fund Insurance		
			Subordinated Debt		

[1] Corporation Net Assets = Corporation Reserve, Associates Reserve, Revaluation Reserve, and Transition Reserve.
[2] Callable layer: Central Fund assets may be supplemented by a 'callable layer' of up to 5% of members' overall premium limits in any one calendar year. These funds would be drawn from premium trust funds.

Quality of Capital/Underwriting Leverage

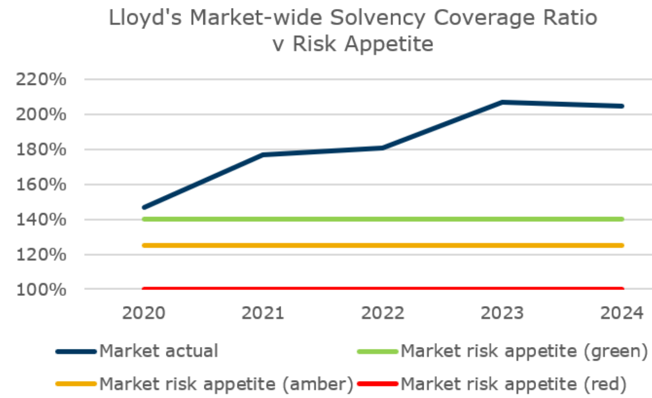


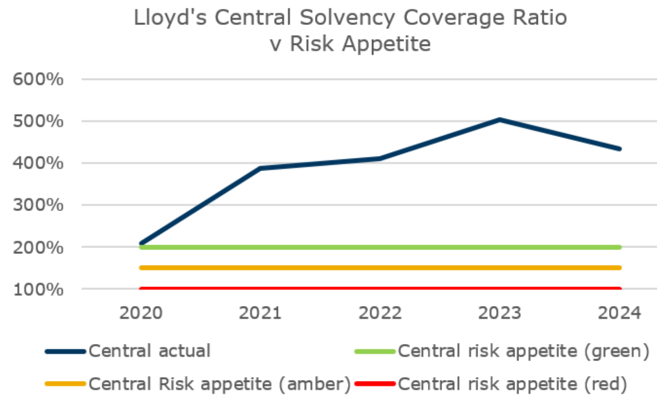
At a market level, capital has grown at a 9.0% CAGR over the past five years and increased 4.2% in 2024 over the prior year, driven by underwriting gains since 2021. KBRA views favourably the quality of the market's capital as it consists primarily of equity[2]. At the end of 2024, debt, in the form of senior notes that are financing the Future at Lloyd's programme, represented 0.6% (2023: 0.7%) of capital. The senior notes mature between 2030 and 2045, and KBRA does not expect early repayment of the outstanding debt prior to maturity. In addition, KBRA views the assessable features of the capital structure, as well as the early renewal of the Central Fund Insurance during 2024, as credit strengths as they provide additional and reliable sources of claims paying resources to cover syndicate liabilities.

Based on the Lloyd's Internal Model (LIM), the market-wide solvency coverage ratio (MWSCR) decreased to 205% in 2024 (2023: 207%), trending toward the market's 140% risk appetite target. The slight decrease was driven by solvency required capital growing at a slightly faster pace than eligible assets.

Also based on the LIM, the central solvency coverage ratio (CSCR) at the end of 2024 was 435% (2023: 503%). The decrease was driven by the increase in solvency required capital due to growth of the market combined with a materially smaller growth in eligible assets due to the repayment of the first tranche of syndicate loans and the subordinated debt that matured in October 2024. The ratio remained well above Lloyd's target of 200%.

[2] The outstanding subordinated note at the end of 2024 is structured such that the capital is available to the Central Fund prior to the repayment of noteholders, thereby qualifying for equity treatment at a market level. £306 million of the £604 million of subordinated notes outstanding at end-2023 was repaid in October 2024 as part of Lloyd's capital management plan to reduce excess capital.

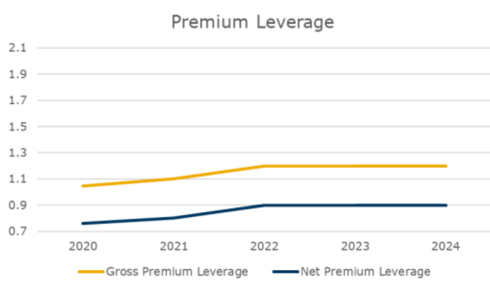


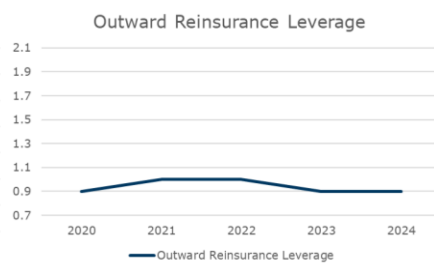


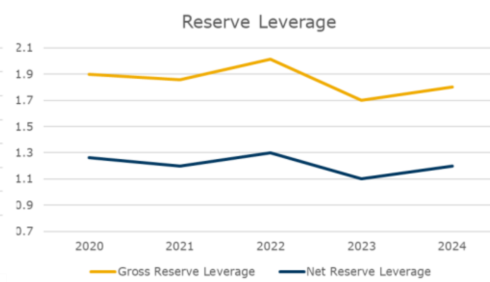
Lloyd's MWSCR Components				
Year	SCR £m	SCR % Δ	Eligible Assets £m	Eligible Assets % Δ
2024	25,600	10.6%	52,381	9.3%
2023	23,150		47,939	

Lloyd's CSCR Components				
Year	SCR £m	SCR % Δ	Eligible Assets £m	Eligible Assets % Δ
2024	1,400	16.7%	6,095	1.1%
2023	1,200		6,030	

On a year-over-year basis, both 2024 premium leverage and 2024 outward reinsurance leverage were on par with 2023. 2024 reserve leverage was up due to higher major claims in 2024.

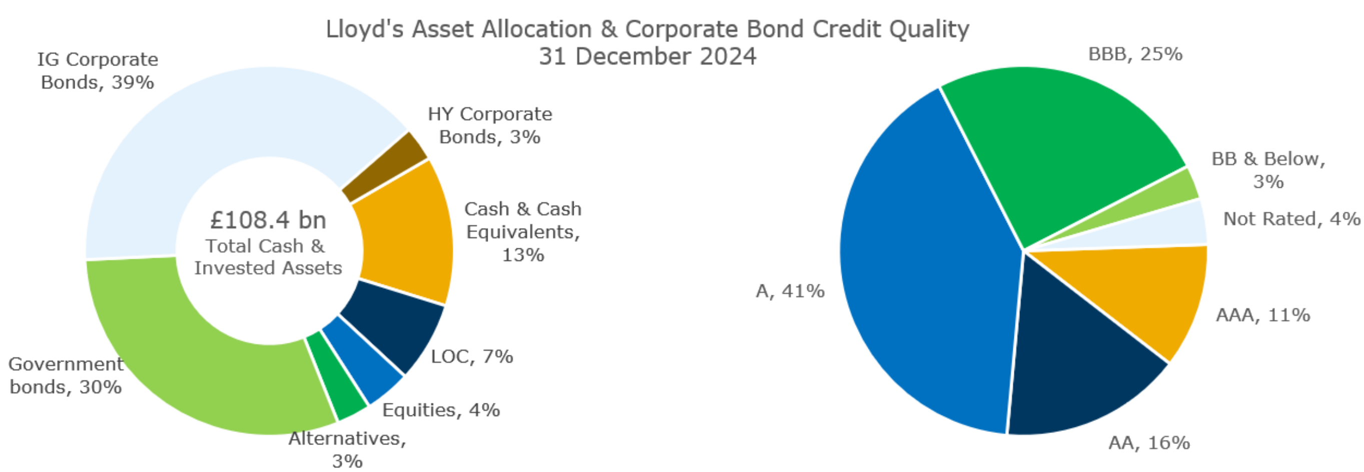






In 2024 Lloyd's continued to maintain a strong reserve position with favourable prior year reserve development of 2.4% (2023: 2.2%). At the end of 2024, the margin in the held reserves increased to 8.6% (2023: 8.0%) according to the syndicates' Statements of Actuarial Opinion. Adding the Central Reserve Margin of £500 million (2023: £480 million) increased the margin to 9.4% (2023: 8.7%) at yearend 2024. KBRA views this development favourably.

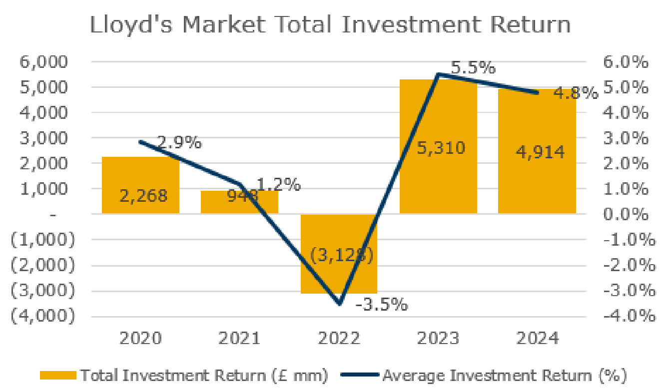
Asset Quality and Investment Risk



KBRA believes that Lloyd's has a conservative investment portfolio that can withstand market volatility, with 82% (2023: 82%) allocated to cash, cash equivalents, government bonds and investment grade fixed income securities as of the end of 2024. The corporate bond portfolio had an average credit quality of A (2023: AA) and duration of 2.6 (2023: 2.4) years. Derivatives are primarily used for currency and interest rate hedging and have the effect of reducing the overall volatility of the investment portfolio. Further, KBRA believes that since premiums are broadly invested into assets that are in line with the currency breakdown of the liabilities, Lloyd's effectively minimises FX risk.

During 2024, Lloyd's invested the assets of the Central Fund according to the Strategic Asset Allocation (SAA) approved by the Council at the end of 2023 for all asset classes except private assets which will continue to build during 2025 as deals are sourced and structured. The implementation of the SAA in 2024 resulted in an increased allocation to corporate bonds and in turn a reduction in government bonds. This resulted in a decrease in average credit quality of the Central Fund portfolio. While investment risk has increased under the SAA, KBRA believes that the Central Fund's assets continue to be of high credit quality with well managed investment risk. The dry powder for future private assets is currently held in equity and government bonds to match the aggregate risk of the long-term private asset allocation as closely as possible while still generating a sufficient return and maintaining appropriate liquidity to meet Lloyd's needs.

The Lloyd's Investment Platform was initially launched in June 2020 as an open-access solution that was created to provide market participants with streamlined access to investment opportunities that would generate better risk-adjusted returns on capital held at Lloyd's. To date, over £1.0 billion has been invested in/committed to the platform by market participants. During 2024, the private impact fund and the direct lending fund were added to the five funds already on the platform.



Source: Annual Reports

In 2024, Lloyd's reported a total investment return of £4.9 billion (2023: £5.3 billion) with the portfolio benefiting from another year of higher interest rates. Investment income increased to £4.2 billion (2023: £3.9 billion), with lower unrealised gains driving the overall reduction in investment return compared to the prior year, with fourth quarter market volatility resulting in mark-to-market losses on fixed income securities.

Despite ongoing market volatility, Lloyd's expects strong and stable returns over the medium term due to the high-quality and diversified nature of its investment portfolio.

Financial Flexibility and Access to Capital

KBRA believes that Lloyd's has favourable financial flexibility and access to capital, with internal access to additional funds supplemented by a proven track record of accessing external sources.

In 2022, Lloyd's obtained Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) approval to create London Bridge Risk PCC 2 Ltd. (LB2), successor to London Bridge Risk PCC Ltd. (LB1), to channel more third-party alternative capital into the market. Previously, institutional investors supplied under 5 % of Funds at Lloyd's (FAL) and most collateralised reinsurance relied on offshore vehicles beyond Lloyd's oversight. From inception through May 2025, LB1 and LB2 closed 21 transactions, drawing more than USD 2.2 billion; about 75 % funded FAL for new and existing syndicates, while the remainder supported catastrophe-bond capacity.

Through its commercial strategy, Lloyd's has recently brought a few of the world's leading insurance companies that weren't yet in Lloyd's into the market. These new syndicates reflect Lloyd's ongoing efforts to attract diverse capital, reinforcing its position as a leading global insurance and reinsurance marketplace.

Liquidity and Asset/Liability Management

KBRA views favourably the liquidity and ALM profile of Lloyd's.

Lloyd's holds a high concentration of liquid assets in its investment portfolio, namely cash, government bonds and investment grade corporate securities. While illiquid assets are expected to increase as private assets are funded, the current allocation to illiquid assets is well within risk tolerances and is expected to remain within risk tolerances after private assets have reached their strategic asset allocation.

KBRA views Lloyd's liquidity metrics as strong with an average current liquidity ratio[3] of 150.7% over the past five years and 154.0% in 2024.

The average asset duration for the total portfolio lengthened slightly to 2.1 years from 2.0 years a year ago as the new strategic asset allocation continued to be deployed. For the fixed income portfolio, the average has also lengthened slightly from 2.4 years to 2.6 years. Average liability duration remained at 3.7 years (undiscounted) and 3.3 years (discounted at 31 December 2024 rates). In addition, aggregate assets are reasonably well matched to technical provisions by currency.

The development of the liquidity dimension under the Principles Based Oversight (PBO) framework during 2024 resulted in materially better understanding of liquidity management and in enhanced controls in the market, providing further assurance that the market can withstand significant liquidity events without major negative repercussion to the Central Fund.

Operating Fundamentals

Drivers of Profitability

The 2024 underwriting result of £5.3 billion (2023: £5.9 billion) was driven by disciplined underwriting and a focus on those segments of the market which continued to experience positive price changes, namely reinsurance and property. The 2024 combined ratio of 86.9% deteriorated 2.9 percentage points from the prior year as the major claims' ratio increased to 7.8% (2023: 3.5%). The underlying combined ratio[4] of 79.1% (2023: 80.5%) reflected the markets ongoing focus on profitability. Prior year reserve development had a positive impact on the combined ratio of 2.4% (2023:2.2%) with favourable developments across most lines of business. The expense ratio remained flat at 34.4%.

Investment performance delivered a return of £4.9 billion (2023: £5.3 billion) driven by continued higher interest rates with investment income increasing to £4.2 billion, up from £3.9 billion the previous year. Less unrealised gains were a driver of the lower investment return, with fourth quarter market volatility resulting in mark-to-market losses on fixed income securities.

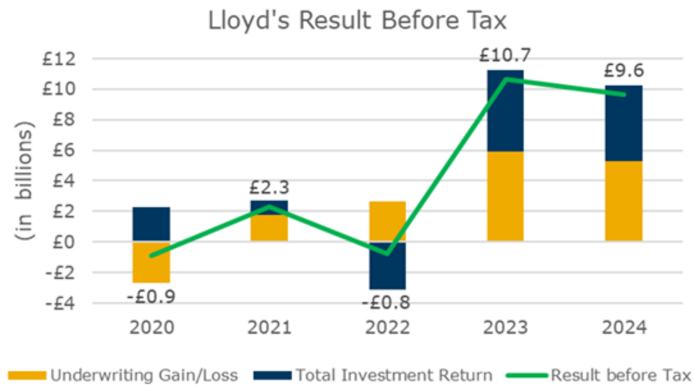
2024 profitability by major line of business shows some deteriorating underwriting conditions, confirming that the peak of the hard market had passed. This evolving market recalibration is reflected in Lloyd's 2025 combined ratio Outlook of 90-95%

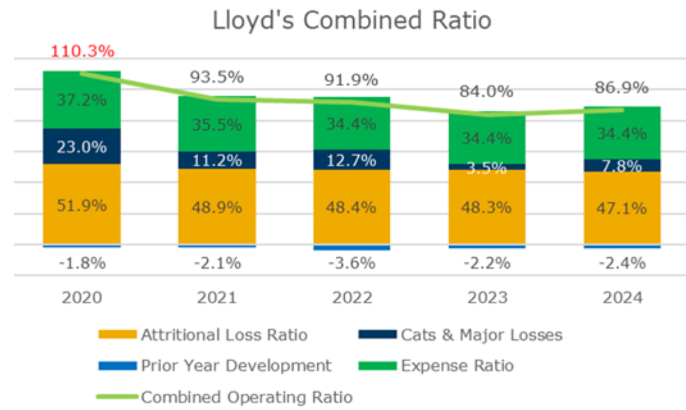
In 2025, Lloyd's intends to safeguard profitability by dynamically managing the market through its Principles-Based Oversight (PBO) framework on three fronts. First, it will refine class strategy—capping growth to lines with proven returns, flagging preferred classes to the market, embedding systemic and macro-economic threats in plan reviews, and testing syndicates' cycle-management from June onwards. Second, the Syndicate Performance team will apply proportionate intervention: quarterly reviews of five-year P&L forecasts will escalate from Board discussions and plan caps to whole-account remediation for under-performers. Third, Lloyd's will tighten class-level control, maintaining year-round scrutiny of high-risk lines, mandating improvement plans for weak performers, and launching cross-functional initiatives where risk is emerging or strategically significant, such as cyber.

Blueprint Two delivery is critical to success in driving the expense ratio lower as are the ongoing initiatives to rationalise and simplify reporting requirements.

[3] Current liquidity is defined as cash, premiums receivable, plus level 1 and level 2 assets in the fair value hierarchy divided by gross loss and loss adjustment expense reserves.
[4] Represents the ratio of net operating expenses plus claims incurred, excluding major claims, to net earned premium.

Consistency of Profitability



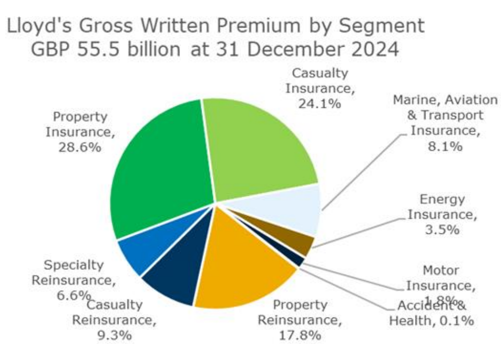


From 2020 through 2024, Lloyd's reported a cumulative result before tax[5] of £20.9 billion. The result was driven by a cumulative underwriting gain of £12.9 billion and a cumulative total investment return of £10.3 billion for the same period. Cumulative results were heavily influenced by 2023 and 2024 results. For 2024, Lloyd's reported a strong result before tax of £9.6 billion (2023: £10.7 billion), split £5.3 billion (2023: £5.9 billion) underwriting gain and £4.9 billion (2023: £5.3 billion) total investment return.

For the fourth consecutive year, Lloyd's reported a combined ratio under 100%, reflecting continued underwriting discipline, moderate catastrophe claims, and a continued favourable, albeit moderating, pricing environment for some lines of business. In 2024, major claims were £3.2 billion (2023: £1.3), net of reinsurance and including reinstatements payable and receivable. Whilst creating negative pressure on the combined ratio, it was partially offset by improvement in the attritional loss ratio from 48.3% to 47.1%. 2024 marks the fourth consecutive year that the attritional loss ratio remained below Lloyd's target of 50%.

KBRA acknowledges Lloyd's favourable underwriting performance over the past four years and the tremendous effort involved in achieving this result. However, KBRA notes that 2024 results across the industry indicate that the underwriting cycle peaked in 2023 and that rates are softening, although still adequate on a risk-adjusted basis. KBRA expects Lloyd's to maintain the underwriting discipline exhibited over the recent past through the underwriting cycle, reflective of its current rating level.

Earnings Diversification: Product/Geography



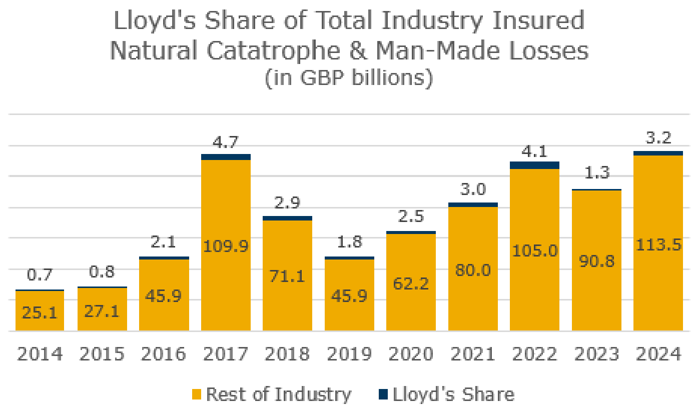
KBRA believes that Lloyd's has balanced earnings diversification both from product and geographic standpoints.

Lloyd's underwrites more than 60 classes of business that roll up into the major lines of business shown in the chart to the left.

Lloyd's is licensed to write onshore insurance (including US surplus lines) in 80 countries, reinsurance in 100 countries and offshore reinsurance in over 200 territories.

[5] The result before tax for the Lloyd's market is the equivalent of net income for traditional insurance companies and is one of two key performance indicators (KPIs) used to assess both the performance of the market and individual syndicates. The other KPI is Combined Operating Ratio, known more commonly as Combined Ratio.

Exposure to Event Risk



2014-2021 industry insured losses are from Swiss Re Institute's Sigma Explorer.
2022 industry insured losses are from Sigma 01/2023.
2023 industry insured losses are from Sigma 01/2024.
2024 industry insured losses are from Sigma 01/2025
Industry and Lloyd's insured losses include both man-made and natural catastrophes.
USD industry losses were converted to GBP at end of year exchange rates.

Per Swiss Re Sigma 01/2025: *Natural catastrophes: insured losses on trend to USD 145 billion in 2025*, the main driver of the accumulation of USD 137 billion industry insured natural catastrophe losses in 2024 was non-peak perils (59% of total), particularly severe convective storms (SCS) in the US. At 2.7%, Lloyd's share of the total 2024 insured industry loss was below its ten-year average of 3.4% However, peak perils carry more loss potential and when they strike areas with large asset values can cause the loss outcome for any particular year to be well above historical trend/average.

At the end of 2024, Lloyd's peak catastrophe risks[6] remained well within plan and well within risk appetite. Lloyd's continues to refine its oversight and modelling of non-peak perils, namely US SCS, US Wildfire, NZ Earthquake and US Inland Flood.

Lloyd's maintains a high credit quality, liquid investment portfolio comprised primarily of cash and cash equivalents as well as investment grade fixed income and government securities, with 7% (2023: 7%) in equities and alternatives at the end of 2024 Because all investments are carried at fair value, Lloyd's is susceptible to financial market movements. Presently, global growth is slowing but still positive; monetary policy easing may increase the attractiveness of risk assets, but rapidly evolving tariff schemes and concerns surrounding government fiscal positions are likely to translate into continued volatility for the medium term.

Company Profile and Risk Management

Management Profile and Strategy

On 8 May 2025, Lloyd's appointed Patrick Tiernan, Chief of Markets, as the new CEO as part of an established succession plan, with effect from 1 June 2025, subject to approval and consent from the Prudential Regulatory Authority and the Financial Conduct Authority. On 2 June 2025, Lloyd's announced its updated Executive Team. Rachel Turk was appointed as Chief of Market Performance and joined the Council of Lloyd's, effective 1 June. Rachel assumed the underwriting responsibilities of the former Chief of Markets role, subject to regulatory approval. She also now chairs Lloyd's Capital Planning Group (CPG). Caroline Sandeman-Allen was appointed as Chief of Market Oversight and assumed the oversight responsibilities of the former Chief of Markets role, subject to regulatory approval. This appointment reflects the increasing importance of Lloyd's principles-based oversight framework. Caroline also now chairs Lloyd's Market Oversight Group (MOG). Jonathan May was appointed to the Executive Team as CEO of Lloyd's Insurance Company (LIC), the wholly owned subsidiary of Lloyd's that facilitates Lloyd's underwriting activity in the European Economic Area. This appointment strengthens governance of the Corporation and recognises the strategic importance of Lloyd's European business. Dawn Miller continues in her role as Chief Commercial Officer and CEO, Americas. In addition to her existing roles, she now assumes responsibility for the Corporate Affairs function. Dawn now also chairs Lloyd's Business Opportunities Committee (BOC). The existing roles and responsibilities of Alexandra Cliff as Chief Financial Officer and Lloyd's Council member, Nathan Adams as Chief People Officer, Claire Schrader as General Counsel and David Sansom as Chief Risk Officer, remain unchanged. George Marcotte continues to serve as interim Chief Operations Officer (COO), while the Corporation seeks a permanent appointment.

Lloyd's has a comprehensive strategy to modernize its operations, enhance global competitiveness, and reinforce its leadership in specialty insurance and reinsurance. Some key components of this strategy include a full digital transformation of the marketplace (Blueprint Two), streamlining reporting and outsourcing selected IT operations to create a resilient, data-rich infrastructure. Alongside this, Lloyd's is sharpening underwriting discipline through its Principles-Based Oversight, with heightened attention on cyber, non-peak perils and delegated authority exposures.

[6] Peak cat risks are the five most material region perils: US hurricane, US/Canada earthquake, Japan typhoon, Japan earthquake, Europe windstorm. CRA measures the ratio peak cat risk exposure to capital + profit. Additional metrics are monitored for concentration and market share.

Capital flexibility is being widened via the London Bridge platform, which draws alternative investors into insurance-linked securities and supports new syndicate formation, while a commercial strategy seeks to attract additional carriers to the market. Cultural reforms—clearer misconduct standards, diverse leadership targets and expanded talent programmes—aim to embed an inclusive, high-performance ethos, and sustainability is increasingly woven into underwriting and client support as Lloyd’s helps participants transition to lower-carbon models.

Market Position

KBRA believes that Lloyd’s overall market position remains favourable.

According to KBRA analysis, Lloyd’s ranks among the top global (re)insurers with respect to revenues, net profits, and total assets. Lloyd’s market position also benefits from its strong brand recognition and reputation. As an industry leader, Lloyd’s leads the market by creating innovative solutions to address complex risks.

Distribution

KBRA views Lloyd’s multi-channel, multi-jurisdiction distribution network that provides access to attractive new business opportunities favourably.

Lloyd’s primarily distributes its products through three channels: brokers, coverholders and service companies. First and foremost, Lloyd’s is a broker market. Brokers facilitate the risk transfer process between policyholders and underwriters. As of 31 December 2024, there were over 380 registered brokers introducing business to Lloyd’s. Managing agents may also authorise third parties to accept risks directly on behalf of the syndicate(s) they manage. These third parties are known as coverholders and provide a local route to Lloyd’s in many jurisdictions across the world. As of 31 December 2024, there were over 4,000 approved coverholders. Service companies are like coverholders but are distinguished from coverholders as they are wholly owned subsidiaries of managing agents, authorised to accept risks directly for the syndicate(s) of their parent managing agencies. The last official count of service companies was around 400 as of 31 December 2022. Most service companies are in the UK and the US.

Lloyd’s trading rights enable syndicate underwriters to transact business across the globe, but licensing gaps remain for some multinational risks and determining local regulations for multijurisdictional placements has historically required underwriters to access multiple systems to piece the information together. To close the licencing gaps, Lloyd’s is adding a local-partner model to its current distribution channels, piloting the programme in the UAE with Sukoon Insurance Company and set to expand to other key territories over the medium term. The strategy seeks to secure a greater share of multinational business currently served by company markets. Supporting the move, Lloyd’s has merged three systems into a single portal for all regulatory, compliance and tax guidance, with further upgrades planned, to deliver a seamless, compliant global platform to make multinational placements easier for underwriters.

Risk Management

KBRA views Lloyd’s risk management as appropriate for its risk profile and in line with peers.

Lloyd’s maintains a mature, appetite-driven enterprise-wide risk-management framework that is tightly woven into its governance structure. Fifteen clearly articulated appetites, grouped under the sustainability, solvency and operational pillars, are monitored quarterly against a traffic-light dashboard that remained almost entirely green through 2024. Oversight responsibility cascades from the Council-level Risk Committee and Audit Committee to an Executive Risk Committee, which is supported by an Internal Model Oversight function; the first line of defence is borne by the Corporation’s business teams, while the independent Risk Function provides second-line challenge and Internal Audit forms the third line. Key methodological building blocks include quarterly risk-and-control self-assessments (RCSAs), an ORSA that currently demonstrates a central solvency ratio in excess of 400 percent under multiple stress combinations, a newly piloted enhanced key-control testing regime aligned to forthcoming UK attestation requirements, and a forward-looking emerging-risk radar that tracks more than thirty systemic threats such as artificial intelligence, climate litigation and geo-political fragmentation.

This framework is embedded in day-to-day operations and strategic decision-making rather than being an after-the-fact compliance exercise. Risk professionals sit “in the room” for Board and executive deliberations, issuing formal risk opinions that accompany material business proposals and large change programmes. For example, the Blueprint Two digital-market initiative holds a fortnightly Risk & Assurance Working Group, and the Principles Based Oversight (PBO) reform benefited from timely risk challenge that was commended by regulators. Such integration has helped first-line functions to raise their own risk-maturity scores, with the average “identify” and “assess” domains now scoring above three on a five-point scale.

During 2024 the Risk Function recorded several notable achievements. It preserved a green or amber status across all fifteen appetites, moving the cyber-resilience metric to an improved NIST CSF score; lifted the organisation-wide RCSA maturity score; designed and launched phase one of the enhanced key-control framework; produced multiple formal risk opinions that underpinned decisions on multiple initiatives, including Blueprint Two; delivered the joint PRA/FCA operational-resilience self-assessment; enriched stress-and-scenario analysis that demonstrated profit headroom even under combined event stresses; and rolled out data-driven dashboards that give executives near-real-time visibility of risk and control performance.

Looking to 2025, the focus shifts from design to full implementation. The enhanced key-control testing will be rolled out across the Corporation and culminate in a dry-run Council attestation; risk-appetite metrics will be refreshed, particularly for cyber, brand, underwriting and reserving risks; and deeper assurance will be provided to major change programmes, with Blueprint Two receiving intensified oversight as it gets closer to going live. Operational-resilience work will continue with specific focus on legacy infrastructure for critical third parties, while market-oversight efforts will evaluate the embedding of principles-based supervision and conduct thematic reviews of delegated authority and high-risk classes. Finally, the risk team intends to sharpen forward-looking insight through richer scenario analysis and to invest in people and culture initiatives, including onboarding a new Risk Committee Chair, to sustain a high-performing and inclusive environment.

External Considerations

The role of the Society of Lloyd's (the Society) is threefold: (1) underwrite insurance business through its wholly owned subsidiaries, Lloyd's Insurance Company S.A. (Lloyd's Europe) and Lloyd's Insurance Company China Ltd. (Lloyd's China), (2) oversee and regulate the market, and (3) administer the Central Fund.

With respect to its role in administering the Central Fund, the Lloyd's Acts[7] provide a contractual backstop that obligates the Society to levy and apply the Central Fund whenever a member defaults, giving policyholders support that is neither optional nor subject to management discretion. Historically, every member failure has been fully absorbed without policyholder loss, proving both the Fund's effectiveness and the Council's readiness to act. Even after the 2024 strategic asset allocation changes, the Fund still held £2.7 billion in readily realisable assets—about 80% in cash and investment-grade bonds—with cash alone rising 34% year-on-year to £418 million, ensuring rapid claims-paying capacity, if needed. The Society also has unlimited levy power, and Lloyd's stress tests show that calls of less than 5% of members' capital would restore the Fund even after complete depletion. By underpinning Lloyd's financial strength, lowering syndicates' reinsurance costs, and enabling market access in jurisdictions that require a mutual guarantee, KBRA believes that the Central Fund's support is akin to an explicit guarantee. Accordingly, KBRA specifically recognises this unique credit enhancement feature in its credit assessment and its critical role in sustaining Lloyd's financial strength and stakeholder confidence in the market.

Transfer Risk

Lloyd's Market Assets and Liabilities by Currency at Translated Carrying Amounts at 31/12/2024

GBP millions	GBP	USD	EUR	CAD	AUD	Other
Total assets	24,053	124,855	8,777	11,041	5,058	2,733
Total liabilities	(21,052)	(90,149)	(7,084)	(7,008)	(3,519)	(854)
Total capital and reserves	3,001	34,706	1,693	4,033	1,539	1,879

Managing agents must identify the main currencies in which each syndicate transacts its business and hold assets in each of those currencies to match the relevant liabilities. Managing agents must ensure that the assets match liabilities and take corrective action when a mismatch occurs. The Corporation also reviews the alignment of assets to liabilities at the syndicate level as well as at the market level. In addition, many members seek to match capital disposition by currency against peak exposures.

[7] The legislative framework for the Society of Lloyd's began with the Lloyd's Act 1871, which formally incorporated the Society and codified its self-regulatory powers over marine insurance. It was broadened by the Lloyd's Act 1911, extending the Society's powers beyond marine business and tightening member security rules, and reshaped again by the Lloyd's Act 1925, which reorganised members' trust-deposit arrangements and tidied earlier drafting. Modernisation continued with the Lloyd's Act 1951, giving the Society trustee authority over members' security and upgrading disciplinary powers. A comprehensive overhaul arrived in the Lloyd's Act 1982, which created the Council of Lloyd's, embedded the Central Fund levy power and consolidated prior Acts into the collective "Lloyd's Acts 1871-1982." Finally, the Legislative Reform (Lloyd's) Order 2008 amended the 1982 Act to streamline governance, reduce Council size, simplify committee structures, allow syndicates to accept business without a registered Lloyd's broker and repeal outdated divestment provisions.

As of 31 December 2024, the main currencies were GBP, USD, EUR, CAD, and AUD. Other currencies comprised approximately 1.5% (2023: 2.0%) of total assets, 0.7% (2023: 0.8%) of total liabilities and 4.0% (2023: 5.2%) of total capital and reserves. As exposure is well-matched by currency and is predominantly to freely convertible currencies in stable jurisdictions, KBRA views Lloyd's exposure to transfer risk from sovereign capital controls as minimal and well-managed.