



2025 Full Year Results

9% core EPS growth; strong strategic progress; £1.2bn share buyback

António Simões, CEO:

"Today we're reporting a strong financial performance for 2025, and meaningful progress in reshaping L&G. We have addressed legacy complexities, strengthened our foundations and we are driving forward our growth strategy across our core businesses. This week we will begin a £1.2bn share buyback - the largest in our history - which, together with guided dividend per share growth of 2% this year, will bring planned returns to shareholders to £2.4bn over the next year.

As a sharper, more focused business, we are well-positioned to capitalise on the structural, growing demand for long-term investments and retirement income. We continue to extend our market leadership in defined benefit pension risk transfer, while in Retail we are capturing the defined contribution opportunity, supported by technology, customer service and operating leverage. Our Asset Management business is at an inflection point, with our repositioning efforts and its strong synergies with our other businesses driving improving financial performance, including an increase in ANNR and a growing average fee margin.

We are on track to achieve the financial targets set out in our strategy; our priority now is to accelerate this momentum, maintaining discipline and delivering enhanced shareholder returns."

Strong financial performance¹

- Core Operating Profit of £1,623m up 6% and Core operating EPS up 9%
- IFRS Profit Before Tax² of £807m
- Solvency II Capital Generation (OSG) of £1.5bn up 5% and SII OSG per share of 26.78p, up 8%
- Pro forma Solvency II coverage ratio³ of 210%
- Large and growing store of future profit⁴ of £13.3bn, with CSM of £12.4bn up 2%

Leading businesses well-positioned in growing markets

- **Institutional Retirement:** £11.8bn of Global PRT, with £10.4bn in the UK and continued momentum internationally
- **Asset Management:** £1.2trn global AUM, of which Private Markets £75bn, up 32%; ANNR of £34m and average fee margin expansion to 9.1bps
- **Retail:** Retail Annuities volumes of £1.8bn, and Workplace DC AUA up 21% to £114bn with net flows of £6.2bn, and a further £3.7bn of assets won to onboard in 2026.

Synergistic business model

- Annuities and Workplace successes underpin Asset Management ANNR
- c.80%⁵ of UK PRT volumes transacted with our long-standing clients in Asset Management
- 15% increase in our Workplace members taking out a L&G annuity - a growing channel for L&G

Attractive sustainable capital returns

- Dividend per share of 21.79p, up 2%, and £1.2bn buyback
- Returning more than £5bn to shareholders over 2025-2027

¹ The Group uses a number of Alternative Performance Measures to enhance understanding of the Group's performance as defined on pages 72-74.

² IFRS Profit before tax see Note 1.02.

³ Pro forma Full Year 2025 ratio, allowing for the impact of the Meiji Yasuda transaction and the related £1bn share buyback.

⁴ Store of future profit refers to the gross of tax Contractual Service Margin "CSM" and Risk Adjustment "RA" (net of reinsurance) under IFRS 17.

⁵ Average over past three years.



Financial summary¹

£m	FY 2025	FY 2024	Growth (%)
Analysis of core operating profit			
Institutional Retirement	1,168	1,097	6
Asset Management	402	401	–
Retail	447	430	4
Group debt costs	(229)	(216)	(6)
Group investment projects and expenses	(165)	(178)	7
Core Operating Profit	1,623	1,534	6
Non-retained US business	90	82	10
Corporate Investments unit	43	95	(55)
Operating Profit	1,756	1,711	3
Investment variance:			
from Core businesses	(591)	(924)	36
from Corporate Investments unit and non-retained US business	(180)	(272)	34
M&A and restructuring	(202)	(187)	(8)
Minority Interests	24	4	500
Profit before tax attributable to equity holders²	807	332	143
Profit after tax attributable to equity holders	592	191	210
Core Operating Earnings per share(p)	20.93	19.20	9
Operating ROE (%)	54.4	34.8	
Store of Future Profit	13,314	13,166	1
of which Contractual Service Margin (CSM)	12,385	12,187	2
CSM (net of tax) + Book Value ³	12,220	13,310	(8)
CSM (net of tax) + Book Value per share (p)	214	226	(5)
Solvency II			
Operational surplus generation ⁴	1,530	1,461	5
Coverage ratio ⁵ (%)	210	232	
Dividend per share (p)	21.79	21.36	

1. Alternative Performance Measure as defined on pages 72-74.

2. As per Analyst Pack note 1.02

3. CSM (net of tax) + book value reflects future deferred profit and IFRS equity attributable to common shareholders (excludes non controlling interests).

4. Excludes Transitional Measure on Technical Provisions (TMTP) amortisation of £83m in 2024 and £75m in 2025.

5. Pro Forma Full Year 2025 ratio, allowing for the impact of the Meiji Yasuda transaction and the related £1bn share buyback.

Note: 2024 Core operating profit, Core operating EPS, store of future profit (CSM & RA) and SII metrics have been restated to exclude non-retained US business. All other metrics, including CSM net of tax +Book Value and Operating profit still include non-retained US business.



Strong 2025 financial performance

Income statement

FY 2025 core operating EPS grew by 9% to 20.93p in line with the guidance given at our half-year results, and our core operating profit grew by 6% to £1,623m. Total operating profit, which includes the non-retained US business and our Corporate Investment unit portfolio which focuses on the disposal of non-strategic assets, grew by 3% to £1,756m.

Institutional Retirement operating profit increased by 6% to £1,168m, supported by a strong release from CSM and higher asset optimisation of £258m (FY 2024: £116m). Our total Annuity portfolio of £93bn, including Retail Annuities, generated asset optimisation of £331m, in line with guidance of greater than £300m over the medium term.

In 2025, we wrote £11.8bn of Global PRT (FY 2024: £10.3bn⁶), including £10.4bn of UK PRT at a low strain of 1%. Global PRT net of funded reinsurance was £9.6bn (FY 2024: £9.8bn).

Asset Management delivered a steady £402m of operating profit with recent momentum showing a shift towards higher fee-margin AUM and signs of an improving trajectory. We grew revenues by 4% to £1,038m and delivered operating profit from fee-related earnings of £258m. Despite only modest growth in average AUM, we continued our move towards higher-margin products that helped lift the average fee margin to 9.1bps and as a result we generated record ANNR of £34m. Actions to invest in growth contributed to higher operating expenses but are already supporting a more resilient and growth-aligned revenue profile. Balance Sheet Investments operating profit remained stable at £144m.

Retail operating profit increased by 4% to £447m (FY 2024: £430m) predominantly driven by growth in release of CSM and asset optimisation. Retail Annuities generated £1.8bn of new business sales, with £1bn delivered in the second half of the year. Our Workplace DC business continues to grow with AUA up 21%, including net flows of £6.2bn and 5.8 million members. Investment in our Workplace proposition continues to improve member engagement through our Retail App and expansion of our at-retirement guidance journey.

Profit before tax attributable to equity holders is £807m (FY 2024: £332m), reflecting investment variance from core businesses of £(591)m (FY 2024: £(924)m), investment variance from Corporate Investments unit of £(167)m (FY 2024: £(248)m) and M&A and restructuring costs of £(202)m (FY 2024: £(187)m). This year we include a further breakdown of the components of investment variance to cover:

- **Modelling and assumption changes**, primarily driven by improvements in annuity cashflow modelling. Overall, these changes increase our store of future profit by £290m but generate an adverse accounting mismatch of £(285)m⁷ in the P&L (FY 2024: £(214)m).
- **In-year performance compared to longer-term expected returns assumed in operating profit for non-annuity investments** of £(240)m (FY 2024: £(224)m).
- **Revaluations on a number of assets across our shareholder investments** of £(304)m (FY 2024: £(322)m).
 Rising discount rates have put downward pressure on valuations, and specific sectors—such as Specialist Commercial Real Estate and Venture Capital—have seen more pronounced challenges.
 We have taken active steps to mitigate future investment variance downside as part of our annual assessment of longer-term expected returns and the valuations on which we hold our shareholder investments.
- **Economic impacts on our Insurance portfolio of £105m** (FY 2024: £(362)m) reflecting positive inflation and interest rates movements on valuation changes across our annuity-backed assets and corresponding liabilities, partially offset by property returns and other movements. Our approach remains focused on robust cash-flow matching, and as such, we are comfortable with the portfolio not being fully matched under IFRS, given the underlying economic position remains well protected.

M&A and restructuring of £(202)m (FY 2024: £(187)m) reflects exceptional costs associated with restructuring and transforming the business, strengthening the foundations needed to capture growth opportunities in our core markets, as well as costs related to the acquisition of Proprium and the sale of our US protection business.

⁶ Restated to reflect reinsured US PRT volumes post Meiji Yasuda transaction.

⁷ This is similar to what we have previously seen for longevity releases. It reflects the difference in the release in reserves from the modelling improvements (using current discount rates) and the increase in our store of future profit (CSM & RA) (which is calculated using the point-of-sale discount rates).



Balance sheet and asset portfolio

Solvency II coverage ratio remains strong at 210%⁸ (FY 2024: 232%).

Growing Solvency II operational surplus generation (SII OSG) of £1,530m⁹ (FY 2024: £1,461m) and **SII OSG per share of 26.78p, up 8%**. This reflects a combination of continued growth in capital generation across our insurance businesses, higher repeatable asset optimisation as well as a lower outstanding share count following the share buyback of £500m in 2025.

New business strain of £266m (FY 2024: £257m) reflects continued use of lower strain gilts based investment strategy for new UK PRT and capital deployed on International PRT, Retail Annuities and Group Protection.

Solvency II Net surplus generation (SII NSG) of £1,264m (FY 2024: £1,204m).

IFRS shareholder equity attributable to owners of the parent of £1,788m (FY 2024: £3,053m), reflects our Group consolidated position before allowing for the Meiji Yasuda transaction. As disclosed at the time of the announcement we expect this transaction to deliver IFRS profit of greater than £1.3bn before the related share buyback.

Operating return on equity was 54.4% (FY 2024: 34.8%).

Our store of future profit increased to £13.3bn (FY 2024: £13.2bn), with the CSM of £12.4bn (FY 2024: £12.2bn) reflecting contributions from our growing insurance businesses and the model refinements set out above. Risk Adjustment of £929m is down slightly on FY 2024 (£979m) driven by economic movements and updates to stressed longevity assumptions.

⁸ Pro Forma Full Year 2025 ratio, post Meiji Yasuda transaction and the related £1bn share buyback.

⁹ Excludes Transitional Measure on Technical Provisions (TMTP) amortisation of £83m in 2024 and £75m in 2025. TMTP amortisation now reflected as an operating variance.



Well on track for our Group and business targets

Progress vs Group targets

At our Capital Markets event in June 2024, we set out a strategy for delivering sustainable growth, a sharper focus and enhanced returns to shareholders.

One year into our performance window, we are well on track against each of our 2027 Group targets.

- Core operating EPS growth of 9% in 2025 sits at the upper end of our 6-9% CAGR (2024-2027) target¹⁰
- Our operating Return on Equity significantly exceeds 20%
- We have generated £2.6bn Solvency II capital generation (through ongoing business and disposals) against our three-year cumulative £5-6bn target over 2025-2027.¹¹

More broadly on strategic execution, we are doing what we said we would do.

We are delivering sustainable growth across our well-positioned, capital-generative businesses in Institutional Retirement, Asset Management and Retail. As highlighted in our Investor Deep Dives over the past 18 months¹², our market-leading UK franchises—Pension Risk Transfer, Retail Annuities and Defined Contribution—each hold market shares of around 20% or more. These businesses benefit from strong synergies and a shared sense of purpose, creating meaningful competitive advantages for the Group.

We have shown sharper focus in exiting non-strategic businesses that added complexity to the Group and implementing our capital allocation framework for clearer decisions about whether investments cover our cost of capital. We are continually simplifying the way we work with efficiencies creating additional capacity to invest in future growth.

And we have delivered enhanced returns to our shareholders through a combination of dividends and share buybacks. In 2025 we completed a £500m share buyback and today we reaffirm the intention of a £1.2bn share buyback, reflecting £1bn from the proceeds from our US protection disposal and £200m from our existing distribution policy. Full year DPS growth is 2%, with a final dividend of 15.67p and a full year dividend of 21.79p.

Overall, this means we expect to return more than £5bn to shareholders over 2025-27. All future capital returns will be subject to the market environment, our views on solvency buffers, and regulatory approval.

Progress vs business targets

The strong commercial successes of 2025 have translated into good progress against our 2028 business targets in Institutional Retirement, Asset Management and Retail.

On track for businesses' operating profit CAGR growth targets

- Institutional Retirement: +7% vs. 5-7% CAGR (2023-2028) target;
- Retail: +4% vs 4-6% CAGR (2024-2028) target.
- In Asset Management, we are on track to hit our operating profit target of £500-600m by 2028.

Strong UK PRT New Business performance (2024-2028)¹³

- Cumulative £18.8bn new business volumes at a strain of c.1% vs five-year target of £50-65bn (2024-28) at lower than 4% strain in every year.

Good progress on key Asset Management growth drivers

- £34m ANNRR vs cumulative four-year target of £100-150m (2025-2028);
- £75bn Private Markets AUM vs £85bn+ target by 2028.

Compounding Retail Workplace net flows with standout commercial wins

- Cumulative Workplace net flows of £12.2bn and a further £3.7bn onboarding in 2026 vs. five-year target of £40-50bn (2024-28)

¹⁰ For the full 2024-2027 target, core operating EPS performance will be measured against the FY24 baseline of 20.23p, prior to any restatement for the Non-retained US business. For 2025, the baseline excluded non-retained US business to reflect the timing of completion of the sale and receipt of the proceeds..

¹¹ This target will be measured allowing for amortisation of TMTP. 2025 OSG before removing TMTP amortisation is £1,455m. Also as previously disclosed, we will include the accelerated capital generation of the Meiji Yasuda transaction in the performance against this target of £1.2bn.

¹² Investor Deep Dive presentation materials covering the strategies for each of our businesses in greater detail are available [L&G Capital Markets events](#)

¹³ UK PRT volume target is indicative. We will continue to prioritise pricing discipline over volume.



Clear long-term trajectory and positive commercial outlook

New disclosures on long-term trajectory

Today we are providing further disclosure and guidance to also explain the long-term trajectory of the Group.

- **New medium-term SII coverage ratio operating range of 160-190%**

The current strength of our balance sheet allows us to take advantage of the significant opportunities ahead. Over the medium term, our optimal operating range sits between 160-190% and we expect our ratio to converge to be within this range as we deploy capital to meet our growth ambitions.

How we think about our ratio changes under different market environments, and our potential management actions are dynamic on why the ratio is at that level and how we expect risks to evolve from that point.

At the lower end of this range our dividend is sustainable, and this is not an automatic trigger for capital measures.

- **SII debt leverage is increased in the short term, with a longer-term downward trajectory**

Our 2025 pro forma Solvency II debt leverage, following the sale of the US Protection business and the £1bn share buyback from sales proceeds, stands at 33%, consisting of £4.7bn fair value of debt and £14.3bn of Solvency II Own Funds (before temporary eligibility restrictions and allowing for Senior Notes and Euro Commercial papers). We expect to bring this down over the longer term with growth in Own Funds.

- **Sustainability of the dividend**

OSG per share is expected to grow at >5% (2025-27) vs 2% dividend per share growth in the same period. SII payout ratios are heavily influenced by the capital deployed on writing annuities, which is increasing as we scale, but we expect SII NSG to cover the dividend by 2027 (under normal new business strain scenarios).

We are highly confident in the outlook for the business and our ability to deliver our Group and business targets.

Attractive commercial outlook in 2026

We have started 2026, with stronger foundations, a sharper portfolio and increased momentum. We expect growth in 2026 core operating EPS to be at the top end of our 6-9% three-year target range as we to generate strong profit growth across all three core businesses and benefit from the £1.2bn share buyback.

In Institutional Retirement, we have a healthy PRT pipeline. Based on our pipeline in the UK, including the £17bn of transactions that we are actively pricing on, we expect the overall UK PRT market volumes to be around £50bn. We expect an increase in large transactions compared to 2025 and we already have sight of 10 transactions over £1bn that may complete in 2026, with the majority expected to complete in the second half of the year. We will continue to adapt to changes in market conditions, generate repeatable profit from asset optimisation in line with guidance of >£300m and deliver attractive returns, as we have successfully demonstrated in 2025. We will continue to grow our international PRT proposition through our Bermudan reinsurance hub.

Asset Management entered 2026 with encouraging momentum, supported by a continued shift toward higher-margin products and channels, reflected in the rise in the average fee margin to 9.1bps. We will see the full annual benefit of the successes we had in 2025 come through in next year's performance including the £34m of ANNR in 2025, which provides a tailwind to our 2026 revenues. Our targeted cost actions taken in 2025 are also beginning to come through into our numbers. Therefore, our current run-rate for 2026 shows revenue growth outpacing cost growth.

Growth in UK DC and international AUM driven by strong growth in Asia where we saw £12.9bn of net inflows, providing a solid platform for further expansion. The Private Markets platform, now at £75bn of AUM, continues to scale across private credit, infrastructure and real estate, reinforced by successful transitions of incubated assets into our new Digital Infrastructure Fund and flows into our Private Markets Access Fund. Collectively, these trends position the business well for sustained revenue growth.



We remain confident in delivering our Asset Management profit target of £500–600 million by 2028. This will be more heavily weighted towards high-quality fee earnings, as balance-sheet investments are expected to generate around £80–100 million of profit per year accepting some volatility by the nature of these investments, of c. £50 million lower than previously guided.

In Retail, several Workplace schemes that we won in 2025 will fund this year (£3.7bn AUA), we expect monthly contributions to grow to £0.9bn by the end of 2026 and we will continue to strengthen our proposition. The retail annuities market continues to thrive, as higher interest rates and increased awareness around the benefits of guaranteed income continue to make these products more attractive to customers. Our pipeline going into 2026 is as strong as we have seen it over the second half of 2025. We are well positioned in this market and continue to sharpen all components of our offering. Our UK protection businesses continue to focus on writing strong volumes at disciplined margins.

We generate liquidity to reinvest in our core businesses through our **Corporate Investments unit**, which has c. £500m of assets remaining at the end of 2025. We expect negligible operating profit in 2026 and beyond as we continue to dispose of the portfolio.

Following a significant review of Balance Sheet Investments in Asset Management, alongside a broader assessment of the overall shareholder portfolio we are confident that the current valuations and longer-term expected returns on our shareholder assets are appropriate and materially de-risk the balance sheet and earnings from future downward revisions.

We incurred c. £(202)m of M&A, restructuring and transformation costs, which are reported outside operating profit. These costs reflect organisational restructuring (including M&A) and our multi-year transformation programmes as we strengthen operating platforms to capture the significant growth opportunities ahead. We expect these costs to remain at around £100-200m in 2026.



Institutional Retirement

FINANCIAL HIGHLIGHTS ¹ £m	FY 2025	FY 2024
Contractual service margin release	667	643
Risk adjustment release	132	140
Expected investment margin	548	479
Experience variances	(12)	(10)
Non-attributable expenses	(172)	(161)
Other	5	6
Operating profit	1,168	1,097
Investment variance	(250)	(553)
M&A and restructuring	(1)	–
Profit before tax attributable to equity holders	917	544
Contractual service margin (CSM)	8,661	8,545
Risk adjustment (RA) ²	625	686
Total store of future profit	9,286	9,231
CSM release as a % of closing CSM pre release	7.2%	7.0%
New business CSM	404	474
New business RA ³	22	88
Total new business future profit	426	562
UK PRT	10,446	8,412
International PRT	1,376	1,914
Total new business (Gross Premiums)	11,822	10,326
Funded reinsurance premiums	(2,208)	(557)
Total new business (net of Funded Reinsurance)	9,614	9,769
Institutional Retirement annuity assets ⁴ (£bn)	74.9	66.6
Shareholder assets ⁴ (£bn)	3.0	3.5

1. FY 2024 numbers restated to exclude Non-retained US business.
2. The Risk Adjustment (RA) has decreased by £61m over the year driven by economic movements and updates to stressed longevity assumption.
3. 2025 New business RA is reduced by £32m (FY 2024: £78m) after allowing for the impact of reinsurance transacted on PRT deals signed in the prior reporting period. Excluding this backbook reinsurance, the 2025 New Business RA was £54m (FY 2024: £167m).
4. UK Institutional Retirement and Retail annuities assets are managed together, the allocation to each is estimated. Annuities assets reflect investments (as per Investment Portfolio disclosure in Analysts Pack note 6.01) net of derivative liabilities and include non-financial assets.

Strong operating profit, up 6% to £1,168m

Contractual Service Margin (CSM) release has increased to £667m (FY 2024: £643m), as we continue to write strong new business volumes and a gradual increase in amortisation rate of the CSM as the backbook matures. Overall, the CSM grew 1% to £8.7bn (FY 2024: £8.5bn) supported by new business and in year model refinements partially offsetting CSM release less locked in interest accretion.

Risk Adjustment (RA) release has reduced to £132m (FY 2024: £140m), driven mainly by interest and inflation impacts as well as 2024 risk calibration updates.



The expected investment margin is up 14% at £548m (FY 2024: £479m) reflecting repeatable asset optimisation of £258m¹ (FY 2024: £116m), partially offset by reduced returns from lower surplus assets across the annuity and shareholder funds.

Profit before tax of £917m (FY 2024: £544m) is impacted by investment variances of £(250)m (FY 2024: £(553)m), predominantly driven by model refinements and an action to reduce the cost of reinsurance, where these items increase the store of future profit but generate an adverse accounting mismatch of £(223)m². There were also impacts on shareholder assets (non-annuities portfolio), largely reflecting in-year asset returns versus long-term expected returns in operating profit. This is partly offset by positive mark to market movements from inflation and interest rates which are the main drivers of £105m of economic impacts in the Annuities portfolio.

£11.8bn global PRT volumes written with significant future potential

In 2025, we wrote £11.8bn of global PRT new business across 63 schemes (FY 2024: £10.3bn across 56 schemes), including buy-ins with Ford of £4.6bn, BP of £1.6bn and NatWest of £1.1bn. UK volumes increased to £10.4bn (FY 2024: £8.4bn) and we delivered international volumes of £1.4bn (FY 2024: £1.9bn). Several of our 2025 wins also include significant potential for additional PRT transactions and, given our established relationships, we are well positioned to secure future tranches.

Institutional Retirement delivered US PRT new business premiums³ of \$1.4bn (FY 2024: \$1.7bn) as well as Canadian PRT volumes of CAD \$0.6bn (FY 2024: CAD \$1.0bn). Going forward, alongside Meiji Yasuda in the US, L&G remains strongly positioned to offer holistic, multinational pension de-risking solutions, leveraging skills and capabilities across geographies to make us a global leader in PRT.

Although the pricing environment has been challenging, our trusted name, strong longstanding relationships and our excellent track record for smooth execution has set us up well to continue to deliver in this environment.

Tighter credit spread environment creates further asset optimisation opportunity

In 2025, we wrote strong volumes at attractive margins despite continued tighter credit spreads and wider gilt spreads in the UK. This supported capital-efficient new business, with a c.1% strain on UK PRT written.

Overall PRT new business strain of 1.6% (FY 2024: 2.0%), with International PRT strain of 6.3% (FY 2024: 5.6%).

Our gilts-based approach delivers a highly attractive return on capital and significant opportunity for further asset optimisation. While day-one profitability metrics are moderately lower, reflecting a reduced initial yield, the amount of capital deployed is materially lower. As a result, the drivers of future value have shifted: incremental new business CSM and RA are reduced, while additional profit emerges from rotating a greater proportion of back-book assets into Direct Investments, enabled by the liquidity created on day one.

Institutional Retirement generated an IFRS new business margin⁴ of 6.5% (FY 2024: 7.2%⁵).

We are strengthening our asset optimisation framework to sustain this repeatable profit stream beyond our medium-term guided timeframe. Current markets offer multiple ways to capture higher risk-adjusted spreads - across ratings, currencies and sectors in credit, and by reallocating from credit into structured sovereigns. Also in the scenario of sustained credit spread widening, we have significant capacity to deploy and rotate back into credit, creating additional future value.

¹ The total optimisation delivered on the annuities portfolio in 2025 is £331m.

² Across the total annuity portfolio, these items increase our store of future profit by £290m but generate an adverse accounting mismatch of £(285)m.

³ This reflects 80% of the overall US PRT premium generated in 2025.

⁴ Calculated as a Day 1 impact on IFRS metrics as percentage of premium net of funded reinsurance. The Day 1 impact includes CSM of £427m and RA of £55m in relation to PRT business written in the year, removing timing constraints on reinsurance imposed by IFRS17. Includes annuity book optimisation from Funded Reinsurance (£66m) and Direct Investment capacity enabled by gilts-based investment strategies from new business written in the year (£76m).

⁵ FY 2024 IFRS new business margin is restated to exclude non-retained US business.



Strong growth in our Annuity Portfolio

Our Annuity portfolio, capturing Global PRT and Retail Annuities, has been re-presented to allow for net positions on derivatives and other non-financial assets. This reduces volatility in the portfolio including on the pre-asset sourcing for schemes which are due to onboard after the reporting date.

£bn	2023		2024		2025	
	AUA	% of opening assets	AUA	% of opening assets	AUA	% of opening assets
Opening assets¹	73.1		82.8		83.4	
PRT net premiums	10.5		10.1		9.6	
Retail new business premiums	1.5		2.1		1.8	
Total net premiums	12.0	16%	12.2	15%	11.4	14%
Claims	(5.6)	(8)%	(6.4)	(8)%	(6.9)	(8)%
Investment return & market movements	5.9	8%	(1.5)	(2)%	3.6	4%
Other ²	(2.6)	(4)%	(2.1)	(3)%	1.4	2%
Closing assets	82.8	13%	85.0	3%	92.9	11%
Exclude non-retained US PRT			(1.6)			
Closing assets excluding non-retained US PRT			83.4			

1. Annuity assets reflect Annuity investments (as per note Analyst Pack 6.01), but excludes shareholder assets. These assets are net of derivative liabilities and include non-financial assets. "Opening 2025 Annuity portfolio assets have been re-presented to exclude Non-retained US PRT business following the transaction with Meiji Yasuda and continue to be shown excluding external Reinsurance assets.
2. Other predominately reflects reinsurance flows and backbook transactions, in-year deferred premiums, assets from previously deferred premiums, expenses, tax & dividends.



Asset Management

FINANCIAL HIGHLIGHTS £m	FY 2025	FY 2024
Management fee revenue	1,022	976
Transactional revenue	16	20
Total revenue	1,038	996
Total costs	(780)	(740)
Operating profit from fee-related earnings	258	256
Operating profit from Balance Sheet investments	144	145
Total operating profit	402	401
Investment and other variances	(236)	(161)
M&A and restructuring	(94)	(29)
Profit before tax	72	211
Asset Management cost:income ratio (%)	75%	74%
Net flows (bn)	(27.7)	(48.5)
Inflows	241.4	188.4
Of which UK DB assets	29.8	21.8
Outflows	(269.1)	(236.9)
Of which UK DB assets	(51.4)	(55.2)
Annualised net new revenue (ANNR)	34	(5)
<i>Average assets under management (bn)</i>	1,140	1,128
Assets under management ex JV, Associates and other (bn)	1,177	1,118
JV, Associates and other AUM¹ (bn)	20	17
Total AUM (bn)	1,197	1,135
<i>Of which:</i>		
- International assets under management ²	516	488
- Private Markets ³	75	57
- UK DC assets under management	212	183

1. Includes 100% of assets managed by associates (Pemberton and NTR) and L&G balance sheet assets managed by Asset Management.

2. International AUM includes assets from internationally domiciled clients plus assets managed internationally on behalf of UK clients.

3. Private Markets assets includes assets from associates and is based on managed AUM including £3.4bn from multi-asset strategies.

Fee revenue growth continues as mix shifts toward higher- margin products

Operating profit from fee-related earnings (FRE) has increased slightly to £258m (FY 2024: £256m), reversing the multi-year trend of declining FRE. This reflects solid revenue growth, partly offset by continued investment in the platform and an elevated cost base.

Revenues grew 4% to £1,038m (FY 2024: £996m), supported by favourable market conditions and continued progress in pivoting the business toward higher-margin strategies. Average AUM remained broadly stable year-on-year, rising 1% to £1,140bn, reflecting the back-ended nature of market growth in 2025.

The strategic rebalancing of our product mix continues to take effect, with the overall fee margin increasing to 9.1bps, up from 8.8bps in FY 2024.

Operating expenses increased by 5% as we continued to invest in growth initiatives, digital capabilities, and enhancements to our operating platform, leading to a cost-income ratio of 75%.



Operating profit from Balance Sheet Investments of £144m

Operating profit from Balance Sheet investments was £144m, broadly unchanged from FY 2024. Performance included strong contributions from Pemberton and good performance of assets within our Digital Infrastructure portfolio, partially offset by valuation movements across several assets.

During the year, a number of balance sheet assets were transferred into the LDIF (L&G Digital Infrastructure Fund) as part of the strategy to incubate assets to catalyse third-party capital raising. These assets had previously been developed on the balance sheet before reaching maturity for fund placement. The transfer of these assets into LDIF marks an important milestone in scaling our infrastructure platform, enabling external investors to participate in assets initially grown through balance sheet support.

The Balance Sheet Investment portfolio ended the year at £1.1bn (FY 2024: £1.2bn), reflecting asset valuation adjustments and the transfer of assets into third party funds and the Corporate Investments Unit.

Profit Before Tax and Investment and Other Variances

Profit before tax was £72m, with investment and other variances of £(236)m, driven primarily by asset revaluations across several balance sheet holdings and M&A and restructuring of £(94)m reflecting exceptional costs of restructuring the business and costs associated with the acquisition of Proprium.

Annualised Net New Revenue of £34m reflecting progress in executing our strategy

Annualised Net New Revenue (ANNR) for the year was £34m, demonstrating clear progress in reshaping the business toward higher-margin growth opportunities and a step forward in organic revenue generation. This performance was achieved despite net outflows of £28bn and reflects the continuing benefits of our strategic focus on channels and segments where we are gaining competitive traction.

Strong contributions came from several core areas of the business. Insurance remained the single largest driver of ANNR, generating £27m, reflecting new PRT activity and growth in private credit allocations. UK Defined Contribution also made a significant positive contribution of £13m, supported by new scheme wins, regular member contributions and the continued shift towards investment strategies with private markets allocation through our Private Markets Access Fund (PMAF).

In Asia, ANNR was £6m as we secured new mandates and deepened relationships with large institutional clients across the region. Growth in our ETF range delivered ANNR of £4m, supported by continued investor demand for thematic and equity strategies, while the Wholesale business delivered ANNR of £3m through strong inflows into index and fixed income products.

These gains were partially offset by reductions elsewhere. UK Defined Benefit (DB) ANNR of £(9)m through natural run-off as well as clients transitioning to PRT. We continue to be a net beneficiary of the structural trends in UK DB given our synergistic model with Institutional Retirement. The US and EMEA recorded negative ANNR, mainly attributable to significant outflows from a small number of large institutional clients.

AUM and Business Mix

AUM increased to £1,197bn, a rise of £62bn (+5%) from the start of the year, driven primarily by strong market gains but partly offset by net outflows and FX headwinds.

Business line dynamics were generally positive, with AUM growth across all products other than Solutions, demonstrating our conscious shift to higher-margin business. Private Markets delivered £10.2bn of net inflows through fund launches and private credit allocations. Multi-Asset generated £5.4bn of net inflows driven by scheme wins in DC.

Outflows remained concentrated in lower-margin segments. Index generated net outflows of £28.8bn, driven by a small number of client redemptions in EMEA. LDI solutions recorded £14.2bn of net outflows, reflecting the structural run off of UK DB.



Growing our Private Markets Platform

Our Private Markets platform continued to expand significantly over the year, with AUM increasing to £75bn, reflecting strong momentum across private credit, real estate and infrastructure. This growth has been supported by continued scaling of our private credit capabilities, including the contribution from Pemberton, further build-out of our digital infrastructure offering and the acquisition of Proprium, which expands L&G's real estate capabilities across Europe and Asia-Pacific, complementing its UK-focused real estate portfolio.

These developments underscore the growing depth and diversification of our Private Markets franchise and position us well to capture future demand across institutional and wealth channels.

Investing for the long term

Investment performance has been strong across our range of matching, tracking and active strategies. Our combined UK & US Active Fixed Income Strategies have 70% outperforming over 1 year, 67% over 3 years and 83% over the 5 year period. 82% and 80% of Multi-Asset strategies outperformed over 1 and 3 years respectively. Our stewardship and responsible investment activity continue to expand, with responsible investment AUM reaching £496.4bn at year-end and ongoing progress on sustainability-focused engagement initiative.



Retail

FINANCIAL HIGHLIGHTS £m	FY 2025	FY 2024
Contractual service margin release	396	371
Risk adjustment release	79	77
Expected investment margin	141	127
Experience variances	(5)	(12)
Non-attributable expenses	(117)	(99)
Other	(47)	(34)
Operating profit	447	430
- UK Insurance ¹	119	114
- Retail Retirement ²	328	316
Investment and other variances	(62)	(187)
M&A and restructuring	(11)	–
Profit before tax attributable to equity holders	374	243
Contractual service margin (CSM)	3,724	3,642
Risk adjustment (RA)	304	293
Total store of future profit	4,028	3,935
New business CSM	169	160
New business RA	38	41
Total new business future profit	207	201
Protection new business annual premiums	269	263
Individual annuities single premium	1,753	2,118
Workplace DC net flows (£bn) ³	6.2	6.0
Lifetime & Retirement Interest Only mortgage advances	224	270
Retail retirement annuity assets ⁴ (£bn)	18.0	16.8
Retail retirement shareholder assets ⁴ (£bn)	0.8	1.0
UK Retail protection gross premiums	1,546	1,525
UK Group protection gross premiums	575	528
Total protection gross premiums	2,121	2,053

1. UK Insurance includes Retail protection, Group protection and Mortgage Services.

2. Retail Retirement includes Individual Annuities, Lifetime Mortgages, Workplace DC administration and returns from shareholder assets.

3. Figures include Workplace DC and Retail Savings net flows.

4. UK Institutional Retirement and Retail annuities assets are managed together, the allocation to each is estimated. Annuities assets reflect investments (as per Investment Portfolio disclosure in Analysts Pack note 6.01) net of derivative liabilities and include non-financial assets.



Operating profit up 4%

In FY 2025, Retail operating profit has increased 4% to £447m (FY 2024: £430m). This is predominantly driven by higher CSM release and investment margin.

The Contractual Service Margin (CSM) release was £396m (FY 2024: £371m), driven by favourable assumption change impacts in Annuities and Protection. 9.6% of the closing CSM pre-release (£4.1bn) was released into profit (FY 2024: 9.2%, £4bn). Overall, the CSM was slightly higher at £3.7bn.

Profit before tax was £374m (FY 2024: £243m), up 54%, largely impacted by lower investment variance losses in Retail Annuities.

Our at-scale businesses are consistently winning in attractive markets

Workplace DC net flows increased 3% to £6.2bn (FY 2024: £6.0bn), with monthly contributions growing to £0.8bn and Workplace pension platform members now up to 5.8 million. With Workplace Savings as our core customer acquisition engine, we remain on track to deliver £40-50bn net flows between 2024-2028 and we expect the Workplace DC market overall to double from 2024 to 2034.

Retail annuity sales were £1.8bn (FY 2024: £2.1bn), with over £1bn delivered during H2 following our continued focus on pricing and strong operational capacity. We achieved a market share of 19.1%¹ as increased awareness around the benefits of guaranteed retirement income continue to make Retail annuities more attractive to customers. We continue to innovate with fully end-to-end digital applications as we look to capitalise on this growing market. We project the market to reach £20bn by 2034, more than double its current size, as more individuals retire with defined contribution pensions and annuities become an increasingly important component of retirement planning.

Margins have been tighter in this market both with heightened competition and the increased weighting to a gilts based investment strategies than in 2024, resulting in a lifetime annuities IFRS new business margin² of 5.9% (FY 2024: 7.5%).

Group protection gross premium income increased 9% to £575m (FY 2024: £528m) as we continue to harness the latest technology to deliver meaningful growth. We now have 4,185 new SME employers using Onix, our online quote and buy self-service platform, demonstrating the strength of our digital experience, data and technology.

Retail protection gross premium income increased to £1,546m (FY 2024: £1,525m), with new business annual premiums of £159m (FY 2024: £153m) as we continue to transform our technology and capability in a highly competitive market whilst maintaining a strong market share of 18.5%³.

In 2025, we have increased IFRS new business margin on our protection businesses⁴ year-on-year from 5.6% to 7.2%.

Lifetime mortgage advances, including Retirement Interest Only mortgages, were £224m (FY 2024: £270m) reflecting a subdued lifetime mortgage market. Our lifetime mortgages continue to provide additional retirement income for our customers.

¹ ABI Q4 2025 Report – YTD Q4 Lifetime Annuities only.

² Reflects new business CSM and RA from writing annuity business in year of £75m and DI capacity created from writing new business of £13m over the Lifetime annuities premiums of £1.5bn.

³ ABI Q4 2025 Report.

⁴ Reflects new business CSM and RA from writing protection business in year of £131m over the IFRS present value of future premiums of £1,827m.



Corporate Investments unit

FINANCIAL HIGHLIGHTS £m	FY 2025	FY 2024
Operating profit	43	95
Investment and other variances	(167)	(248)
M&A and restructuring	(15)	(140)
Profit before tax attributable to equity holders	(139)	(293)
Asset portfolio (£bn)		
Legacy Real Estate	0.2	0.5
Legacy Land	0.1	0.1
Fintech and Other	0.2	0.2
Total Corporate Investments	0.5	0.8

Operating profit of £43m

Operating profit from our Corporate Investments unit is £43m (down from £95m in FY 2024), reflecting activity to actively manage our portfolio of non-strategic assets and generate liquidity for the Group.

Investment and other variances of £(167)m is driven by asset revaluations and in-year versus expected returns on the portfolio.

Subsidiary remittances to Group

Subsidiary remittances ¹ (£m)	FY 2025	FY 2024
LGAS	1,382	1,193
L&G - Asset Management	135	80
Other ²	338	447
Total	1,855	1,720

1. Represents cash remittances from subsidiaries to Group in respect of the year's financial performance.

2. Other predominantly includes L&G Capital Investments Limited and L&G Reinsurance, as well as any smaller remittances from other Group entities.

The level of subsidiary remittances ensures coverage of external dividends and Group related costs, with excess liquidity being held within our regulated subsidiaries.

Borrowings

The Group's outstanding core borrowings totalled £4.3bn at 31 December 2025 (FY 2024: £4.3bn). There is also a further £0.3bn (FY 2024: £1.7bn) of operational borrowings including £0.2bn (FY 2024: £1.7bn) of non-recourse borrowings. The total excludes unit linked related borrowings.

Group debt costs of £229m (FY 2024: £216m) reflect an average cost of debt of 5.1% per annum (FY 2024: 4.9% per annum) on an average nominal value of debt balances of £4.5bn (FY 2024: £4.5bn).

Cash

As at 31 December 2025, the Group held £2,610m of Treasury Assets and Other Shareholder Cash (FY 2024: £2,629m).

In 2025, L&G owned Private Markets assets of £3.0bn at FY 2025⁵ (FY 2024: £3.3bn), generated c. £800m of cash, predominately reflecting disposals of assets to funds for third party investment of £230m, the receipt of disposals of CIU assets of c. £370m, the receipt of the second tranche of the proceeds from the sale of Cala of c. £75m and dividends from our development and operating companies of £105m.

⁵ This excludes Annuity portfolio assets and non-private market assets in the shareholder funds.



Taxation

Equity holders' Effective Tax Rate (%)	FY 2025	FY 2024
Equity holders' total Effective Tax Rate	24.0	41.3
Annualised rate of UK corporation tax	25.0	25.0

The effective tax rate of 24% reflects the varying rates of tax that we pay on our businesses in different territories, as well as certain valuation movements and transaction expenses that are not tax deductible. In 2024 the higher effective tax rate of 41% reflects the adverse impact from accounting variances on certain disposals and investment valuation write downs that are not tax deductible.

Solvency II

As at 31 December 2025, the Group had an estimated Solvency II surplus of £7.0bn over its Solvency Capital Requirement, corresponding to a Solvency II coverage ratio of 203%. We report the pro forma Full Year position below post the Meiji Yasuda transaction and the related Share buyback of £1bn.

Capital (£m)	Pro forma FY 2025	FY 2025	FY 2024
Own Funds	13,178	13,814	15,860
Solvency Capital Requirement (SCR)	(6,265)	(6,807)	(6,848)
Solvency II surplus	6,913	7,007	9,012
Solvency II coverage ratio (%)	210%	203%	232%

1. Please see disclosure note 5.01 for further detail.

	Own Funds	FY 2025 ¹		
		SCR	Surplus	Ratio
Opening position	15,860	(6,848)	9,012	232
Share buyback	(503)	–	(503)	(8)
Opening position post share buyback	15,357	(6,848)	8,509	224
Operational surplus generation	1,381	149	1,530	26
New business strain	234	(500)	(266)	(14)
Net surplus generation	1,615	(351)	1,264	12
Dividends paid	(1,247)	–	(1,247)	(18)
Operating variances + market movements ²	(1,614)	419	(1,195)	(10)
Mergers, acquisitions and disposals	(143)	(27)	(170)	(3)
Tier 2 eligibility restrictions	(154)	–	(154)	(2)
Closing position	13,814	(6,807)	7,007	203
Meiji transaction	640	542	1,182	28
Related buyback	(1,005)	–	(1,005)	(16)
Further Tier 2 eligibility restriction	(271)	–	(271)	(5)
Pro Forma Full Year 2025 closing position	13,178	(6,265)	6,913	210

1. Please see disclosure note 5.01 for further detail.

2. Operating variance surplus impact of £(688)m and Market movements surplus impact of £(507)m

The movements shown above incorporate the impact of recalculating the TMTP as at 31 December 2025.



Growing Solvency II operational surplus generation (SII OSG) of £1,530m⁶ (FY 2024: £1,461m) and **SII OSG per share of 26.78p, up 8%**. This reflects a combination of continued growth in capital generation across our insurance businesses, higher repeatable asset optimisation as well as a lower outstanding share count following the share buyback of £500m in 2025.

New business strain of £266m (FY 2024: £257m) reflects the continued use of a capital light gilts-based investment strategy for new UK PRT business and capital deployed on International PRT, Retail Annuities and Group Protection.

Net surplus generation (NSG) of £1,264m (FY 2024: £1,204m).

Operating variances of £(688)m are primarily driven by project investment costs, the write down of the Bermuda Deferred Tax Asset following OECD confirmation that it will not be eligible for Global Minimum tax relief, and the SCR related to a FX hedge on the proceeds of sales of our US protection business. In addition, trading and model changes had a small net impact on surplus but reduced both Own Funds and SCR.

Market movements of £(507)m are primarily driven by property returns being lower than longer-term expected returns assumed in our OSG and currency movements on the cross currency swaps in place to hedge our non-sterling sub-debt liability, where the underlying sub-debt is not included in Own Funds. As well as, the impact of revaluation of a number of investments in our shareholder funds.

The movements shown above incorporate the impact of recalculating the TMTP as at 31 December 2025.

Sensitivity analysis¹

	Impact on net of tax Solvency II capital surplus	Impact on net of tax Solvency II coverage ratio
	2025	2025
	£bn	%
100bps increase in risk-free rates	0.1	11
100bps decrease in risk-free rates	(0.2)	(14)
Credit spreads widen by 100bps assuming an escalating addition to ratings	0.1	6
Credit spreads narrow by 100bps assuming a flat addition to ratings	0.2	10
Credit spreads narrow by 100bps assuming a flat deduction from ratings	(0.4)	(13)
Credit spreads on sub investment grade widen 100bps; level addition to ratings	(0.1)	(2)
Credit migration	(0.5)	(7)
25% fall in equity markets	(0.5)	(5)
15% fall in property markets	(0.8)	(14)
50bps increase in future inflation expectations	0.0	0
10% increase in maintenance expenses	0.4	(5)

1. Please see disclosure 5.01 (vii) for further details.

The above sensitivity analysis does not reflect all management actions which could be taken to reduce the impacts. In practice, the group actively manages its asset and liability positions to respond to market movements. Allowance is made for the recalculation of the Loss Absorbing Capacity of Deferred Tax for all stresses, assuming full capacity remains available post stress.

The impacts of these stresses are not linear and therefore results should not be used to interpolate or extrapolate the impact of a smaller or larger stress. The results of these tests are indicative of the market conditions prevailing at the balance sheet date. The results would be different if performed at an alternative reporting date.

⁶ Excludes Transitional Measure on Technical Provisions (TMTP) amortisation of £83m in 2024 and £75m in 2025. TMTP amortisation now reflected as an operating variance.



Notes

A copy of this announcement and the presentation slides can be found in “Results, Reports and Presentations”, under the “Investors” section of our shareholder website at <https://group.legalandgeneral.com/en/investors/results-reports-and-presentations>.

A presentation to analysts and investors will take place at 9:30am UK time on 11 March 2026 at One Coleman Street, London, EC2R 5AA. There will also be a live webcast of the presentation that can be accessed at <https://group.legalandgeneral.com/en/investors>.

A replay of the presentation will be made available on this website by 12 March 2026.

Financial Calendar	Final	Interim
Results announcement	11 March 2026	5 August 2026
Ex-dividend date	23 April 2026	20 August 2026
Record date	24 April 2026	21 August 2026
Last day for Dividend Reinvestment Plan elections	13 May 2026	4 September 2026
Annual General Meeting and General Meeting	21 May 2026	N/A
Dividend payment date	4 June 2026	25 September 2026

Definitions

Definitions are included in the Glossary on pages 81 to 84 of this release.

Forward-looking statements

This Annual report and accounts may contain ‘forward-looking statements’ with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Company and the Group that are based on management’s current expectations or beliefs, as well as assumptions and projections about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as ‘aim’, ‘ambition’, ‘may’, ‘could’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘believe’, ‘plan’, ‘seek’, ‘continue’, ‘milestones’, ‘outlook’, ‘target’, ‘objectives’ or other words of similar meaning. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place undue reliance on and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; risks arising out of health crises and pandemics; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Further details of risks, uncertainties and other factors relevant to the business can be found on pages 75 to 80. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a guarantee, warranty or representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.



The information, statements and opinions contained in this Annual report and accounts do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities or financial instruments nor do they constitute any advice or recommendation with respect to such securities or other financial instruments or any other matter.

Caution about climate information

This Annual report and accounts contains climate and ESG disclosures which use a large number of judgments, assumptions and estimates in connection with involved and complex issues. The ESG disclosures should be treated with special caution, as ESG and climate data, models and methodologies are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, market consensus or globally accepted accounting principals.

These judgments, assumptions and estimates are likely to change over time, in particular given the uncertainty around the evolution and impact of climate change and around broader factors, such as impacts and dependencies on nature. In addition, the Group's climate risk analysis and net zero strategy and wider sustainability strategy remain under development and the data underlying the analysis and strategy remain subject to evolution. As a result, certain climate and ESG disclosures made in this report are likely to be amended, updated, recalculated or restated in future reports.

This statement should be read together with the Cautionary statement contained in the Group's latest Climate and nature report.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position in the current economic environment are set out in the Annual Report & Accounts. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group Results. Principal risks and uncertainties are detailed on pages 75 to 80.

The directors have made an assessment of the Group's going concern, considering both the current performance and the outlook for a period of at least, but not limited to, 12 months from the date of approval of the consolidated financial statements, using the information available up to the date of issue of the Annual Report & Accounts.

The Group manages and monitors its capital and liquidity, and applies various stresses, including adverse inflation and interest rate scenarios, to those positions to understand potential impacts from market downturns. Our key sensitivities and the impacts on our capital position from a range of stresses are disclosed in section 5.01 of the Capital section in the 2025 Preliminary Year End Report. These stresses do not give rise to any material uncertainties over the ability of the Group to continue as a going concern. Based upon the available information, the directors consider that the Group has the plans and resources to manage its business risks successfully and that it remains financially strong and well diversified.

Having reassessed the principal risks and uncertainties (both financial and operational) in light of the current economic environment, as detailed on pages 75 to 80, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.



Directors' responsibility statement

We confirm to the best of our knowledge that:

- The Group financial statements within the full Annual Report & Accounts, from which the financial information within this preliminary announcement has been extracted, and which have been prepared in accordance with UK-adopted IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The preliminary announcement includes a fair review of the development, performance and position of the Group, as well as the principal risks and uncertainties faced by the Group; and
- A list of current directors of L&G Group Plc is maintained on the L&G Group Plc website:
<https://group.legalandgeneral.com/en/about-us/our-management/group-board>

By order of the Board

António Pedro dos Santos Simões

Group Chief Executive Officer

10 March 2026

Andrew Kail

Group Chief Financial Officer

10 March 2026

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IFRS Disclosures on performance

1.01 Impact of the sale of the Group's US insurance entity on financial reporting

On 7 February 2025 the Group announced that it had agreed to sell its US insurance entity, comprising its US protection and US pension risk transfer (PRT) businesses, through the disposal of its entire shareholding in Legal & General America Inc., the parent company of Banner Life and William Penn, to Meiji Yasuda Life Insurance Company (Meiji Yasuda), a Japanese mutual life insurer, for \$2.3bn. The transaction completed on 2 February 2026 for proceeds of \$2.6bn (which reflects net asset transfers and the impact of business performance since 1 January 2025).

Following completion, Meiji Yasuda became the owner of the Group's US protection business and now holds a 20% economic interest in its US PRT business. The Group has retained 80% of existing and new PRT through a new reinsurance agreement with Meiji Yasuda.

The transaction has had the following impacts on financial reporting:

- In accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' the Group's US insurance entity qualifies for classification and measurement as a held for sale disposal group. This includes the entirety of the US protection and US PRT businesses.
- The disposal group also meets the definition of discontinued operations. As a consequence, the results of the disposal group for the year ended 31 December 2025 have been presented in separate lines within the Group Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Comparative information has been re-presented accordingly in line with IFRS 5 requirements.
- The composition of the Group's reportable segments in accordance with IFRS 8 'Operating Segments', has changed. In preparation for the completion of the disposal, the results related to the Group's US protection business and 20% of those related to the US PRT business have now been reported to key decision makers separately. As a consequence, they are no longer included in the results of the Insurance and Institutional Retirement segments, and are now presented separately as "Non-retained US business". Exposure to the remaining 80% of the US PRT business will be retained by way of the new reinsurance agreement and therefore these results continue to be reported within Institutional Retirement. Segmental information in relation to the prior year has been re-presented where applicable to reflect these changes.
- The calculation of core operating profit and core operating earnings per share (core operating EPS), two of the Group's Alternative Performance Measures (APMs), has been updated. Non-retained US business is no longer considered to be key to achieving the Group's strategy, and therefore, in line with the definition of core operating profit and core operating EPS, its results are now excluded from their calculation. Prior year comparatives have been restated accordingly. As a result of the change, core operating profit for the year ended 31 December 2024 has decreased by £82m (from £1,616m to £1,534m). Core operating EPS for the year ended 31 December 2024 has decreased by 1.03pps (from 20.23pps to 19.20pps).

IFRS Disclosures on performance

1.02 Operating profit[#]

For the year ended 31 December 2025	Notes	2025 £m	2024 £m
Institutional Retirement ¹	1.03	1,168	1,097
Asset Management	1.04	402	401
Retail	1.03	447	430
Insurance ¹		119	114
Retail Retirement		328	316
Group debt costs ²		(229)	(216)
Group investment projects and expenses		(165)	(178)
Core operating profit¹		1,623	1,534
Non-retained US business ¹		90	82
Corporate Investments		43	95
Total operating profit		1,756	1,711
Investment variance	1.05	(771)	(1,196)
M&A and restructuring ³		(202)	(187)
Profits attributable to non-controlling interests		24	4
Adjusted profit before tax attributable to equity holders		807	332
Tax expense attributable to equity holders	3.06	(191)	(137)
Profit for the year	2.01	616	195
Less: Profit after tax from discontinued operations	3.03	(96)	(65)
Total tax expense from continuing operations	2.01	304	318
Profit before tax from continuing operations	2.01	824	448
Profit attributable to equity holders		592	191
Earnings per share:			
Core operating (pence per share)^{1,4}	1.07	20.93	19.20
Basic (pence per share)⁴	1.07	9.99	2.89
Diluted (pence per share)⁴	1.07	9.74	2.86

1. Comparative amounts for Institutional Retirement and Insurance, which are components of core operating profit and core operating EPS, have been restated. Refer to Note 1.01 for further details.
2. Group debt costs exclude interest on non-recourse financing.
3. M&A and restructuring costs comprise one-off project expenses related to mergers, acquisitions, disposals, and organisational restructuring activities. In 2025, these costs include expenses associated with the disposal of the Group's US insurance entity, as well as transformation initiatives, including costs linked to the extension of Asset Management's partnership with State Street. In 2024, they include £99m relating to the disposal of Cala.
4. These earnings per share calculations are based on profit attributable to equity holders of the Company derived from continuing and discontinued operations.

This supplementary adjusted operating profit information (one of the Group's key performance indicators) provides additional analysis of the results reported under IFRS, and the Group believes that it provides stakeholders with useful information to enhance their understanding of the performance of the business in the year. Core operating profit measures the operating performance of the Group's core businesses, and is therefore calculated as the Group's adjusted operating profit excluding the operating profit of the Corporate Investments unit and Non-retained US business.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the contractual service margin and risk adjustment in the year (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in Asset Management and, up to its disposal on 31 October 2024, CALA Group (Holdings) Limited (Cala), no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

[#] All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

IFRS Disclosures on performance

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle
- assumptions for fixed interest securities measured at fair value through profit or loss (FVTPL) are based on asset yields for the assets held, less an adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or fair value through other comprehensive income (FVOCI), the expected investment return comprises interest income on an effective interest rate basis
- equity direct investments incorporate investments in real estate, infrastructure, private credit and venture capital. Where used for the determination of adjusted operating profit, the long-term expected investment return is on average between 10% and 12% (2024: 10% and 12%). Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The rate of return for assets belonging to Corporate Investments is determined at a portfolio level, and is updated annually if required. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

The long-term expectations used in determining the expected investment returns for traded equity and property assets are:

	2025	2024
Equity returns	7.0%	7.0%
Commercial property growth	5.0%	5.0%
Residential property growth	3.5%	3.5%

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

M&A and restructuring include exceptional income and expenses which arise outside the normal course of business in the year, such as disposals gains and losses, restructuring, mergers and acquisition costs.

1.03 Analysis of Institutional Retirement and Retail operating profit[#]

	Institutional Retirement	Retail	Institutional Retirement ⁵	Retail ⁵
	2025	2025	2024	2024
	£m	£m	£m	£m
Amortisation of the CSM in the year ¹	667	396	643	371
Release of risk adjustment in the year	132	79	140	77
Experience variances	(12)	–	(10)	(11)
Development of losses on onerous contracts ²	–	(5)	–	(1)
Other expenses ³	(172)	(117)	(161)	(99)
Insurance investment margin ⁴	548	141	479	127
Investment contracts and non-insurance operating profit	5	(47)	6	(34)
Total Institutional Retirement and Retail operating profit	1,168	447	1,097	430

1. Contractual service margin (CSM) amortisation for Retail has been reduced by £16m (2024: £18m) to exclude the impact of reinsurance mismatches.

2. Development of losses on onerous contracts has been adjusted by £13m to remove the reversal of gross contract losses that were excluded from adjusted operating profit in previous periods. In 2024, £35m of gross contract losses were excluded from adjusted operating profit where, net of reinsurance, the contracts remained profitable to remove gross contract losses where, net of reinsurance, the contracts remain profitable. These accounting losses will be presented as a reduction to the CSM amortisation in future periods.

3. Other expenses are non-attributable expenses on both new business and existing business. These are overhead costs which are not allowed for in the best estimate liability unit cost assumptions, and instead are reported within the Consolidated Income Statement as part of the profit or loss for the year.

4. Insurance investment margin comprises the expected investment return on assets backing insurance contract liabilities, the unwind of the discount rate on insurance contract liabilities and the optimisation of the assets backing the annuity back book.

5. Comparative amounts have been restated. Refer to Note 1.01 for further details.

[#] All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

IFRS Disclosures on performance

1.04 Asset Management operating profit[#]

	2025 £m	2024 ² £m
Management fee revenue (excluding third-party market data) ^{1,2}	1,022	976
Transactional revenue ³	16	20
Expenses (excluding third-party market data) ^{1,2}	(780)	(740)
Operating profit from fee-related earnings	258	256
Operating profit from balance sheet investments ⁴	144	145
Total Asset Management operating profit	402	401

1. Asset Management revenue has been presented net of costs of £31m (2024: £30m) in relation to the provision of third-party market data.
2. Asset Management revenue and expenses include, but is not limited to, investment management activities that the division undertakes on behalf of other Group businesses. Consistent with Note 1.08, these activities are presented in the table above on a gross basis. The comparatives for 2024, which previously showed certain of these activities on a net basis, have been re-presented accordingly.
3. Transactional revenue from external clients includes execution fees, asset transition income, trigger fees, arrangement fees on property transactions and performance fees.
4. Earnings from balance sheet investments across real estate, infrastructure, private credit and venture capital.

1.05 Investment variance

	2025 £m	2024 £m
Shareholder assets		
In year versus expected returns ¹	(240)	(224)
Asset revaluations ²	(304)	(322)
Insurance business		
Economic impacts on insurance business ³	105	(362)
Modelling and assumption changes ⁴	(285)	(214)
Reinsurance mismatches ⁵	28	(17)
Other non-operating items	(75)	(57)
Investment variance	(771)	(1,196)

1. Represents the in year variance between actual and longer-term expected returns on shareholder assets, in particular those held in Asset Management and Corporate Investments.
2. Asset revaluations in both 2024 and 2025 include in year write-downs of a number of Private Markets assets that have been adversely impacted by wider macroeconomic trends, particularly in real estate and growth equity sectors. £110m of these write-downs have arisen in the Corporate Investments unit, which represents assets that are no longer deemed strategic to the Group, including a small number of assets that were transferred from Asset Management in Q4 2025, following the completion of the strategic review undertaken by the CEO of the Asset Management business.
3. Economic impacts arising on insurance business in 2025 reflect the positive impacts of changes in interest rates and inflation, partially offset by other economics including property returns. In 2024, annuity business was adversely impacted by increases in interest rates and inflation expectations.
4. Primarily reflects the impact of the difference between locked and current rates on assumption and modelling changes, particularly in respect of annuity liabilities. In 2025, it also includes £(29)m arising from an action to reduce the cost of reinsurance. 2024 was impacted by a higher level of assumption changes related to longevity. Modelling and assumption changes have increased CSM in 2025 by £290m (2024: £195m) which will be earned back in future periods.
5. Reinsurance mismatches were positive, reflecting the adjustment to reported CSM amortisation within operating profit and the reversal of past onerous contract losses.

Investment variance includes differences between actual and long-term expected investment return on traded and non-traded assets, the impact of economic assumption changes caused by changes in market conditions or expectations (e.g. credit default and inflation), the impact of any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business, and the yield associated with assets held for future new pension risk transfer business. Note 1.02 includes details around the determination of the long-term expected investment return in the calculation of adjusted operating profit.

Changes in non-financial assumptions, including longevity, recalibrate the CSM at locked-in, point-of-sale discount rates, whilst the fulfilment cash flows change at the current discount rate. This creates a component of investment variance reflecting the difference between these bases.

For the Group's long-term insurance businesses, reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future contractual service margin (CSM) amortisation is reduced over the duration of the contracts. Additionally, in some circumstances, profitable reinsurance does not mitigate onerous losses on gross contracts whilst the net position remains profitable. Where this is the case, onerous contract profits or losses are also presented below operating profit and the CSM amortisation is adjusted over the remaining duration of the contracts.

[#] All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

IFRS Disclosures on performance

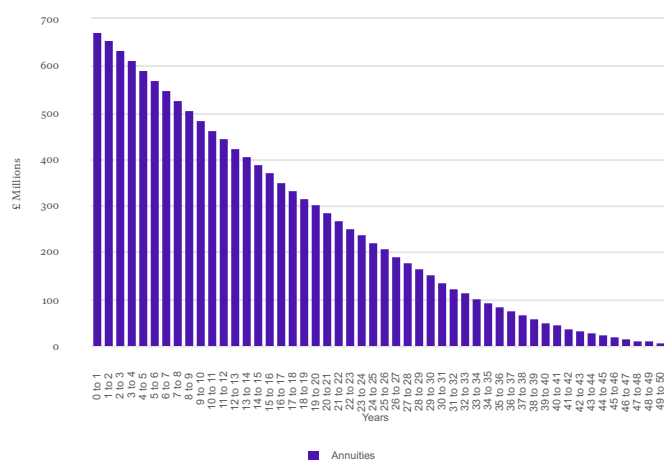
1.06 Risk adjustment (RA) and contractual service margin (CSM) analysis

	Net of reinsurance RA Institutional Retirement £m	Net of reinsurance RA Retail - Annuity £m	Net of reinsurance RA Retail - Protection £m	Net of reinsurance CSM Institutional Retirement £m	Net of reinsurance CSM Retail - Annuity £m	Net of reinsurance CSM Retail - Protection £m
As at 1 January 2025	686	261	32	8,545	2,615	1,027
New business CSM/risk adjustment	22	23	15	404	52	117
Finance expenses from insurance contracts ¹	153	44	3	280	78	34
Non-economic variances ²	(96)	6	(1)	125	166	47
Foreign exchange rate movements	(8)	–	–	(26)	–	–
As at 31 December 2025 before release	757	334	49	9,328	2,911	1,225
CSM release (amortisation of the CSM)	–	–	–	(667)	(228)	(184)
Risk adjustment release	(132)	(63)	(16)	–	–	–
As at 31 December 2025	625	271	33	8,661	2,683	1,041

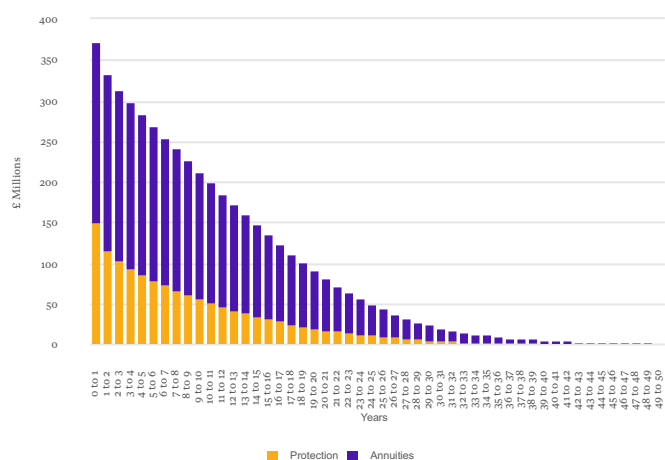
	Net of reinsurance RA Institutional Retirement £m	Net of reinsurance RA Retail - Annuity £m	Net of reinsurance RA Retail - Protection £m	Net of reinsurance CSM Institutional Retirement £m	Net of reinsurance CSM Retail - Annuity £m	Net of reinsurance CSM Retail - Protection £m
As at 1 January 2024	790	301	31	8,282	2,641	1,101
New business CSM/risk adjustment	88	29	12	474	76	84
Finance (income)/expenses from insurance contracts ¹	(2)	6	2	272	72	32
Non-economic variances ²	(50)	(12)	1	158	36	(11)
Foreign exchange rate movements	–	–	–	2	–	–
As at 31 December 2024 before release	826	324	46	9,188	2,825	1,206
CSM release (amortisation of the CSM)	–	–	–	(643)	(210)	(179)
Risk adjustment release	(140)	(63)	(14)	–	–	–
As at 31 December 2024	686	261	32	8,545	2,615	1,027

- The Group's insurance contracts are measured using the general measurement model in IFRS 17. Under this measurement model:
 - The CSM accretes interest in the year at the locked in average discount rate from the year of recognition. The rate of interest accreted in the year was 3.1% (2024: 3.0%).
 - The risk adjustment is measured using current interest rates. The finance expense relating to the risk adjustment reflects the unwind of the opening discount rate, the impact of changes in discount rates during the year and the difference arising from recalibration of the risk adjustment calculated at the locked rate (shown in non-economic variances) and the amount calculated at the current rate.
- Non-economic variances include the impact of changes in non-financial assumptions and experience variances in relation to the future. The amounts presented are calculated at the locked in discount rate in accordance with the IFRS 17.

Institutional Retirement net CSM amortisation



Retail net CSM amortisation



The amounts presented reflect the net CSM amortisation expected to be recognised in operating profit in future periods from the business in-force at the end of the year, excluding the adjustment for reinsurance mismatches relating to protection business (described in Note 1.03). Actual CSM amortisation in future periods will differ from that presented due to the impacts of future new business, recalibrations of the CSM and changes in the future coverage units. The total amount presented exceeds the carrying value of the CSM as it incorporates the future accretion of interest.

IFRS Disclosures on performance

1.07 Earnings per share

(i) Basic and core operating earnings per share

	Total 2025 £m	Per share ¹ 2025 p	Total ² 2024 £m	Per share ^{1,2} 2024 p
Profit for the year attributable to equity holders	592	10.36	191	3.24
Less: coupon payable in respect of restricted Tier 1 convertible notes after tax relief	(21)	(0.37)	(21)	(0.35)
Total basic earnings	571	9.99	170	2.89
Less: earnings derived from discontinued operations after tax	(96)	(1.68)	(65)	(1.11)
Total basic earnings derived from continuing operations	475	8.31	105	1.78
Less: Corporate Investments operating profit after allocated tax	(32)	(0.56)	(71)	(1.20)
Less: Non-retained US business operating profit after allocated tax	(68)	(1.19)	(62)	(1.06)
Less: Investment variance after allocated tax	821	14.37	1,158	19.68
Total basic core operating earnings³	1,196	20.93	1,130	19.20

1. Basic earnings per share is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the year, excluding employee scheme treasury shares.

2. Comparative amounts have been restated (refer to Note 1.01 for further details).

3. Total basic core earnings includes allocated tax at the standard UK corporate tax rate.

(ii) Diluted and core operating earnings per share

	After tax £m	Weighted average number of shares m	Per share ¹ p
For the year ended 31 December 2025			
Profit for the year attributable to equity holders	592	5,713	10.36
Net shares under options allocable for no further consideration	–	56	(0.10)
Conversion of restricted Tier 1 notes	–	307	(0.52)
Total diluted earnings	592	6,076	9.74
Less: diluted earnings derived from discontinued operations after tax	(96)	–	(1.58)
Total diluted earnings derived from continuing operations	496	6,076	8.16
Less: Corporate Investments operating profit after allocated tax	(32)	–	(0.52)
Less: Non-retained US business operating profit after allocated tax	(68)	–	(1.12)
Less: Investment variance after allocated tax	821	–	13.51
Total diluted core operating earnings⁴	1,217	6,076	20.03

	After tax ² £m	Weighted average number of shares m	Per share ^{1,2} p
For the year ended 31 December 2024			
Profit for the year attributable to equity holders	191	5,886	3.24
Less: coupon payable in respect of restricted Tier 1 convertible notes net of tax relief	(21)	–	(0.35)
Net shares under options allocable for no further consideration	–	62	(0.03)
Total diluted earnings	170	5,948	2.86
Less: diluted earnings derived from discontinued operations after tax	(65)	–	(1.09)
Total diluted earnings derived from continuing operations	105	5,948	1.77
Less: Corporate Investments operating profit after allocated tax	(71)	–	(1.20)
Less: Non-retained US business operating profit after allocated tax	(62)	–	(1.04)
Less: Investment variance after allocated tax	1,158	–	19.47
Conversion of restricted Tier 1 notes ³	21	307	(0.60)
Total diluted core operating earnings⁴	1,151	6,255	18.40

1. For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding employee scheme treasury shares, is adjusted to assume conversion of all potential ordinary shares, such as share options granted to employees and conversion of restricted Tier 1 notes.

2. Comparative amounts have been restated (refer to Note 1.01 for further details).

3. The conversion of restricted Tier 1 notes in 2024 is antidilutive for the calculation of diluted earnings per share and dilutive for the calculation of diluted core operating earnings per share. Where antidilutive, the conversion has not been considered for the determination of the relevant amount per share. The instrument could potentially dilute basic earnings per share in the future.

4. Total diluted core operating earnings includes allocated tax at the standard UK corporation tax rate.

IFRS Disclosures on performance

1.08 Segmental analysis

The Group has five reportable segments, comprising Institutional Retirement, Asset Management, Insurance, Retail Retirement and Corporate Investments. As explained in Note 1.01, as a result of the sale of the Group's US insurance entity (completed in February 2026), the composition of the Group's reportable segments has changed. After completion, the Group is no longer exposed to its US protection business and to 20% of its US PRT business. Their contribution to the Group is therefore excluded from the results of the Insurance and Institutional Retirement segments respectively, and reported separately as Non-retained US business. Prior year comparatives have been restated accordingly.

Group expenses, debt costs and assets held centrally are reported separately. Transactions between segments are on normal commercial terms and are included within the reported segments.

In the UK, annuity liabilities relating to Institutional Retirement and Retail Retirement are backed by a single portfolio of assets, and once a transaction has been completed the assets relating to any particular transaction are not tracked to the related liabilities. Investment variance is allocated to the two business segments based on the relative size of the underlying insurance contract liabilities.

Reporting of assets and liabilities by reportable segment has not been included, as this is not information that is provided to key decision makers on a regular basis. The Group's asset and liabilities are managed on a legal entity rather than a segment basis, in line with regulatory requirements.

Financial information on the reportable segments is further broken down where relevant in order to better explain the drivers of the Group's results.

(i) Profit/(loss) for the year

	Institutional Retirement	Asset Management	Insurance	Retail Retirement	Group expenses and debt costs	Total Core	Corporate Investments	Non-retained US business	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
For the year ended 31 December 2025									
Operating profit/(loss) [#]	1,168	402	119	328	(394)	1,623	43	90	1,756
Investment variance	(250)	(236)	12	(74)	(43)	(591)	(167)	(13)	(771)
M&A and restructuring	(1)	(94)	(6)	(5)	(81)	(187)	(15)	–	(202)
Profits attributable to non-controlling interests	–	–	–	–	24	24	–	–	24
Profit/(loss) before tax attributable to equity holders	917	72	125	249	(494)	869	(139)	77	807
Tax (expense)/credit attributable to equity holders	(192)	(24)	(31)	(49)	105	(191)	14	(14)	(191)
Profit/(loss) for the year	725	48	94	200	(389)	678	(125)	63	616
Attributable to:									
Continuing operations									520
Discontinued operations ¹									96

	Institutional Retirement	Asset Management	Insurance	Retail Retirement	Group expenses and debt costs	Total Core	Corporate Investments	Non-retained US business	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
For the year ended 31 December 2024									
Operating profit/(loss) [#]	1,097	401	114	316	(394)	1,534	95	82	1,711
Investment variance	(553)	(161)	(30)	(157)	(23)	(924)	(248)	(24)	(1,196)
M&A and restructuring	–	(29)	–	–	(18)	(47)	(140)	–	(187)
Profits attributable to non-controlling interests	–	–	–	–	4	4	–	–	4
Profit/(loss) before tax attributable to equity holders	544	211	84	159	(431)	567	(293)	58	332
Tax (expense)/credit attributable to equity holders	(131)	(46)	(30)	(37)	118	(126)	–	(11)	(137)
Profit/(loss) for the year	413	165	54	122	(313)	441	(293)	47	195
Attributable to:									
Continuing operations									130
Discontinued operations ¹									65

1. Discontinued operations include the total amount of the Group's US protection and US pension risk transfer businesses. Refer to Note 1.01 for further details

All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

IFRS Disclosures on performance

(ii) Revenue

Total revenue includes insurance revenue, fees from fund management and investment contracts and other operational income from contracts with customers. Further details on the components of insurance revenue are disclosed in Note 3.12.

	Institutional Retirement	Asset Management ¹	Insurance	Retail Retirement	Corporate Investments and other ²	Total
	£m	£m	£m	£m	£m	£m
For the year ended 31 December 2025						
Internal revenue ³	–	227	–	–	(227)	–
External revenue	5,643	879	2,147	1,719	74	10,462
Total revenue	5,643	1,106	2,147	1,719	(153)	10,462
	Institutional Retirement	Asset Management ¹	Insurance	Retail Retirement	Corporate Investments and other ²	Total
	£m	£m	£m	£m	£m	£m
For the year ended 31 December 2024						
Internal revenue ³	–	215	–	–	(215)	–
External revenue	5,235	849	1,984	1,584	1,005	10,657
Total revenue	5,235	1,064	1,984	1,584	790	10,657

1. Asset Management internal revenue relates to investment management services provided to other segments.

2. Other includes inter-segmental eliminations and Group consolidation adjustments.

3. Asset Management revenue includes the investment management activities that the division undertakes on behalf of other Group businesses. The revenue for the most significant portion of these activities is included in the above table on a gross basis. Any additional services provided by Asset Management to other divisions are eliminated in the segmental disclosures and presented on a gross basis. The comparatives for 2024, which previously showed certain of these activities on a net basis, have been re-presented accordingly.

IFRS Primary Financial Statements

2.01 Consolidated Income Statement

		2025	2024 ¹
For the year ended 31 December 2025	Notes	£m	£m
Insurance revenue	3.12	9,222	8,542
Insurance service expenses	3.12	(7,191)	(7,235)
Insurance service result before reinsurance contracts held		2,031	1,307
Net expense from reinsurance contracts held	3.12	(817)	(150)
Insurance service result	3.12	1,214	1,157
Investment return ²		44,029	21,413
Finance (expense)/income from insurance contracts		(4,026)	1,309
Finance income/(expense) from reinsurance contracts		277	(60)
Change in investment contract liabilities		(39,327)	(22,192)
Insurance and investment result		2,167	1,627
Other operational income		381	1,204
Fees from fund management and investment contracts		908	864
Acquisition costs		(184)	(175)
Other finance costs		(282)	(273)
Other expenses		(2,166)	(2,799)
Total other income and expenses		(1,343)	(1,179)
Profit before tax from continuing operations		824	448
Tax expense attributable to policyholder returns		(134)	(210)
Profit before tax attributable to equity holders from continuing operations		690	238
Total tax expense from continuing operations		(304)	(318)
Tax expense attributable to policyholder returns		134	210
Tax expense attributable to equity holders from continuing operations	3.06	(170)	(108)
Profit for the year attributable to continuing operations		520	130
Profit for the year attributable to discontinued operations	3.03	96	65
Profit for the year		616	195
Attributable to:			
Non-controlling interests		24	4
Equity holders		592	191
Dividend distributions to equity holders during the year	3.04	1,247	1,230
Dividend distributions to equity holders proposed after the year end	3.04	880	902
		p	p
Total basic earnings per share³	1.07	9.99	2.89
Total diluted earnings per share³	1.07	9.74	2.86
Basic earnings per share attributable to continuing operations³	1.07	8.31	1.78
Diluted earnings per share attributable to continuing operations³	1.07	8.16	1.77

1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) businesses as discontinued operations. See Note 1.01 for further information.

2. Investment return includes £419m (2024: £351m) of interest income calculated using the effective interest method.

3. All earnings per share calculations are based on profit attributable to equity holders of the Company.

IFRS Primary Financial Statements

2.02 Consolidated Statement of Comprehensive Income

	2025	2024 ¹
For the year ended 31 December 2025	£m	£m
Profit for the year	616	195
Total items that will not be reclassified subsequently to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas operations	(14)	(8)
Movement in cash flow hedge and cost of hedging reserve	44	3
Tax on movement in cash flow hedge and cost of hedging reserve	2	(1)
Movement in financial investments measured at FVOCI	(58)	(246)
Tax on movement in financial investments measured at FVOCI	14	61
Insurance finance (expense)/income for insurance contracts issued applying the OCI option	(159)	311
Reinsurance finance income/(expense) for reinsurance contracts held applying the OCI option	168	(195)
Tax on movement in net finance income for insurance and reinsurance contracts	(2)	(31)
Total items that may be reclassified subsequently to profit or loss	(5)	(106)
Other comprehensive expense after tax from continuing operations	(5)	(106)
Other comprehensive (expense)/income after tax from discontinued operations	(2)	83
Total comprehensive income for the year	609	172
Total comprehensive income for the year attributable to:		
Non-controlling interests	25	4
Equity holders	584	168

1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) businesses as discontinued operations. See Note 1.01 for further information.

IFRS Primary Financial Statements

2.03 Consolidated Balance Sheet

As at 31 December 2025	Notes	2025 £m	2024 £m
Assets			
Goodwill		54	30
Intangible assets		341	450
Investment in associates and joint ventures accounted for using the equity method		510	872
Property, plant and equipment		332	395
Investment property	3.05	11,636	9,822
Financial investments	3.05	521,777	495,551
Reinsurance contract assets	3.12	8,840	9,165
Deferred tax assets	3.06	1,588	1,741
Current tax assets		971	857
Receivables and other assets		6,221	8,627
Cash and cash equivalents		17,098	16,657
Assets of operations classified as held for sale	3.03	12,900	–
Total assets		582,268	544,167
Equity			
Share capital	3.07	142	147
Share premium	3.07	1,052	1,036
Employee scheme treasury shares		(163)	(163)
Capital redemption and other reserves		240	319
Retained earnings		517	1,714
Attributable to owners of the parent		1,788	3,053
Restricted Tier 1 convertible notes	3.08	495	495
Non-controlling interests		29	(37)
Total equity		2,312	3,511
Liabilities			
Insurance contract liabilities	3.12	93,946	95,648
Reinsurance contract liabilities	3.12	2	170
Investment contract liabilities		357,955	323,957
Core borrowings	3.09	4,297	4,308
Operational borrowings	3.10	601	3,391
Provisions		221	152
Deferred tax liabilities	3.06	89	197
Current tax liabilities		161	118
Payables and other financial liabilities	3.11	80,236	87,362
Other liabilities		853	950
Net asset value attributable to unit holders		29,233	24,403
Liabilities of operations classified as held for sale	3.03	12,362	–
Total liabilities		579,956	540,656
Total equity and liabilities		582,268	544,167

IFRS Primary Financial Statements

2.04 Consolidated Statement of Changes in Equity

	Share capital	Share premium	Employee scheme treasury shares	Capital redemption and other reserves ¹	Retained earnings	Equity attributable to owners of the parent	Restricted Tier 1 convertible notes	Non-controlling interests	Total equity
For the year ended 31 December 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2025	147	1,036	(163)	319	1,714	3,053	495	(37)	3,511
Profit for the year	–	–	–	–	592	592	–	24	616
Exchange differences on translation of overseas operations	–	–	–	(36)	–	(36)	–	1	(35)
Net movement in cash flow hedge and cost of hedging reserve	–	–	–	46	–	46	–	–	46
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	–	–	–	–	–
Net movement in financial investments measured at FVOCI	–	–	–	(36)	–	(36)	–	–	(36)
Net insurance finance income	–	–	–	18	–	18	–	–	18
Total comprehensive (expense)/income for the year	–	–	–	(8)	592	584	–	25	609
Options exercised under share option schemes	–	16	–	–	–	16	–	–	16
Shares purchased and vested under share schemes	–	–	–	20	(18)	2	–	–	2
Share buyback ²	(5)	–	–	5	(503)	(503)	–	–	(503)
Dividends	–	–	–	–	(1,247)	(1,247)	–	–	(1,247)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(21)	(21)	–	–	(21)
Initial recognition of put option ³	–	–	–	(95)	–	(95)	–	–	(95)
Net remeasurement of put option ³	–	–	–	(1)	–	(1)	–	–	(1)
Movement in third-party interests	–	–	–	–	–	–	–	41	41
As at 31 December 2025	142	1,052	(163)	240	517	1,788	495	29	2,312

1. Capital redemption and other reserves as at 31 December 2025 include share-based payments £130m, foreign exchange £(2)m, capital redemption £24m, cash flow hedge £94m, cost of hedging £nil, insurance and reinsurance finance for contracts applying the OCI option £358m, financial assets at FVOCI £(268)m. It also includes for £(96)m reflecting the Group's obligation under a put option contract over Proprium's non-controlling interests.
2. On 12 March 2025, Legal & General Group Plc entered into an agreement to acquire £503m (including stamp duty) of ordinary shares for cancellation. The programme completed on 2 September 2025, with a total number of shares acquired and cancelled of 203,406,356.
3. Following the acquisition of Proprium, a financial liability has been recognised, representing the Group's obligation under a put option contract over Proprium's non-controlling interests, with a correspondent amount recognised directly in equity.

IFRS Primary Financial Statements

	Share capital	Share premium	Employee scheme treasury shares	Capital redemption and other reserves ¹	Retained earnings	Equity attributable to owners of the parent	Restricted Tier 1 convertible notes	Non-controlling interests	Total equity
For the year ended 31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2024	149	1,030	(147)	326	2,973	4,331	495	(42)	4,784
Profit for the year	–	–	–	–	191	191	–	4	195
Exchange differences on translation of overseas operations	–	–	–	(10)	–	(10)	–	–	(10)
Net movement in cash flow hedge	–	–	–	2	–	2	–	–	2
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	7	7	–	–	7
Net movement in financial investments measured at FVOCI	–	–	–	(195)	–	(195)	–	–	(195)
Net insurance finance income	–	–	–	173	–	173	–	–	173
Total comprehensive (expense)/income for the year	–	–	–	(30)	198	168	–	4	172
Options exercised under share option schemes	–	6	–	–	–	6	–	–	6
Shares purchased and vested under share schemes	–	–	(16)	21	(5)	–	–	–	–
Share buyback ²	(2)	–	–	2	(201)	(201)	–	–	(201)
Dividends	–	–	–	–	(1,230)	(1,230)	–	–	(1,230)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(21)	(21)	–	–	(21)
Movement in third-party interests	–	–	–	–	–	–	–	1	1
As at 31 December 2024	147	1,036	(163)	319	1,714	3,053	495	(37)	3,511

1. Capital redemption and other reserves as at 31 December 2024 include share-based payments £110m, foreign exchange £30m, capital redemption £19m, hedging £48m, insurance and reinsurance finance for contracts applying the OCI option £352m and financial assets at FVOCI £(240)m.
2. On 12 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £201m (including stamp duty) of ordinary shares for cancellation. The programme completed on 8 November 2024, with a total number of shares acquired and cancelled of 88,835,417.

The Company is intending to ask for shareholder approval in 2026 to undertake a court approved capital reduction to reduce its share premium account and capital redemption reserve, totalling £1,076m.

IFRS Primary Financial Statements

2.05 Consolidated Statement of Cash Flows

		2025	2024
For the year ended 31 December 2025	Notes	£m	£m
Cash flows from operating activities			
Profit for the year		616	195
Adjustments for non-cash movements in net profit for the year			
Net gains on financial investments		(31,594)	(8,496)
Net gains on investment property		(142)	(42)
Investment income		(13,045)	(13,206)
Interest expense		387	372
Tax expense		325	347
Other adjustments		191	138
Net (increase)/decrease in operational assets			
Investments mandatorily measured at FVTPL		(11,136)	(900)
Investments measured at FVOCI		(307)	(102)
Investments measured at amortised cost		(633)	(1,032)
Other assets		2,233	(248)
Net increase/(decrease) in operational liabilities			
Insurance contracts and reinsurance contracts held		8,590	2,372
Investment contracts		34,116	7,083
Other liabilities		4,754	(3,001)
Cash utilised in operations		(5,645)	(16,520)
Interest paid		(343)	(365)
Interest received ¹		5,863	6,954
Rent received		520	446
Tax paid ²		(228)	(190)
Dividends received		4,381	5,229
Net cash flows from operating activities		4,548	(4,446)
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangibles and other assets		(51)	(95)
Acquisition of operations, net of cash acquired	3.17	(22)	–
Disposal of subsidiaries and other operations, net of cash transferred		80	455
Investment in joint ventures and associates		(17)	(121)
Disposal of joint ventures and associates		180	–
Net cash flows from investing activities		170	239
Cash flows from financing activities			
Dividend distributions to ordinary equity holders during the year	3.04	(1,247)	(1,230)
Coupon payment in respect of restricted Tier 1 convertible notes, gross of tax	3.08	(28)	(28)
Options exercised under share option schemes	3.07	16	6
Treasury shares purchased for employee share schemes		(20)	(33)
Purchase of shares under share buyback programme	3.07	(503)	(201)
Payment of lease liabilities		(30)	(35)
Proceeds from borrowings		1,816	2,325
Repayment of borrowings		(2,933)	(473)
Net cash flows from financing activities		(2,929)	331
Net increase/(decrease) in cash and cash equivalents		1,789	(3,876)
Exchange (losses)/gains on cash and cash equivalents		(108)	20
Cash and cash equivalents at 1 January		16,657	20,513
Total cash and cash equivalents		18,338	16,657
Less: cash and cash equivalents of operations classified as held for sale	3.03	(1,240)	–
Cash and cash equivalents at 31 December		17,098	16,657

1. Interest received includes net cash flows arising from interest rate swaps.

2. Tax paid comprises withholding tax of £199m (2024: £221m), UK corporation tax of £8m (2024: tax refund of £31m) and overseas tax of £21m (2024: £nil).

IFRS Disclosure Notes

3.01 Basis of preparation

The preliminary announcement for the year ended 31 December 2025 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information in this preliminary announcement has been derived from the Group financial statements within the Group's 2025 Annual report and accounts (including financial information for 31 December), which will be made available on the Group's website on 18 March 2026. The Group's 2024 Annual report and accounts have been filed with the Registrar of Companies, and those for 2025 will be delivered in due course. KPMG has reported on the 2025 and 2024 Annual report and accounts. Both reports were: (i) unqualified; (ii) did not include a reference to any matters to which it drew attention by way of emphasis without qualifying the report; and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and related interpretations issued by the IFRS Interpretations Committee. Endorsement is granted by the UK Endorsement Board. The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Group has selected accounting policies which state fairly its financial position, financial performance and cash flows for a reporting period. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Financial assets and financial liabilities are disclosed gross in the Consolidated Balance Sheet unless a legally enforceable right of offset exists and there is an intention to settle recognised amounts on a net basis. Income and expenses are not offset in the Consolidated Income Statement unless required or permitted by any accounting standard or interpretations by the IFRS Interpretations Committee.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The functional currency of the Group's foreign operations is the currency of the primary economic environment in which the entity operates. The assets and liabilities of all of the Group's foreign operations are translated into sterling, the Group's presentation currency, at the closing rate at the date of the balance sheet. The income and expenses for the income statement are translated at average exchange rates. On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to a separate component of shareholders' equity.

Critical accounting judgements and the use of estimates

The preparation of the financial statements includes the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet and Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates, possibly significantly. This is particularly relevant for the valuation of insurance contract liabilities, unquoted illiquid assets and investment property. From a policy application perspective, the major areas of judgement are the assessment of whether a contract transfers significant insurance risk to the Group, and whether the Group controls underlying entities and should therefore consolidate them. The basis of accounting for these areas, and the significant judgements used in determining them, are outlined in the respective notes to the Group's 2025 Annual report and accounts.

Key technical terms and definitions

The report refers to various key performance indicators, accounting standards and other technical terms. A comprehensive list of these definitions is contained within the glossary.

Tax attributable to policyholders and equity holders

The total tax expense shown in the Group's Consolidated Income Statement includes income tax borne by both policyholders and equity holders. This has been split between tax attributable to policyholders' returns and equity holders' profits. Policyholder tax comprises the tax suffered on policyholder investment returns, while equity holder tax is corporation tax charged on equity holder profit. The separate presentation is intended to provide more relevant information about the tax that the Group pays on the profits that it makes.

3.02 Post balance sheet events

On 2 February 2026 the Group completed the disposal of its US insurance entity to Meiji Yasuda Life Insurance Company (Meiji Yasuda). Proceeds of \$2.6bn were received for the sale, which generated a profit on disposal currently estimated to be approximately £1.4bn.

IFRS Disclosure Notes

3.03 Disposal group held for sale and discontinued operations

As described in Note 1.01, on 7 February 2025 the Group announced that it had agreed the sale of its US protection and US pension risk transfer (PRT) businesses to Meiji Yasuda, a Japanese mutual life insurer, for \$2.3bn. Following completion, which occurred on 2 February 2026 for \$2.6bn (which reflects net asset transfers and the impact of business performance since 1 January 2025), Meiji Yasuda became the owner of the Group's US protection business and now holds a 20% economic interest in its US PRT business, with the Group retaining 80% of existing and new PRT business through a new reinsurance agreement with Meiji Yasuda.

As a result of the announcement, the Group's US protection and entire PRT businesses qualify for classification and measurement as a held for sale disposal group, and the results of the disposal group also meet the definition of discontinued operations. Refer to Note 1.01 for further information.

The balances classified as held for sale and as discontinued operations are presented below.

(i) Assets and liabilities of operations classified as held for sale

	2025 £m
Intangible assets	75
Property, plant and equipment	35
Financial investments	10,593
Reinsurance contract assets	612
Deferred tax assets	95
Receivables and other assets	250
Cash and cash equivalents	1,240
Assets of operations classified as held for sale	12,900
Insurance contract liabilities	10,108
Reinsurance contract liabilities	140
Investment contract liabilities	110
Operational borrowings	1,557
Deferred tax liabilities	199
Payables and other financial liabilities	42
Other liabilities	206
Liabilities of operations classified as held for sale	12,362
Total net assets of the disposal group	538

(ii) Financial performance of discontinued operations

	2025 £m	2024 £m
Revenue	2,117	2,032
Other income	773	361
Expenses	(2,773)	(2,299)
Profit before tax	117	94
Tax expense	(21)	(29)
Profit after tax from discontinued operations¹	96	65
Other comprehensive income from discontinued operations ¹	(2)	83
Total comprehensive income from discontinued operations¹	94	148

1. The profit after tax and other comprehensive income after tax from discontinued operations are attributable entirely to equity holders. The cumulative income recognised in other comprehensive income in relation to the disposal group as at 31 December 2025 was £120m.

(iii) Cash flow information of discontinued operations

	2025 £m	2024 £m
Net cash (outflow)/inflow (utilised in)/from operating activities	(239)	289
Net cash outflow utilised in investing activities	(10)	(12)
Net cash inflow from financing activities	252	213

IFRS Disclosure Notes

3.04 Dividends and appropriations

	Dividend 2025 £m	Per share ¹ 2025 p	Dividend 2024 £m	Per share ¹ 2024 p
Ordinary dividends paid and charged to equity in the year:				
Final 2023 dividend paid in June 2024	–	–	874	14.63
Interim 2024 dividend paid in September 2024	–	–	356	6.00
Final 2024 dividend paid in June 2025	898	15.36	–	–
Interim 2025 dividend paid in September 2025	349	6.12	–	–
Total dividends²	1,247	21.48	1,230	20.63

1. The dividend per share calculation is based on the number of equity shares registered on the ex-dividend date.

2. All dividends proposed are based on the number of eligible equity shares for that date.

Subsequent to 31 December 2025, the directors declared a final dividend for 2025 of 15.67 pence per ordinary share. This dividend will be paid on 4 June 2026. It will be accounted for as an appropriation of retained earnings in the year ended 31 December 2026 and is not included as a liability in the Consolidated Balance Sheet as at 31 December 2025.

3.05 Financial investments and investment property

	2025 £m	2024 £m
Equity securities ¹	234,544	201,290
Debt securities ^{2,3}	235,743	235,583
Derivative assets ⁴	44,329	51,192
Loans ⁵	7,161	7,486
Financial investments	521,777	495,551
Investment property	11,636	9,822
Total financial investments and investment property	533,413	505,373

1. Equity securities include investments in unit trusts of £18,731m (31 December 2024: £19,931m).

2. Debt securities include accrued interest of £1,886m (31 December 2024: £1,997m) and include £7,973m (31 December 2024: £8,965m) of assets valued at amortised cost.

3. A detailed analysis of debt securities to which shareholders are directly exposed is disclosed in Note 6.03.

4. Derivatives are used for efficient portfolio management, particularly the use of interest rate swaps, inflation swaps, currency swaps and foreign exchange forward contracts for asset and liability management. Derivative assets are shown gross of derivative liabilities of £51,218m (31 December 2024: £57,873m).

5. Loans include £194m (31 December 2024: £84m) of loans valued at amortised cost.

IFRS Disclosure Notes

3.06 Tax

(i) Tax expense in the Consolidated Income Statement

The tax expense attributable to equity holders differs from the tax calculated on profit before tax at the standard UK corporation tax rate as follows:

	From continuing operations	Total ¹	From continuing operations	Total ¹
	2025	2025	2024	2024
	£m	£m	£m	£m
Profit before tax attributable to equity holders	690	807	238	332
Tax calculated at 25% (2024: 25%)	173	202	60	83
<i>Adjusted for the effects of:</i>				
Recurring reconciling items:				
Different rate of tax on overseas profits and losses ²	(40)	(53)	(39)	(30)
Income not subject to tax	(3)	(3)	–	(3)
Non-deductible expenses ³	31	30	32	32
Differences between taxable and accounting investment gains ⁴	(1)	(1)	32	32
Other taxes on property and foreign income	–	–	7	7
Unrecognised tax losses	12	14	(1)	(1)
Double tax relief	–	–	(1)	(1)
Non-recurring reconciling items:				
Differences between taxable and accounting investment gains ⁴	1	1	19	19
Adjustments in respect of prior years	(5)	(1)	(1)	(1)
Impact of the revaluation of deferred tax balances	2	2	–	–
Tax expense attributable to equity holders	170	191	108	137
Equity holders' effective tax rate	25 %	24 %	45 %	41 %

1. Total includes results from continuing and discontinued operations.

2. The lower rate of tax on overseas profits and losses is principally driven by Bermuda where the statutory tax rate is 15%.

3. Non-deductible expenses relate to costs which are not deductible for tax purposes including expenses in respect of acquisitions and disposals as well as certain restructuring costs.

4. Differences between taxable and accounting investment gains includes adjustments to the carrying value of investments which are not taxable.

(ii) Implementation of the global minimum tax regime

The UK has enacted legislation with effect from 1 January 2024 to apply a global minimum tax (Pillar II) in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD). The Group has applied the temporary mandatory exception from deferred tax accounting for the impacts of the UK top-up tax and will account for it as a current tax when it is incurred. The Group is not expected to be subject to top-up tax in 2025 due to the transitional safe harbours and local tax regimes.

On 15 January 2025 the OECD issued Administrative Guidance on Article 9.1 of the Global Anti-base Erosion Model Rules, which is expected to impact how the amortisation of the £340m Bermuda deferred tax asset recognised at 31 December 2023 (carrying value of £306m at 31 December 2025, reflecting unwind to date) is included in Pillar II top up tax calculations from 1 January 2027. We continue to await further and substantive guidance on this matter, noting that the Administrative Guidance does not of itself change the recognition of the Bermuda deferred tax asset. There are some outcomes where there will be a material reduction to the Bermuda deferred tax asset and some increase in current taxes is likely. The expected outcome is an increase in the effective tax rate of the Bermuda business in certain future years.

IFRS Disclosure Notes

(iii) Deferred tax

	2025 £m	2024 £m
Deferred tax assets/(liabilities)		
Overseas deferred acquisition expenses ¹	–	136
Difference between the tax and accounting value of insurance contracts	1,429	617
UK	1,123	1,258
Bermuda	306	340
US ¹	–	(981)
Realised and unrealised gains on investments	(155)	(32)
Excess of depreciation over capital allowance	8	(13)
Accounting provisions and other	58	11
Trading losses	159	825
UK	159	170
US ¹	–	655
Net deferred tax asset	1,499	1,544
Presented on the Consolidated Balance Sheet as:		
Deferred tax assets	1,588	1,741
Deferred tax liabilities	(89)	(197)
Net deferred tax asset¹	1,499	1,544

1. As at 31 December 2025 balances related to the US insurance entity have been classified as held for sale in the Consolidated Balance Sheet and are therefore excluded from the closing position. The total net deferred tax liability classified as held for sale is £104m.

IFRS Disclosure Notes

3.07 Share capital and share premium

Authorised share capital	2025 Number of shares	2025 £m	2024 Number of shares	2024 £m
At 31 December: ordinary shares of 2.5p each	9,200,000,000	230	9,200,000,000	230

Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m
As at 1 January 2025	5,893,179,639	147	1,036
Cancellation of shares under share buyback programme ¹	(203,406,356)	(5)	–
Options exercised under share option schemes	7,837,958	–	16
As at 31 December 2025	5,697,611,241	142	1,052

Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m
As at 1 January 2024	5,979,578,280	149	1,030
Cancellation of shares under share buyback programme ¹	(88,835,417)	(2)	–
Options exercised under share option schemes	2,436,776	–	6
As at 31 December 2024	5,893,179,639	147	1,036

1. During the year, 203,406,356 shares (2024: 88,835,417 shares) were purchased and cancelled under the share buyback programme representing 3.5% of opening issued share capital (2024: 1.5%) at a cost of £503m (2024: £201m) including expenses.

There is one class of ordinary shares of 2.5p each. All shares issued carry equal voting rights.

The holders of the Company's ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the Company.

3.08 Restricted Tier 1 convertible notes

On 24 June 2020, Legal & General Group Plc issued £500m of 5.625% perpetual restricted Tier 1 contingent convertible notes. The notes are callable at par between 24 March 2031 and 24 September 2031 (the First Reset Date) inclusive and every 5 years after the First Reset Date. If not called, the coupon from 24 September 2031 will be reset to the prevailing five year benchmark gilt yield plus 5.378%.

The notes have no fixed maturity date. Optional cancellation of coupon payments is at the discretion of the issuer and mandatory cancellation is upon the occurrence of certain conditions. The Tier 1 notes are therefore treated as equity and coupon payments are recognised directly in equity when paid. During the year coupon payments of £28m were made (2024: £28m). The notes rank junior to all other liabilities and senior to equity attributable to owners of the parent. On the occurrence of certain conversion trigger events the notes are convertible into ordinary shares of the issuer at the prevailing conversion price.

The notes are treated as restricted Tier 1 own funds for Solvency II purposes.

IFRS Disclosure Notes

3.09 Core borrowings

	Carrying amount 2025 £m	Coupon rate 2025 %	Fair value 2025 £m	Carrying amount 2024 £m	Coupon rate 2024 %	Fair value 2024 £m
Subordinated borrowings						
5.5% Sterling subordinated notes 2064 (Tier 2)	13	5.50	13	590	5.50	565
5.375% Sterling subordinated notes 2045 (Tier 2)	–	–	–	605	5.38	606
5.25% US Dollar subordinated rates 2047 (Tier 2)	640	5.25	644	688	5.25	684
5.55% US Dollar subordinated rates 2052 (Tier 2)	374	5.55	382	403	5.55	408
5.125% Sterling subordinated notes 2048 (Tier 2)	401	5.13	407	401	5.13	398
3.75% Sterling subordinated notes 2049 (Tier 2)	600	3.75	578	600	3.75	555
4.5% Sterling subordinated notes 2050 (Tier 2)	501	4.50	492	501	4.50	473
6.625% Sterling subordinated notes 2055 (Tier 2)	602	6.63	642	–	–	–
4.375% Euro subordinated notes 2055 (Tier 2)	613	4.38	627	–	–	–
Client fund holdings of Group debt (Tier 2) ¹	(47)	–	(46)	(77)	–	(73)
Total subordinated borrowings	3,697	–	3,739	3,711	–	3,616
Senior borrowings						
Sterling medium term notes 2031-2041	609	5.87	645	609	5.87	633
Client fund holdings of Group debt ¹	(9)	–	(9)	(12)	–	(12)
Total senior borrowings	600	–	636	597	–	621
Total core borrowings	4,297	–	4,375	4,308	–	4,237

1. £56m (31 December 2024: £89m) of the Group's subordinated and senior borrowings are held by L&G customers through unit linked products. These borrowings are shown as a deduction from total core borrowings in the table above.

The presented fair values of the Group's core borrowings primarily reflect quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy. The 5.55% US Dollar subordinated notes 2052 and £50m (31 December 2024: £49m) of the senior borrowings are derived using prices from an external, publicly available pricing model by a standard market pricing source and have been classified as Level 2 in the fair value hierarchy. The inputs for this model include a range of factors which are deemed to be observable, including current market prices for comparative instruments, period to maturity and yield curves.

(i) Subordinated borrowings

5.5% Sterling subordinated notes 2064

On 9 September 2025, Legal & General Group Plc completed a tender offer and redeemed £587m of these notes. On 2 February 2026, Legal & General Group Plc redeemed the remaining £13m of these notes following the capital disqualification event on 1 January 2026.

5.375% Sterling subordinated notes 2045

On 3 April 2025, Legal & General Group Plc completed a tender offer and redeemed £498m of these notes. On 27 October 2025, Legal & General Group Plc redeemed the remaining £102m of these notes at their first call date.

5.25% US Dollar subordinated notes 2047

On 21 March 2017, Legal & General Group Plc issued \$850m of 5.25% dated subordinated notes. The notes are callable at par on 21 March 2027 and every five years thereafter. If not called, the coupon from 21 March 2027 will be reset to the prevailing US Dollar mid-swap rate plus 3.687% p.a. These notes mature on 21 March 2047.

5.55% US Dollar subordinated notes 2052

On 24 April 2017, Legal & General Group Plc issued \$500m of 5.55% dated subordinated notes. The notes are callable at par on 24 April 2032 and every five years thereafter. If not called, the coupon from 24 April 2032 will be reset to the prevailing US Dollar mid-swap rate plus 4.19% p.a. These notes mature on 24 April 2052.

5.125% Sterling subordinated notes 2048

On 14 November 2018, Legal & General Group Plc issued £400m of 5.125% dated subordinated notes. The notes are callable at par on 14 November 2028 and every five years thereafter. If not called, the coupon from 14 November 2028 will be reset to the prevailing five year benchmark gilt yield plus 4.65% p.a. These notes mature on 14 November 2048.

3.75% Sterling subordinated notes 2049

On 26 November 2019, Legal & General Group Plc issued £600m of 3.75% dated subordinated notes. The notes are callable at par on 26 November 2029 and every five years thereafter. If not called, the coupon from 26 November 2029 will be reset to the prevailing five year benchmark gilt yield plus 4.05% p.a. These notes mature on 26 November 2049.

4.5% Sterling subordinated notes 2050

On 1 May 2020, Legal & General Group Plc issued £500m of 4.5% dated subordinated notes. The notes are callable at par on 1 November 2030 and every five years thereafter. If not called, the coupon from 1 November 2030 will be reset to the prevailing five year benchmark gilt yield plus 5.25% p.a. These notes mature on 1 November 2050.

6.625% Sterling subordinated notes 2055

On 1 April 2025, Legal & General Group Plc issued £600m of 6.625% dated subordinated notes. The notes are callable at par from 1 October 2034 until 1 April 2035 and on each interest payment date thereafter. If not called, the coupon from 1 April 2035 will be reset to the prevailing five year benchmark gilt yield plus 3% p.a. These notes mature on 1 April 2055.

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4.375% Euro subordinated notes 2055

On 4 September 2025, Legal & General Group Plc issued €700m of 4.375% dated subordinated notes. The notes are callable at par from 4 March 2035 until 4 September 2035 and on each interest payment date thereafter. If not called, the coupon from 4 September 2035 will be reset to the prevailing three month Euribor plus 2.8% with further resets every three months thereafter. These notes mature on 4 September 2055.

All of the above subordinated notes are treated as Tier 2 Own Funds for Solvency II purposes unless stated otherwise.

(ii) Senior borrowings

Between 2000 and 2002 Legal & General Finance Plc issued £600m of senior unsecured Sterling medium term notes 2031-2041 at coupons between 5.75% and 5.875%. These notes have various maturity dates between 2031 and 2041.

3.10 Operational borrowings

	Carrying amount 2025 £m	Interest rate 2025 %	Fair value 2025 £m	Carrying amount 2024 £m	Interest rate 2024 %	Fair value 2024 £m
Short-term operational borrowings						
Euro Commercial Paper	50	4.42	50	50	5.26	50
Bank loans and overdrafts	14	–	14	9	–	9
Non-recourse borrowings						
Class B Surplus Notes	–	–	–	1,411	7.66	1,411
Affordable Homes revolving credit facilities	120	5.40	120	185	6.06	185
Homes Modular revolving credit facility	–	–	–	11	8.02	11
Suburban Build to Rent revolving credit facility	108	6.40	108	68	7.13	68
Total operational borrowings¹	292	–	292	1,734	–	1,734

1. Unit linked borrowings with a carrying value of £309m (31 December 2024: £1,657m) are excluded from the analysis above as the risk is retained by policyholders. Operational borrowings including unit linked borrowings are £601m (31 December 2024: £3,391m).

Non-recourse borrowings

- The Class B Surplus Notes have been issued by a US subsidiary of the Group as part of a coinsurance structure for the purpose of US statutory regulations. The notes were issued in exchange for bonds of the same value from an unrelated party. These notes were reclassified to Liabilities of operations classified as held for sale, with a value of £1,411m as at the reclassification date.
- The revolving credit facilities to Affordable Homes are subject to agreed covenants, the breach of which could result in a charge on the land and work in progress of Legal & General Affordable Homes (Development 2) Limited and Legal & General Affordable Homes (Development 3) Limited and charge on investment property on Legal & General Affordable Homes Limited.
- Legal & General Homes Modular Limited's revolving credit facility has been repaid in March 2025. This was secured by way of fixed charges over development properties owned by the company and a fixed charge over the shares in the company.
- Suburban Build to Rent revolving credit facility is secured by way of fixed charges over development properties owned by the company and a fixed charge over the shares in the company.

Syndicated credit facility

The Group has in place a £1.5bn syndicated committed revolving credit facility provided by a number of its key relationship banks, maturing in August 2029. No amounts were outstanding at either 31 December 2025 or 31 December 2024.

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3.11 Payables and other financial liabilities

	2025 £m	2024 £m
Derivative liabilities	51,218	57,873
Repurchase agreements ¹	20,216	22,117
Other financial liabilities ²	8,802	7,372
Total payables and other financial liabilities	80,236	87,362
Due within 12 months	29,004	28,124
Due after 12 months	51,232	59,238

1. Repurchase agreements are presented gross, however they and their related assets (included within debt securities) are subject to master netting arrangements. The significant majority of repurchase agreements are unit linked.
2. Other financial liabilities includes trail commission, lease liabilities, FX spots and the value of short positions taken out to cover reverse repurchase agreements. The value of short positions as at 31 December 2025 was £1,515m (31 December 2024: £1,614m). Other financial liabilities also include the Group's obligation under a put option contract over Proprium's non-controlling interests.

(i) Fair value hierarchy

	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost ¹ £m
As at 31 December 2025					
Derivative liabilities	51,218	16	51,163	39	–
Repurchase agreements	20,216	–	20,216	–	–
Other financial liabilities	8,802	1,415	99	98	7,190
Total payables and other financial liabilities	80,236	1,431	71,478	137	7,190

	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost ¹ £m
As at 31 December 2024					
Derivative liabilities	57,873	522	57,318	33	–
Repurchase agreements	22,117	–	22,117	–	–
Other financial liabilities	7,372	2,797	53	–	4,522
Total payables and other financial liabilities	87,362	3,319	79,488	33	4,522

1. The carrying value of payables and other financial liabilities at amortised cost approximates its fair value.

(ii) Significant transfers between levels

There have been no significant transfers of liabilities between Levels 1, 2 and 3 for the year ended 31 December 2025 or 31 December 2024.

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3.12 Insurance contracts

(i) Insurance service result

	Continuing operations			Discontinued operations			Total		
	Annuities	Protection	Total	Annuities	Protection	Total	Annuities	Protection	Total
For the year ended 31 December 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m
Insurance revenue									
Amounts relating to changes in liabilities for remaining coverage:									
CSM recognised for services provided	993	213	1,206	41	112	153	1,034	325	1,359
Expected incurred claims and other insurance service expenses	5,702	1,689	7,391	690	1,188	1,878	6,392	2,877	9,269
Change in the risk adjustment for non-financial risk for the risk expired	458	16	474	6	11	17	464	27	491
Recovery of insurance acquisition cash flows	29	92	121	3	62	65	32	154	186
Premium experience variance relating to past and current service	28	2	30	–	4	4	28	6	34
Total insurance revenue	7,210	2,012	9,222	740	1,377	2,117	7,950	3,389	11,339
Total insurance service expenses	(5,815)	(1,376)	(7,191)	(689)	(1,235)	(1,924)	(6,504)	(2,611)	(9,115)
Allocation of reinsurance premiums	(3,530)	(985)	(4,515)	(61)	(174)	(235)	(3,591)	(1,159)	(4,750)
Amounts recoverable from reinsurers for incurred claims	3,127	571	3,698	57	166	223	3,184	737	3,921
Net expense from reinsurance contracts held	(403)	(414)	(817)	(4)	(8)	(12)	(407)	(422)	(829)
Total insurance service result	992	222	1,214	47	134	181	1,039	356	1,395

	Continuing operations			Discontinued operations			Total		
	Annuities	Protection	Total	Annuities	Protection	Total	Annuities	Protection	Total
For the year ended 31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m
Insurance revenue									
Amounts relating to changes in liabilities for remaining coverage:									
CSM recognised for services provided	991	168	1,159	36	102	138	1,027	270	1,297
Expected incurred claims and other insurance service expenses	5,229	1,614	6,843	609	1,212	1,821	5,838	2,826	8,664
Change in the risk adjustment for non-financial risk for the risk expired	433	14	447	5	8	13	438	22	460
Recovery of insurance acquisition cash flows	23	87	110	2	55	57	25	142	167
Premium experience variance relating to past and current service	–	(17)	(17)	–	3	3	–	(14)	(14)
Total insurance revenue	6,676	1,866	8,542	652	1,380	2,032	7,328	3,246	10,574
Total insurance service expenses	(5,269)	(1,966)	(7,235)	(608)	(1,248)	(1,856)	(5,877)	(3,214)	(9,091)
Allocation of reinsurance premiums	(3,156)	(854)	(4,010)	(65)	(183)	(248)	(3,221)	(1,037)	(4,258)
Amounts recoverable from reinsurers for incurred claims	2,751	1,109	3,860	62	177	239	2,813	1,286	4,099
Net (expense)/income from reinsurance contracts held	(405)	255	(150)	(3)	(6)	(9)	(408)	249	(159)
Total insurance service result	1,002	155	1,157	41	126	167	1,043	281	1,324

(ii) Insurance and reinsurance contracts

Information on the Group's insurance and reinsurance contracts for the current year includes only continuing operations. It therefore excludes contracts associated with the Group's US insurance entity, which are classified as assets and liabilities held for sale in the Consolidated Balance Sheet.

	Assets 2025 £m	Liabilities 2025 £m	Assets 2024 £m	Liabilities 2024 £m
Insurance contracts issued				
Annuities				
Insurance contract balances	–	91,553	–	91,075
Assets for insurance contract acquisition cash flows ¹	–	(15)	–	(14)
Protection				
Insurance contract balances	–	2,418	–	4,609
Assets for insurance contract acquisition cash flows ¹	–	(10)	–	(22)
Total insurance contracts issued	–	93,946	–	95,648

1. Assets for insurance and reinsurance acquisition cash flows are presented within the carrying amount of the related insurance and reinsurance contract liabilities.

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	Assets 2025 £m	Liabilities 2025 £m	Assets 2024 £m	Liabilities 2024 £m
Reinsurance contracts held				
Annuities				
Reinsurance contract balances	6,824	2	6,651	2
Assets for reinsurance contract acquisition cash flows ¹	2	(1)	4	–
Protection				
Reinsurance contract balances	2,014	1	2,510	168
Assets for reinsurance contract acquisition cash flows ¹	–	–	–	–
Total reinsurance contracts held	8,840	2	9,165	170

1. Assets for insurance and reinsurance acquisition cash flows are presented within the carrying amount of the related insurance and reinsurance contract liabilities.

3.13 Sensitivity analysis

	Impact on post-tax Group profit arising from financial assets 2025 £m	Impact on Group equity arising from financial assets 2025 £m	Impact on post-tax Group profit arising from insurance contracts 2025 £m	Impact on Group equity arising from insurance contracts 2025 £m	Net impact on post-tax Group profit 2025 £m	Net impact on Group equity 2025 £m
Economic sensitivity						
Long-term insurance business, other Group assets and obligations						
100bps increase in interest rates	(5,506)	(5,756)	5,387	5,545	(119)	(211)
100bps decrease in interest rates	6,450	6,768	(6,374)	(6,577)	76	191
50bps increase in future inflation expectations	1,839	1,887	(1,801)	(1,771)	38	116
50bps decrease in future inflation expectations	(1,681)	(1,723)	1,722	1,697	41	(26)
Credit spreads widen by 100bps with no change in expected defaults	(3,515)	(3,542)	3,375	3,522	(140)	(20)
25% rise in equity markets	233	233	–	–	233	233
25% fall in equity markets	(233)	(233)	–	–	(233)	(233)
15% rise in property values	882	882	(12)	(12)	870	870
15% fall in property values	(966)	(966)	78	78	(888)	(888)
10bps increase in credit default assumptions	–	–	(399)	(417)	(399)	(417)
10bps decrease in credit default assumptions	–	–	369	383	369	383

	Impact on post-tax Group profit arising from financial assets 2024 £m	Impact on Group equity arising from financial assets 2024 £m	Impact on post-tax Group profit arising from insurance contracts 2024 £m	Impact on Group equity arising from insurance contracts 2024 £m	Net impact on post-tax Group profit 2024 £m	Net impact on Group equity 2024 £m
Economic sensitivity						
Long-term insurance business, other Group assets and obligations						
100bps increase in interest rates	(5,153)	(5,400)	4,975	5,140	(178)	(260)
100bps decrease in interest rates	6,053	6,369	(5,910)	(6,119)	143	250
50bps increase in future inflation expectations	1,630	1,680	(1,540)	(1,508)	90	172
50bps decrease in future inflation expectations	(1,496)	(1,540)	1,499	1,469	3	(71)
Credit spreads widen by 100bps with no change in expected defaults	(3,449)	(3,475)	3,308	3,459	(141)	(16)
25% rise in equity markets	323	323	–	–	323	323
25% fall in equity markets	(323)	(323)	–	–	(323)	(323)
15% rise in property values	975	975	(19)	(19)	956	956
15% fall in property values	(1,078)	(1,078)	95	95	(983)	(983)
10bps increase in credit default assumptions	–	–	(408)	(426)	(408)	(426)
10bps decrease in credit default assumptions	–	–	373	388	373	388

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	Impact on CSM 2025 £m	Impact on post-tax Group profit 2025 £m	Impact on Group equity 2025 £m
Non-economic sensitivity			
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	392	(75)	(75)
1% increase in annuitant mortality, net of reinsurance	185	(37)	(37)
1% decrease in annuitant mortality, gross of reinsurance	(396)	76	76
1% decrease in annuitant mortality, net of reinsurance	(187)	38	38
5% increase in assurance mortality, gross of reinsurance	(652)	(347)	(267)
5% increase in assurance mortality, net of reinsurance	(352)	(91)	(73)
10% increase in maintenance expenses, gross of reinsurance	(170)	–	6
10% increase in maintenance expenses, net of reinsurance	(168)	–	6

	Impact on CSM 2024 £m	Impact on post-tax Group profit 2024 £m	Impact on Group equity 2024 £m
Non-economic sensitivity			
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	370	(74)	(74)
1% increase in annuitant mortality, net of reinsurance	184	(36)	(36)
1% decrease in annuitant mortality, gross of reinsurance	(374)	75	75
1% decrease in annuitant mortality, net of reinsurance	(185)	37	37
5% increase in assurance mortality, gross of reinsurance	(629)	(400)	(281)
5% increase in assurance mortality, net of reinsurance	(346)	(92)	(65)
10% increase in maintenance expenses, gross of reinsurance	(158)	(7)	–
10% increase in maintenance expenses, net of reinsurance	(155)	(6)	1

The economic sensitivity tables above show the impacts on Group post-tax profit and equity, net of reinsurance, under each sensitivity scenario, including the impacts arising from assets and liabilities which are part of operations classified as held for sale. The impacts on Group post-tax profit and equity arising from financial assets and insurance contracts are also shown separately in the tables. The economic sensitivity impacts cover long-term insurance business and other Group assets and obligations.

The non-economic sensitivity tables above show the impacts on CSM, Group post-tax profit and equity, gross and net of reinsurance, under each sensitivity scenario. The non-economic sensitivity impacts cover long-term insurance business only.

The Group impacts may arise from asset and/or liability movements under the sensitivities. The current disclosure reflects management's view of key risks in current economic conditions.

The stresses are assumed to occur on the balance sheet date. Both CSM and current year CSM release into profit are assumed to be affected when non-financial assumptions are stressed.

In calculating the alternative values, all other assumptions are left unchanged. In practice, impacts of the Group's experience may be correlated.

The sensitivity analyses do not take into account management actions that could be taken to reduce the impacts. The Group seeks to actively manage its asset and liability position. A change in market conditions may lead to changes in the asset allocation or charging structure which may have a more, or less, significant impact on the value of the liabilities. The analysis also ignores any second order effects of the assumption change, including the potential impact on the Group asset and liability position and any second order tax effects.

The sensitivity of profit and equity to changes in assumptions may not be linear. They should not be extrapolated to changes of a much larger order.

The change in interest rate stresses assume a 100 basis point increase/decrease in the gross redemption yield on fixed interest securities together with the same change in the real yields on variable securities. Interest rates used to discount liabilities are assumed to move in line with market yields, adjusted to remove risks in the asset reference portfolios that are not present in the liabilities calculated in a manner consistent with the base results.

The inflation stresses adopted are a 0.5% per annum (p.a.) increase/decrease in inflation, resulting in a 0.5% p.a. reduction/rise in real yield and no change to the nominal yield. In addition, the expense inflation rate is increased/decreased by 0.5% p.a. The expense inflation assumptions are non-financial and therefore recalibrate the CSM under the stresses. These recalibrations are reflected in the impacts shown.

In the sensitivity for credit spreads, corporate bond yields have increased by 100bps, government bond yields unchanged, and there has been no adjustment to the default assumptions. All lifetime mortgages are excluded, as their primary exposure is to property risk, and therefore captured under the property stress.

The equity stresses are a 25% rise and 25% fall in listed equity market values.

The property stresses adopted are a 15% rise and 15% fall in property market values including lifetime mortgages. Where property is being used to back liabilities, interest rates used to discount liabilities move with property yields, and so the value of the liabilities will also move. Some equity and property assets held on the Group balance sheet are subject to factors that increase or decrease their stress relative to general equity and property levels through a beta factor.

The credit default assumption is set based on the credit rating of individual bonds and Moody's historical transition matrices. The credit default stress assumes a +/-10bps stress to the current credit default assumptions, which will have an impact on the interest rates used to

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discount liabilities. Default allowances for assets deemed credit risk free are unchanged. All lifetime mortgages are excluded, as their primary exposure is to property risk, and therefore captured under the property stress.

The annuitant mortality stresses are a 1% increase and 1% decrease in the mortality rates for immediate and deferred annuitants with no change to the mortality improvement rates.

The assurance mortality stress is a 5% increase in the mortality and morbidity rates with no change to the mortality and morbidity improvement rates.

The maintenance expense stress is a 10% increase in all types of maintenance expenses in future years.

3.14 Foreign exchange rates

The principal foreign exchange rates used for translation are:

Year end exchange rates	2025	2024
United States dollar	1.35	1.25
Euro	1.15	1.21
Average exchange rates	2025	2024
United States dollar	1.32	1.28
Euro	1.17	1.18

3.15 Contingent liabilities, guarantees and indemnities

Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance between actual experience from that assumed may result in those liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of policyholder contracts, or the circumstances in which policyholders have entered into them. The extent of these liabilities is influenced by a number of factors including the actions and requirements of the PRA, FCA, ombudsman rulings, industry compensation schemes and court judgments.

Various Group companies receive claims and become involved in actual or threatened litigation and regulatory issues from time to time. The relevant members of the Group ensure that they make prudent provision as and when circumstances calling for such provision become clear, and that each has adequate capital and reserves to meet reasonably foreseeable eventualities. The provisions made are regularly reviewed. It is not possible to predict, with certainty, the extent and the timing of the financial impact of these claims, litigation or issues.

Group companies have given warranties, indemnities and guarantees as a normal part of their business and operating activities or in relation to capital market transactions or corporate disposals. Legal & General Group Plc has provided indemnities and guarantees in respect of the liabilities of Group companies in support of their business activities. LGAS has provided indemnities, a liquidity and expense risk agreement, a deed of support and a cash and securities liquidity facility in respect of the liabilities of Group companies to facilitate the Group's matching adjustment reorganisation pursuant to Solvency II.

3.16 Related party transactions

(i) Key management personnel transactions and compensation

All transactions between the Group and its key management are on commercial terms which are no more favourable than those available to employees in general. There were no material transactions between key management and the L&G group of companies during the year. Contributions to the post-employment defined benefit plans were £5m (2024: £7m) for all employees.

As at 31 December 2025 and 31 December 2024 there were no loans outstanding to officers of the Company.

The aggregate compensation for key management personnel, including executive directors, non-executive directors and the members of the Group Management Committee, is as follows:

	2025 £m	2024 £m
Salaries	17	14
Share-based incentive awards	14	10
Key management personnel compensation	31	24

(ii) Services provided to and by related parties

All transactions between the Group and associates, joint ventures and other related parties during the year are on commercial terms which are no more favourable than those available to companies in general.

Loans and commitments to related parties are made in the normal course of business. As at 31 December 2025, the Group had:

- loans outstanding from related parties of £116m (2024: £21m), with a further commitment of £nil (2024: £8m)
- total other commitments of £295m to related parties (2024: £1,547m), of which £245m has been drawn (2024: £1,264m).

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3.17 Acquisitions

On 1 October 2025 the Group acquired a 75% equity interest in Proprium Capital Partner LLC (Proprium), a global real estate investor, via a share purchase agreement. The acquisition forms a strategic partnership with the aim to expand the Group's private markets platform.

The transaction has been accounted for as an acquisition in accordance with IFRS 3, 'Business Combinations'. The assets and liabilities acquired at the point of the transaction have been recorded at their fair values for the purposes of the acquisition balance sheet and included in the consolidated financial statements using the Group's accounting policies.

The fair value of the total consideration transferred is £32m. £30m was paid in cash upon closing the transaction, while the remaining £2m represents the fair value of contingent consideration payable over the six years following the acquisition, subject to achieving specified revenue targets.

The following table summarises the consideration for the acquisition, fair value of Proprium's net assets, share attributable to non-controlling interests and resulting goodwill. No intangible assets in accordance with IAS 38 were recognised as part of the acquisition.

	2025 £m
Cash and cash equivalents	8
Receivables and other assets	4
Investments in associates and joint ventures accounted for using the equity method	1
Total assets	13
Payables and other financial liabilities	2
Fair value of net assets acquired	11
Fair value of purchase consideration	32
Non-controlling interests	3
Less: fair value of net assets acquired	(11)
Goodwill	24

Transaction costs of £6m were incurred as part of the acquisition and recognised in the Consolidated Income Statement. Non-controlling interests are measured at the proportional share of Proprium's net assets. The goodwill balance represents the expertise of the business in developing private markets assets in Europe and Asia-Pacific. Goodwill recognised is not expected to be tax deductible.

The deal includes options for the residual 25% stake in the business, priced based on a fee-related revenue metric. The Group has a call option exercisable from 1 July 2031 to 1 January 2032. If not exercised, non-controlling interests have a put option exercisable from 2 January 2032 to 1 July 2032. The put option has a valuation cap of \$375m, while the call option is uncapped.

The call option is accounted for as a derivative and mandatorily measured at fair value through profit or loss, with an immaterial carrying value as at the acquisition date.

The put option is accounted for as a financial liability (see Note 3.11) and held at the present value of its expected redemption amount, which on acquisition amounted to £95m. As the option is not part of the fair value of consideration transferred, an equal and opposite deduction from equity was recognised. Changes to the carrying value of the option are recognised directly in equity.

Asset flows and new business

4.01 Asset Management total assets under management¹ (AUM)

	Index £bn	Liability Driven & Derivative Overlays ² £bn	Active Fixed Income ³ £bn	Multi-Asset £bn	Private Markets ⁴ £bn	Total AUM £bn
For the year ended 31 December 2025						
As at 1 January 2025 - excluding joint ventures, associates and other	516.9	302.4	166.7	93.6	38.1	1,117.7
Inflows	99.0	18.1	62.3	37.1	15.2	231.7
Outflows	(127.8)	(20.8)	(62.6)	(31.2)	(5.0)	(247.4)
Overlays	–	(11.5)	–	(0.5)	–	(12.0)
Total net flows⁵	(28.8)	(14.2)	(0.3)	5.4	10.2	(27.7)
Market movements	69.6	(11.2)	5.6	23.3	0.4	87.7
Other movements ⁶	0.2	(3.4)	(0.2)	–	–	(3.4)
Acquisitions ⁷	–	–	–	–	2.3	2.3
As at 31 December 2025 - excluding joint ventures, associates and other	557.9	273.6	171.8	122.3	51.0	1,176.6
Joint ventures, associates and other⁸	–	–	–	–	20.4	20.4
Total Asset Management AUM as at 31 December 2025	557.9	273.6	171.8	122.3	71.4	1,197.0

	Index £bn	Liability Driven & Derivative Overlays ² £bn	Active Fixed Income ³ £bn	Multi-Asset £bn	Private Markets ⁴ £bn	Total AUM £bn
For the year ended 31 December 2024						
As at 1 January 2024 - excluding joint ventures, associates and other	481.7	388.8	168.9	84.3	35.5	1,159.2
Inflows	78.1	22.5	54.0	18.1	6.9	179.6
Outflows	(109.1)	(32.6)	(57.5)	(14.0)	(4.9)	(218.1)
Overlays	–	(10.0)	–	–	–	(10.0)
Total net flows⁵	(31.0)	(20.1)	(3.5)	4.1	2.0	(48.5)
Market movements	66.2	(36.7)	1.9	5.2	0.5	37.1
Other movements ⁶	–	(29.6)	(0.6)	–	0.1	(30.1)
As at 31 December 2024 - excluding joint ventures, associates and other	516.9	302.4	166.7	93.6	38.1	1,117.7
Joint ventures, associates and other⁸	–	–	–	–	17.1	17.1
Total Asset Management AUM as at 31 December 2024	516.9	302.4	166.7	93.6	55.2	1,134.8

1. Assets under management (AUM) includes assets on our Investment Only Platform that are managed by third parties, on which fees are earned.
2. Includes liability driven investments and £166.6bn (31 December 2024: £190.7bn) of derivative notionals associated with the derivative overlays business.
3. Active Fixed Income includes £2.1bn (31 December 2024: £2.2bn) of actively managed equity.
4. Private Markets AUM of £71.4bn (31 December 2024: £55.2bn) are shown on the basis of client asset view and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM is £74.8bn (31 December 2024: £56.7bn). This includes AUM from multi asset strategies (£3.4bn) which includes flows into the Private Markets Access Fund from the Workplace DC Lifetime Advantage Fund, a target date multi-asset investment.
5. Total net flows exclude movements in short-term liability driven and derivative overlay assets, as their maturity dates are determined by client agreements and are subject to a higher degree of variability. The total value of these assets at 31 December 2025 was £44.6bn (31 December 2024: £51.8bn).
6. Other movements include movements of external holdings in money market funds, other cash mandates and short-term liability driven and derivative overlay assets.
7. Assets under management (AUM) attributable to the acquisition of Proprium Capital Partners.
8. Figures reflect 100% of the assets associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers. The figures also include L&G balance sheet assets managed by Asset Management.

Asset flows and new business

4.02 Asset Management total assets under management¹ half-yearly progression

	Index	Liability Driven & Derivative Overlays ²	Active Fixed Income ³	Multi-Asset	Private Markets ⁴	Total AUM
For the year ended 31 December 2025	£bn	£bn	£bn	£bn	£bn	£bn
As at 1 January 2025 - excluding joint ventures, associates and other	516.9	302.4	166.7	93.6	38.1	1,117.7
Inflows	41.5	8.3	26.0	16.7	6.4	98.9
Outflows	(55.0)	(6.5)	(26.7)	(12.7)	(2.0)	(102.9)
Overlays	–	(1.1)	–	0.1	–	(1.0)
Total net flows⁵	(13.5)	0.7	(0.7)	4.1	4.4	(5.0)
Market movements	7.2	(12.6)	(0.1)	12.6	(0.1)	7.0
Other movements ⁶	0.1	(4.0)	0.8	–	–	(3.1)
Acquisitions ⁷	–	–	–	–	–	–
As at 30 June 2025 - excluding joint ventures, associates and other	510.7	286.5	166.7	110.3	42.4	1,116.6
Joint ventures, associates and other⁸	–	–	–	–	19.7	19.7
Total Asset Management AUM as at 30 June 2025	510.7	286.5	166.7	110.3	62.1	1,136.3
Inflows	57.5	9.8	36.3	20.4	8.8	132.8
Outflows	(72.8)	(14.3)	(35.9)	(18.5)	(3.0)	(144.5)
Overlays	–	(10.4)	–	(0.6)	–	(11.0)
Total net flows⁵	(15.3)	(14.9)	0.4	1.3	5.8	(22.7)
Market movements	62.4	1.4	5.7	10.7	0.5	80.7
Other movements ⁶	0.1	0.6	(1.0)	–	–	(0.3)
Acquisitions ⁷	–	–	–	–	2.3	2.3
As at 31 December 2025 - excluding joint ventures, associates and other	557.9	273.6	171.8	122.3	51.0	1,176.6
Joint ventures, associates and other⁸	–	–	–	–	20.4	20.4
Total Asset Management AUM as at 31 December 2025	557.9	273.6	171.8	122.3	71.4	1,197.0

1. Assets under management (AUM) includes assets on our Investment Only Platform that are managed by third parties, on which fees are earned.

2. Includes liability driven investments and £166.6bn of derivative notionals associated with the derivative overlays business.

3. Active Fixed Income includes £2.1bn of actively managed equity.

4. Private Markets AUM of £71.4bn are shown on the basis of client asset view and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM is £74.8bn). This includes AUM from multi asset strategies (£3.4bn) which includes flows into the Private Markets Access Fund from the Workplace DC Lifetime Advantage Fund, a target date multi-asset investment.

5. Total net flows exclude movements in short-term liability driven and derivative overlay assets, as their maturity dates are determined by client agreements and are subject to a higher degree of variability. The total value of these assets at 31 December 2025 was £44.6bn.

6. Other movements include movements of external holdings in money market funds, other cash mandates and short-term liability driven and derivative overlay assets.

7. Assets under management (AUM) attributable to the acquisition of Proprium Capital Partners.

8. Figures reflect 100% of the assets associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers. The figures also include L&G balance sheet assets managed by Asset Management.

Asset flows and new business

	Index £bn	Liability Driven & Derivative Overlays ² £bn	Active Fixed Income ³ £bn	Multi-Asset £bn	Private Markets ⁴ £bn	Total AUM £bn
For the year ended 31 December 2024						
As at 1 January 2024 - excluding joint ventures, associates and other	481.7	388.8	168.9	84.3	35.5	1,159.2
Inflows	35.5	8.6	20.6	6.3	3.7	74.7
Outflows	(50.6)	(15.5)	(26.0)	(4.5)	(2.0)	(98.6)
Overlays	–	(7.4)	–	–	–	(7.4)
Total net flows ⁵	(15.1)	(14.3)	(5.4)	1.8	1.7	(31.3)
Market movements	43.5	(22.9)	(2.5)	2.6	(0.3)	20.4
Other movements ⁶	(3.3)	(23.5)	0.7	–	–	(26.1)
As at 30 June 2024 - excluding joint ventures, associates and other	506.8	328.1	161.7	88.7	36.9	1,122.2
Joint ventures, associates and other ⁷	–	–	–	–	17.0	17.0
Total Asset Management AUM as at 30 June 2024	506.8	328.1	161.7	88.7	53.9	1,139.2
Inflows	42.6	13.9	33.4	11.8	3.2	104.9
Outflows	(58.5)	(17.1)	(31.5)	(9.5)	(2.9)	(119.5)
Overlays	–	(2.6)	–	–	–	(2.6)
Total net flows ⁵	(15.9)	(5.8)	1.9	2.3	0.3	(17.2)
Market movements	22.7	(13.8)	4.4	2.6	0.8	16.7
Other movements ⁶	3.3	(6.1)	(1.3)	–	0.1	(4.0)
As at 31 December 2024 - excluding joint ventures, associates and other	516.9	302.4	166.7	93.6	38.1	1,117.7
Joint ventures, associates and other ⁷	–	–	–	–	17.1	17.1
Total Asset Management AUM as at 31 December 2024	516.9	302.4	166.7	93.6	55.2	1,134.8

1. Assets under management (AUM) includes assets on our Investment Only Platform, that are managed by third parties, on which fees are earned.

2. Includes liability driven investments and £190.7bn of derivative notionals associated with the derivative overlays business.

3. Active Fixed Income includes £2.2bn of actively managed equity.

4. Private markets AUM of £55.2bn are shown on the basis of client asset view and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM, including £1.5bn of AUM from multi asset strategies, is £56.7bn.

5. Total net flows exclude movements in short-term liability driven and derivative overlay assets, as their maturity dates are determined by client agreements and are subject to a higher degree of variability. The total value of these assets was £51.8bn.

6. Other movements include movements of external holdings in money market funds, other cash mandates and short-term liability and derivative overlays assets.

7. Figures reflect 100% of the AUM associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers. The figures also include L&G balance sheet assets managed by Asset Management.

Asset flows and new business

4.03 Asset Management total assets under management (excluding joint ventures, associates and other) and net flows

	Assets under management (excluding joint ventures, associates & other) at				Net flows for the six months ended ¹			
	31 Dec 2025 £bn	30 June 2025 £bn	31 Dec 2024 £bn	30 June 2024 £bn	31 Dec 2025 £bn	30 June 2025 £bn	31 Dec 2024 £bn	30 June 2024 £bn
International²	397.2	372.8	386.9	371.6	(12.8)	(10.5)	(5.4)	(11.1)
UK Institutional								
- Defined contribution	212.4	191.7	182.8	176.0	–	2.6	(0.6)	1.7
- Defined benefit	359.7	370.8	374.4	409.0	(20.3)	(1.3)	(14.8)	(18.6)
Wholesale	79.0	69.5	66.4	62.7	1.8	2.3	1.7	1.7
ETF³	14.0	11.3	9.8	9.5	1.3	1.3	(0.2)	(2.2)
Insurance⁴	114.3	100.5	97.4	93.4	7.3	0.6	2.1	(2.8)
Total	1,176.6	1,116.6	1,117.7	1,122.2	(22.7)	(5.0)	(17.2)	(31.3)

1. Total net flows exclude movements in short-term liability driven and derivative overlay assets, with maturity as determined by client agreements and are subject to a higher degree of variability.
2. International assets are shown on the basis of client domicile. Total International AUM including assets managed internationally on behalf of UK clients amounted to £516bn as at 31 December 2025 (31 December 2024: £488bn).
3. ETF reflects external AUM and Flows invested on the platform. Total AUM managed on the platform is £16.8bn (\$22.6bn) as at 31 December 2025 (31 December 2024: £12.2bn (\$15.2bn)) and flows of £2.8bn (\$3.7bn) as at 31 December 2025 (2024: £(2.3)bn (\$ (2.9)bn)) which include internal investment from other Asset Management asset classes.
4. Insurance net flows include PRT transfers of £2.4bn (2024: £2.8bn). PRT transfers reflect UK defined benefit pension scheme buy-outs to Institutional Retirement.

4.04 Reconciliation of assets under management to Consolidated Balance Sheet

	2025 £bn	2024 £bn
Total Assets Under Management ¹	1,197	1,135
Derivative notionals ²	(170)	(191)
Third-party assets ³	(515)	(480)
Other ⁴	51	58
Held for sale assets	(12)	–
Total financial investments, investment property and cash and cash equivalents	551	522

1. These balances are unaudited.
2. Derivative notionals are included in the assets under management measure but are not for IFRS reporting and are thus removed.
3. Third-party assets are those that the Asset Management division manage on behalf of others which are not included on the Group's Consolidated Balance Sheet.
4. Other includes assets that are managed by third parties on behalf of the Group, other assets and liabilities related to financial investments, derivative assets and pooled funds. It also includes measurement differences between assets under management, which are on a market value basis, and total investments on an IFRS basis.

Asset flows and new business

4.05 Workplace assets under administration¹

	2025 £bn	2024 £bn
As at 1 January	93.8	80.1
Gross inflows	13.5	11.7
Gross outflows	(7.3)	(5.7)
Net flows	6.2	6.0
Market and other movements	13.9	7.7
As at 31 December	113.9	93.8

1. Workplace assets under administration includes Workplace and Retail savings assets under administration and as at 31 December 2025 includes £113.7bn (31 December 2024: £93.7bn) of assets under management included in Note 4.01.

4.06 Workplace assets under administration¹ half-yearly progression

	2025 £bn	2024 £bn
As at 1 January	93.8	80.1
Gross inflows	7.1	6.0
Gross outflows	(3.1)	(2.7)
Net flows	4.0	3.3
Market and other movements	3.3	4.3
As at 30 June	101.1	87.7
Gross inflows	6.4	5.7
Gross outflows	(4.2)	(3.0)
Net flows	2.2	2.7
Market and other movements	10.6	3.4
As at 31 December	113.9	93.8

1. Workplace assets under administration includes Workplace and Retail savings assets under administration.

Asset flows and new business

4.07 Institutional Retirement new business

	Total 2025 £m	6 months 31 December 2025 £m	6 months 30 June 2025 £m	Total 2024 £m	6 months 31 December 2024 £m	6 months 30 June 2024 £m
UK	10,446	7,155	3,291	8,412	7,286	1,126
US ¹	1,032	941	91	1,348	1,014	334
Bermuda	344	289	55	566	566	–
Total Institutional Retirement new business	11,822	8,385	3,437	10,326	8,866	1,460

1. US reflects total new business for US PRT, excluding the 20% of the US PRT business not retained post disposal of the Group's US insurance entity (refer to Note 1.01 for further details). Prior period comparatives have been re-presented to be on a consistent basis. In local currency, US reflects new business of \$1,371m for 2025 (2024: \$1,734m).

4.08 Retail new business

	Total 2025 £m	6 months 31 December 2025 £m	6 months 30 June 2025 £m	Total 2024 £m	6 months 31 December 2024 £m	6 months 30 June 2024 £m
Individual annuities	1,753	1,008	745	2,118	944	1,174
Lifetime mortgage loans and retirement interest only mortgages	224	120	104	270	130	140
Total Retail Retirement new business	1,977	1,128	849	2,388	1,074	1,314
UK Retail protection	159	82	77	153	78	75
UK Group protection	110	49	61	110	42	68
Total Insurance new business	269	131	138	263	120	143
Total UK Retail new business	2,246	1,259	987	2,651	1,194	1,457
US protection¹	182	93	89	159	78	81

1. US protection will not be retained post sale of the Group's US insurance entity (refer to Note 1.01 for further details). In local currency, US protection reflects new business of \$240m (2024: \$203m).

Capital

5.01 Group regulatory capital – Solvency II

The Group measures and monitors its capital resources in line with the UK implementation of the Solvency II requirements as set out in the Prudential Regulation Authority (PRA) Rulebook.

The Solvency II results are estimated and unaudited. Further explanation of the underlying methodology and assumptions are set out in the sections below.

The Group calculates its Solvency II capital requirements using a Partial Internal Model. The majority of the risk to which the Group is exposed is assessed on the Internal Model basis approved by the PRA. Capital requirements for a few smaller entities are assessed using the Standard Formula basis on materiality grounds. The Group's US insurance businesses and Legal & General Reinsurance Company No. 2 are valued on a local statutory basis, following the PRA's approval to use Calculation Method 2 for including these businesses in the Group Solvency II calculation. To comply with regulatory requirements, US insurance businesses are included in the capital position and the associated Solvency II disclosure in Note 5.01 and 5.02 until the completion of disposal.

The table below shows the Group Own Funds, Solvency Capital Requirement (SCR) and Surplus Own Funds, based on the Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP) as at 31 December 2025.

(i) Capital position

As at 31 December 2025, and on the above basis, the Group had a surplus of £7,007m (31 December 2024: £9,012m) over its Solvency Capital Requirement, corresponding to a Solvency II capital coverage ratio of 203% (31 December 2024: 232%). The Solvency II capital position is as follows:

	2025 £m	2024 £m
Unrestricted Tier 1 Own Funds	9,943	11,988
Restricted Tier 1 Own Funds ¹	495	495
Tier 2 subordinated liabilities	3,557	3,404
Tier 2 and other eligibility restrictions	(181)	(27)
Solvency II Own Funds^{2,3}	13,814	15,860
Solvency Capital Requirement	(6,807)	(6,848)
Solvency II surplus	7,007	9,012
Solvency II Coverage ratio	203%	232%

1. Restricted Tier 1 Own Funds represent Perpetual restricted Tier 1 contingent convertible notes.

2. Solvency II Own Funds do not include an accrual for the final dividend of £880m (31 December 2024: final dividend of £902m) declared after the balance sheet date.

3. Solvency II Own Funds allow for a Risk Margin of £998m (31 December 2024: £1,041m) and TMTP of £536m (31 December 2024: £685m).

Capital

(ii) Methodology

Own Funds comprise the excess of the value of assets over the liabilities, as valued on a Solvency II basis. Subordinated debt issued by the Group is considered to be part of available capital, rather than a liability, as it is subordinate to policyholder claims. Own Funds include deductions in relation to fungibility and transferability restrictions, to the extent that the surplus Own Funds of a specific group entity cannot be freely transferred around the Group due to local legal or regulatory constraints.

Assets are valued at fair value with adjustments to remove intangibles and deferred acquisition costs, and to value reinsurers' share of technical provisions on a basis consistent with the liabilities on the Solvency II balance sheet. Liabilities are valued on a best estimate market consistent basis, with the application of a Solvency II Matching Adjustment for valuing annuity liabilities. Own Funds incorporate changes to the Matching Adjustment during 2025 and the impacts of a recalculation of the TMTP as at end December 2025.

The liabilities include a Risk Margin of £998m (31 December 2024: £1,041m) which represents an allowance for the cost of capital for a purchasing insurer to take on the portfolio of liabilities and residual risks that are deemed to be non-hedgeable under Solvency II. This is calculated using a cost of capital of 4% and includes a tapering factor of 90%.

The Solvency Capital Requirement is the amount of capital required to cover the 1-in-200 worst projected future outcome in the year following the valuation, allowing for realistic management and policyholder actions and the impact of the stress on the tax position of the Group. This allows for diversification between the different firms within the Group and between the risks to which they are exposed.

All material UK insurance firms, including Legal and General Assurance Society Limited (LGAS) and Legal and General Assurance (Pensions Management) Limited, are incorporated into the Group's Solvency II Internal Model assessment of required capital, assuming diversification of the risks between and within those firms. These firms, as well as the non-UK insurance firm (Legal & General Reinsurance Company Limited (L&G Re) based in Bermuda) contribute over 80% of the Group's SCR.

Firms which are not regulated but which carry material risks to the Group's solvency are also modelled in the Internal Model, with an appropriate stress being applied to their net asset value. There are a small number of insurance firms for which the capital requirements are valued on a Solvency II Standard Formula basis.

Legal & General America's insurance entities (LGA) and Legal and General Reinsurance Company No.2 Limited (L&G Re 2) are incorporated into the calculation of Group solvency using Calculation Method 2. All risk exposure in these firms is valued on local statutory bases.

For LGA (excluding Legal & General America Reinsurance Limited (LGAR)), all risk exposure is valued on a US statutory basis, with capital requirements set to a multiple of US statutory Risk Based Capital (RBC). The contribution to Group SCR is 150% of the local Company Action Level RBC (CAL RBC). The contribution to Group's Own Funds is the SCR together with any surplus capital in excess of 250% of CAL RBC. The US regulatory regime is considered to be equivalent to Solvency II by the European Commission.

For L&G Re 2 and LGAR, all risk exposure is valued on a Bermudan capital basis, with capital requirements set equal to the Bermudan capital requirements. The Own Funds contribution is restricted by 20% of the capital. The Bermuda regulatory regime is also considered to be equivalent to Solvency II by the European Commission.

All non-insurance regulated firms are included using their current regulatory surplus.

(iii) Assumptions

The calculation of the Solvency II balance sheet and associated capital requirements requires a number of assumptions, including:

- Demographic assumptions: these are required to project best estimate liability cash flows and are mostly consistent with those underlying the Group's IFRS disclosures where relevant, subject to minor exceptions.
- Future investment returns and discount rates used to derive the present value of best estimate liability cash flows as defined by the PRA. The risk-free rates used to discount UK Sterling, Canadian Dollar and US Dollar cashflows are SONIA-, CORRA- and SOFR-based market swap rates.
- For annuities that are eligible, the liability discount rate includes a Matching Adjustment. This Matching Adjustment varies between LGAS and L&G Re and by the currency of the relevant liabilities. At 31 December 2025 the Matching Adjustment for UK Sterling was 109 basis points (31 December 2024: 127 basis points) after deducting an allowance for the Fundamental Spread equivalent to 37 basis points (31 December 2024: 45 basis points). The Matching Adjustment and Fundamental Spread have been calculated in line with the UK implementation of the Solvency II regulations, and include the impact from the Matching Adjustment Attestation.
- Assumptions regarding management actions and policyholder behaviour across the full range of scenarios: the only management actions allowed for are those that have been approved by the Board and are in place at the balance sheet date.
- Assumptions regarding the volatility of the risks to which the Group is exposed: assumptions have been set using a combination of historic market, demographic and operating experience data. In areas where data is not considered robust, expert judgement has been used.
- Assumptions on the dependencies between risks, which are calibrated using a combination of historic data and expert judgement.

Capital

(iv) Analysis of change

Operational Surplus Generation (OSG) is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions. It includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year.

New business strain is the cost of acquiring business and setting up Technical Provisions and SCR (net of any premium income), on actual new business written over the year. It is based on economic conditions at the point of sale.

The table below shows the movement (net of tax) during the year ended 31 December 2025 in the Group's Solvency II surplus.

	2025 Own Funds £m	2025 SCR £m	2025 Surplus £m
Opening Position	15,860	(6,848)	9,012
Operational Surplus Generation ¹	1,381	149	1,530
New business strain ²	234	(500)	(266)
Net surplus generation	1,615	(351)	1,264
Operating variances ³			(688)
Mergers, acquisitions and disposals ⁴			(170)
Market movements ⁵			(507)
Share buyback			(503)
Dividends paid ⁶			(1,247)
Tier 2 eligibility restrictions ⁷			(154)
Total surplus movement (after dividends paid in the year)	(2,046)	41	(2,005)
Closing position	13,814	(6,807)	7,007

- Operational Surplus Generation from continuing business includes a £30m release of Risk Margin. £(75)m amortisation of TMTP has been excluded from Operational Surplus Generation and is instead shown in operating variances.
- New business strain is from continuing business and reflects the impact of all anticipated Funded Reinsurance on new business schemes. Where that reinsurance is not in place at 31 December 2025, the impact of Funded Reinsurance is reversed in operating variances.
- Operating variances include the impact of experience variances, changes to valuation assumptions, methodology changes, other management actions including changes in asset mix and movements in surplus relating to non-retained US business.
- Mergers, acquisitions and disposals include the impact of the acquisition of Proprium Capital Partners.
- Market movements represent the impact of changes in investment market conditions during the period and changes to future economic assumptions.
- Dividends paid include the 2024 final dividend and 2025 interim dividend.
- Tier 2 Own Funds can only be recognised up to value of 50% of the SCR.

The table below shows the movement (net of tax) during the year ended 31 December 2024 in the Group's Solvency II surplus.

	2024 Own Funds £m	2024 SCR £m	2024 Surplus £m
Opening position	16,556	(7,389)	9,167
Operational Surplus Generation ¹	1,869	(35)	1,834
New business strain	185	(594)	(409)
Net surplus generation	2,054	(629)	1,425
Operating variances ²			73
Mergers, acquisitions and disposals ³			9
Market movements ⁴			(231)
Share buyback			(201)
Dividends paid ⁵			(1,230)
Total surplus movement (after dividends paid in the year)	(696)	541	(155)
Closing position	15,860	(6,848)	9,012

- Operational Surplus Generation includes a £45m release of Risk Margin. In 2025, the methodology for the calculation of Operational Surplus Generation was updated to exclude amortisation of TMTP. Comparatives have been re-presented accordingly to exclude £(83m) amortisation of TMTP. Refer to the Alternative Performance Measures section for further details.
- Operating variances include the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix.
- Mergers, acquisitions and disposals for the year ended 31 December 2024 include the sale of Cala.
- Market movements represent the impact of changes in investment market conditions during the year and changes to future economic assumptions.
- Dividends paid include the 2023 final dividend and 2024 interim dividend.

Capital

(v) Future Solvency II surplus generation – UK annuities

The table below shows a projection of future OSG expected from the UK annuity portfolio as at 31 December 2025 and excludes any allowance for future new business. The table shows the OSG from our UK annuity businesses in the annuity back book OSG line, L&G Other includes a contribution from Asset Management assets supporting the SCR and asset management fees for managing assets of the UK annuity portfolio. The impact of management actions is excluded; we expect management actions to contribute up to £0.3bn in each year of the projection.

	2025 £bn	2026 £bn	2027 £bn	2028 £bn	2029 £bn	2030 - 2034 £bn	2035-2044 £bn	Total £bn
UK annuity OSG from back book ¹	0.6	0.6	0.6	0.6	0.6	2.7	4.1	9.8
L&G Other	0.1	0.1	0.1	0.1	0.1	0.3	0.4	1.2
Total OSG for UK Annuity back book	0.7	0.7	0.7	0.7	0.7	3.0	4.5	11.0

1. UK annuity back book OSG does not include new business.

(vi) Reconciliation of IFRS equity to Solvency II Own Funds

A reconciliation of the Group's IFRS equity to Solvency II Own Funds is given below:

	2025 £m	2024 £m
IFRS equity¹	2,283	3,548
CSM net of tax ²	10,486	10,287
IFRS equity plus CSM net of tax	12,769	13,835
Remove DAC, goodwill and other intangible assets and associated liabilities	(393)	(473)
Add IFRS carrying value of subordinated borrowings ³	3,744	3,788
Insurance contract valuation differences	(1,455)	(626)
Financial investments valuation differences	(1,043)	(1,118)
Difference in value of net deferred tax liabilities	379	491
Other	(6)	(10)
Tier 2 and other eligibility restrictions	(181)	(27)
Solvency II Own Funds⁴	13,814	15,860

1. IFRS equity represents equity attributable to owners of the parent and restricted Tier 1 convertible debt note as per the Consolidated Balance Sheet.

2. CSM net of tax includes Non-retained US business which is reported on the same basis as at 31 December 2024. The entire CSM net of tax from the disposal group held for sale is £1,232m as at 31 December 2025.

3. Treated as available capital on the Solvency II balance sheet as the liabilities are subordinate to policyholder claims.

4. Solvency II Own Funds do not include an accrual for the final dividend of £880m (31 December 2024: final dividend of £902m) declared after the balance sheet date.

Capital

(vii) Sensitivity analysis

The following sensitivities are provided to give an indication of how the Group's Solvency II surplus as at 31 December 2025 would have changed in a variety of adverse events. These are all independent stresses to a single risk. In practice, the balance sheet is impacted by combinations of stresses and the combined impact can be larger than adding together the impacts of the same stresses in isolation. It is expected that, particularly for market risks, adverse stresses will happen together.

	Impact on net of tax Solvency II capital surplus	Impact on net of tax Solvency II coverage ratio	Impact on net of tax Solvency II capital surplus	Impact on net of tax Solvency II coverage ratio
	2025 £bn	2025 %	2024 £bn	2024 %
100bps increase in risk-free rates ¹	0.1	11	(0.0)	14
100bps decrease in risk-free rates ^{1,2}	(0.2)	(14)	(0.3)	(17)
Credit spreads widen by 100bps assuming an escalating addition to ratings ^{3,4}	0.1	6	0.2	9
Credit spreads widen by 100bps assuming a flat addition to ratings ³	0.2	10	0.2	13
Credit spreads narrow by 100bps assuming a flat deduction from ratings ³	(0.4)	(13)	(0.6)	(18)
Credit spreads of sub investment grade assets widen by 100bps assuming a level addition to ratings ^{3,5}	(0.1)	(2)	(0.1)	(3)
Credit migration ⁶	(0.5)	(7)	(0.5)	(8)
25% fall in equity markets ⁷	(0.5)	(5)	(0.5)	(5)
15% fall in property markets ⁸	(0.8)	(14)	(0.8)	(10)
50bps increase in future inflation expectations	0.0	(0)	0.1	(1)
10% increase in maintenance expenses ⁹	0.4	(5)	(0.3)	(5)

1. The previously reported 2024 interest rate sensitivities assumed post-stress rebalancing actions, which reduced the reported surplus and coverage ratio sensitivities. Applying similar actions in 2025 would reduce the sensitivity impact by £24m on surplus and 1% on the coverage ratio under the interest rate +100bps stress, and by £94m and 2% under the interest rate -100bps stress. These sensitivities have been restated to exclude assumed management actions.

2. In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.

3. The spread sensitivity applies to the Group's corporate bond (and similar) holdings, with no change in long-term default expectations. Restructured lifetime mortgages are excluded as the underlying exposure is mostly to property.

4. The stress for AA bonds is twice that for AAA bonds, for A bonds it is three times, for BBB four times and so on, such that the weighted average spread stress for the portfolio is 100 basis points. To give a 100bps increase on the total portfolio, the spread stress increases in steps of 32bps, i.e. 32bps for AAA, 64bps for AA etc.

5. No stress for bonds rated BBB and above. For bonds rated BB and below the stress is 100bps. The spread widening on the total portfolio is smaller than 1bps as the Group holds less than 1% in bonds rated BB and below. The impact is primarily an increase in SCR arising from the modelled cost of trading downgraded bonds back to a higher rating in the stress scenarios in the SCR calculation.

6. Credit migration stress covers the cost of an immediate big letter downgrade on 20% of all assets where the capital treatment depends on a credit rating (including corporate bonds, and sale and leaseback rental strips; lifetime mortgage senior notes are excluded). Downgraded assets in our annuity portfolio are assumed to be traded to their original credit rating, so the impact is primarily a reduction in Own Funds from the loss of value on downgrade. The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet date.

7. This relates primarily to equity exposure held by the Group but will also include equity-based mutual funds and other investments that receive an equity stress (for example, certain investments in subsidiaries). Some assets have factors that increase or decrease the stress relative to general equity levels via a beta factor.

8. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.

9. A 10% increase in the assumed unit costs and future costs of investment management across all long-term insurance business lines.

The above sensitivity analysis does not reflect all management actions which could be taken to reduce the impacts. In practice, the Group actively manages its asset and liability positions to respond to market movements. Allowance is made for the recalculation of the Loss Absorbing Capacity of Deferred Tax for all stresses, assuming full capacity remains available post stress.

The impacts of these stresses are not linear therefore these results should not be used to interpolate or extrapolate the impact of a smaller or larger stress. The results of these tests are indicative of the market conditions prevailing at the balance sheet date. The results would be different if performed at an alternative reporting date.

Capital

(viii) Analysis of Group Solvency Capital Requirement

The table below shows a breakdown of the Group's SCR by risk type. The split is shown before the effects of diversification and tax.

	2025	2024
	%	%
Interest rate ¹	10	11
Equity	5	6
Property	10	11
Credit ²	21	19
Currency	4	3
Inflation	4	4
Total Market risk³	54	54
Counterparty risk	2	1
Life mortality	4	3
Life longevity ⁴	14	16
Life mass lapse	3	3
Life non-mass lapse	2	2
Life catastrophe	8	8
Expense	4	3
Total Insurance risk	35	35
Non-life underwriting	–	–
Operational risk	4	4
Miscellaneous ⁵	5	6
Total SCR	100	100

1. Interest rate risk exposure is significantly smaller after allowing for diversification with other risks.

2. Credit risk is one of the Group's most significant exposures, arising predominantly from the portfolio of bonds and bond-like assets backing the Group's annuity business.

3. In addition to credit risk the Group also has significant exposure to other market risks, primarily due to the investment holdings within the shareholder funds but also the risk to fee income from assets backing unit linked business.

4. Longevity risk is the Group's most significant insurance risk exposure, arising from the annuity book on which the majority of the longevity risk on the back book is retained. However, we expect this to reduce over time as we continue to reinsure the majority of the exposure on new business written post the implementation of Solvency II.

5. Miscellaneous includes LGA and L&G Re 2, which are included in the Group SCR using Calculation Method 2, and the sectoral capital requirements for non-insurance regulated firms.

5.02 Estimated Solvency II new business contribution

(i) New business by product¹

Management estimates of the present value of new business premium (PVNBP) and the margin for selected lines of business are provided below:

	PVNBP ²	Contribution from new business ³	Margin ⁴	PVNBP ²	Contribution from new business ³	Margin ⁴
	2025	2025	2025	2024	2024	2024
	£m	£m	%	£m	£m	%
Institutional Retirement - UK annuity business	8,238	353	4.3	7,855	420	5.3
Retail Retirement - UK annuity business	1,753	54	3.1	2,118	132	6.2
UK Protection	1,587	78	4.9	1,461	57	3.9
US Protection ⁵	1,485	171	11.5	1,249	135	10.8

1. Selected lines of business only.

2. PVNBP excludes a quota share reinsurance single premium of £2,208m (31 December 2024: £557m) relating to Institutional Retirement new business.

3. The contribution from new business is defined as the present value at the point of sale of expected future Solvency II surplus emerging from new business written in the year using the risk discount rate applicable at the end of the year.

4. Margin is based on unrounded inputs.

5. In local currency, US protection business reflects PVNBP of \$1,958m (31 December 2024: \$1,596m) and a contribution from new business of \$226m (31 December 2024: \$173m).

(ii) Assumptions

The key economic assumptions are as follows:

	2025	2024
	%	%
Margin for Risk	3.4	3.7
Risk-free rate		
- UK	4.3	4.1
- US	4.2	4.6
Risk discount rate (net of tax)		
- UK	7.7	7.8
- US	7.6	8.3
Long-term rate of return on annuities	5.6	5.5

The future earnings are discounted using duration-based discount rates, which is the sum of a duration-based risk-free rate and a flat margin for risk. The risk-free rate shown above is a weighted average based on the projected cash flows.

Economic and non-economic assumptions are set to best estimates of their real-world outcomes, including a risk premium for asset returns where appropriate. In particular:

- the assumed future pre-tax returns on fixed interest and RPI linked securities are set by reference to yield on the relevant backing assets, net of an allowance for default risk which takes into account the credit rating and the outstanding term of the assets. The weighted average deduction for business written in 2025 equates to a level rate deduction from the expected returns of 16 basis points. The calculated return takes account of derivatives and other credit instruments in the investment portfolio
- non-economic assumptions have been set at levels commensurate with recent operating experience, including those for mortality, morbidity, persistency and maintenance expenses (excluding development costs). An allowance is made for future mortality improvement. For new business, mortality assumptions may be modified to take certain scheme specific features into account.

The profits on the new business are presented gross of tax.

Capital

(iii) Methodology

Basis of preparation

Solvency II new business contribution reflects the portion of Solvency II value added by new business written in the year. It has been calculated in a manner consistent with principles and methodologies which were adopted in the Group's 2025 Annual report and accounts.

Solvency II new business contribution has been calculated for the Group's most material insurance-related businesses, namely, Institutional Retirement, Retail Retirement and Insurance.

Intra-group reinsurance arrangements are in place between US, UK and Bermudan businesses and it is expected that these arrangements will be periodically extended to cover recent new business.

Description of methodology

The objective of the Solvency II new business contribution is to provide shareholders with information on the long-term contribution of new business written in 2025.

The Solvency II new business contribution has been calculated as the present value of future shareholder profits arising from business written in 2025. Cash flow projections are determined using best estimate assumptions for each component of cash flow and for each policy group. Best estimate assumptions including mortality, morbidity, persistency and expenses reflect recent operating experience.

The PVNBP is equivalent to total single premiums plus the discounted value of annual premiums expected to be received over the term of the contracts using the same economic and operating assumptions used for the calculation of the new business contribution for the financial year.

The new business margin is defined as new business contribution divided by the PVNBP. The premium volumes used to calculate the PVNBP are the same as those used to calculate new business contribution.

LGA new business contribution is calculated on a US statutory basis.

Projection assumptions

Cash flow projections are determined using best estimate assumptions for each component of cash flow for each line of business. Future economic and investment return assumptions are based on conditions at the end of the financial year.

Detailed projection assumptions including mortality, morbidity, persistency and expenses reflect recent operating experience and are normally reviewed annually. Allowance is made for future improvements in annuitant mortality based on experience and externally published data. Favourable changes in operating experience are not anticipated until the improvement in experience has been observed.

All costs relating to new business, even if incurred elsewhere in the Group, are allocated to the new business. The expense assumptions used for the cash flow projections therefore include the full cost of servicing this business.

Risk discount rate

The risk discount rate (RDR) is duration-based and is a combination of the risk-free curve and a flat Margin for Risk.

The GBP risk-free rates have been based on a SONIA-based swap curve with no explicit Credit Risk Adjustment. The USD risk-free rates have been based on a SOFR-based swap curve with no explicit Credit Risk Adjustment.

The Margin for Risk has been determined based on an assessment of the Group's Weighted Average Cost of Capital (WACC). This assessment incorporates a beta for the Group, which measures the correlation of movements in the Group's share price to movements in a relevant index. Beta values therefore allow for the market's assessment of the risks inherent in the business relative to other companies in the chosen index.

The WACC is derived from the Group's cost of equity, cost of debt, and the proportion of equity to debt in the Group's capital structure measured using market values. Each of these three parameters is forward looking, although informed by historic information and appropriate judgements where necessary. The cost of equity is calculated as the risk-free rate plus the equity risk premium for the chosen index multiplied by the Company's beta.

The cost of debt used in the WACC calculations takes account of the actual locked-in rates for our senior and subordinated long-term debt. All debt interest attracts tax relief at a time adjusted rate of 25% (31 December 2024: 25%).

Whilst the WACC approach is a relatively simple and transparent calculation to apply, subjectivity remains within a number of the assumptions. Management believes that the chosen Margin for Risk, together with the levels of required capital and the inherent strength of the Group's regulatory reserves, is appropriate to reflect the risks within the covered business.

(iv) Reconciliation of PVNBP to total Institutional Retirement and Retail new business

	Notes	2025 £bn	2024 £bn
PVNBP	5.02(i)	13.1	12.7
Effect of capitalisation factor		(2.2)	(1.8)
New business premiums from selected lines		10.9	10.9
Other ^{1,2}		3.4	2.2
Total Institutional Retirement and Retail new business²	4.07, 4.08	14.3	13.1

1. Other principally includes annuity sales in the US £1.0bn (31 December 2024: £1.3bn), lifetime mortgage loans and retirement interest only mortgages £0.2bn (31 December 2024: £0.3bn), and quota share reinsurance premiums £2.2bn (31 December 2024: £0.6bn).

2. Excludes 20% of the US PRT business not retained (refer to Note 1.01 for further details). Prior period comparatives have been re-presented to be on a consistent basis.

Investments

6.01 Investment portfolio

	2025 £m	2024 £m
Worldwide total assets under management ¹	1,204,529	1,143,749
Client and policyholder assets	(1,050,253)	(991,647)
Investments to which shareholders are directly exposed (market value)	154,276	152,102
Held for sale assets	(11,833)	–
Adjustment from market value to IFRS carrying value ²	1,043	1,118
Investments to which shareholders are directly exposed (IFRS carrying value)	143,486	153,220
Retained US portfolio³	6,888	–

1. Worldwide total assets under management include Asset Management AUM and other Group assets not managed by Asset Management.

2. Adjustments reflect measurement differences for a portion of the Group's financial investments designated as amortised cost.

3. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US PRT business that the Group will continue to be exposed to after completion of the sale.

Analysed by investment class:

		Annuity investments ^{1,2}	Other investments	Total	Annuity investments ^{1,2}	Other investments	Total
		2025	2025	2025	2024	2024	2024
	Notes	£m	£m	£m	£m	£m	£m
Equities		1,362	710	2,072	2,052	896	2,948
Bonds	6.03	86,236	1,509	87,745	83,020	4,152	87,172
Derivative assets ³		41,536	89	41,625	49,039	156	49,195
Property	6.04	6,334	505	6,839	5,729	226	5,955
Loans ⁴		973	291	1,264	2,542	172	2,714
Financial investments and investment property		136,441	3,104	139,545	142,382	5,602	147,984
Cash and cash equivalents		2,274	627	2,901	2,631	1,126	3,757
Other assets ⁵		759	281	1,040	722	757	1,479
Total investments		139,474	4,012	143,486	145,735	7,485	153,220
Retained US portfolio⁶		6,888	–	6,888	–	–	–

1. Annuity investments includes products held within the Institutional Retirement and Retail Retirement annuity portfolios and include lifetime mortgage loans and retirement interest only mortgages.

2. Annuity investments includes surplus assets not backing liabilities of £3.8bn (31 December 2024: £4.5bn) but is excluding derivative liabilities, funds withheld and other non-financial assets of £49.7bn (31 December 2024: £56.2bn) when compared with the Annuities AUA on page 10.

3. Derivative assets are shown gross of derivative liabilities of £49.5bn (31 December 2024: £54.3bn). Exposures arise from use of derivatives for efficient portfolio management, particularly the use of interest rate swaps, inflation swaps, currency swaps and foreign exchange forward contracts for assets and liability management.

4. Loans include reverse repurchase agreements of £1,070m (31 December 2024: £2,630m).

5. Other assets include finance leases of £469m (31 December 2024: £444m), associates and joint ventures of £434m (31 December 2024: £795m) and the consolidated net asset value of the Group's investments in the housing businesses.

6. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US PRT business that the Group will continue to be exposed to after completion of the sale.

6.02 Direct investments

(i) Total investments analysed by asset class

	Direct investments ¹	Traded securities ²	Total	Direct investments ¹	Traded securities ²	Total
	2025	2025	2025	2024	2024	2024
	£m	£m	£m	£m	£m	£m
Equities	1,400	672	2,072	1,698	1,250	2,948
Bonds ³	27,067	60,678	87,745	30,244	56,928	87,172
Derivative assets	–	41,625	41,625	–	49,195	49,195
Property ⁴	6,839	–	6,839	5,955	–	5,955
Loans	194	1,070	1,264	83	2,631	2,714
Financial investments	35,500	104,045	139,545	37,980	110,004	147,984
Cash and cash equivalents	187	2,714	2,901	169	3,588	3,757
Other assets	1,040	–	1,040	1,479	–	1,479
Total investments	36,727	106,759	143,486	39,628	113,592	153,220
Retained US portfolio⁵	2,780	4,108	6,888	–	–	–

1. Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but excluded hedge funds.

2. Traded securities are defined by exclusion. If an instrument is not a direct investment, then it is classed as a traded security.

3. Bonds include lifetime mortgage loans of £5,756m (31 December 2024: £5,861m).

4. A further breakdown of property is provided in Note 6.04.

5. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US PRT business that the Group will continue to be exposed to after completion of the sale.

Investments

(ii) Direct investments analysed by asset portfolio

	Annuity ¹ 2025 £m	Other 2025 £m	Total 2025 £m
Equities	764	636	1,400
Bonds ²	27,041	26	27,067
Property	6,334	505	6,839
Loans	–	194	194
Financial investments and investment property	34,139	1,361	35,500
Other assets, cash and cash equivalents	817	410	1,227
Total direct investments	34,956	1,771	36,727
Retained US portfolio³	2,780	–	2,780

	Annuity ¹ 2024 £m	Other 2024 £m	Total 2024 £m
Equities	831	867	1,698
Bonds ²	28,419	1,825	30,244
Property	5,729	226	5,955
Loans	–	83	83
Financial investments and investment property	34,979	3,001	37,980
Other assets, cash and cash equivalents	765	883	1,648
Total direct investments	35,744	3,884	39,628

1. Annuity includes products held within the Institutional Retirement and Retail Retirement annuity portfolios.

2. Bonds include lifetime mortgage loans of £5,756m (31 December 2024: £5,861m).

3. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US PRT business that the Group will continue to be exposed to after completion of the sale.

Investments

6.03 Bond portfolio summary

(i) Sectors analysed by credit rating

As at 31 December 2025	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total ² £m	Total ² %
Sovereigns, Supras and Sub-Sovereigns	524	22,910	1,472	227	4	3	25,140	29
Banks:								
- Tier 2 and other subordinated	–	5	31	12	1	–	49	–
- Senior	2	1,535	3,210	262	–	–	5,009	6
- Covered	156	–	–	–	–	–	156	–
Financial Services:								
- Tier 2 and other subordinated	–	58	124	2	32	11	227	–
- Senior	112	564	866	581	1	–	2,124	2
Insurance:								
- Tier 2 and other subordinated	–	186	24	72	1	–	283	–
- Senior	–	206	350	263	–	–	819	1
Consumer Services and Goods:								
- Cyclical	–	86	948	1,284	7	–	2,325	3
- Non-cyclical	161	583	2,603	2,002	3	–	5,352	6
- Healthcare	–	537	1,007	637	1	–	2,182	3
Infrastructure:								
- Social	91	1,008	4,779	1,314	63	–	7,255	8
- Economic	–	654	1,153	4,088	65	–	5,960	7
Technology and Telecoms	36	513	801	1,609	3	–	2,962	3
Industrials	–	138	643	748	24	–	1,553	2
Utilities	368	302	3,741	4,523	8	–	8,942	10
Energy	–	68	412	1,334	2	–	1,816	2
Commodities	–	–	270	504	2	–	776	1
Oil and Gas	–	345	465	423	1	3	1,237	1
Real estate	–	13	1,877	2,397	216	–	4,503	5
Structured finance ABS / RMBS / CMBS / Other	929	1,023	960	307	12	36	3,267	4
Lifetime mortgage loans ¹	–	4,823	458	392	–	83	5,756	7
CDOs	–	41	–	11	–	–	52	–
Total	2,379	35,598	26,194	22,992	446	136	87,745	100
%	3	41	30	26	–	–	100	
Retained US portfolio³	522	947	2,080	2,196	52	20	5,817	

1. The credit ratings attributed to lifetime mortgage loans are allocated in accordance with the internal Matching Adjustment structuring.

2. The Group's bond portfolio is dominated by investments backing Institutional Retirement's and Retail Retirement's annuity business. These account for £86,236m, representing 98% of the total Group portfolio (excluding the Retained US portfolio).

3. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US pension risk transfer business that the Group will continue to be exposed to after completion of the sale.

Investments

As at 31 December 2024	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total ² £m	Total ² %
Sovereigns, Supras and Sub-Sovereigns	518	15,907	1,036	201	19	1	17,682	20
Banks:								
- Tier 2 and other subordinated	–	–	59	14	2	–	75	–
- Senior	–	1,677	4,197	896	1	–	6,771	8
- Covered	212	–	–	–	–	–	212	–
Financial Services:								
- Tier 2 and other subordinated	–	104	23	15	8	8	158	–
- Senior	212	885	796	846	1	–	2,740	3
Insurance:								
- Tier 2 and other subordinated	34	133	19	37	1	–	224	–
- Senior	21	173	411	351	–	–	956	1
Consumer Services and Goods:								
- Cyclical	–	91	1,048	1,465	37	1	2,642	3
- Non-cyclical	279	694	2,726	2,588	60	–	6,347	7
- Healthcare	–	602	1,011	604	6	–	2,223	3
Infrastructure:								
- Social	99	863	4,564	1,285	64	–	6,875	8
- Economic	–	431	1,258	4,280	37	23	6,029	7
Technology and Telecoms	100	403	1,056	2,525	18	1	4,103	5
Industrials	–	201	384	958	33	–	1,576	2
Utilities	427	397	4,655	3,799	10	–	9,288	11
Energy	–	28	543	1,457	35	–	2,063	2
Commodities	–	–	194	609	11	–	814	1
Oil and Gas	–	625	427	428	14	3	1,497	2
Real estate	–	34	1,850	2,530	82	1	4,497	5
Structured finance ABS / RMBS / CMBS / Other	1,084	981	1,541	791	68	22	4,487	5
Lifetime mortgage loans ¹	–	4,916	483	402	–	60	5,861	7
CDOs	–	41	–	11	–	–	52	–
Total	2,986	29,186	28,281	26,092	507	120	87,172	100
%	3	34	32	30	1	–	100	

1. The credit ratings attributed to lifetime mortgage loans are allocated in accordance with the internal Matching Adjustment structuring.

2. The Group's bond portfolio is dominated by investments backing Institutional Retirement's and Retail Retirement's annuity business. These account for £83,020m, representing 95% of the total Group portfolio.

Investments

(ii) Sectors analysed by domicile

	UK £m	US £m	EU £m	Rest of the World £m	Total £m
As at 31 December 2025					
Sovereigns, Supras and Sub-Sovereigns	19,425	3,688	1,297	730	25,140
Banks	1,860	900	1,218	1,236	5,214
Financial Services	321	779	1,032	219	2,351
Insurance	80	899	29	94	1,102
Consumer Services and Goods:					
- Cyclical	554	1,457	135	179	2,325
- Non-cyclical	1,321	3,208	621	202	5,352
- Healthcare	312	1,608	210	52	2,182
Infrastructure:					
- Social	6,385	375	269	226	7,255
- Economic	4,474	489	311	686	5,960
Technology and Telecoms	285	1,912	480	285	2,962
Industrials	204	827	429	93	1,553
Utilities	3,684	2,975	1,853	430	8,942
Energy	610	937	49	220	1,816
Commodities	53	339	151	233	776
Oil and Gas	210	348	303	376	1,237
Real estate	1,986	1,321	1,025	171	4,503
Structured finance ABS / RMBS / CMBS / Other	1,658	438	631	540	3,267
Lifetime mortgage loans	5,119	–	637	–	5,756
CDOs	–	–	–	52	52
Total	48,541	22,500	10,680	6,024	87,745
Retained US portfolio¹	77	5,007	243	490	5,817

1. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US pension risk transfer business that the Group will continue to be exposed to after completion of the sale.

	UK £m	US £m	EU £m	Rest of the World £m	Total £m
As at 31 December 2024					
Sovereigns, Supras and Sub-Sovereigns	13,298	2,528	1,279	577	17,682
Banks	2,056	2,638	1,219	1,145	7,058
Financial Services	424	1,160	998	316	2,898
Insurance	47	991	68	74	1,180
Consumer Services and Goods:					
- Cyclical	396	1,855	168	223	2,642
- Non-cyclical	1,292	4,146	552	357	6,347
- Healthcare	274	1,909	40	–	2,223
Infrastructure:					
- Social	5,915	615	138	207	6,875
- Economic	3,955	895	267	912	6,029
Technology and Telecoms	345	2,730	465	563	4,103
Industrials	242	973	314	47	1,576
Utilities	3,513	3,502	1,787	486	9,288
Energy	606	1,135	22	300	2,063
Commodities	51	383	110	270	814
Oil and Gas	304	419	453	321	1,497
Real estate	1,724	1,796	704	273	4,497
Structured finance ABS / RMBS / CMBS / Other	1,191	2,672	201	423	4,487
Lifetime mortgage loans	5,359	–	502	–	5,861
CDOs	–	–	–	52	52
Total	40,992	30,347	9,287	6,546	87,172

Investments

(iii) Bond portfolio analysed by credit rating

As at 31 December 2025	Externally rated £m	Internally rated ¹ £m	Total £m
AAA	1,793	586	2,379
AA	28,868	6,730	35,598
A	15,834	10,360	26,194
BBB	15,127	7,865	22,992
BB or below	113	333	446
Other	15	121	136
Total	61,750	25,995	87,745
Retained US portfolio²	3,201	2,616	5,817

As at 31 December 2024	Externally rated £m	Internally rated ¹ £m	Total £m
AAA	2,448	538	2,986
AA	22,344	6,842	29,186
A	17,563	10,718	28,281
BBB	17,295	8,797	26,092
BB or below	289	218	507
Other	24	96	120
Total	59,963	27,209	87,172

1. Where external ratings are not available an internal rating has been used where practicable to do so.

2. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US pension risk transfer business that the Group will continue to be exposed to after completion of the sale.

(iv) Sectors analysed by direct investments and traded securities

As at 31 December 2025	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	1,594	23,546	25,140
Banks	72	5,142	5,214
Financial Services	1,042	1,309	2,351
Insurance	165	937	1,102
Consumer Services and Goods:			
- Cyclical	391	1,934	2,325
- Non-cyclical	693	4,659	5,352
- Healthcare	485	1,697	2,182
Infrastructure:			
- Social	4,604	2,651	7,255
- Economic	4,161	1,799	5,960
Technology and Telecoms	212	2,750	2,962
Industrials	235	1,318	1,553
Utilities	2,811	6,131	8,942
Energy	754	1,062	1,816
Commodities	150	626	776
Oil and Gas	93	1,144	1,237
Real estate	2,944	1,559	4,503
Structured finance ABS / RMBS / CMBS / Other	905	2,362	3,267
Lifetime mortgage loans	5,756	–	5,756
CDOs	–	52	52
Total	27,067	60,678	87,745
Retained US portfolio¹	2,712	3,105	5,817

1. Retained US portfolio (disclosed within Assets of operations classified as held for sale in the Consolidated Balance Sheet) includes the investment portfolio of the US pension risk transfer business that the Group will continue to be exposed to after completion of the sale.

Investments

As at 31 December 2024	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	1,507	16,175	17,682
Banks	1,467	5,591	7,058
Financial Services	1,608	1,290	2,898
Insurance	150	1,030	1,180
Consumer Services and Goods:			
- Cyclical	470	2,172	2,642
- Non-cyclical	837	5,510	6,347
- Healthcare	511	1,712	2,223
Infrastructure:			
- Social	4,398	2,477	6,875
- Economic	4,451	1,578	6,029
Technology and Telecoms	231	3,872	4,103
Industrials	267	1,309	1,576
Utilities	2,800	6,488	9,288
Energy	793	1,270	2,063
Commodities	149	665	814
Oil and Gas	93	1,404	1,497
Real estate	2,499	1,998	4,497
Structured finance ABS / RMBS / CMBS / Other	2,152	2,335	4,487
Lifetime mortgage loans	5,861	–	5,861
CDOs	–	52	52
Total	30,244	56,928	87,172

Investments

6.04 Property analysis

Property exposure within direct investments by status

As at 31 December 2025	Annuity £m	Other ¹ £m	Total £m	%
Let ²	5,426	86	5,512	81
Development	908	389	1,297	19
Land	–	30	30	–
Total	6,334	505	6,839	100

As at 31 December 2024	Annuity £m	Other ¹ £m	Total £m	%
Let ²	4,990	98	5,088	85
Development	739	94	833	14
Land	–	34	34	1
Total	5,729	226	5,955	100

1. The above analysis does not include assets related to the Group's investments in housing businesses, which are accounted for as inventory within Receivables and other assets on the Group's Consolidated Balance Sheet and are measured at the lower of cost and net realisable value. At 31 December 2025, the Group held a total £395m (31 December 2024: £531m) of such assets.

2. £4.7bn (31 December 2024: £4.0bn) was let to corporate clients, out of which £4.3bn (31 December 2024: £3.7bn) was let to investment grade tenants.

Alternative Performance Measures

An alternative performance measure (APM) is a financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II. APMs offer investors and stakeholders additional information on the Company's performance and the financial effect of one-off events, and the Group uses a range of these metrics to enhance understanding of the Group's performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the figures determined according to other regulations. The APMs used by the Group are listed in this Note, along with their definition/explanation, their closest IFRS or Solvency II measure and, where relevant, the reference to the reconciliations to those measures.

The APMs used by the Group may not be the same as, or comparable to, those used by other companies, both in similar and different industries. The calculation of APMs is consistent with previous periods, unless otherwise stated.

APMs derived from IFRS measures

Adjusted operating profit

Adjusted operating profit is an APM that supports the internal performance management and decision making of the Group's operating businesses, and accordingly underpins the remuneration outcomes of the executive directors and senior management. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the CSM and RA in the period (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

Reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future CSM amortisation is reduced over the duration of the contracts. Additionally, in some circumstances, profitable reinsurance does not mitigate onerous losses on gross contracts whilst the net position remains profitable. Where this is the case, onerous contract profits or losses are also presented below operating profit and the CSM amortisation is adjusted over the remaining duration of the contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in the Asset Management division and, up to its disposal on 31 October 2024, Cala, no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle
- assumptions for fixed interest securities measured at FVTPL are based on asset yields for the assets held, less an

adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or FVOCI, the expected investment return comprises interest income on an effective interest rate basis

- for other private market and non-traded assets, the expected return assumption is set in line with our investment objectives. Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

Exceptional income and expenses which arise outside the normal course of business in the year, such as merger and acquisition and start-up costs, are excluded from adjusted operating profit.

Note 1.02 Operating profit reconciles adjusted operating profit with its closest IFRS measure, which is profit before tax attributable to equity holders. Further details on reconciling items between adjusted operating profit and profit before tax attributable to equity holders are presented in Note 1.05 Investment variance.

Alternative Performance Measures

Core operating profit

Core operating profit is an APM that measures the operating performance of the Group's core business and is calculated as the Group's adjusted operating profit excluding the operating profit of the Corporate Investments unit. This measure is considered to be relevant for stakeholders in addition to adjusted operating profit, as it focuses on appraising the performance of those areas of the business that management considers to be key to achieving the Group's strategy.

Note 1.02 Operating profit provides a breakdown of adjusted operating profit and identifies what is represented by core operating profit in line with the definition above.

Core operating earnings per share (Core operating EPS)

Core operating EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year. This APM is therefore a measure of the performance of the Group, on an after allocated tax basis, excluding the contribution of the Corporate Investments unit and the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Note 1.07 reconciles core operating EPS to basic EPS.

Return on Equity (ROE)

ROE measures the return earned by shareholders on shareholder capital retained within the business. It is a measure of performance of the business, which shows how efficiently we are using our financial resources to generate a return for shareholders. ROE is calculated as IFRS profit after tax divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated statement of changes in equity for the year). In the current year, ROE was quantified using profit attributable to equity holders of £592m (31 December 2024: £191m) and average equity attributable to the owners of the parent of £2,421m (31 December 2024: £3,692m), based on an opening balance of £3,053m and a closing balance of £1,788m (31 December 2024: based on an opening balance of £4,331m and a closing balance of £3,053m).

Operating Return on Equity (Operating ROE)

Operating ROE is calculated as the Group's adjusted operating profit after allocated tax at the standard UK corporate tax rate divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated statement of changes in equity for the year). It therefore measures the after allocated tax return for shareholders generated by the Group, excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. In the current year, operating ROE was quantified using adjusted operating profit after tax of £1,317m (31 December 2024: £1,283m) and average equity attributable to the owners of the parent of £2,421m (31 December 2024: £3,692m), based on an opening balance of £3,053m and a closing balance of £1,788m (31 December 2024: based on an opening balance of £4,331m and a closing balance of £3,053m).

Assets under Management (AUM)

Assets under management represent funds which are managed by our fund managers on behalf of investors. It represents the total amount of money investors have trusted with our fund managers to invest across our investment products. AUM include assets which are reported in the Group Consolidated Balance Sheet as well as third-party assets that Asset Management manage on behalf of others, and assets managed by third parties on behalf of the Group. AUM also include external assets managed by fund managers classified as associates and joint ventures in line with IAS 28, 'Investments in Associates and Joint Ventures'.

Note 4.04 Reconciliation of assets under management to Consolidated Balance Sheet reconciles Total AUM with Total financial investments, investment property and cash and cash equivalents.

Adjusted profit before tax attributable to equity holders

Adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders plus the pre-tax results of discontinued operations.

Note 1.02 Operating profit reconciles adjusted profit before tax attributable to equity holders to profit for the year. In absence of discontinued operations, adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders.

APMs derived from Solvency II measures

The Group is required to measure and monitor its capital resources on a regulatory basis and to comply with the minimum capital requirements of regulators in each territory in which it operates. At a Group level, L&G complies with the UK implementation of Solvency II regulations, as implemented by the PRA Rulebook.

Solvency II surplus

Solvency II surplus is the excess of Eligible Own Funds over the Solvency Capital Requirements. It represents the amount of capital available to the Group in excess of that required to sustain it in a 1-in-200 year risk event. The Group's Solvency II surplus is based on approvals from the PRA to use a Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP).

Differences between the Solvency II surplus and its related regulatory basis include the impact of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the Solvency Capital Requirement (SCR) with Eligible Own Funds.

Further details on Solvency II surplus and its calculation are included in Note 5.01 Group regulatory capital – Solvency II. This note also includes a reconciliation between IFRS equity and Solvency II Own Funds.

Alternative Performance Measures

Solvency II capital coverage ratio

Solvency II capital coverage ratio is one of the indicators of the Group's balance sheet strength. It is determined as Eligible Own Funds divided by the SCR, and therefore represents the number of times the SCR is covered by Eligible Own Funds. The Group's Solvency II capital coverage ratio is based on the approvals from the PRA to use a Partial Internal Model, Matching Adjustment and TMTP.

Differences between the Solvency II capital coverage ratio and its related regulatory basis include the impact of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the SCR with Eligible Own Funds.

Further details on Solvency II capital coverage ratio and its calculation are included in Note 5.01 Group regulatory capital – Solvency II.

Solvency II operational surplus generation

Solvency II operational surplus generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions and it includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year. It excludes operating variances, such as the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix. It also excludes market movements, which represent the impact of changes in investment market conditions during the year and changes to future economic assumptions.

In 2025 this metric was updated to exclude the amortisation of TMTP, as TMTP is a temporary measure and therefore not reflective of the long-term capital generation of the underlying business. Comparatives have been re-presented accordingly.

The Group considers this measure meaningful to stakeholders as it enhances the understanding of its operating performance over time and serves as an indicator on the longer-term components of the movements in the Group's Solvency II surplus.

Note 5.01 Group regulatory capital – Solvency II includes an analysis of change for the Group's Solvency II surplus, showing the contribution of Solvency II operational surplus generation as well as other items to the Solvency II surplus during the reporting year.

Principal Risks and Uncertainties

Principal risks and uncertainties

The directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks are set out below including details of how they have been managed or mitigated. Further details of the Group's inherent risk exposures are set out at Notes 9 and 17 to 19 of the financial statements.

Risks and uncertainties	Risk management						
Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital. <table> <tr> <td>Risk Category</td><td> Financial</td></tr> <tr> <td>Risk Priority</td><td> High</td></tr> <tr> <td>Risk Climate/ Perception</td><td> Deteriorated</td></tr> </table> The performance and liquidity of financial and property markets, interest rate, foreign exchange movements and inflation impact the value of investments we hold in both shareholders' funds and to meet the obligations from insurance business; the movement in certain investments directly impacts profitability. Interest rate movements and inflation can also change the value of our obligations and although we seek to match assets and liabilities, losses can still arise. Falls in the risk-free yield curve can also create a greater degree of inherent volatility to be managed in the solvency balance sheet, potentially impacting capital requirements and surplus capital. Rises in risk free rates can lead to reduced liquidity buffers. Falls in the value of assets under management can reduce our investment management fee income.	Risk Category	   Financial	Risk Priority	   High	Risk Climate/ Perception	   Deteriorated	We cannot completely eliminate the downside impacts on our earnings, profitability, liquidity, or surplus capital from investment market volatility and adverse economic conditions, although we seek to position our investment portfolios and wider business plans for a range of plausible economic scenarios and investment market conditions to ensure resilience. This includes setting risk limits on exposures to different asset classes and where hedging instruments exist, we seek to use them to limit our exposures to risks which are not adequately rewarded. We maintain a range of actions to retain liquidity flexibility as well as to manage our solvency position. Our ORSA process is integral to our risk management approach and includes an assessment of the financial impacts of risks associated with investment market volatility and adverse economic scenarios for our solvency balance sheet, capital sufficiency and liquidity requirements. Outlook The global economy remains vulnerable to external shocks, posing ongoing risks to stability, fiscal policy and financial markets. Our businesses are primarily exposed to economic conditions in the UK and US, where governments are balancing increased spending requirements with taxation and debt-to-GDP levels, maintaining consumer and business confidence amidst international trade tensions and managing employment while pursuing AI-driven productivity gains. Geopolitical risks are elevated, with growing violent conflicts endangering global peace and stability. The growing influence of populist and nationalist politics could erode multilateral frameworks for economic and monetary coordination. This raises the concern that future financial crises may elicit less effective responses, amplifying potential downside risks. Asset values, across commercial and residential property, remain susceptible to downward reappraisal due to deteriorating macroeconomic conditions and heightened geopolitical risk. While commercial property markets appear broadly stable, transaction volumes remain low and the office sector continues to face pressure. For property assets under construction, supply chain pressures and input cost inflation appear to be moderating, though we remain vigilant over cost inflation being absorbed by the supply chain. Labour shortages also continue to present risk.
Risk Category	   Financial						
Risk Priority	   High						
Risk Climate/ Perception	   Deteriorated						
In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss. <table> <tr> <td>Risk Category</td><td> Financial</td></tr> <tr> <td>Risk Priority</td><td> High</td></tr> <tr> <td>Risk Climate/ Perception</td><td> Stable</td></tr> </table> Systemic corporate sector failures, a profound economic slow-down or a major sovereign debt event, could, in extreme scenarios, trigger defaults impacting the value of our bond portfolios. Under Solvency UK, a widespread widening of credit spreads and downgrades can also result in a reduction in our balance sheet surplus, despite already having set aside significant capital for credit risk. We are also exposed to default risks in dealing with banking, money market and reinsurance counterparties, as well as settlement, custody and other bespoke business services. Default risk also arises where we undertake property lending, with exposure to loss if an accrued debt exceeds the value of security taken.	Risk Category	   Financial	Risk Priority	   High	Risk Climate/ Perception	   Stable	We manage our exposure to downgrade and default risks within our bond portfolios, through setting selection criteria and exposure limits and using Asset Management's global credit team's capabilities to ensure risks are effectively controlled. Where appropriate we trade out of individual names to improve credit quality. In our property lending businesses, our loan criteria take account of borrower creditworthiness and the potential for movements in the value of security to impact refinancing risk where it exists. We manage our reinsurer exposures tightly, with the vast majority of our reinsurers having a minimum A- rating, setting rating-based exposure limits and where appropriate taking collateral. Similarly, we seek to limit aggregate exposure to banking, money market and service providers. Whilst we manage risks to our balance sheet, we can never eliminate downgrade or default risks, although we seek to hold a strong balance sheet that we believe to be prudent for a range of adverse scenarios. Outlook The risk of credit default typically rises during periods of subdued economic growth. We continue to closely monitor key drivers of potential credit spread widening, particularly the outlook for the real economy and shifts in fiscal and monetary policy. UK GDP growth remains modest and the evolving impact of US tariffs and immigration policy remains a significant source of uncertainty and continue to pose downside risks. We maintain a vigilant approach to risk, actively monitoring the short-term performance of assets across our portfolio, while continuously evaluating the medium- to long-term outlook. Our credit portfolio remains predominantly 99%+ investment grade. There has been significant focus on Private Credit following some high profile credit defaults or downgrades, largely as a result of weak underwriting standards in the US Direct Lending market. L&G has limited exposure to the Direct Lending market and risk appetite for this and all Private Credit is focused on investment grade credit. We continue to monitor these developments, as well as comply with our regulatory obligations in respect of use of external and internal credit ratings.
Risk Category	   Financial						
Risk Priority	   High						
Risk Climate/ Perception	   Stable						

Principal Risks and Uncertainties

Risks and uncertainties		Risk management
We fail to respond to the emerging threats from climate change and nature loss for our investment portfolios and wider businesses.		We recognise that our scale brings a responsibility to act decisively in positioning our balance sheet in the context of the threats from climate change and nature loss. Our latest climate scenario analysis highlights that transition risks may arise under a wide range of plausible pathways, including those where there is no further policy action. We continue to embed the assessment of climate risks in our investment process, including in the management of real assets. We measure the carbon intensity of our investment portfolios. Along with specific investment exclusions for carbon intensive sectors, we have set overall reduction targets aligned with the Paris objective. This includes science-based targets to support our emission reduction goals in line with our climate and nature transition plan.
Risk Category	 Strategic	Given that warming is likely to continue until at least mid-century across all plausible scenarios, we expect physical risks to increase over time and continue to strengthen our approach to building resilience within our portfolio.
Risk Priority	 Medium	Alongside managing physical and transition exposures, we closely monitor the political and regulatory landscape and as part of our climate strategy we engage with regulators and investee companies in support of climate action and is targeted to safeguard and drive long-term value for our clients, customers and shareholders. As we change how we invest, the products and services we offer and how we operate, we are also mindful of the need to ensure that we have the right skills for the future.
Risk Climate/ Perception	 Deteriorated	We are diligent in seeking to ensure that any statement we make about the climate/nature/ sustainability characteristics of our business, our portfolios and our products is backed up with solid evidence and reasoning to avoid accusations of greenwashing.
As a significant investor in financial markets, commercial real estate and housing, we are exposed to climate-related and nature loss risks. Abrupt shifts in the political and technological landscape could impact the value of those investment assets associated with higher levels of greenhouse gas emissions. Physical risks, stemming from extreme outcomes, could impact the valuation of at-risk assets, for example floods could impact the value of our property assets; and could also potentially have longer-term effects on mortality rates. We are also exposed to reputation and climate-related litigation risks should our responses to the threats from climate change and nature loss be judged not to align with the expectations of advocacy groups. Our risk management approach is also reliant upon the availability of verifiable consistent and comparable emissions data.		Outlook Achieving global carbon-reduction targets over the coming decade will require transformative societal change on an unprecedented scale. The escalating frequency of extreme heat and weather events highlights the accelerating consequences of climate volatility. While many national governments are setting policy action to support transition to low carbon economies, climate ambition has diverged across jurisdictions, reflecting differing economic priorities and political pressure. This creates the risk of delays in some countries, leading to sudden, late action and, potentially, large and unanticipated asset valuation shifts in the industries and sectors impacted. Delayed or disruptive policy action could materially increase transition risk, as deeper and more rapid decarbonisation would then be required to meet climate goals. Our transition strategies aim to limit these risks, however, their effectiveness depends on meaningful decarbonisation progress by both companies and governments. Global progress has been too slow to place the world firmly on a pathway consistent with limiting global warming to 1.5°C, the threshold identified by climate science to minimise risks. We remain committed to our current ambition, though acknowledge this tightening trajectory may challenge our ability to meet our own targets.

Principal Risks and Uncertainties

Risks and uncertainties

Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our pricing and reserving bases.

Changes in capital requirements, including UK and ICS, could impact our reported solvency position and our dividend and capital return policy.

Risk Category		Financial
Risk Priority		Medium
Risk Climate/ Perception		Stable

The pricing of long-term business requires the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. Actual experience may require recalibration of these assumptions, changing the level of liability provisions and impacting reported profitability.

Regulation defines the overall framework for the design, marketing, taxation and distribution of our products and the prudential provisions and capital that we hold. Significant changes in legislation or regulation may increase our cost base, reduce our future revenues, impact profitability or require us to hold more capital.

The prominence of this risk increases where change is implemented without prior engagement with the sector. The nature of long-term business can also result in some changes or re- interpretation of regulation over time, having a retrospective effect on in-force books of business, impacting future cash generation.

Changes in these areas can affect our reported solvency position and our dividend and capital return policy.

Risk management

We undertake significant analysis of the variables associated with writing long-term insurance business to ensure that a suitable premium is charged for the risks we take on and that provisions continue to remain appropriate for factors including mortality, morbidity, lapse rates, expenses and credit defaults in the assets backing our insurance liabilities.

We seek to have a comprehensive understanding of longevity, mortality and morbidity risks and we continue to evaluate wider trends in life expectancy. However, we cannot remove the risk that adjustment to reserves may be required, although the selective use of reinsurance acts to reduce the impact to us of significant variations in life expectancy and mortality.

We actively engage with government and regulatory bodies to assist in the evaluation of regulatory and tax change to promote outcomes that meet the needs of all stakeholders. To influence policy, our interactions with the government and policy teams at regulators include face-to-face and virtual meetings, written responses to discussion papers and consultations, ad-hoc communications and attendance at roundtables with industry peers. With our experience in various sectors, we can explain how proposed policy translates into practice and identify potential issues or unintended consequences that might arise.

When such regulatory changes move to the implementation stage, we undertake detailed gap analysis work and depending on the scale of the remediation required, establish project management arrangements with first- and second-line teams working together. This is to ensure we deliver regulatory change effectively and efficiently, minimising disruption to our operations and to our customers and clients.

Outlook

In the years following the Covid-19 pandemic, both the UK and US experienced elevated mortality levels. While uncertainty remains, UK population-level mortality in 2025 has fallen below pre-pandemic levels.

Beyond Covid-19, emerging diseases, advances in immunology, developments in diagnostic technologies and weight-loss drugs continue to shape future mortality and morbidity expectations. Medical breakthroughs that improve treatment outcomes may influence future reserving requirements and potentially necessitate adjustments to longevity assumptions, while cost-of-living pressures and changes in government health and social-care spending can also influence future mortality trends.

We do not currently consider climate change or nature loss as material drivers of mortality or longevity risk in the medium term, though this assessment remains under review.

The UK has experienced sustained inflationary pressure in recent years. Although inflation has eased from peak levels, it remains above the Bank of England’s target and continues to affect our expense base, with potential for further exacerbation by the cost of compliance with new regulatory requirements. We have proactively incorporated expected price and salary inflation into our pricing and reserving assumptions and continue to monitor future developments closely.

We have adapted our risk framework to meet or exceed evolving regulatory expectations, particularly in funded reinsurance, Matching Adjustment and liquidity risk management and reporting. Insurance Capital Standard (ICS) have been in force since December 2024, however, Solvency UK serves as the local implementation of ICS, with no dual reporting requirement. We will continue to engage with the PRA as ICS evolves, though no significant near-term actions are expected.

The UK has enacted the OECD global minimum tax rules with effect from January 2024 applicable across the Group’s global businesses. In January 2026 updates to these rules were published by the OECD including an exemption for US groups, new permanent safe harbours and some simplification. The UK has confirmed that these will be enacted into UK law and are expected to take effect from 1 January 2026 (for the US exemption) or potentially a later date (for wider measures). Legislation is expected in a Finance Bill later in 2026. Further guidance and details are expected over the course of the year and we will continue to monitor and comply with emerging applicable requirements. There is an increasing trend for governments and tax authorities globally to act unilaterally to change legislation or interpretation at short notice with a potential impact on the value of our investments (e.g. US tax proposals that were ultimately not enacted in 2025) and we continue to monitor and assess changes as they emerge.

Principal Risks and Uncertainties

Risks and uncertainties

Failure to effectively implement regulatory or legislative change applying to the financial services sector in a timely manner could lead to regulatory censure, reputational damage and deteriorating customer and client outcomes.

Risk Category	   Non-Financial
Risk Priority	   Medium
Risk Climate/ Perception	   Improved

We are exposed to several risks where effective identification and implementation of regulatory changes are particularly important. These include changes relating to our management of operational risk, prudential risk, conduct risk, financial crime risk, climate and loss of nature risk, and health & safety risk. The magnitude or scope of some regulatory changes can have a bearing on our ability to deliver our overall strategy.

Regulatory or legislative changes can have a significant impact on our business. Such changes could limit our ability to operate in certain markets or sectors, potentially leading to a reduction in our customer and client base and revenue.

There is a risk that regulatory policies could develop in a manner that is detrimental to our business and/ or customers and clients. Alternatively, it could develop in a way that presents opportunities, but we fail to revise our strategy and adapt quickly enough to benefit.

Non-compliance with new regulations or legislation could potentially damage our reputation with clients and customers, shareholders and the markets we operate in, which could result in regulatory sanctions including potentially significant monetary penalties and loss of trust with our clients and customers.

Risk management

We identify, track and review the impact of regulatory and legislative change through our internal control processes, with material updates being considered at the Executive and Group Risk Committees and the Group Board. Our processes are designed to ensure compliance with all new and developing regulation.

We have a proactive engagement strategy with our principal regulators and constructively engage with legislative and regulatory bodies to influence the direction of travel on policy developments for the benefit of our customers, clients and other stakeholders.

We have met regulatory expectations for Operational Resilience by identifying important business services, strengthening controls, completing testing and enhancing cyber recovery, demonstrating recovery capabilities.

Outlook

The Key forthcoming developments in our risk areas include:

Regulatory Environment:

The FCA and PRA remain focused on supporting growth and competitiveness through their secondary growth and competitiveness objective. The FCA is seeking to ease regulatory burdens by simplifying elements of the rulebook and reducing reporting requirements.

Significant pensions policy reforms are expected, with their scale likely to reshape the landscape and create opportunities (e.g., targeted support, pensions dashboards).

The FCA has published the interim report from its Pure Protection Market Study, indicating that based on the evidence reviewed the market delivers good outcomes for existing protection customers. We intend to engage further with the FCA on the development of remedies to address the identified protection gap.

We have responded to the FCA and PRA aligned consultation papers on Operational Resilience: Operational incident, outsourcing and third-party reporting and are preparing for these new rules, with implementation subject to regulatory timescales, once communicated.

Conduct Regulation:

The FCA's focus on growth and innovation presents both opportunities and challenges. Key initiatives with potential strategic impact include pensions reforms such as consolidation, targeted support, and the inclusion of pension assets within Inheritance Tax from April 2027.

The FCA continues to emphasise how the levers of the Consumer Duty will be used to raise the standards in regulated firms.

We proactively engaged with the PRA in line with its 2025 supervisory priorities for the Insurance Sector continue to progress at firm including in respect of:

- Risks associated with non-standard features in the Bulk Purchase Annuities market, highlighted in a Dear CRO letter.
- Matching Adjustment Regimes reforms, which may enable faster investment of new assets in our portfolio.
- Forthcoming firm level publication of LIST 25 results, requiring considered communication.

Climate and nature risk:

Climate regulation across the UK, US and EU continues to evolve. Nature-related disclosures continue to gain prominence and there is increasing recognition financially material nature-related risks should be incorporated into risk management. The PRA's Supervisory Statement of December 2025, setting out revised expectations for banks and insurers and their management of financial climate-related risks has driven increased momentum around usage of scenario testing and risk management practices more generally. Implementation of International Sustainability Standards Board (ISSB) disclosure standards are expected in the short-term and we are well positioned due to prior preparation.

Health and Safety:

L&G continues to manage diverse Health & Safety obligations as an employer, asset manager, developer landlord and client. We continue to strengthen governance and controls and enhance workplace safety initiatives to ensure the safety and wellbeing of all those involved in our activities.

Principal Risks and Uncertainties

Risks and uncertainties	Risk management						
New entrants and/or new technology may disrupt the markets in which we operate. <table> <tr> <td>Risk Category</td><td> Strategic</td></tr> <tr> <td>Risk Priority</td><td> Medium</td></tr> <tr> <td>Risk Climate/ Perception</td><td> Stable</td></tr> </table> There is already strong competition in our markets and although we have had considerable past success at building scale to offer low-cost products, we recognise that markets remain attractive to new entrants. We are also mindful of competitors who may have lower return on capital requirements or be unconstrained by Solvency UK. AI has the potential to significantly disrupt the markets in which we operate by (1) facilitating new entrants, who may be able to operate more efficiently, (2) by transforming the provision of services and expectations regarding that provision in these markets, and (3) by impacting our liabilities through accelerated health care and life science advances.	Risk Category	 Strategic	Risk Priority	 Medium	Risk Climate/ Perception	 Stable	We continuously monitor the factors that may impact the markets in which we operate. We have responded to rapid advancement in AI capabilities, developed both in-house and provided by third parties, through the development of a Central AI Inventory and intake process that triages AI Use Cases according to their AI Risk level, facilitating proportionate second line AI Risk oversight. This is facilitated by ongoing work from the AI Governance Program, who are responsible for maturing our overall AI Risk and Governance posture as well as the delivery of a secure environment for internal experimentation. Our regulatory developments remains apprised of the AI landscape across all our jurisdictions. We have been actively engaged in numerous consultations in relation to AI and generative AI, including the FCA's recent 'Mills Review'. Outlook We continue to invest in automation and AI to enhance operational efficiency and deliver better customer outcomes. The use of AI could bring significant positive benefits, and we are alive to the risks of moving too slowly and therefore of missing out on those benefits. We remain actively engaged with the UK Government on developments such as the Pensions Bill and are well-positioned to respond to pensions reforms. We support market innovation, such as proposed DB 'superfund' consolidation schemes, provided member benefit security remains paramount. We also expect alternative de-risking solutions to emerge, particularly for DB schemes with funding levels around 90%. As the first major pension provider to successfully complete integration testing, we view the upcoming pension dashboards initiative as a significant and positive advancement. Regarding 'collective' defined contribution reform, while the market appetite remains limited, it retains the potential to reshape both workplace saving and retirement income ecosystems.
Risk Category	 Strategic						
Risk Priority	 Medium						
Risk Climate/ Perception	 Stable						
A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage. <table> <tr> <td>Risk Category</td><td> Non-Financial</td></tr> <tr> <td>Risk Priority</td><td> High</td></tr> <tr> <td>Risk Climate/ Perception</td><td> Stable</td></tr> </table> We have constructed our framework of internal control to minimise the risk of unanticipated financial loss or damage to our reputation. However, no system of internal control can completely eliminate the risk of error, financial loss, fraudulent actions, or reputational damage. We are also inherently exposed to cyber threats including the risks of data theft and fraud and more generally it is imperative that we maintain the privacy of our customers' and clients' personal data. There is also strong stakeholder expectation that our core business services are resilient to operational disruption.	Risk Category	 Non-Financial	Risk Priority	 High	Risk Climate/ Perception	 Stable	Our risk governance model seeks to ensure that business management are actively engaged in maintaining an appropriate control environment, supported by risk functions led by the Chief Risk Officer, with independent assurance from Group Internal Audit. We continue to evolve our risk management approach for change, IT, security, operational resilience and data access and privacy. Whilst we seek to maintain a control environment commensurate with our risk profile, we recognise that residual risk will always remain across the spectrum of our business operations and we aim to develop response plans so that when adverse events occur, appropriate actions are deployed. Outlook We remain vigilant to evolving operational risks and continue to invest in system capabilities, particularly in cyber risk management, to ensure the resilience of our critical business processes. As we transition to a new global operating model and IT platform for Asset Management, we are managing associated risks through a carefully phased migration approach. We are closely monitoring the rapid growth of AI given its potential to significantly influence business outcomes both positively and adversely. While AI offers opportunities to enhance customer experience and streamline operations, it also introduces additional risk. We have approached AI Risk through a bifurcated taxonomy strategy, wherein a dedicated new 'AI Risk' NFR category captures those risks that are truly unique to AI is joined by the identification of those existing risk categories and controls, across our other risk categories, that are relevant to the articulation and management of AI Risk. Our increasing reliance on accurate, secure and well governed 'Data' reinforces the importance of ongoing enhancements to the L&G Data Management Framework, which is a critical enabler of safe and effective AI use, development, and deployment.
Risk Category	 Non-Financial						
Risk Priority	 High						
Risk Climate/ Perception	 Stable						

Principal Risks and Uncertainties

Risks and uncertainties

The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities.

Risk Category	  	Non-Financial
Risk Priority	  	Medium
Risk Climate/ Perception	  	Stable

We aim to attract, recruit, develop and retain high-quality individuals. Failure to do so exposes us to the risk that key personnel or teams and their associated expertise may leave the Company, with an adverse effect on our businesses. As we increasingly focus on the digitalisation of our businesses, we are also competing for technology and digital skill sets with other business sectors as well as our peers.

Risk management

Our processes include the active identification and development of talent within our workforce and by highlighting our values and social purpose, promoting L&G as a great place to work. As well as investing in our people, we are also transforming how we develop capabilities, with new technologies and tools to support our different businesses, increase productivity and provide an exceptional employee experience.

We seek to ensure that key personnel dependencies do not arise through employee training, talent development programmes, succession planning and remuneration and retention strategies.

Outlook

Despite continued caution across the financial services sector, driven by an uncertain macroeconomic environment and an evolving regulatory landscape, competition for top talent remains robust. Whilst salary inflation has moderated compared to previous years; this trend is expected to persist as hiring demand cools yet remains resilient among private sector employers.

We remain steadfast in our commitment to attract, develop and retain exceptional talent by continuously evolving our strategies to stay aligned with dynamic market conditions.

Glossary

* These items represent an alternative performance measure (APM).

Adjusted operating profit*

Refer to the alternative performance measures section.

Adjusted profit before tax attributable to equity holders*

Refer to the alternative performance measures section.

Alternative performance measures (APMs)

A financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II.

Annual premiums

Premiums that are paid regularly over the duration of the contract such as protection policies.

Annualised net new revenue (ANNR)

ANNR provides an insight into the revenue growth of an asset manager, excluding the impact of investment markets. It reflects the combined effect of inflows and outflows to assets under management and the fee rates on those flows. ANNR in respect of acquisitions and disposals will be considered on a case by case basis.

ANNR is calculated as the annualised revenue on new monies invested by our Asset Management clients in the year, minus the annualised revenue on existing monies divested by our clients in the year, plus or minus the annualised revenue on switches between asset classes/strategies by our clients in the year. Annualised revenue is the amount of investment management fees we would expect on the fund flow in one calendar year.

Annuity

Regular payments from an insurance company made for an agreed period of time (usually up to the death of the recipient) in return for either a cash lump sum or a series of premiums which the policyholder has paid to the insurance company during their working lifetime.

Assets under administration (AUA)

Assets administered by L&G, which are beneficially owned by clients and are therefore not reported on the Consolidated Balance Sheet. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sales transactions and record keeping.

Assets under management (AUM)*

Refer to the alternative performance measures section.

Assured Payment Policy (APP)

A long-term contract under which the policyholder (a registered UK pension scheme) pays a day-one premium and in return receives a contractually fixed and/or inflation-linked set of payments over time from the insurer.

Back book acquisition

New business transacted with an insurance company which allows the business to continue to utilise Solvency II transitional measures associated with the business.

CAGR

Compound annual growth rate.

Calculation Method 2

A method of calculating Group solvency on a Solvency II basis, whereby the assets and liabilities of certain entities are excluded from the Group consolidation. The net contribution from those entities to Group Own Funds is included as an asset on the Group's Solvency II balance sheet. Regulatory approval has been provided to recognise the (re)insurance subsidiaries in the US and Bermuda on this basis.

Common Contractual Fund (CCF)

An Irish regulated asset pooling fund structure. It enables institutional investors to pool assets into a single fund vehicle with the aim of achieving cost savings, enhanced returns and operational efficiency through economies of scale. A CCF is an unincorporated body established under a deed where investors are "co-owners" of underlying assets which are held pro rata with their investment. The CCF is authorised and regulated by the Central Bank of Ireland.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services.

Contractual Service Margin (CSM)

The CSM represents the unearned profit the Group will recognise for a group of insurance contracts, as it provides services under the insurance contract. It is a component of the asset or liability for the contracts and it results in no income or expense arising from initial recognition of an insurance contract. Therefore, together with the risk adjustment, the CSM provides a view of both stored value of our in-force insurance business, and the growth derived from new business in the current year. A CSM is not set up for groups of contracts assessed as onerous.

The CSM is released as profit as the insurance services are provided.

Core operating earnings per share (Core operating EPS)*

Refer to the alternative performance measures section.

Core operating profit*

Refer to the alternative performance measures section.

Coverage Period

The period during which the Group provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Credit rating

A measure of the ability of an individual, organisation or country to repay debt. The highest rating is usually AAA. Ratings are usually issued by a credit rating agency (e.g. Moody's or Standard & Poor's) or a credit bureau.

Defined benefit pension scheme (DB scheme)

A type of pension plan in which an employer/sponsor promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Defined contribution pension scheme (DC scheme)

A type of pension plan where the pension benefits at retirement are determined by agreed levels of contributions paid into the fund by the member and employer. They provide benefits based upon the money held in each individual's plan specifically on behalf of each member. The amount in each plan at retirement will depend upon the investment returns achieved as well as the member and employer contributions.

Derivatives

Contracts usually giving a commitment or right to buy or sell assets on specified conditions, for example on a set date in the future and at a set price. The value of a derivative contract can vary. Derivatives can generally be used with the aim of enhancing the overall investment returns of a fund by taking on an increased risk, or they can be used with the aim of reducing the amount of risk to which a fund is exposed.

Glossary

Direct investments

Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but exclude hedge funds.

Earnings per share (EPS)

A common financial metric which can be used to measure the profitability and strength of a company over time. It is calculated as total shareholder profit after tax divided by the weighted average number of shares outstanding during the year.

Eligible Own Funds

The capital available to cover the Group's Solvency Capital Requirement. Eligible Own Funds comprise the excess of the value of assets over liabilities, as valued on a Solvency II basis, plus high quality hybrid capital instruments, which are freely available (fungible and transferable) to absorb losses wherever they occur across the Group.

Employee satisfaction index

The Employee satisfaction index measures the extent to which employees report that they are happy working at L&G. It is measured as part of our Voice surveys, which also include questions on commitment to the goals of L&G and the overall success of the Group.

ETF

Our Asset Management division's European Exchange Traded Fund platform.

Euro Commercial Paper

Short-term borrowings with maturities of up to 1 year typically issued for working capital purposes.

Expected credit losses (ECL)

For financial assets measured at amortised cost or FVOCI, a loss allowance defined as the present value of the difference between all contractual cash flows that are due and all cash flows expected to be received (i.e. the cash shortfall), weighted based on their probability of occurrence.

Fair value through other comprehensive income (FVOCI)

A financial asset that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Statement of Comprehensive Income as part of the total comprehensive income or expense for the year.

Fair value through profit or loss (FVTPL)

A financial asset or financial liability that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Income Statement as part of the profit or loss for the year.

Fulfilment cash flows

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus the risk adjustment for non-financial risk.

Full year dividend

Full year dividend is the total dividend per share declared for the year (including interim dividend but excluding, where appropriate, any special dividend).

Generally accepted accounting principles (GAAP)

A widely accepted collection of guidelines and principles, established by accounting standard setters and used by the accounting community to report financial information.

Institutional Retirement new business

Single premiums arising from pension risk transfers and the notional size of longevity insurance transactions, based on the present value of the fixed leg cash flows discounted at the SONIA curve.

Insurance new business

New business arising from new policies written on retail protection products and new deals and incremental business on Group protection products.

Irish Collective Asset-Management Vehicle (ICAV)

A legal structure investment fund, based in Ireland and aimed at European investment funds looking for a simple, tax-efficient investment vehicle.

Key performance indicators (KPIs)

These are measures by which the development, performance or position of the business can be measured effectively. The Group Board reviews the KPIs annually and updates them where appropriate.

LGA

Legal & General America.

LGAS

Legal and General Assurance Society Limited.

Liability driven investment (LDI)

A form of investing in which the main goal is to gain sufficient assets to meet all liabilities, both current and future. This form of investing is most prominent in final salary pension plans, whose liabilities can often reach into billions of pounds for the largest of plans.

Lifetime mortgages

An equity release product aimed at people aged 55 years and over. It is a mortgage loan secured against the customer's house. Customers do not make any monthly payments and continue to own and live in their house until they move into long-term care or on death. A no negative equity guarantee exists such that if the house value on repayment is insufficient to cover the outstanding loan, any shortfall is borne by the lender.

Longevity

Measure of how long policyholders will live, which affects the risk profile of pension risk transfer, annuity and protection businesses.

Matching adjustment

An adjustment to the discount rate used for annuity liabilities in Solvency II balance sheets. This adjustment reflects the fact that the profile of assets held is sufficiently well-matched to the profile of the liabilities, that those assets can be held to maturity, and that any excess return over risk-free (that is not related to defaults or downgrades) can be earned regardless of asset value fluctuations after purchase.

Morbidity rate

Rate of illness, influenced by age, gender and health, used in pricing and calculating liabilities for policyholders of life products, which contain morbidity risk.

Mortality rate

Rate of death, influenced by age, gender and health, used in pricing and calculating liabilities for future policyholders of life and annuity products, which contain mortality risks.

Net zero carbon

Achieving an overall balance between anthropogenic carbon emissions produced and carbon emissions removed from the atmosphere.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition, in total are a net outflow.

Open Ended Investment Company (OEIC)

A type of investment fund domiciled in the United Kingdom that is structured to invest in stocks and other securities, authorised and regulated by the Financial Conduct Authority (FCA).

Operating Return on Equity (Operating ROE)*

Refer to the alternative performance measures section.

Glossary

Overlay assets

Derivative assets that are managed alongside the physical assets held by the Group's Asset Management's division. These instruments include interest rate swaps, inflation swaps, equity futures and options. These are typically used to hedge risks associated with pension scheme assets during the derisking stage of the pension life cycle.

Paris Agreement

An agreement within the United Nations Framework Convention on Climate Change effective 4 November 2016. The Agreement aims to limit the increase in average global temperatures to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Pension risk transfer (PRT)

Bulk annuities bought by entities that run final salary pension schemes to reduce their responsibilities by closing the schemes to new members and passing the assets and obligations to insurance providers.

Persistency

For insurance, persistency is a measure of the rate at which policies are retained over time and therefore continue to contribute premium income and assets under management.

Platform

Online services used by intermediaries and consumers to view and administer their investment portfolios. Platforms usually provide facilities for buying and selling investments (including, in the UK products such as Individual Savings Accounts (ISAs), Self-Invested Personal Pensions (SIPPs) and life insurance) and for viewing an individual's entire portfolio to assess asset allocation and risk exposure.

Present value of future new business premiums (PVNBP)

PVNBP is equivalent to total single premiums plus the discounted value of annual premiums expected to be received over the term of the contracts using the same economic and operating assumptions used for the new business value at the end of the financial period. The discounted value of longevity insurance regular premiums and quota share reinsurance single premiums are calculated on a net of reinsurance basis to enable a more representative margin figure. PVNBP therefore provides an estimate of the present value of the premiums associated with new business written in the year.

Private Markets

Private Markets encompass a wide variety of tangible debt and equity investments, primarily real estate, infrastructure and energy. They have the ability to serve as stable sources of long-term income in weak markets, while also providing capital appreciation opportunities in strong markets.

Proprietary assets

Total investments to which shareholders are directly exposed, minus derivative assets, loans, and cash and cash equivalents.

Qualifying Investor Alternative Investment Fund (QIAIF)

An alternative investment fund regulated in Ireland targeted at sophisticated and institutional investors, with minimum subscription and eligibility requirements. Due to not being subject to many investment or borrowing restrictions, QIAIFs present a high level of flexibility in their investment strategy.

Retail Retirement new business

Single premiums arising from annuity sales and the volume of lifetime and retirement interest only mortgage lending.

Retirement Interest Only Mortgage (RIO)

A standard retirement mortgage available for non-commercial borrowers above 55 years old. A RIO mortgage is very similar to a standard interest-only mortgage, with two key differences:

- the loan is usually only paid off on death, move into long-term care or sale of the house
- the borrowers only have to prove they can afford the monthly interest repayments and not the capital remaining at the end of the mortgage term.

No repayment solution is required as repayment defaults to sale of property.

Return on Equity (ROE)*

Refer to the alternative performance measures section.

Risk adjustment (RA)

The risk adjustment reflects the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk after diversification. We have calibrated the Group's risk adjustment using a Value at Risk (VAR) methodology. In some cases, the compensation for risk on reinsured business is linked directly to the price paid for reinsurance. The risk adjustment is a component of the insurance contract liability, and it is released as profit if experience plays out as expected.

Risk appetite

The aggregate level and types of risk a company is willing to assume in its exposures and business activities in order to achieve its business objectives.

Single premiums

Single premiums arise on the sale of new contracts where the terms of the policy do not anticipate more than one premium being paid over its lifetime, such as in individual and bulk annuity deals.

Société d'Investissement à Capital Variable (SICAV)

A publicly traded open-end investment fund structure offered in Europe and regulated under European law.

Solvency II

The Group measures its capital resources in line with the UK implementation of Solvency II regulations, as set out in the PRA Rulebook. The UK implementation of the Solvency II regulations determines the amount of capital that UK insurance companies must hold to ensure that they can withstand a 1-in-200 year level of risk. The regulations became effective from 31 December 2024. The previous Solvency II regulations applied from 1 January 2016, as implemented by EIOPA in the Solvency II Framework Directive, and adopted by the UK.

Solvency II capital coverage ratio*

Refer to the alternative performance measures section.

Solvency II capital coverage ratio – regulatory basis

The Eligible Own Funds on a regulatory basis divided by the Group solvency capital requirement. This represents the number of times the SCR is covered by Eligible Own Funds.

Solvency II Fundamental Spread

An amount used in the derivation of the Matching Adjustment. It represents the portion of the spread on a financial instrument that is attributable to the risks of default and downgrade. Prescribed Fundamental Spreads varying by credit rating and currency are provided by PRA. As part of the UK implementation of Solvency II regulations, insurance groups and firms are required to apply an additional Fundamental Spread where the regulatory amounts are believed to be insufficient to reflect all risks in a financial instrument.

Solvency II new business contribution

Reflects present value at the point of sale of expected future Solvency II surplus emerging from new business written in the year using the risk discount rate applicable at the end of the reporting year.

Solvency II Operational Surplus Generation*

Refer to the alternative performance measures section.

Glossary

Solvency II risk margin

An additional liability required in the Solvency II balance sheet, to ensure the total value of technical provisions is equal to the current amount a (re)insurer would have to pay if it were to transfer its insurance and reinsurance obligations immediately to another (re)insurer. The value of the risk margin represents the cost of providing an amount of Eligible Own Funds equal to the Solvency Capital Requirement (relating to non-market risks) necessary to support the insurance and reinsurance obligations over the lifetime thereof.

Solvency II surplus*

Refer to the alternative performance measures section.

Solvency II surplus – regulatory basis

The excess of Eligible Own Funds on a regulatory basis over the SCR. This represents the amount of capital available to the Group in excess of that required to sustain it in a 1-in-200 year risk event.

Solvency Capital Requirement (SCR)

The amount of Solvency II capital required to cover the losses occurring in a 1-in-200 year risk event.

Specialised Investment Fund (SIF)

An investment vehicle regulated in Luxembourg targeted to well-informed investors, providing a great degree of flexibility in organisation, investment policy and types of underlying assets in which it can invest.

Total shareholder return (TSR)

A measure used to compare the performance of different companies' stocks and shares over time. It combines the share price appreciation and dividends paid to show the total return to the shareholder.

Transitional Measures on Technical Provisions (TMTP)

An adjustment to Solvency II technical provisions, to smooth the transition from the previous regulatory regime to the Solvency II regime over a period of 16 years from 1 January 2016.

Yield

A measure of the income received from an investment compared to the price paid for the investment. It is usually expressed as a percentage.