Legal & General Group Plc Interim Management Report 2026
Stock Exchange Release
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2026 Half Year Results

Simpler, more focused L&G delivers 11% Core Operating EPS growth

António Simões, CEO:

"We are making good progress in becoming a simpler, more focused L&G. Core operating profit grew 7%, core operating EPS increased 11%, and we have completed c.£450m of our £1.2bn buyback programme. We have improved dividend cover by earnings and capital generation. We are pleased to confirm a 2% interim dividend increase as we continue to deliver strong and sustainable shareholder returns.

The highlight of the first half was the performance in Asset Management, with fee-related earnings increasing 37%, supported by record Annualised Net New Revenue and a reduced cost-income ratio of 71%. In Institutional Retirement, we maintained our strict pricing discipline while writing or exclusive on £5.7bn of global PRT year to date. We continue to cement our leading positions in Retail. Workplace Pensions administered assets increased 27% year on year to £128bn and total UK DC assets under management reached £236bn.

Our scale and the connections between our businesses remain a clear competitive advantage, which we are building further through improvements in operating efficiency. We are on track to meet or exceed our strategic targets."

Strong financial performance[1]

- **Core Operating Profit of £918m up 7%** and **Core operating EPS up 11%**
- **FY26 Core Operating EPS expected to be above the top end of our 6-9% target range**
- **IFRS Profit Before Tax[2] of £1,997m** reflecting a gain on the disposal of our non-retained US business
- **Solvency II Capital Generation (OSG) of £790m up 3%** and **SII OSG per share of 14.16p, up 7%**
- **Solvency II Coverage Ratio of 201%,** remaining well above our 160-190% operating target range
- **Asset Optimisation of £288m** (up 36%); increasing our guidance to >£400m per annum

Leading businesses well-positioned in growing markets

- **Institutional Retirement:** £5.7bn of Global PRT (pension risk transfer) written or exclusive as at end-July
- **Asset Management:** Cost income ratio reduced 5ppts to 71%; £1.2trn global AUM, of which Private Markets £79bn (up 22%); ANNR[3] of £23m and fee margin expansion to 9.6bps, total UK DC assets up 23% to £236bn
- **Retail:** Retail Annuities volumes of £1.2bn and Workplace net flows of £6.2bn as at end-July. Workplace DC Assets Under Administration up 27% to £128bn

Synergistic business model

- >50% of Asset Management ANNR[3] in first half of 2026 supported by controlled distribution[4]
- c.98% of UK PRT volumes transacted with our long-standing clients in Asset Management in H1 2026 with c.90% of Annuity assets managed by Asset Management
- c.95% of Workplace AUA managed by Asset Management, Private Markets Access Fund now over £3bn

Attractive sustainable capital returns

- Dividend per share of 6.24p, up 2%, and £1.2bn buyback underway with c. £450m completed at end-July
- 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 73-75.
[2] IFRS Profit before tax see Note 2.01.
[3] Annualised Net New Revenue.
[4] Controlled distribution refers to flows of assets from our PRT, individual annuities or Workplace businesses.

Financial summary[1]

£m	H1 2026	H1 2025	Growth (%)
Analysis of core operating profit			
Institutional Retirement	**646**	618	5
Asset Management	**222**	202	10
Retail	**248**	237	5
Group debt costs	**(114)**	(112)	(2)
Group investment projects and expenses	**(84)**	(86)	2
Core Operating Profit	**918**	859	7
Non-retained US business	—	22	(100)
Corporate Investments unit	**2**	24	(92)
Operating Profit	**920**	905	2
Investment variance:			
from Core businesses	**(273)**	(398)	31
from Corporate Investments unit and non-retained US business	**33**	(58)	157
M&A and restructuring	**1,322**	(57)	2,419
Minority Interests	**(5)**	14	(136)
Profit before tax attributable to equity holders[2]	**1,997**	406	392
Profit after tax attributable to equity holders	**1,856**	316	487
Core Operating Earnings per share(p)	**12.15**	10.94	11
Operating ROE (%)	**70.0**	54.6	15
Store of Future Profit	**12,983**	13,058	(1)
of which Contractual Service Margin (CSM)	**12,091**	12,106	
CSM (net of tax) + Book Value[3]	**11,373**	12,071	
CSM (net of tax) + Book Value per share (p)	**205**	209	
Solvency II			
Operational surplus generation[4]	**790**	766	3
Coverage ratio (%)[5]	**201**	217	
Dividend per share (p)	**6.24**	6.12	2

1. Alternative Performance Measure as defined on pages 73-75.
2. See Note 2.01 for further details.
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 £37m in H1 2025 and £37m in H1 2026.
5. H1 2025 Solvency II ratio excludes temporary impacts from Non-retained US business and FX hedges in place at the time that unwound on completion of the transaction with Meiji Yasuda in 2026.

Strong 2026 financial performance

Income statement

H1 2026 core operating EPS grew by 11% to 12.15p, above the top-end of our medium-term guidance of 6-9%. Core operating profit grew by 7% to £918m while total operating profit, which includes the Corporate Investments unit and in 2025 included the non-retained US business, grew by 2% to £920m.

Institutional Retirement operating profit increased by 5% to £646m, supported by strong asset optimisation of £227m (H1 2025: £165m). The business delivered an expected investment margin of £346m, up 14% year-on-year, while our store of future profit (CSM[5] plus RA[5]) remained resilient at £9.0bn, providing continued visibility over future earnings.

In H1 2026, we wrote £2.0bn of UK PRT (pension risk transfer) and £183m of US PRT premiums in a competitive market, and have since either completed or secured exclusivity on a further ten global transactions totalling c.£3.6bn. We have maintained strict pricing discipline in a competitive market and continue to rigorously apply our 14% minimum IRR hurdle rate to new business.

Asset Management operating profit increased by 10% to £222m, reflecting continued success in shifting the business towards higher-margin products. The resulting improvement in business mix increased the average fee margin to 9.6bps and helped drive a 13% increase in fee revenues to £574m, contributing to a 37% increase in fee-related earnings to £169m. Combined with disciplined cost management, this improved the cost-income ratio to 71% despite continued investment in strategic growth initiatives and higher performance related compensation. ANNR increased 53% to a record £23m, demonstrating continued momentum in higher-quality, higher-margin growth. Balance Sheet Investments operating profit reduced to £53m, in-line with guidance of £80-100m for the full year.

Retail operating profit increased by 5% to £248m, driven by higher investment margins in Retail Annuities and improved performance in Workplace. Retail Annuities generated £1.0bn of new business sales, up 36% year-on-year, while store of future profit (CSM plus RA) increased to £4.0bn. Workplace DC continued to demonstrate its scale and resilience, with £3.5bn of net flows, supporting growth in DC end-to-end operating profit of £48m, up 140% year-on-year. Protection performance remained strong, with new business annualised premiums increasing 22% to £168m, reflecting growth across both Retail and Group Protection businesses.

Profit before tax attributable to equity holders is £1,997m (H1 2025: £406m), reflecting the profit on disposal of our US business of £1,398m, reduced adverse investment variance from core businesses of £(273)m (H1 2025: £(398)m), positive investment variance from the Corporate Investments unit of £33m (H1 2025: £(58)m) and other M&A and restructuring costs of £(76)m (H1 2025: £(57)m). Investment Variance in H1 2026 can be broken down as follows:

- **Modelling and assumption changes,** of £63m (H1 2025: £(138)m) are primarily driven by improvements in annuity cash flow modelling.
- **In-year performance compared to longer-term expected returns assumed in operating profit for non-annuity investments** of £(13)m (H1 2025: £(164)m). The significant reduction versus recent periods reflects the mitigating actions taken at the end of 2025.
- **Revaluations on a number of assets across our shareholder investments of** £29m (H1 2025: £(72)m).

  This largely reflects positive valuation movements on our CIU portfolio as we dispose of assets.

  In 2025, we took 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 which have significantly reduced investment variance.
- **Economic impacts on our Insurance portfolio of £(344)m** (H1 2025: £(57)m) driven by high volatility in short to medium term inflation expectations, the unrealised mark-to-market impact of the carrying value of property assets, and other adverse market items.

M&A and restructuring of £1,322m (H1 2025: £(57)m) reflects the profit on disposal of our US business, offset by other M&A and restructuring costs of £(76)m.

[5] Contractual Service Margin and Risk Adjustment

Balance sheet and asset portfolio

Solvency II coverage ratio remains strong at 201% (FY 2025: 203% ,H1 2025: 217%[6]), above our 160-190% target operating range.

Growing Solvency II operational surplus generation (SII OSG) of £790m[7] (H1 2025: £766m) and **SII OSG per share of 14.16p, up 7%.** This reflects a combination of continued growth in capital generation across our insurance businesses, higher asset optimisation as well as a lower outstanding share count following the share buyback of £500m in 2025, and the ongoing £1.2bn buyback of which c.£450m is complete as at end-July.

New business strain of £77m (H1 2025: £88m) reflects continued use of a lower strain sovereigns-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 £713m (H1 2025: £678m).

IFRS shareholders' equity attributable to owners of the parent of £2,156m (FY 2025: £1,788m) reflects our Group consolidated position. The increase in equity reflects the gain on disposal of our US business, offset by dividends and buybacks in the period.

Operating return on equity was 70.0% (H1 2025: 54.6%).

Our store of future profit decreased slightly to £13.0bn (H1 2025: £13.1bn), with the CSM of £12.1bn (H1 2025: £12.1bn) reflecting contributions from our growing insurance businesses offset by significant releases into Operating Profit. Risk Adjustment of £892m is down slightly on H1 2025 (£952m) driven by reinsurance transactions completed between H1 2025 and H1 2026 in relation to new business written before that period.

[6] H1 2025 Solvency II ratio excludes temporary impacts from Non-retained US business and FX hedges in place at the time that unwound on completion of the transaction with Meiji Yasuda in 2026.
[7] Excludes TMTP amortisation of £37m in H1 2025 and £37m in H1 2026. TMTP amortisation now reflected as an operating variance.

On track for our Group and business targets

Progress vs Group targets

We continue to execute our strategy to deliver sustainable growth, sharper focus and attractive shareholder returns.

At the midpoint of our target period, we are well on track against each of our 2027 Group targets.

- Core operating EPS growth of 11% in H1 2026 sits above our 6-9% CAGR (2024-2027) target[8]
- Our operating Return on Equity (70% for H1) significantly exceeds 20%
- We have generated £3.4bn Solvency II capital generation (through ongoing business and disposals) against our three-year cumulative £5-6bn target over 2025-2027[9]

We are making strong and reliable progress against all of our strategic ambitions.

We have addressed legacy issues, are improving dividend cover and continue to take a disciplined approach to capital allocation and risk management. We are delivering dependable growth across our three core businesses, with increasingly strong momentum in Asset Management, continued growth in Workplace Pensions and disciplined execution in Institutional Retirement as a global market leader.

We are simplifying the way we work, using our scale as a competitive advantage and taking actions that are already improving efficiency, while creating additional capacity to invest in future growth. Our differentiated flywheel business model provides a competitive advantage, combining controlled distribution, asset origination, innovative asset management capabilities and scale across our three main businesses.

We remain focused on delivering attractive shareholder returns. We completed a £200m share buyback in 2024, £500m in 2025 and are nearing the midpoint of our £1.2bn share buyback programme announced in March. Together with our progressive dividend, this reflects the strength of our capital generation, disciplined balance sheet management and confidence in the long-term prospects of the Group. We have grown the interim dividend by 2% to 6.24p per share, in-line with our guidance of 2% pa growth in dividends per share over 2025-27.

We are on track to return more than £5bn to shareholders over 2025-27. We have grown our dividend per share while improving dividend cover.

Progress vs business targets

We have continued the strong commercial momentum in the first six months of 2026 and we are well positioned against our 2028 targets in Institutional Retirement, Asset Management and Retail.

On track for businesses' operating profit CAGR growth targets

- Institutional Retirement: +5% vs. 5-7% CAGR (2023-2028) target;
- Retail: +5% 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)[10]

- Cumulative £24.3bn new business volumes to date at a strain of c.1% vs guidance of £50-65bn (2024-28) at lower than 4% strain in every year.

Good progress on key Asset Management growth drivers

- £57m ANNR over 18 months vs cumulative four-year target of £100-150m (2025-2028);
- £79bn Private Markets AUM vs £85bn+ target by 2028.

Compounding Retail Workplace net flows with standout commercial wins

- Cumulative Workplace net flows of £15.7bn and a further £9bn onboarding by 2028 vs. five-year target of £40-50bn (2024-28)

[8] 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.
[9] This target will be measured allowing for amortisation of TMTP. H126 OSG before removing TMTP amortisation is £753m. 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.
[10] UK PRT volume target is indicative. We will continue to prioritise pricing discipline over volume.

Our commercial outlook is strong across the business

Confidence in our long-term trajectory.

- **Our medium-term SII coverage ratio operating range is 160-190%**
  At 30 June, our SII Coverage ratio was 201%, well above our target range. Over time, we expect our solvency ratio to converge towards our target operating range of 160–190% as capital is deployed to support strategic growth. The strength of our balance sheet provides the flexibility to invest in future growth opportunities. The management actions we may take will depend on the underlying drivers of the ratio and our assessment of the evolving risk outlook, rather than any single point within the range. Accordingly, operating at the lower end of the range would also be consistent with a sustainable dividend and is not an automatic trigger for capital intervention.
- **SII debt leverage is increased in the short term, with a medium-term downward trajectory**
  Our Solvency II debt leverage at 30 June stands at 33.9% consisting of £4.7bn fair value of debt and £13.9bn of Solvency II Own Funds (before temporary eligibility restrictions and allowing for Senior Notes and Euro Commercial papers). This is seasonally higher at the HY than at FY due to timing of the dividend and up-front recognition of the full £1.2bn buyback. We expect to bring this down over the medium term with growth in Own Funds.
- **Sustainability of the dividend**
  OSG per share is expected to grow at >5% CAGR (2025-27) vs 2% pa 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

We entered 2026 on stronger foundations, with a simpler portfolio and increased momentum. We now expect growth in 2026 core operating EPS to be above the top end of our 6-9% target range as we generate strong profit growth across all three core businesses and benefit from the £1.2bn share buyback. In addition, we are today increasing our guidance on the expected operating profit from Asset Optimisation. We expect to deliver greater than £400m per annum from asset optimisation across our annuity portfolio in benign markets, with further upside if there is material credit spread widening.

In **Institutional Retirement,** we wrote £2.0bn across 11 UK PRT schemes in the first half of the year and have since either completed or secured exclusivity on a further seven transactions totalling c.£3.5bn. We expect overall UK market volumes in 2026 to be lower than our previously anticipated £50bn, with some larger transactions now likely to move into 2027. The long-term outlook for the UK PRT market remains attractive. We are currently quoting on c.£18bn of opportunities and continue to see strong opportunities across both large and smaller-sized schemes. Competition remains high, but we are maintaining pricing discipline and consistently meeting or exceeding our return on capital hurdle rate in transactions. Trustees and sponsors are also placing increasing emphasis on non-price factors, including financial strength, execution capability and customer service. We remain confident in our ability to generate long-term value from both new business and our growing back book, supported by asset optimisation.

Asset Management started 2026 with strong momentum, driven by continued success in higher-margin products, channels and geographies. Record ANNR of £34m generated in 2025 is now feeding through into earnings, with a further record £23m attracted in H1. Ongoing evolution of the business mix has supported further margin expansion, with the average revenue margin increasing to 9.6bps. Alongside targeted efficiency initiatives, this is driving a meaningful improvement in fee-related earnings, as revenue growth and disciplined cost management support a declining cost-income ratio.

Growth is being supported by increasing diversification across wealth, insurance and international markets, particularly Asia, alongside controlled distribution from Workplace DC and annuity-related flows. Private Markets AUM has increased to £79bn, with continued fundraising success across private credit, infrastructure funds and real estate. Recent milestones include the launch and first close of our Digital Infrastructure Fund, growth in the Private Markets Access Fund to over £3bn of AUM, with strong demand for public-private investment solutions, providing a robust platform for sustained revenue growth.

We remain confident in delivering our Asset Management operating profit target of £500m–600m by 2028. Progress against our financial ambitions is underpinned by the growth in fee-related earnings, continued expansion in Private Markets, a target cost-income ratio below 70%, and our expectation that revenue margins will continue to increase from today's 9.6bps to double-digits by 2028.

Our **Retail** business continues to be well-positioned in markets with structurally high growth. In Workplace, we have won c.£7bn of schemes that will fund over the remainder of this year and 2027/28. Monthly regular contributions have reached £0.9bn and we expect these to reach over £1bn by the end of 2027. The retail annuities market continues to benefit from higher interest rates and structural growth as DC pensioners look to secure a portion of their retirement income. We are well-positioned as market leader 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 30 June 2026. We expect negligible operating profit in 2026 and beyond as we continue to dispose of the portfolio. We expect to have materially exited these operations by end-2027.

Institutional Retirement

FINANCIAL HIGHLIGHTS £m	H1 2026	H1 2025
Contractual service margin release	**331**	334
Risk adjustment release	**58**	67
Insurance investment margin	**346**	303
Experience variances	**(1)**	(7)
Non-attributable expenses	**(90)**	(83)
Other	**2**	4
Operating profit	**646**	618
Investment variance	**(222)**	(218)
Profit before tax attributable to equity holders	**424**	400
Contractual service margin (CSM)	**8,409**	8,509
Risk adjustment (RA)[1]	**595**	658
Total store of future profit	**9,004**	9,167
CSM release as a % of closing CSM pre release	**3.8%**	3.8%
New business CSM	**29**	106
New business RA	**9**	44
Total new business future profit	**38**	150
UK PRT	**1,964**	3,291
International PRT	**183**	146
Total new business (Gross Premiums)	**2,147**	3,437
Funded reinsurance premiums	–	–
Total new business (net of Funded Reinsurance)	**2,147**	3,437
Institutional Retirement annuity assets[2] (£bn)	**73.0**	67.6
Shareholder assets[2] (£bn)	**3.1**	3.1

1. The RA has decreased by £63m compared to H1 2025: driven by reinsurance transactions completed in relation to new business written prior to H1 2025. Backbook reinsurance contributes to operating profit through increased future CSM releases or backbook asset optimisation.
2. UK Institutional Retirement and Retail annuities assets are managed together, the allocation to each is estimated. Annuities assets reflect investments (as per Note 7.01) net of derivative liabilities and include non-financial assets.

Strong operating profit, up 5% to £646m

Institutional Retirement delivered H1 2026 operating profit of £646m (H1 2025: £618m), up 5% on prior year and in-line with our stated 5-7% pa target. Performance was driven primarily by strong asset optimisation, with a £227m contribution vs. £165m in H1 2025, more than offsetting modestly lower CSM and RA release.

CSM amortisation was down 1% at £331m (H1 2025: £334m), with the release rate remaining consistent at c.3.8% of pre-release closing CSM.

RA release was £58m (H1 2025: £67m), with the year-on-year reduction reflecting updates to stressed longevity assumptions implemented in 2025. The total store of future profit (CSM plus RA) is £9.0bn, down 1.8% year on year, driven by amortisation exceeding growth from interest accretion and new business in the period.

The investment margin increased 14% to £346m (H1 2025: £303m), supported by strong asset optimisation delivery.

Profit before tax was £424m, after investment variance of £(222)m, primarily driven by market impacts.

Markets remain competitive, but new business is supportive of our financial targets

Year-to-date (end-July) UK PRT volumes written total £3.7bn, with US PRT premiums of c.$355m (£265m). We are exclusive on a further £1.7bn. Market conditions have remained competitive in H1, resulting in an IFRS new business margin[11] of 4.2% and a new business strain of 3.4% (UK: 3.1%) on business written to 30 June.

While pricing across the market continues to be competitive, we continue to rigorously apply our 14% minimum IRR hurdle rate to new business.

New business written in the first half of 2026 continues to support the delivery of our medium-term financial targets and long-term growth strategy. Future asset optimisation opportunities and back-book synergies are expected to further enhance the lifetime value of this new business to our portfolio.

Asset optimisation supports lifetime value of contracts

While IFRS new business value metrics remain an important consideration in the pricing of new transactions, they do not fully reflect the opportunities created by our sovereigns-based investment strategy and the scope for subsequent rotation into higher-spread assets.

It is increasingly important to assess the future value of business written today, while continuing to apply discipline in benchmarking the day-one expected return (excluding optimisation opportunities) against our hurdle. As we further industrialise our asset optimisation capabilities, we are carefully considering the future reinvestment opportunities and our ability to unlock additional value over time through active management of the in-force portfolio.

We are already demonstrating this capability in practice. During the first six months of 2026, we delivered £227m (H1 2025: £165m) of asset optimisation in Institutional Retirement across direct investments, credit, sovereigns, cross-asset strategies and reinsurance. We have today increased our guidance to £400m pa (previously £300m) of IFRS profit from asset optimisation across our annuity portfolio. Opportunities presented by market volatility in H1 mean we are ahead of this run-rate (£288m achieved in H1 for full annuity portfolio including Retail); we do not assume such opportunities recur in H2.

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	H1 2025		FY 2025		**H1 2026**	
	AUA	% of opening assets	AUA	% of opening assets	**AUA**	**% of opening assets**
Opening assets[1]	83.4		83.4		**92.9**	
PRT net premiums	2.8		9.6		**1.7**	
Retail new business premiums	0.7		1.8		**1.0**	
Total net premiums	3.5	4 %	11.4	14 %	**2.7**	**3 %**
Claims	(3.3)	(4)%	(6.9)	(8)%	**(3.7)**	**(4)%**
Investment return & market movements	0.6	1 %	3.6	4 %	**0.5**	**1 %**
Other[2]	0.4	1 %	1.4	2 %	**(1.5)**	**(2)%**
Closing assets	84.6	1 %	92.9	11 %	**90.9**	**(2)%**

1. Annuity assets reflect Annuity investments and asset exposures (as per Note 7.01), 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.

[11] Calculated as a Day 1 impact on IFRS metrics as percentage of premium net of funded reinsurance. The Day 1 impact includes CSM of £34m and RA of £12m in relation to PRT business written in the period, removing timing constraints such as on reinsurance imposed by IFRS17. The H1 2026 margin allows for Funded Reinsurance premiums of £432m which had not been transacted as at the balance sheet date, and excludes £112m premium received in H1 on schemes written pre-2026. Includes annuity book optimisation from Direct Investment capacity enabled by gilts-based investment strategies from new business written in H1 (£22m).

Asset Management

FINANCIAL HIGHLIGHTS £m	H1 2026	H1 2025
Management fee revenue[1]	**567**	500
Transactional revenue	**7**	8
Total revenue	**574**	508
Total costs[1]	**(405)**	(385)
Operating profit from fee-related earnings	**169**	123
Operating profit from Balance Sheet investments	**53**	79
Total operating profit	**222**	202
Investment and other variances	**(19)**	(103)
M&A and restructuring	**(40)**	(21)
Profit before tax	**163**	78
Asset Management cost:income ratio[1] (%)	**71%**	76%
Net flows (bn)	**(25.1)**	(5.8)
Inflows	**133.5**	127.5
Outflows	**(158.6)**	(133.3)
Annualised net new revenue (ANNR)	**23**	15
Average assets under management (AUM) (bn)	***1,193***	*1,115*
AUM excluding JV, Associates and other (bn)	**1,220**	1,117
JV, Associates and other AUM[2](bn)	**22**	20
Total AUM (bn)	**1,242**	1,136
Of which:		
- International assets[3]	***547***	476
- Private Markets assets[4]	***79***	65
- UK DC assets	***236***	192

1. During 2026, Asset Management revised the presentation of certain intercompany revenues and costs to better reflect the underlying activities of the business with no impact on the overall Asset management operating profit, but a corresponding impact on the cost:income ratio. See Note 2.03 for more details.
2. Includes 100% of assets managed by associates (Pemberton, NTR and SciTech).
3. International AUM includes assets from internationally domiciled clients plus assets managed internationally on behalf of UK clients.
4. Private Markets assets includes assets from associates and is based on managed AUM including £3.9bn from multi-asset strategies.

Significant FRE growth demonstrates stronger operating momentum

Asset Management delivered a strong first-half performance, with clear progress in improving earnings quality, strengthening revenue momentum and reshaping the business towards higher-margin growth.

Operating profit from fee-related earnings (FRE) increased significantly, up 37% to £169m in H1 2026 (H1 2025: £123m), reflecting stronger revenue growth, an improved business mix and continued cost discipline. This demonstrates clear progress in building a more scalable and higher-quality earnings base, while continuing to invest selectively in strategic growth areas.

Revenues increased 13% to £574m (H1 2025: £508m), supported by favourable market conditions, stronger business mix and the earn-through of prior-period ANNR. Average AUM increased 7% year-on-year to £1,193bn, while the average revenue margin increased to 9.6bps, up from 9.1bps over the prior 12 months, reflecting continued progress in shifting the business towards higher-value segments.

Operating expenses increased by 5% to £405m (H1 2025: £385m), driven by inflation, higher variable compensation and targeted platform investment. This was more than offset by revenue growth and underlying cost actions resulting in an improved cost-income ratio of 71%, compared with 76% at H1 2025.

Record ANNR reflects progress in executing our strategy

ANNR increased 53% to a record £23m in H1 2026 (H1 2025: £15m) demonstrating continued progress in reshaping the business toward higher-margin growth opportunities and improved revenue quality.

Strong contributions came from several core areas of the business. Insurance remained the single largest driver of ANNR, generating £11m, reflecting new PRT activity and growth in Private Credit allocations. Europe delivered a strong ANNR contribution of £9m in the first 6 months of 2026, reflecting momentum across both institutional and wholesale channels. This performance was supported by strong exchange traded funds (ETF) inflows. UK DC generated ANNR of £4m, supported by new scheme wins, recurring member contributions and increasing allocations to private markets through our Private Markets Access Fund (PMAF). Together, these results demonstrate continued momentum in areas aligned to our strategy and support the ongoing improvement in business mix.

This was partially offset by expected developments in UK DB, which recorded ANNR of £(2)m, reflecting natural run-off and clients transitioning to PRT. The US also recorded negative ANNR, primarily due to client asset reallocations and rebalancing of passive Index assets.

Balance Sheet Investments continue to support platform growth

Balance Sheet Investments continued to support the development of our private markets platform, with operating profit of £53m. The portfolio stood at £1.1bn at 30 June 2026 (down from £1.4bn in H1 2025) reflecting actions taken at FY 2025, disciplined recycling of assets into third-party capital strategies and continued focus on using the balance sheet selectively to support scalable growth. We are on track for our £80m-100m operating profit guidance from balance sheet investments in 2026.

Profit Before Tax and Investment and Other Variances

Profit before tax more than doubled to £163m in H1 2026 (H1 2025: £78m), supported by the stronger operating profit result and a significant reduction in investment and other variances. Investment and other variances improved to £(19)m (H1 2025: £(103)m), reflecting actions taken at the full year to reduce exposure to areas of earnings volatility.

M&A and restructuring costs increased to £(40)m from £(21)m reflecting actions taken to simplify and reshape the business, strengthen the operating platform and position Asset Management for future growth. This included targeted strategic activity such as Proprium's acquisition of the BC Partners Real Estate team, enhancing its European real estate capabilities and adding c.$1bn of AUM.

AUM growth supported by positive markets and Private Markets momentum

AUM increased to £1,242bn, compared with £1,136bn at 30 June 2025, supported by positive market movements and continued momentum in Private Markets. Private Markets AUM increased to £79bn (from £65bn at H1 2025), reflecting growth across private credit, real estate and infrastructure funds, together with the contribution from Proprium and Pemberton. Total asset management net flows were £(25)bn, with outflows concentrated in lower-margin institutional mandates, largely in Asia, partly offset by inflows from Europe, UK Defined Contribution and captive flows into private credit.

The continued expansion of Private Markets demonstrates the growing depth and diversification of the platform. Growth across private credit, real estate and infrastructure funds, supported by Proprium and Pemberton, strengthens L&G's institutional and wealth proposition and supports the longer-term shift towards higher-margin, capital-light growth.

Investment Performance

Investment performance has been strong across our range of matching, tracking and active strategies. Our combined UK & US Active Fixed Income Strategies have 75% outperforming over 3 years and 83% over the 5 year period. Multi Asset strategies are outperforming over 1, 3 and 5 years with 77%, 80% and 64% respectively. Our stewardship and responsible and responsible investment activity continues to expand, with responsible investment AUM reaching £537bn at 30th June 2026 (H1 2025: £419bn), explicitly linked to ESG criteria in response to client needs.

Retail

FINANCIAL HIGHLIGHTS £m	H1 2026	H1 2025
Contractual service margin release	**189**	182
Risk adjustment release	**36**	37
Expected investment margin	**92**	85
Experience variances	**6**	6
Non-attributable expenses	**(58)**	(50)
Other	**(17)**	(23)
Operating profit	**248**	237
- UK Insurance[1]	**64**	63
- Retail Retirement[2]	**184**	174
Investment and other variances	**(50)**	(74)
Profit before tax attributable to equity holders	**198**	163
Contractual service margin (CSM)	**3,682**	3,597
Risk adjustment (RA)	**297**	294
Total store of future profit	**3,979**	3,891
New business CSM	**138**	81
New business RA	**22**	20
Total new business future profit	**160**	101
Protection new business annual premiums	**168**	138
Individual annuities single premium	**1,016**	745
Workplace DC net flows (£bn)[3]	**3.5**	4.1
Lifetime & Retirement Interest Only mortgage advances	**128**	104
Retail retirement annuity assets[4] (£bn)	**17.9**	17.1
Retail retirement shareholder assets[4] (£bn)	**0.8**	0.9
UK Retail protection gross premiums	**784**	771
UK Group protection gross premiums	**406**	388
Total protection gross premiums	**1,190**	1,159

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 Note 7.01) net of derivative liabilities and include non-financial assets.

Operating profit up 5%

Retail operating profit increased 5% to £248m in H1 2026 (H1 2025: £237m). Growth was driven by a higher contribution from Retail Retirement, reflecting increased investment margin from asset optimisation in Retail Annuities and an improved Workplace performance. UK Insurance earnings were broadly unchanged year-on-year.

The Contractual Service Margin (CSM) release was £189m (H1 2025: £182m), slightly higher than prior year, while the Risk Adjustment (RA) release was £36m (H1 2025: £37m). 4.9% of the closing CSM pre-release (£3.9bn) was released into profit (H1 2025: 4.8%, £3.8bn). The closing store of future profit increased to £4.0bn (H1 2025: £3.9bn), comprising CSM of £3.7bn and RA of £0.3bn.

Profit before tax was £198m (H1 2025: £163m), up 21%, with a smaller investment and other variance loss of £(50)m (H1 2025: £(74)m) primarily driven by market impacts.

Our at-scale businesses are consistently winning in attractive markets

Total new business future profit increased 58% to £160m (H1 2025: £101m), reflecting higher volumes and margin improvements across the main new business lines. New business CSM was £138m (H1 2025: £81m) and new business RA was £22m (H1 2025: £20m).

Year-to-date (end-July) Workplace DC net flows were £6.2bn (Jul-25: £4.6bn), reflecting new scheme wins and funding of schemes won in 2025. We continue to benefit from increased scale with positive revenue growth relative to expenses helping to drive a stronger Workplace end-to-end operating profit.

Retail annuity sales increased 36% to £1.0bn (H1 2025: £745m), helped by a strong pipeline entering 2026 and strong application levels since the start of the year. The business continues to actively manage pricing and volumes, with a sovereigns-focused investment strategy remaining a feature of the prevailing market conditions. We have improved our IFRS new business margin for lifetime annuities to 5.4% (H1 2025: 4.6%) supported by improved pricing sophistication.

Group protection gross premium income increased 5% to £406m (H1 2025: £388m), supported by higher new business volumes of £81m (H1 2025: £61m) and improved margins.

Retail protection gross premium income increased 2% to £784m (H1 2025: £771m), with new business annual premiums of £87m (H1 2025: £77m). Sales remained strong across all channels; digital self-service and data-led capability remain central to the proposition.

We have increased IFRS new business margin on our protection businesses to 10.9% (H1 2025: 8.0%).

Lifetime and Retirement Interest Only mortgage advances increased to £128m (H1 2025: £104m), supported by pricing changes implemented in H2 2025. Volumes remained sensitive to market conditions.

Corporate Investments unit

FINANCIAL HIGHLIGHTS £m	H1 2026	H1 2025
Operating profit	**2**	24
Investment and other variances	**33**	(58)
Profit before tax attributable to equity holders	**35**	(34)
Asset portfolio (£bn)		
Legacy Real Estate	**0.2**	0.4
Legacy Land	**0.1**	0.1
Fintech and Other	**0.2**	0.2
Total Corporate Investments	**0.5**	0.7

Operating profit of £2m

Operating profit from our Corporate Investments unit is £2m (down from £24m in H1 2025), reflecting lower expected returns on assets following a re-evaluation of the portfolio completed at the full year results.

Investment and other variances of £33m is driven by positive asset revaluations and in-year versus expected returns on the portfolio. Profit before tax rebounded from a £(34)m loss to a £35m profit.

Borrowings

The Group's outstanding core borrowings totalled £4.3bn at 30 June 2026 (H1 2025: £4.3bn). There is also a further £0.2bn (H1 2025: £0.3bn) of operational borrowings including £0.1bn (H1 2025: £0.2bn) of non-recourse borrowings. The total excludes unit linked related borrowings.

Group debt costs of £114m (H1 2025: £112m) reflect an average cost of debt of 5.0% per annum (H1 2025: 5.0% per annum) on an average nominal value of debt balances of £4.5bn (H1 2025: £4.5bn).

Cash

As at 30 June 2026, the Group held £3,607m of Treasury Assets and Other Shareholder Cash, up £1,198m on 30 June 2025 (£2,409m) reflecting proceeds from the disposal of our non-retained US business that are yet to be redeployed.

Taxation

Tax Rate (%)	H1 2026	H1 2025
Equity holders' total Effective Tax Rate	**7.3**	18.7
Annualised rate of UK corporation tax	**25.0**	25.0

The effective tax rate of 7.3% is lower than the annualised rate of UK corporation tax because the gain on disposal of the US Insurance business is exempt from UK tax due to the substantial shareholding exemption. In 2025 the effective tax rate of 18.7% 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.

Solvency II

As at 30 June 2026, the Group had an estimated Solvency II surplus of £6.5bn over its Solvency Capital Requirement, corresponding to a Solvency II coverage ratio of 201%.

Capital (£m)[1]	H1 2026	FY 2025
Own Funds	12,903	13,814
Solvency Capital Requirement (SCR)	(6,422)	(6,807)
Solvency II surplus	6,481	7,007
Solvency II coverage ratio (%)	201%	203%

1. See Note 6.01(i) for further detail.

	H1 2026[1]			
	Own Funds	SCR	Surplus	Ratio
	£m	£m	£m	%
Opening position	**13,814**	**(6,807)**	**7,007**	**203**
Operational surplus generation	647	143	790	14
New business strain	87	(164)	(77)	(4)
Net surplus generation	**734**	**(21)**	**713**	**10**
Operating variance	91	(256)	(165)	(6)
Mergers, acquisitions and disposals	640	547	1,187	27
Market movements	(88)	115	27	3
Share buyback	(1,206)	—	(1,206)	(19)
Dividends paid	(886)	—	(886)	(14)
Tier 2 eligibility restrictions	(196)	—	(196)	(3)
Total Surplus movement after dividends paid in the period	**(911)**	**385**	**(526)**	**(2)**
Closing position	**12,903**	**(6,422)**	**6,481**	**201**

1. See Note 6.01(iii) for further detail.

The movements shown above incorporate the impact of recalculating the TMTP as at 30 June 2026.

Growing Solvency II operational surplus generation (SII OSG) of £790m[12] (H1 2025: £766m) up 3% YoY and **SII OSG per share of 14.16p, up 7%**. This reflects a combination of continued growth in capital generation across our insurance businesses, higher asset optimisation as well as a lower outstanding share count following the share buyback of £500m in 2025 and the portion of the £1.2bn buyback completed so far in 2026.

New business strain of £77m (H1 2025: £88m) reflects the continued use of a capital light sovereigns-based investment strategy for new UK PRT business and capital deployed on International PRT, Retail Annuities and Group Protection.

Net surplus generation (NSG) of £713m (H1 2025: £678m).

Operating variances of £(165)m are materially driven by changes to our hedging strategy in relation to FX and inflation driving an increase in SCR. In addition, model changes resulted in a reduction to Own Funds and a small increase SCR. TMTP amortisation of £37m (reduction to Own Funds) is also recognised within operating variances.

Market movements of £27m are primarily driven by gain on equities and increases to rates and spreads, largely offset by high volatility in short to medium term inflation expectations.

[12] Excludes TMTP amortisation of £37m in H1 2025 and £37m in H1 2026. TMTP amortisation now reflected as an operating variance.

Sensitivity analysis

	Impact on Eligible Own Funds[1] 30 Jun 2026 £bn	Impact on SCR 30 Jun 2026 £bn	Impact on Surplus 30 Jun 2026 £bn	Impact on Coverage Ratio 30 Jun 2026 %
100bps increase in risk-free rates	(0.5)	0.5	0.0	9
100bps decrease in risk-free rates	0.6	(0.7)	(0.1)	(12)
Credit spreads widen by 100bps (escalating addition to ratings)	(0.2)	0.2	0.0	4
Credit spreads widen by 100bps (flat addition to ratings)	(0.3)	0.4	0.1	8
Credit spreads narrow by 100bps (flat deduction from ratings)	0.3	(0.5)	(0.1)	(9)
Credit migration – with rebalancing	(0.5)	(0.0)	(0.5)	(8)
Credit migration – without rebalancing	(0.2)	(0.4)	(0.6)	(15)
25% fall in equity markets	(0.6)	0.1	(0.5)	(5)
15% fall in property markets	(0.8)	(0.0)	(0.8)	(13)
50bps increase in future inflation expectations	0.1	(0.1)	0.0	(0)
10% increase in maintenance expenses	(0.4)	(0.0)	(0.4)	(6)

1. See Note 6.01(vi) 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.

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 10:00am UK time on 5 August 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 August 2026.

Financial Calendar	
Ex-dividend date (2026 interim dividend)	**20 August 2026**
Record date	**21 August 2026**
Dividend payment date	**25 September 2026**
Q3 Trading Update	**16 November 2026**

Definitions are included in the Glossary on pages 82 to 85 of this release.

Forward-looking statements

This release 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. 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 release does 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 release 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

A going concern statement is included in Note 4.01(i) on page 37 of this release.

Directors' responsibility statement

We confirm to the best of our knowledge that:

- The Group consolidated financial statements have been prepared in accordance with the UK-adopted IAS 34 Interim Financial Reporting.
- The interim management report includes a fair review of information required by DTR 4.2.7R, namely an indication of important events that have occurred during the first six months of the financial year and their impact on the consolidated interim financial statements, as well as a description of the principal risks and uncertainties faced by the company and undertakings included in the consolidation taken as a whole for the remaining six months.
- The interim management report includes, as required by DTR 4.2.8R, a fair review of related party transactions that:
  - have taken place in the first six months of the financial year and have materially affected the financial position or the performance of the company during that period; and
  - any changes in the related party transaction described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the company in the first six months of the current financial year
- 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

By order of the Board

António Pedro dos Santos Simões	**Andrew Kail**
Group Chief Executive Officer	Group Chief Financial Officer
04 August 2026	04 August 2026

Enquiries

Investors

Andy Sinclair, Group Chief Strategy & Investor Relations Officer

investor.relations@group.landg.com

+44 20 3124 2494

Gregory Franck, Investor Relations Director

investor.relations@group.landg.com

+44 203 124 4415

Media

Sneha Patel, Director of External Communications

Sneha.Patel@group.landg.com

+44 75536 04804

Jessica Bihari, Head of Group Media

Jessica.Bihari@group.landg.com
+44 7384 237665

Lucy Legh
Headland Consultancy

LandG@headlandconsultancy.com

+44 20 3805 4822

Independent review report to Legal & General Group Plc

Conclusion

We have been engaged by Legal & General Group Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2026 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, IFRS Disclosures on performance, and the IFRS Disclosure Notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2026 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 4.01, the half-yearly financial report of the Company is prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Philip Smart

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

4 August 2026

IFRS Disclosures on Performance

2.01 Operating profit#

For the six month period to 30 June 2026	Notes	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Institutional Retirement	2.02	**646**	618	1,168
Asset Management	2.03	**222**	202	402
Retail	2.02	**248**	237	447
Insurance		**64**	63	119
Retail Retirement		**184**	174	328
Group debt costs[1]		**(114)**	(112)	(229)
Group investment projects and expenses		**(84)**	(86)	(165)
Core operating profit		**918**	859	1,623
Non-retained US business		**–**	22	90
Corporate Investments		**2**	24	43
Total operating profit		**920**	905	1,756
Investment variance	2.04	**(240)**	(456)	(771)
M&A and restructuring[2]		**1,322**	(57)	(202)
Profits attributable to non-controlling interests		**(5)**	14	24
Adjusted profit before tax attributable to equity holders		**1,997**	406	807
Tax expense attributable to equity holders	4.05	**(146)**	(76)	(191)
Profit for the period	3.01	**1,851**	330	616
Less: Profit after tax from discontinued operations	4.02	**(1,398)**	(46)	(96)
Total tax expense from continuing operations	3.01	**246**	192	304
Profit before tax from continuing operations	3.01	**699**	476	824
Profit attributable to equity holders		**1,856**	316	592
Earnings per share:				
Core operating (pence per share)[3]	2.06	**12.15**	10.94	20.93
Basic (pence per share)[3]	2.06	**33.06**	5.27	9.99
Diluted (pence per share)[3]	2.06	**31.25**	5.15	9.74

1. Group debt costs exclude interest on non-recourse financing.
2. M&A and restructuring include exceptional income and expenses which arise outside the normal course of business in the period, such as disposal gains and losses, restructuring, and mergers and acquisition costs. In 2026, this includes the profit arising from the disposal of the Group's US insurance entity. In 2025, this includes expenses also 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.
3. These earnings per share calculations are based on profit attributable to equity holders of the Company derived from core, 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 period. 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 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.

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, 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.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the period, 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
- Balance sheet investments in Asset Management comprise investments in real estate, infrastructure, private credit and venture capital. Where used for the determination of adjusted operating profit, asset-specific rates of return are established at the point of underwriting and are reviewed and updated annually. The rate of return for assets belonging to the Corporate Investments unit is determined at a portfolio level and is updated annually if required. The expected investment return incorporates current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate. Following a significant review of these investments in 2025, alongside a broader assessment of the overall shareholder portfolio, a number of adjustments have been made which have reduced the average long-term expected investment return to between 8% and 9% (2025: 10% and 12%).

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

	6 months 2026	6 months 2025	Full year 2025
Equity returns	**7.0%**	7.0%	7.0%
Commercial property growth	**5.0%**	5.0%	5.0%
Residential property growth	**3.5%**	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 period, such as disposal gains and losses, restructuring, and mergers and acquisition costs.

2.02 Analysis of Institutional Retirement and Retail operating profit#

	Institutional Retirement 6 months 2026 £m	**Retail 6 months 2026 £m**	Institutional Retirement 6 months 2025 £m	Retail 6 months 2025 £m	Institutional Retirement Full year 2025 £m	Retail Full year 2025 £m
Amortisation of the CSM in the period[1]	**331**	**189**	334	182	667	396
Release of risk adjustment in the period	**58**	**36**	67	37	132	79
Experience variances	**(1)**	**6**	(7)	8	(12)	–
Development of losses on onerous contracts[2]	**–**	**–**	–	(2)	–	(5)
Other expenses[3]	**(90)**	**(58)**	(83)	(50)	(172)	(117)
Insurance investment margin[4]	**346**	**92**	303	85	548	141
Investment contracts and non-insurance operating profit	**2**	**(17)**	4	(23)	5	(47)
Total Institutional Retirement and Retail operating profit	**646**	**248**	618	237	1,168	447

1. Contractual service margin (CSM) amortisation for Retail has been reduced by £9m (H1 25: £9m; FY 25: £16m) to exclude the impact of reinsurance mismatches.
2. Development of losses on onerous contracts has been adjusted by £(2)m (H1 25: £5m; FY 25: £(18)m) for the impact of gross contract loss development where, net of reinsurance, the contracts remained profitable. These accounting losses will be presented as a component of 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 period.
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. This includes interest on reinsurance mismatches of £2m (H1 25: £2m; FY 25: £5m).

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

2.03 Asset Management operating profit#

	6 months 2026 £m	6 months 2025[2] £m	Full year 2025[2] £m
Management fee revenue (excluding third-party market data)[1,2]	**567**	500	1,036
Transactional revenue[3]	**7**	8	16
Expenses (excluding third-party market data)[1,2]	**(405)**	(385)	(794)
Operating profit from fee-related earnings	**169**	123	258
Operating profit from balance sheet investments[4]	**53**	79	144
Total Asset Management operating profit	**222**	202	402

1. Asset Management revenue has been presented net of costs of £17m (H1 25: £16m; FY 25: £31m) 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 2.07, these activities are presented in the table above on a gross basis. During 2026, the presentation of certain intercompany revenues and costs was revised to better reflect the underlying business activities. This resulted in an increase in reported fee revenue and expenses, with no impact on operating profit. The comparative periods have been re-presented consistently H1 25: £8m increase; FY 25: £14m increase).
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.

2.04 Investment variance

	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Shareholder assets			
In period versus expected returns[1]	**(13)**	(164)	(240)
Asset revaluations[2]	**29**	(72)	(304)
Insurance business			
Economic impacts on insurance business[3]	**(344)**	(57)	105
Modelling and assumption changes[4]	**63**	(138)	(285)
Reinsurance mismatches[5]	**9**	1	28
Other non-operating items	**16**	(26)	(75)
Investment variance	**(240)**	(456)	(771)

1. Represents the in period variance between actual and longer-term expected returns on shareholder assets, in particular those held in Asset Management and Corporate Investments unit (CIU).
2. Asset revaluations primarily reflect valuation uplifts within CIU assets in 2026. 2025 included write-downs on a number of Private Markets assets impacted by broader macroeconomic conditions, particularly in the real estate and growth equity sectors. Of these write-downs, £110m related to the CIU, comprising assets no longer considered strategic to the Group, including a small number transferred from Asset Management following the completion of the strategic review led by the Asset Management CEO.
3. Economic impacts arising on insurance business in 2026 is driven by high volatility in short to medium term inflation expectations, the unrealised mark-to-market impact of the carrying value of property assets, and other adverse market items. Full year 2025 reflects the positive impacts of changes in interest rates and inflation, partially offset by other economics including property returns.
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. 2025 was impacted by a higher level of assumption changes related to longevity. Modelling and assumption changes have decreased CSM in 2026 by £109m (H1 25: £158m increase; FY 25: £290m increase) which contributed to the positive investment variance in the period.
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 2.01 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 with future CSM amortisation and associated interest accretion being 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 and associated interest accretion 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

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

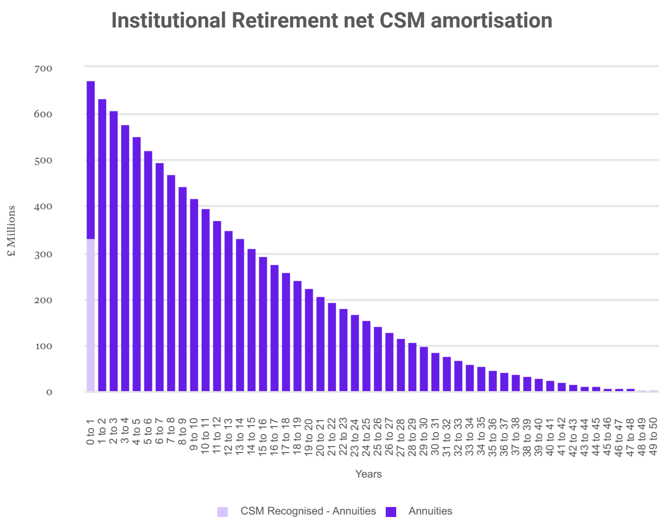
	Net of reinsurance RA Institutional Retirement	Net of reinsurance RA Retail - Annuity	Net of reinsurance RA Retail - Protection	Net of reinsurance CSM Institutional Retirement	Net of reinsurance CSM Retail - Annuity	Net of reinsurance CSM Retail - Protection
	£m	£m	£m	£m	£m	£m
As at 1 January 2026	**625**	**271**	**33**	**8,661**	**2,683**	**1,041**
New business CSM/risk adjustment	**9**	**11**	**11**	**29**	**28**	**110**
Finance expenses from insurance contracts[1]	**10**	**3**	**–**	**137**	**36**	**18**
Non-economic variances[2]	**8**	**3**	**1**	**(90)**	**(18)**	**(18)**
Foreign exchange rate movements	**1**	**–**	**–**	**3**	**–**	**–**
As at 30 June 2026 before release	**653**	**288**	**45**	**8,740**	**2,729**	**1,151**
CSM release (amortisation of the CSM)	**–**	**–**	**–**	**(331)**	**(113)**	**(85)**
Risk adjustment release	**(58)**	**(30)**	**(6)**	**–**	**–**	**–**
As at 30 June 2026	**595**	**258**	**39**	**8,409**	**2,616**	**1,066**

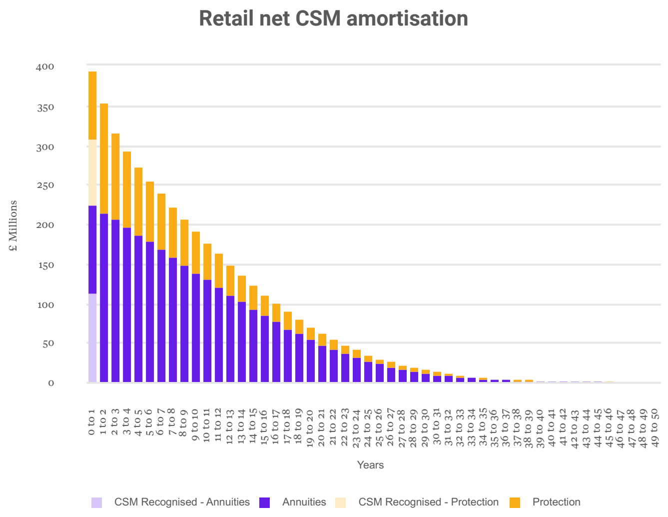
	Net of reinsurance RA Institutional Retirement	Net of reinsurance RA Retail - Annuity	Net of reinsurance RA Retail - Protection	Net of reinsurance CSM Institutional Retirement	Net of reinsurance CSM Retail - Annuity	Net of reinsurance CSM Retail - Protection
	£m	£m	£m	£m	£m	£m
As at 1 January 2025	686	261	32	8,545	2,615	1,027
New business CSM/risk adjustment	44	10	10	106	17	64
Finance expenses from insurance contracts[1]	38	17	–	132	37	18
Non-economic variances[2]	(36)	1	–	97	24	(14)
Foreign exchange rate movements	(7)	–	–	(37)	–	–
As at 30 June 2025 before release	725	289	42	8,843	2,693	1,095
CSM release (amortisation of the CSM)	–	–	–	(334)	(104)	(87)
Risk adjustment release	(67)	(31)	(6)	–	–	–
As at 30 June 2025	658	258	36	8,509	2,589	1,008

	Net of reinsurance RA Institutional Retirement	Net of reinsurance RA Retail - Annuity	Net of reinsurance RA Retail - Protection	Net of reinsurance CSM Institutional Retirement	Net of reinsurance CSM Retail - Annuity	Net of reinsurance CSM Retail - Protection
	£m	£m	£m	£m	£m	£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 Dec 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

1. 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 period was 3.1% (H1 25: 3.0%; FY 25: 3.1%).
   - 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 period 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.
2. 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.

IFRS Disclosures on Performance





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 period, excluding the adjustment for reinsurance mismatches relating to protection business (described in Note 2.02). 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. The periods start from 1 January 2026 and so the first year comprises 6 months of actual CSM recognised and 6 months of CSM to be recognised.

IFRS Disclosures on Performance

2.06 Earnings per share

(i) Basic and core operating earnings per share

	Total 6 months 2026 £m	**Per share[1] 6 months 2026 p**	Total 6 months 2025 £m	Per share[1] 6 months 2025 p	Total Full year 2025 £m	Per share[1] Full year 2025 p
Profit for the period attributable to equity holders	**1,856**	**33.26**	316	5.46	592	10.36
Less: coupon payable in respect of restricted Tier 1 convertible notes after tax relief	**(11)**	**(0.20)**	(11)	(0.19)	(21)	(0.37)
Total basic earnings	**1,845**	**33.06**	305	5.27	571	9.99
Less: earnings derived from discontinued operations after tax	**(1,398)**	**(25.05)**	(46)	(0.79)	(96)	(1.68)
Total basic earnings derived from continuing operations	**447**	**8.01**	259	4.48	475	8.31
Less: Corporate Investments operating profit after allocated tax	**(2)**	**(0.04)**	(18)	(0.31)	(32)	(0.56)
Add: Retained US business operating profit after allocated tax[2]	**–**	**–**	9	0.15	30	0.53
Less: Investment variance, M&A and restructuring after allocated tax[2]	**233**	**4.18**	383	6.62	723	12.65
Total basic core operating earnings[3]	**678**	**12.15**	633	10.94	1,196	20.93

1. Basic earnings per share is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the period, excluding employee scheme treasury shares.
2. Prior year comparatives have been re-presented to reflect the retained US business results.
3. Total basic core earnings includes allocated tax at the standard UK corporate tax rate.

(ii) Diluted and core operating earnings per share

For the six month period to 30 June 2026	**After tax £m**	**Weighted average number of shares m**	**Per share[1] p**
Profit for the period attributable to equity holders	**1,856**	**5,580**	**33.26**
Net shares under options allocable for no further consideration	**–**	**53**	**(0.31)**
Conversion of restricted Tier 1 notes	**–**	**307**	**(1.70)**
Total diluted earnings	**1,856**	**5,940**	**31.25**
Less: diluted earnings derived from discontinued operations after tax	**(1,398)**	**–**	**(23.54)**
Total diluted earnings derived from continuing operations	**458**	**5,940**	**7.71**
Less: Corporate Investments operating profit after allocated tax	**(2)**	**–**	**(0.03)**
Less: Investment variance, M&A and restructuring after allocated tax	**233**	**–**	**3.92**
Total diluted core operating earnings[3]	**689**	**5,940**	**11.60**

For the six month period to 30 June 2025	After tax £m	Weighted average number of shares m	Per share[1] p
Profit for the period attributable to equity holders	316	5,786	5.46
Net shares under options allocable for no further consideration	–	47	(0.04)
Conversion of restricted Tier 1 notes	–	307	(0.27)
Total diluted earnings	316	6,140	5.15
Less: diluted earnings derived from discontinued operations after tax	(46)	–	(0.75)
Total diluted earnings derived from continuing operations	270	6,140	4.40
Less: Corporate Investments operating profit after allocated tax	(18)	–	(0.30)
Add: Retained US business operating profit after allocated tax[2]	9	–	0.15
Less: Investment variance, M&A and restructuring after allocated tax[2]	383	–	6.24
Total diluted core operating earnings[3]	644	6,140	10.49

For the year ended 31 December 2025	After tax £m	Weighted average number of shares m	Per share[1] p
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)
Add: Retained US business operating profit after allocated tax[2]	30	–	0.49
Less: Investment variance, M&A and restructuring after allocated tax[2]	723	–	11.90
Total diluted core operating earnings[3]	1,217	6,076	20.03

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. Prior year comparatives have been re-presented to reflect the retained US business result.
3. Total diluted core operating earnings includes allocated tax at the standard UK corporation tax rate.

IFRS Disclosures on Performance

2.07 Segmental analysis

The Group has five reportable segments, comprising Institutional Retirement, Asset Management, Insurance, Retail Retirement and Corporate Investments. The results of the Group's US protection business and 20% of its US PRT business, up until 31 December 2025, along with the gain on disposal have been reported separately as Non-retained US business.

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 assets 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 period

For the six month period to 30 June 2026	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Group expenses and debt costs £m	Total Core £m	Corporate Investments £m	Non-retained US business £m	Total £m
Operating profit/(loss)#	**646**	**222**	**64**	**184**	**(198)**	**918**	**2**	**–**	**920**
Investment variance	**(222)**	**(19)**	**9**	**(59)**	**18**	**(273)**	**33**	**–**	**(240)**
M&A and restructuring	**–**	**(40)**	**–**	**–**	**(36)**	**(76)**	**–**	**1,398**	**1,322**
Losses attributable to non-controlling interests	**–**	**–**	**–**	**–**	**(5)**	**(5)**	**–**	**–**	**(5)**
Profit/(loss) before tax attributable to equity holders	**424**	**163**	**73**	**125**	**(221)**	**564**	**35**	**1,398**	**1,997**
Tax (expense)/credit attributable to equity holders	**(103)**	**(33)**	**(26)**	**(30)**	**51**	**(141)**	**(5)**	**–**	**(146)**
Profit/(loss) for the period	**321**	**130**	**47**	**95**	**(170)**	**423**	**30**	**1,398**	**1,851**
Attributable to:									
Continuing operations									**453**
Discontinued operations[1]									**1,398**

For the six month period to 30 June 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Group expenses and debt costs £m	Total Core £m	Corporate Investments £m	Non-retained US business £m	Total £m
Operating profit/(loss)#	618	202	63	174	(198)	859	24	22	905
Investment variance	(218)	(103)	(14)	(60)	(3)	(398)	(58)	–	(456)
M&A and restructuring	–	(21)	–	–	(36)	(57)	–	–	(57)
Profits attributable to non-controlling interests	–	–	–	–	14	14	–	–	14
Profit/(loss) before tax attributable to equity holders	400	78	49	114	(223)	418	(34)	22	406
Tax (expense)/credit attributable to equity holders	(86)	(15)	(9)	(25)	64	(71)	–	(5)	(76)
Profit/(loss) for the period	314	63	40	89	(159)	347	(34)	17	330
Attributable to:									
Continuing operations									284
Discontinued operations[1]									46

For the year ended 31 December 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Group expenses and debt costs £m	Total Core £m	Corporate Investments £m	Non-retained US business £m	Total £m
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

1. Discontinued operations in 2026 include the gain on disposal of the Group's US protection and US pension risk transfer businesses and the results from those businesses up until completion of the disposal of the Group's US insurance entity in February 2026.

\# 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) Total revenue – summary

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 4.13. Other operational income from contracts with customers is a component of other operational income and excludes the share of profit/loss from associates and joint ventures, as well as gains/losses on disposal of subsidiaries, associates, joint ventures and other operations. Comparative information on revenue is provided for continuing operations only and therefore excludes any revenue related to the Group's US insurance entity.

The tables below split the revenue by the geographic location of the client.

For the six month period to 30 June 2026	United Kingdom £m	USA £m	Rest of World £m	Total £m
Insurance revenue	**4,719**	**288**	**98**	**5,105**
Fees from fund management and investment contracts	**406**	**42**	**68**	**516**
Other operational income from contracts with customers	**69**	**–**	**–**	**69**
Total revenue	**5,194**	**330**	**166**	**5,690**

For the six month period to 30 June 2025	United Kingdom £m	USA £m	Rest of World £m	Total £m
Insurance revenue	4,438	–	83	4,521
Fees from fund management and investment contracts	354	39	43	436
Other operational income from contracts with customers	127	1	–	128
Total revenue	4,919	40	126	5,085

For the year ended 31 December 2025	United Kingdom £m	USA £m	Rest of World £m	Total £m
Insurance revenue	9,056	–	166	9,222
Fees from fund management and investment contracts	724	75	109	908
Other operational income from contracts with customers	331	1	–	332
Total revenue	10,111	76	275	10,462

(iii) Total revenue – internal/external analysis

For the six month period to 30 June 2026	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Internal revenue[2]	**–**	**117**	**–**	**–**	**(117)**	**–**
External revenue	**3,248**	**440**	**1,093**	**891**	**18**	**5,690**
Total revenue	**3,248**	**557**	**1,093**	**891**	**(99)**	**5,690**

For the six month period to 30 June 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Internal revenue[2]	–	113	–	–	(113)	–
External revenue	2,780	392	1,025	857	31	5,085
Total revenue	2,780	505	1,025	857	(82)	5,085

For the year ended 31 December 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Internal revenue[2]	–	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

1. Other includes inter-segmental eliminations and Group consolidation adjustments.
2. Asset Management revenue includes investment management services provided to other Group businesses. Revenue from the most significant of these activities is presented on a gross basis in the table above. Revenue relating to other services provided by Asset Management to Group divisions is eliminated on consolidation and therefore excluded from the segmental disclosures.

IFRS Disclosures on Performance

(iv) Fees from fund management and investment contracts

Fees from fund management and investment contracts include fees for administration and managing of funds in pension plans, as well as revenue generated from acting as the investment manager for clients. Transaction fees are charged to implement trades for clients.

For the six month period to 30 June 2026	Asset Management £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Investment contracts and management fees[2]	**550**	**77**	**(117)**	**510**
Transaction fees	**6**	**–**	**–**	**6**
Total fees from fund management and investment contracts	**556**	**77**	**(117)**	**516**

For the six month period to 30 June 2025	Asset Management £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Investment contracts and management fees[2]	467	66	(108)	425
Transaction fees	11	–	–	11
Total fees from fund management and investment contracts	478	66	(108)	436

For the year ended 31 December 2025	Asset Management £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
Investment contracts and management fees[2]	970	138	(219)	889
Transaction fees	19	–	–	19
Total fees from fund management and investment contracts	989	138	(219)	908

1. Other includes inter-segmental eliminations and Group consolidation adjustments.
2. Asset Management revenue includes investment management services provided to other Group businesses. Revenue from the most significant of these activities is presented on a gross basis in the table above. Revenue relating to other services provided by Asset Management to Group divisions is eliminated on consolidation and therefore excluded from the segmental disclosures.

(v) Other operational income from contracts with customers

Other operational income from contracts with customers includes house building revenue, revenue arising from professional services and insurance broker fees.

For the six month period to 30 June 2026	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
House building	**–**	**1**	**–**	**–**	**18**	**19**
Professional services fees	**–**	**–**	**6**	**5**	**–**	**11**
Insurance broker	**–**	**–**	**39**	**–**	**–**	**39**
Total other operational income from contracts with customers[2]	**–**	**1**	**45**	**5**	**18**	**69**

For the six month period to 30 June 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
House building	3	20	–	–	23	46
Professional services fees	–	7	31	3	3	44
Insurance broker	–	–	38	–	–	38
Total other operational income from contracts with customers[2]	3	27	69	3	26	128

For the year ended 31 December 2025	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other[1] £m	Total £m
House building	7	104	–	–	61	172
Professional services fees	–	13	58	6	5	82
Insurance broker	–	–	78	–	–	78
Total other operational income from contracts with customers[2]	7	117	136	6	66	332

1. Other includes inter-segmental eliminations and Group consolidation adjustments.
2. Total other operational income from contracts with customers excludes the share of profit/loss from associates and joint ventures and the gain on disposal of subsidiaries, associates and joint ventures.

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3.01 Consolidated Income Statement (unaudited)

For the six month period to 30 June 2026	Notes	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Insurance revenue	4.13	**5,105**	4,521	9,222
Insurance service expenses	4.13	**(4,317)**	(3,802)	(7,191)
Insurance service result before reinsurance contracts held		**788**	719	2,031
Net expense from reinsurance contracts held	4.13	**(190)**	(135)	(817)
Insurance service result	4.13	**598**	584	1,214
Investment return[1]		**30,012**	11,100	44,029
Finance expense from insurance contracts		**(175)**	(1,221)	(4,026)
Finance (expense)/income from reinsurance contracts		**(136)**	10	277
Change in investment contract liabilities		**(29,062)**	(9,417)	(39,327)
Insurance and investment result		**1,237**	1,056	2,167
Other operational income		**109**	98	381
Fees from fund management and investment contracts	2.07	**516**	436	908
Acquisition costs		**(96)**	(92)	(184)
Other finance costs		**(137)**	(133)	(282)
Other expenses		**(930)**	(889)	(2,166)
Total other income and expenses		**(538)**	(580)	(1,343)
Profit before tax from continuing operations		**699**	476	824
Tax expense attributable to policyholder returns		**(100)**	(108)	(134)
Profit before tax attributable to equity holders from continuing operations		**599**	368	690
Total tax expense from continuing operations		**(246)**	(192)	(304)
Tax expense attributable to policyholder returns		**100**	108	134
Tax expense attributable to equity holders from continuing operations	4.05	**(146)**	(84)	(170)
Profit for the period attributable to continuing operations		**453**	284	520
Profit for the period attributable to discontinued operations	4.02	**1,398**	46	96
Profit for the period		**1,851**	330	616
Attributable to:				
Non-controlling interests		**(5)**	14	24
Equity holders		**1,856**	316	592
Dividend distributions to equity holders during the period	4.03	**886**	898	1,247
Dividend distributions to equity holders proposed after the period end	4.03	**345**	351	880
		p	p	p
Total basic earnings per share[2]	2.06	**33.06**	5.27	9.99
Total diluted earnings per share[2]	2.06	**31.25**	5.15	9.74
Basic earnings per share attributable to continuing operations[2]	2.06	**8.01**	4.48	8.31
Diluted earnings per share attributable to continuing operations[2]	2.06	**7.71**	4.40	8.16

1. Investment return includes £261m (H1 25: £190m; FY 25: £419m) of interest income calculated using the effective interest method.
2. All earnings per share calculations are based on profit attributable to equity holders of the Company.

3.02 Consolidated Statement of Comprehensive Income (unaudited)

For the six month period to 30 June 2026	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Profit for the period	**1,851**	330	616
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	**17**	(46)	(14)
Movement in cash flow hedge and cost of hedging reserve	**8**	61	44
Tax on movement in cash flow hedge and cost of hedging reserve	**3**	2	2
Movement in financial investments measured at FVOCI	**(78)**	(69)	(58)
Tax on movement in financial investments measured at FVOCI	**19**	17	14
Insurance finance income/(expense) for insurance contracts issued applying the OCI option	**84**	61	(159)
Reinsurance finance (expense)/income for reinsurance contracts held applying the OCI option	**(45)**	(45)	168
Tax on movement in net finance income for insurance and reinsurance contracts	**(10)**	(4)	(2)
Total items that may be reclassified subsequently to profit or loss	**(2)**	(23)	(5)
Other comprehensive expense after tax from continuing operations	**(2)**	(23)	(5)
Other comprehensive income/(expense) after tax from discontinued operations	**–**	(13)	(2)
Total comprehensive income for the period	**1,849**	294	609
Total comprehensive income/(expense) for the period attributable to:			
Non-controlling interests	**(5)**	14	25
Equity holders	**1,854**	280	584

3.03 Consolidated Balance Sheet (unaudited)

	Notes	As at 30 Jun 2026 £m	As at 30 Jun 2025 £m	As at 31 Dec 2025 £m
Assets				
Goodwill		**54**	30	54
Intangible assets		**310**	360	341
Investment in associates and joint ventures accounted for using the equity method		**544**	847	510
Property, plant and equipment		**472**	346	332
Investment property	4.04	**11,717**	10,148	11,636
Financial investments	4.04	**564,480**	501,215	521,777
Reinsurance contract assets	4.13	**8,703**	8,153	8,840
Deferred tax assets	4.05	**1,447**	1,585	1,588
Current tax assets		**1,009**	897	971
Receivables and other assets		**10,148**	9,869	6,221
Cash and cash equivalents		**14,517**	12,355	17,098
Assets of operations classified as held for sale		**–**	11,220	12,900
Total assets		**613,401**	557,025	582,268
Equity				
Share capital	4.06	**139**	144	142
Share premium	4.06	**7**	1,047	1,052
Employee scheme treasury shares		**(131)**	(165)	(163)
Capital redemption and other reserves		**20**	269	240
Retained earnings		**2,121**	621	517
Equity attributable to owners of the parent		**2,156**	1,916	1,788
Restricted Tier 1 convertible notes	4.07	**495**	495	495
Non-controlling interests		**23**	16	29
Total equity		**2,674**	2,427	2,312
Liabilities				
Insurance contract liabilities	4.13	**92,645**	87,155	93,946
Reinsurance contract liabilities	4.13	**5**	7	2
Investment contract liabilities		**389,999**	331,700	357,955
Core borrowings	4.08	**4,310**	4,303	4,297
Operational borrowings	4.09	**713**	515	601
Provisions		**201**	188	221
Deferred tax liabilities	4.05	**57**	–	89
Current tax liabilities		**119**	137	161
Payables and other financial liabilities	4.11	**91,531**	92,807	80,236
Other liabilities		**771**	697	853
Net asset value attributable to unit holders		**30,376**	26,247	29,233
Liabilities of operations classified as held for sale		**–**	10,842	12,362
Total liabilities		**610,727**	554,598	579,956
Total equity and liabilities		**613,401**	557,025	582,268

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3.04 Consolidated Statement of Changes in Equity (unaudited)

For the six month period to 30 June 2026	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1] £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
As at 1 January 2026	**142**	**1,052**	**(163)**	**240**	**517**	**1,788**	**495**	**29**	**2,312**
Profit for the period	–	–	–	–	**1,856**	**1,856**	–	**(5)**	**1,851**
Exchange differences on translation of overseas operations	–	–	–	**17**	–	**17**	–	–	**17**
Net movement in cash flow hedge and cost of hedging reserve	–	–	–	**11**	–	**11**	–	–	**11**
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	–	–	–	–	–
Net movement in financial investments measured at FVOCI	–	–	–	**(59)**	–	**(59)**	–	–	**(59)**
Net insurance finance income	–	–	–	**29**	–	**29**	–	–	**29**
Total comprehensive (expense)/income for the period	–	–	–	**(2)**	**1,856**	**1,854**	–	**(5)**	**1,849**
Transfers related to disposal of subsidiaries	–	–	–	**(171)**	–	**(171)**	–	–	**(171)**
Options exercised under share option schemes	–	**7**	–	–	–	**7**	–	–	**7**
Shares purchased and vested under share schemes	–	–	**32**	**(24)**	**3**	**11**	–	–	**11**
Share buyback[2]	**(3)**	–	–	**3**	**(434)**	**(434)**	–	–	**(434)**
Capital reduction[3]	–	**(1,052)**	–	**(24)**	**1,076**	–	–	–	–
Dividends	–	–	–	–	**(886)**	**(886)**	–	–	**(886)**
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	**(11)**	**(11)**	–	–	**(11)**
Net remeasurement of put option[4]	–	–	–	**(2)**	–	**(2)**	–	–	**(2)**
Movement in third-party interests	–	–	–	–	–	–	–	**(1)**	**(1)**
As at 30 June 2026	**139**	**7**	**(131)**	**20**	**2,121**	**2,156**	**495**	**23**	**2,674**

1. Capital redemption and other reserves at 30 June 2026 include share-based payment (£106m), foreign exchange (£(5)m), capital redemption (£3m), hedging (£31m), insurance and reinsurance finance reserves for contracts applying the OCI option (£224m), financial assets at FVOCI (£(241)m), and a £(98)m obligation reflecting the Group's put option over Proprium's non-controlling interests.
2. On 11 March 2026, Legal & General Group Plc entered into an agreement to acquire £600m of ordinary shares for cancellation. As at 30 June 2026, £411m of shares had been acquired under the programme (see Note 4.06 for further information).
3. At a General Meeting held on 21 May 2026, shareholders approved a reduction of £1,052m in Legal & General Group Plc's share premium account and £24m in its capital redemption reserve. The capital reduction became effective following Court approval on 16 June 2026.
4. The Group's obligation under a put option contract over Proprium's non-controlling interests.

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For the six month period to 30 June 2025	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1] £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
As at 1 January 2025	147	1,036	(163)	319	1,714	3,053	495	(37)	3,511
Profit for the period	–	–	–	–	316	316	–	14	330
Exchange differences on translation of overseas operations	–	–	–	(72)	–	(72)	–	–	(72)
Net movement in cash flow hedge and cost of hedging reserve	–	–	–	63	–	63	–	–	63
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	–	–	–	–	–
Net movement in financial investments measured at FVOCI	–	–	–	(47)	–	(47)	–	–	(47)
Net insurance finance income	–	–	–	20	–	20	–	–	20
Total comprehensive (expense)/income for the period	–	–	–	(36)	316	280	–	14	294
Options exercised under share option schemes	–	11	–	–	–	11	–	–	11
Shares purchased and vested under share schemes	–	–	(2)	(17)	3	(16)	–	–	(16)
Share buyback[2]	(3)	–	–	3	(503)	(503)	–	–	(503)
Dividends	–	–	–	–	(898)	(898)	–	–	(898)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(11)	(11)	–	–	(11)
Movement in third-party interests	–	–	–	–	–	–	–	39	39
As at 30 June 2025	144	1,047	(165)	269	621	1,916	495	16	2,427

1. Capital redemption and other reserves at 30 June 2025 include share-based payment (£93m), foreign exchange (£(36)m), capital redemption (£23m), hedging (£111m), insurance and reinsurance finance reserves for contracts applying the OCI option (£356m) and financial assets at FVOCI (£(278)m).
2. On 12 March 2025, Legal & General Group Plc entered into an agreement to acquire £503m (including stamp duty) of ordinary shares for cancellation. As at 30 June 2025, £324m of shares had been acquired under the programme (see Note 4.06 for further information).

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For the year ended 31 December 2025	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1] £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £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 at 31 December 2025 include share-based payment (£130m), foreign exchange (£(2)m), capital redemption (£24m), hedging (£94m), insurance and reinsurance finance reserves for contracts applying the OCI option (£358m), financial assets at FVOCI (£(268)m) and a £(96)m obligation arising from a put option over Proprium's non-controlling interests.
2. On 12 March 2025, Legal & General Group Plc entered into an irrevocable 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.

3.05 Consolidated Statement of Cash Flows (unaudited)

For the six month period to 30 June 2026	Notes	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Cash flows from operating activities				
Profit for the period		**1,851**	330	616
Adjustments for non-cash movements in net profit for the period				
Profit on the sale of the US protection and US PRT businesses	4.02	**(1,398)**	–	–
Net gains on financial investments		**(23,025)**	(4,958)	(31,594)
Net gains on investment property		**(17)**	(12)	(142)
Investment income		**(6,970)**	(6,508)	(13,045)
Interest expense		**137**	186	387
Tax expense		**246**	184	325
Other adjustments		**(33)**	121	191
Net (increase)/decrease in operational assets				
Investments mandatorily measured at FVTPL		**(11,771)**	(9,779)	(11,136)
Investments measured at FVOCI		**82**	(282)	(307)
Investments measured at amortised cost		**319**	(511)	(633)
Other assets		**(3,694)**	(1,509)	2,233
Net increase/(decrease) in operational liabilities				
Insurance contracts and reinsurance contracts held		**(1,064)**	1,453	8,590
Investment contracts		**32,044**	7,861	34,116
Other liabilities		**4,067**	7,229	4,754
Cash utilised in operations		**(9,226)**	(6,195)	(5,645)
Interest paid		**(121)**	(194)	(343)
Interest received[1]		**3,780**	3,183	5,863
Rent received		**264**	267	520
Tax paid[2]		**(252)**	(152)	(228)
Dividends received		**2,521**	2,380	4,381
Net cash flows from operating activities		**(3,034)**	(711)	4,548
Cash flows from investing activities				
Acquisition of property, plant and equipment, intangibles and other assets		**(173)**	(32)	(51)
Acquisition of operations, net of cash acquired		**(2)**	–	(22)
Disposal of subsidiaries and other operations, net of cash transferred	4.02	**666**	–	80
Investment in joint ventures and associates		**(39)**	(17)	(17)
Disposal of joint ventures and associates		**4**	–	180
Net cash flows from investing activities		**456**	(49)	170
Cash flows from financing activities				
Dividend distributions to ordinary equity holders during the period	4.03	**(886)**	(898)	(1,247)
Coupon payment in respect of restricted Tier 1 convertible notes, gross of tax	4.07	**(14)**	(14)	(28)
Options exercised under share option schemes	4.06	**7**	11	16
Treasury shares purchased for employee share schemes		**(23)**	(19)	(20)
Purchase of shares under share buyback programme	4.06	**(411)**	(324)	(503)
Payment of lease liabilities		**(15)**	(17)	(30)
Proceeds from borrowings	4.10	**363**	749	1,816
Repayment of borrowings	4.10	**(264)**	(2,120)	(2,933)
Net cash flows from financing activities		**(1,243)**	(2,632)	(2,929)
Net (decrease)/increase in cash and cash equivalents		**(3,821)**	(3,392)	1,789
Exchange losses on cash and cash equivalents		**–**	(101)	(108)
Cash and cash equivalents at 1 January		**18,338**	16,657	16,657
Total cash and cash equivalents		**14,517**	13,164	18,338
Less: cash and cash equivalents of operations classified as held for sale		**–**	(809)	(1,240)
Cash and cash equivalents at 30 June/31 December		**14,517**	12,355	17,098

1. Interest received includes net cash flows arising from interest rate swaps.
2. Tax paid comprises withholding tax of £140m (H1 25: £138m; FY 25: £199m), UK corporation tax of £97m (H1 25: £11m; FY 25: £8m) and overseas tax of £15m (H1 25: £3m; FY 25: £21m).

IFRS Disclosure Notes (unaudited)

4.01 Basis of preparation

The Group financial information for the six months ended 30 June 2026 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting'. The Group's financial information, a condensed set of financial statements which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes, has also been prepared in line with the accounting policies which the Group expects to adopt for the year ending 31 December 2026. These policies are consistent with the principal accounting policies which were set out in the Group's 2025 consolidated financial statements, except where policy changes have been outlined below in "New standards, interpretations and amendments to published standards that have been adopted by the Group". Accounting policies are in line with UK-adopted international accounting standards, as issued by the International Accounting Standards Board and adopted by the UK Endorsement Board for use in the United Kingdom.

The preparation of the Interim Management Report includes the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet and Consolidated Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The economic and non-economic actuarial assumptions used to establish the liabilities in relation to insurance represent an area of critical accounting judgement on policy application. For half year financial reporting, economic assumptions have been updated to reflect market conditions. Non-economic assumptions are consistent with those used in the 31 December 2025 financial statements.

The results for the half year ended 30 June 2026 are unaudited but have been reviewed by KPMG LLP. The interim results do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The results for the full year 2025 have been taken from the Group's 2025 Annual report and accounts. Therefore, these interim accounts should be read in conjunction with the 2025 Annual report and accounts, prepared in accordance with UK-adopted international accounting standards, which comprise International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and related interpretations issued by the IFRS Interpretations Committee, and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. Those accounts have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Key technical terms and definitions

The Interim Management Report refers to various key performance indicators, accounting standards and other technical terms. A comprehensive list of these definitions is contained within the glossary of these interim financial statements.

Alternative performance measures

The Group uses a number of alternative performance measures (APMs), including adjusted operating profit, in the discussion of its business performance and financial position, as the Group believes that they, complemented with figures determined according to other regulations, enhance understanding of the Group's performance. Definitions and further information in relation to the Group's APMs can be found in the Alternative Performance Measures section of these interim financial statements.

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.

Climate change

At the current time, the Group does not consider climate risk to represent a significant area of judgement or of estimation uncertainty. As at 30 June 2026, no material impacts on the Group's financial position, nor on the valuation of assets or liabilities on the Group's Consolidated Balance Sheet as a result of climate change risk have been identified. Further detail on how the Group arrives at this determination is disclosed in the basis of preparation of the Group's 2025 consolidated financial statements.

(i) Going concern

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 this Interim Management Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities as at 30 June 2026 are described in the IFRS Primary Financial Statements and IFRS Disclosure Notes. Principal risks and uncertainties are detailed on page 76 to 81.

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 interim financial information, using the information available up to the date of issue of this Interim Management Report.

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 Note 6.01. 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 76 to 81 the directors are confident that the Group 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.

(ii) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has applied the following amendments for the first time in its six-month reporting period commencing 1 January 2026.

- Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures': 'Amendments to the Classification and Measurement of Financial Instruments'

  The amendments clarify the timing of recognition and derecognition for financial assets and financial liabilities. They also introduce an exception that permits an entity to elect, as an accounting policy choice, to derecognise a financial liability before the settlement date where the liability is settled through an electronic cash transfer system and specified conditions are met.

  The Group derecognises financial liabilities on the settlement date. As a result, it has concluded that the policy election is not required and that the amendments relating to recognition and derecognition of financial assets and financial liabilities have no impact on the Group.

The following other amendments were also applied by the Group for the first time in its six-month reporting period commencing 1 January 2026 and did not have a material impact on its consolidated financial statements.

- Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures': 'Contracts Referencing Nature-dependent Electricity'
- Annual Improvements to IFRS Accounting Standards — Volume 11

(iii) Update on standards, interpretations and amendments to published standards which are not yet effective

- IFRS 18, 'Presentation and Disclosure in Financial Statements'

  During 2026, the Group has continued to progress its IFRS 18 implementation work, focusing on the areas expected to have the most significant impact on the Group's financial statement presentation and disclosures. This has included an assessment of the Group's specified main business activities for the purposes of classifying income and expenses within the new operating, investing and financing categories. Such classification will result in the identification of two newly defined subtotals, namely 'operating profit' and 'profit or loss before financing and income taxes'.

  Based on information currently available and the work performed to date, the Group expects to have a specified main business activity of investing in assets, which means that a significant proportion of the Group's income statement balances, including income and expenses from financial investments and investment property, are expected to be classified within the operating category. Income and expenses arising from insurance and investment contracts are also expected to be presented within the operating category. Certain balances are expected to be presented outside operating profit, notably the share of profit or loss from equity-accounted associates and joint ventures within the investing category, and income and expenses relating to the Group's core and operational borrowings within the financing category.

  The Group has also progressed its assessment of management-defined performance measures, including the identification of performance measures which may fall within the scope of the new requirements, the determination of the most directly comparable IFRS-defined measures and the development of the related reconciliation and disclosure requirements.

  The Group will continue to assess the implications of the aggregation and disaggregation requirements introduced by IFRS 18 as part of its implementation programme ahead of adoption.

  IFRS 18 introduces changes to presentation and disclosure requirements but does not amend the underlying recognition or measurement requirements of existing standards. Based on the work performed to date, the principal impacts for the Group are therefore expected to relate to presentation and disclosure within the financial statements.

4.02 Disposals

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. The Group recognised a gain on disposal of £1.4bn, which has been included in profit from discontinued operations in the Consolidated Income Statement for the period ended 30 June 2026.

(i) Profit on the sale of the US protection and US PRT businesses

	2026 £m
Consideration received	1,905
Less: Transaction and separation costs	(32)
Net proceeds from sale	1,873
Carrying value of net assets disposed	(646)
Reserves recycled to the Consolidated Income Statement	97
Foreign exchange hedging gains on disposal proceeds	74
Profit on the sale of the US protection and US PRT businesses	1,398

(ii) Carrying value of net assets disposed

	2026 £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	1,239
Total assets	12,899
Insurance contract liabilities	10,147
Reinsurance contract liabilities	140
Investment contract liabilities	110
Operational borrowings	1,557
Deferred tax liabilities	122
Payables and other financial liabilities	46
Other liabilities	131
Total liabilities	12,253
Carrying value of net assets disposed	646

4.03 Dividends and appropriations

	Dividend 6 months 2026 £m	Per share[1] 6 months 2026 p	Dividend 6 months 2025 £m	Per share[1] 6 months 2025 p	Dividend Full year 2025 £m	Per share[1] Full year 2025 p
Ordinary dividends paid and charged to equity in the period:						
Final 2024 dividend paid in June 2025	–	–	898	15.36	898	15.36
Interim 2025 dividend paid in September 2025	–	–	–	–	349	6.12
Final 2025 dividend paid in June 2026	**886**	**15.67**	–	–	–	–
Total dividends[2]	**886**	**15.67**	898	15.36	1,247	21.48

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 30 June 2026, the directors declared an interim dividend for 2026 of 6.24 pence per ordinary share. This dividend will be paid on 25 September 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 30 June 2026.

4.04 Financial investments and investment property

	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
Equity securities[1]	**266,893**	209,885	234,544
Debt securities[2,3]	**242,827**	231,060	235,743
Derivative assets[4]	**45,011**	51,224	44,329
Loans[5]	**9,749**	9,046	7,161
Financial investments	**564,480**	501,215	521,777
Investment property	**11,717**	10,148	11,636
Total financial investments and investment property	**576,197**	511,363	533,413

1. Equity securities include investments in unit trusts of £21,769m (30 June 2025: £18,766m; 31 December 2025: £18,731m).
2. Debt securities include accrued interest of £1,893m (30 June 2025: £1,839m; 31 December 2025: £1,886m) and include £7,646m (30 June 2025: £8,093m; 31 December 2025: £7,973m) of assets valued at amortised cost.
3. A detailed analysis of debt securities to which shareholders are directly exposed is disclosed in Note 7.03.
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 £59,157m (30 June 2025: £57,949m; 31 December 2025: £51,218m).
5. Loans include £202m (30 June 2025: £188m; 31 December 2025: £194m) of loans valued at amortised cost.

(i) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

All of the Group's Level 2 assets have been valued using standard market pricing sources, such as IHS Markit, ICE and Bloomberg, or Index Providers such as Barclays, Merrill Lynch or JPMorgan. Each uses mathematical modelling and multiple source validation in order to determine consensus prices, with the exception of OTC Derivative holdings. OTCs are marked to market using an in-house system (Lombard Oberon), external vendor (IHS Markit), internal model or Counterparty Broker marks.

The Group's policy is to re-assess categorisation of financial assets at the end of each reporting period and to recognise transfers between levels at that point in time. At 30 June 2026 debt securities totalling net £6.7bn (30 June 2025: £7.5bn; 31 December 2025: £10.1bn) transferred from Level 2 to Level 1 in the fair value hierarchy.

The Group's investment properties are valued by appropriately qualified external valuers using unobservable inputs, resulting in all investment property being classified as Level 3.

IFRS Disclosure Notes (unaudited)

The table below breaks down the fair value of financial investments and investment property by fair value hierarchy level.

For the six month period to 30 June 2026	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	**1,875**	**344**	**–**	**1,531**
Debt securities	**87,813**	**52,679**	**14,551**	**20,583**
Derivative assets	**43,385**	**2**	**43,383**	**–**
Loans at fair value	**2,966**	**–**	**2,966**	**–**
Investment property	**6,853**	**–**	**–**	**6,853**
Total Shareholder	**142,892**	**53,025**	**60,900**	**28,967**
Unit linked				
Equity securities	**265,018**	**260,898**	**2,142**	**1,978**
Debt securities	**147,368**	**109,572**	**35,712**	**2,084**
Derivative assets	**1,626**	**57**	**1,569**	**–**
Loans at fair value	**6,581**	**–**	**6,581**	**–**
Investment property	**4,864**	**–**	**–**	**4,864**
Total Unit linked	**425,457**	**370,527**	**46,004**	**8,926**
Total financial investments and investment property at fair value	**568,349**	**423,552**	**106,904**	**37,893**
Debt securities at amortised cost[1]	**6,493**	**–**	**210**	**6,283**
Loans at amortised cost[1]	**202**	**1**	**–**	**201**

1. This table includes debt securities and loans which are held at amortised cost on the Consolidated Balance Sheet at a total value of £7,848m.

For the six month period to 30 June 2025	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	2,338	589	–	1,749
Debt securities	75,436	41,015	15,784	18,637
Derivative assets	48,923	6	48,917	–
Loans at fair value	2,731	–	2,731	–
Investment property	6,266	–	–	6,266
Total Shareholder	135,694	41,610	67,432	26,652
Unit linked				
Equity securities	207,547	206,293	3	1,251
Debt securities	147,531	101,202	44,699	1,630
Derivative assets	2,301	90	2,211	–
Loans at fair value	6,127	–	6,127	–
Investment property	3,882	–	–	3,882
Total Unit linked	367,388	307,585	53,040	6,763
Total financial investments and investment property at fair value	503,082	349,195	120,472	33,415
Debt securities at amortised cost[1]	6,988	–	82	6,906
Loans at amortised cost[1]	188	1	–	187

1. This table includes debt securities and loans which are held at amortised cost on the Consolidated Balance Sheet at a total value of £8,281m.

For the year ended 31 December 2025	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	2,072	538	–	1,534
Debt securities	79,772	43,247	16,425	20,100
Derivative assets	41,625	1	41,624	–
Loans at fair value	1,070	–	1,070	–
Investment property	6,839	–	–	6,839
Total Shareholder	131,378	43,786	59,119	28,473
Unit linked				
Equity securities	232,472	229,627	3	2,842
Debt securities	147,998	102,976	42,920	2,102
Derivative assets	2,704	43	2,661	–
Loans at fair value	5,897	–	5,897	–
Investment property	4,797	–	–	4,797
Total Unit linked	393,868	332,646	51,481	9,741
Total financial investments and investment property at fair value	525,246	376,432	110,600	38,214
Debt securities at amortised cost[1]	6,930	–	43	6,887
Loans at amortised cost[1]	194	1	–	193

1. This table includes debt securities and loans which are held at amortised cost on the Consolidated Balance Sheet at a total value of £8,167m.

(ii) Level 3 assets measured at fair value

Level 3 assets, where modelling techniques are used, comprise property, unquoted securities, untraded debt securities and securities where unquoted prices are provided by a single broker. Unquoted securities include suspended securities, investments in private equity and property vehicles. Untraded debt securities include private placements, commercial real estate loans, income strips, retirement interest only and other lifetime mortgages.

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Group determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Group has classified within Level 3.

The Group determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Group also determines fair value based on estimated future cash flows discounted at the appropriate current market rate. As appropriate, fair values reflect adjustments for counterparty credit quality, the Group's credit standing, liquidity and risk margins on unobservable inputs.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee and validated independently as appropriate.

	Equity securities 2026 £m	**Other financial investments 2026 £m**	**Investment property 2026 £m**	**Total 2026 £m**	Equity securities 2025 £m	Other financial investments 2025 £m	Investment property 2025 £m	Total 2025 £m
As at 1 January	**4,376**	**22,202**	**11,636**	**38,214**	2,627	22,412	9,822	34,861
Transfer to held for sale	–	–	–	–	(89)	(3,024)	–	(3,113)
Total gains/(losses) for the period:								
Realised gains/(losses)[1]	**(11)**	**4**	**–**	**(7)**	12	(14)	(32)	(34)
Unrealised gains/(losses)[1]	**(139)**	**4**	**18**	**(117)**	(44)	(84)	(15)	(143)
Purchases/Additions	**1,546**	**3,089**	**197**	**4,832**	712	2,385	517	3,614
Disposals/Derecognitions	**(2,263)**	**(2,626)**	**(140)**	**(5,029)**	(29)	(1,426)	(127)	(1,582)
Transfers into Level 3	**–**	**3**	**–**	**3**	11	35	–	46
Transfers out of Level 3	**–**	**(5)**	**–**	**(5)**	(190)	(7)	–	(197)
Foreign exchange rate movements	**–**	**(4)**	**6**	**2**	(10)	(10)	(17)	(37)
As at 30 June	**3,509**	**22,667**	**11,717**	**37,893**	3,000	20,267	10,148	33,415

1. Realised and unrealised gains/(losses) are recognised in Investment return in the Consolidated Income Statement.

IFRS Disclosure Notes (unaudited)

	Equity securities 2025 £m	Other financial investments 2025 £m	Investment property 2025 £m	Total 2025 £m
As at 1 January	2,627	22,412	9,822	34,861
Transfer to held for sale	(89)	(3,024)	–	(3,113)
Total gains/(losses) for the period:				
Realised gains/(losses)[1]	4	(11)	(64)	(71)
Unrealised gains/(losses)[1]	(109)	66	156	113
Purchases/Additions	2,295	5,581	2,007	9,883
Disposals/Derecognitions	(301)	(3,098)	(264)	(3,663)
Transfers into Level 3	48	320	–	368
Transfers out of Level 3	(92)	(36)	–	(128)
Foreign exchange rate movements	(7)	(8)	(21)	(36)
As at 31 December	4,376	22,202	11,636	38,214

1. Realised and unrealised gains/(losses) are recognised in Investment return in the Consolidated Income Statement.

The analysis below includes assets which are disclosed in Assets of operations classified as held for sale in the Consolidated Balance Sheet where applicable.

Equity securities

Level 3 equity securities amount to £3,509m (30 June 2025: £3,114m; 31 December 2025: £4,487m), of which the majority is made up of holdings in investment property vehicles and private investment funds. They are valued at the proportion of the Group's holding of the Net Asset Value reported by the investment vehicles. Other equity securities are valued by a number of third-party specialists using a range of techniques which are often dependent on the maturity of the underlying investment but can also depend on the characteristics of individual assets. Such techniques include transaction values underpinned by analysis of milestone achievement and cash runway for early/start-up stage investments, discounted cash flow models for investments at the next stage of development and earnings multiples for more mature investments.

Other financial investments

Lifetime mortgage (LTM) loans and retirement interest only mortgages amount to £5,868m (30 June 2025: £6,072m; 31 December 2025: £5,756m). Lifetime mortgages are valued using a discounted cash flow model by projecting best estimate net asset proceeds and discounted using rates inferred from current LTM loan pricing. The inferred illiquidity premiums for the majority of the portfolio range between 150 and 250bps (30 June 2025: between 125 and 200bps; 31 December 2025: between 150 and 250bps). This ensures the value of loans at outset is consistent with the purchase price of the loan and achieves consistency between new and in-force loans. Lifetime mortgages include a no negative equity guarantee (NNEG) to borrowers. This ensures that if there is a shortfall between the sale proceeds of the property and the outstanding loan balance on redemption of the loan, the value of the loan will be reduced by this amount. The NNEG on loan redemption is valued as a series of put options, which we calculate using a variant of the Black-Scholes formula. Key assumptions in the valuation of lifetime mortgages include short-term and long-term property growth rates, property index volatility, voluntary early repayments and longevity assumptions. The valuation as at 30 June 2026 reflects a combination of short-term and long-term property growth rate assumptions equivalent to a flat rate of 3.5% annually (30 June 2025: 3.4%; 31 December 2025: 3.5% annually), after allowing for the effects of dilapidation. The values of the properties collateralising the LTM loans are updated from the date of the last property valuation to the valuation date by indexing using UK regional house price indices.

Private credit loans (including commercial real estate loans) amount to £15,160m (30 June 2025: £12,518m; 31 December 2025: £14,511m). Their valuation is determined by discounted future cash flows which are based on the market yield and spread of the Asset Management approved comparable bonds and the initial transaction spread, both of which are agreed by S&P Global who also provide an independent verification of the selection of the comparable bonds. Unobservable inputs that go into the determination of comparators include rating, sector, sub-sector, performance dynamics, financing structure and duration of investment. Existing private credit investments, which were executed as far back as 2011, are subject to a range of interest rate formats, although the majority are fixed rate. The weighted average duration of the portfolio is 6.8 years (30 June 2025: 7.2 years; 31 December 2025: 7.0 years), with a weighted average life of 9.7 years (30 June 2025: 10.4 years; 31 December 2025: 10.0 years). Maturities in the portfolio currently extend out to 2074 (30 June 2025: 2074; 31 December 2025: to 2074). The private credit portfolio of assets has internal ratings assigned by an independent credit team in line with internally developed methodologies. These credit ratings range from AAA to BB- (30 June 2025: AAA to BB-; 31 December 2025: AAA to BB-).

Private placements amount to £33m (30 June 2025: £2,319m; 31 December 2025: £2,579m). They are valued using a pricing matrix comprised of a public spread matrix, internal ratings assigned to each holding, average life of each holding and a premium spread matrix. These are added to the risk-free rate to calculate the discounted cash flows and establish a market value for each investment grade private placement. The valuation as at 30 June 2026 reflects illiquidity premiums between 135 and 146bps (30 June 2025: between 20 and 70bps; 31 December 2025: between 20 and 70bps).

Income strip assets amount to £1,298m (30 June 2025: £1,260m; 31 December 2025: £1,272m). Their valuation is outsourced to CBRE who apply a yield to maturity to discounted future cash flows to derive valuations. The overall valuation takes into account the property location, tenant details, tenure, rent, rental break terms, lease expiries and underlying residual value of the property. The valuation as at 30 June 2026 reflects equivalent yield ranges between 2% and 16% (30 June 2025: 3% and 18%; 31 December 2025: between 3% to 18%) and estimated rental values (ERV) between £1 and £50 per sq.ft (30 June 2025: £7 and £367 per sq.ft; 31 December 2025: between £1 and £26 per sq.ft).

Commercial mortgage loans amount to £nil (30 June 2025: £781m; 31 December 2025: £795m). They are determined by incorporating credit risk for performing loans at the portfolio level and adjusted for loans identified to be distressed at the loan level. The projected cash flows of each loan are discounted along stochastic risk-free rate paths and are inclusive of an Option Adjusted Spread (OAS), derived from current internal pricing on new loans, along with the best observable inputs.

Other debt securities which are not traded in an active market amount to £308m (30 June 2025: £417m; 31 December 2025: £663m). They have been valued using third-party or counterparty valuations and these prices are considered to be unobservable due to infrequent market transactions.

Investment property

Level 3 investment property amounting to £11,717m (30 June 2025: £10,148m; 31 December 2025: £11,636m) is valued with the involvement of external valuers. All property valuations in the UK are carried out in accordance with the latest edition of the Valuation Standards published by the Royal Institute of Chartered Surveyors and are undertaken by appropriately qualified valuers as defined therein. Outside the UK, valuations are produced in conjunction with external qualified professional values in the countries concerned. Whilst transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context, valuers must use their market knowledge and professional judgement and not rely only upon market sentiment based on historic transactional comparables.

The valuation of investment properties also includes an income approach that is based on current rental income plus anticipated uplifts, where the uplift and discount rates are derived from rates implied by recent market transactions. These inputs are deemed unobservable. The valuation as at 30 June 2026 reflects equivalent yield ranges between 1% and 53% (30 June 2025: 1% and 53%; 31 December 2025: between 1% and 53%) and Estimated Rental Value (ERV) between £1 and £219 per sq.ft (30 June 2025: £2 and £369 per sq.ft; 31 December 2025: between £1 and £219 per sq.ft).

The table below shows the valuation of investment property by sector:

	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
Retail	**1,455**	1,150	1,351
Leisure	**584**	496	580
Distribution	**1,275**	1,060	1,279
Office Space	**3,335**	3,014	3,267
Industrial and other commercial	**2,169**	1,876	2,306
Accommodation	**2,899**	2,552	2,853
Total investment property	**11,717**	10,148	11,636

(iii) Effect of changes in assumptions on Level 3 assets

Fair values of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data.

Where material, the Group assesses the sensitivity of fair values of Level 3 investments to changes in unobservable inputs to reasonable alternative assumptions. The table below shows the impact of applying these sensitivities to the fair value of Level 3 assets as at 30 June 2026, including assets which are part of operations classified as held for sale. Further disclosure on how these sensitivities have been applied can be found in the descriptions following the table.

		Sensitivities	
	Fair value 30 June 2026 £m	**Positive impact £m**	**Negative impact £m**
Lifetime mortgages	**5,868**	**217**	**(258)**
Private credit portfolios	**15,193**	**701**	**(701)**
Investment property	**11,717**	**935**	**(935)**
Other investments[1]	**5,115**	**341**	**(431)**
Total Level 3 assets	**37,893**	**2,194**	**(2,325)**

1. Other investments include Level 3 equity securities, income strip assets and other traded debt securities which are Level 3.

The sensitivities are not a function of sensitising a single variable relating to the valuation of the asset, but rather a function of flexing multiple factors often at individual asset level. The following sets out a number of key factors by asset type and how they have been flexed to derive reasonable alternative valuations.

Lifetime mortgages

Key assumptions used in the valuation of lifetime mortgage assets are listed in Note 4.04(ii) and sensitivities are applied to each assumption which are used to derive the values in the above table. The most significant increase in value is a 20bps reduction in the discount rate which, applied in isolation produces a sensitised value of £133m. The most significant decrease in value is a 10% reduction in property prices which, applied in isolation produces a sensitised value of £(130)m.

Private credit portfolios

The sensitivity in the private credit portfolio has been determined through a method which estimates investment spread value premium differences as compared to the institutional investment market. Individual investment characteristics of each holding, such as credit rating and duration are used to determine spread differentials for the purposes of determining alternate values. Spread differentials are determined to be lower for highly rated and/or shorter duration assets as compared to lower rated and/or longer duration assets. A significant component of the spread differential is in relation to the selection of comparator bonds, which is the potential difference in spread of the basket of relevant comparators determined by respective investors. If we were to take an AA rated asset it may attract a spread differential of 30bps on the selection of comparator bonds as opposed to 45bps for a similar duration BBB rated asset. Applied in isolation the sensitivity used to reflect the spread in comparator bond selection results in sensitised values of £208m and £(208)m.

Investment property

Investment property holdings are valued by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors (RICS). As such, sensitivities are calculated through a mixture of asset level and portfolio level methodologies which make reference to individual investment characteristics of the holding but do not flex individual assumptions used by the independent expert in valuing the holdings. Valuation uncertainty is assessed using three methodologies that are each applied independently and then weighted equally to determine the overall portfolio sensitivity: (i) acceptable margin of error approach reflecting real asset valuation specialists view on uncertainty, (ii) an fixed income approach that derives sensitivities for each asset using duration, credit rating and inflation linkage to determine asset-specific stress factors and (iii) a property yield approach that flexes valuation yields by reference to remaining term and credit rating (for example, AA rated asset with remaining term of 25 years in normal market conditions this would lead to a 15bps yield flex as opposed to a 35bps yield flex for a BBB rated asset with a 30 year remaining term). While these three methodologies are combined to produce a weighted average sensitivity on Sales and Leaseback and Build to Rent portfolio. Other portfolios apply margin of error sensitivity.

The methodology which leads to the most significant sensitivity at the balance sheet date is an acceptable margin of error reflecting real asset valuation specialists view on uncertainty of 10% either way, subject to the valuation being undertaken with due care. If this sensitivity were to be taken without a weighting it would produce sensitised values of £595m and £(595)m.

It should be noted that some sensitivities described above are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

4.05 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]	From continuing operations	Total[1]
	6 months 2026	**6 months 2026**	6 months 2025	6 months 2025	Full year 2025	Full year 2025
	£m	**£m**	£m	£m	£m	£m
Profit before tax attributable to equity holders	**599**	**1,997**	368	406	690	807
Tax calculated at 25% (2025: 25%)	**150**	**499**	92	102	173	202
Adjusted for the effects of:						
Recurring reconciling items:						
Different rate of tax on overseas profits and losses[2]	**(16)**	**(16)**	(17)	(34)	(40)	(53)
Income not subject to tax	**(1)**	**(1)**	(4)	(4)	(3)	(3)
Non-deductible expenses[3]	**15**	**15**	8	7	31	30
Differences between taxable and accounting investment gains[4]	**(11)**	**(11)**	5	5	(1)	(1)
Other taxes on property and foreign income	**–**	**–**	1	1	–	–
Unrecognised tax losses	**7**	**7**	–	–	12	14
Non-recurring reconciling items:						
Differences between taxable and accounting investment gains[4]	**(9)**	**(358)**	2	2	1	1
Adjustments in respect of prior years	**11**	**11**	(3)	(3)	(5)	(1)
Impact of the revaluation of deferred tax balances	**–**	**–**	–	–	2	2
Tax expense attributable to equity holders	**146**	**146**	84	76	170	191
Equity holders' effective tax rate	**24 %**	**7 %**	23 %	19 %	25 %	24 %

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. Total includes £349m attributable to the disposal of the US Insurance business which is exempt from UK tax due to the substantial shareholding exemption.

(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 mandatory temporary 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 2026 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 £289m at 30 June 2026, reflecting unwind to date) is included in Pillar II top-up tax calculations from 1 January 2027. The enabling UK legislation was substantively enacted in March 2026 and does not of itself change the recognition of the Bermuda deferred tax asset. The expected outcome is that there will be an increase in current taxes and the effective tax rate of the Bermuda business from 1 January 2027 as the deferred tax asset unwinds.

(iii) Deferred tax

Deferred tax assets/(liabilities)	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
Difference between the tax and accounting value of insurance contracts	**1,327**	1,504	1,429
UK	**1,038**	1,181	1,123
Bermuda	**289**	323	306
Realised and unrealised gains on investments	**(112)**	(109)	(155)
Excess of depreciation over capital allowances	**5**	(1)	8
Accounting provisions and other	**47**	53	58
Trading losses	**123**	151	159
Other	**–**	(13)	–
Net deferred tax asset	**1,390**	1,585	1,499
Presented on the Consolidated Balance Sheet as:			
Deferred tax assets	**1,447**	1,585	1,588
Deferred tax liabilities	**(57)**	–	(89)
Net deferred tax asset	**1,390**	1,585	1,499

4.06 Share capital and share premium

Authorised share capital	Number of shares	£m
At 30 June 2026, 30 June 2025 and 31 December 2025: ordinary shares of 2.5p each	**9,200,000,000**	**230**

Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m
As at 1 January 2026	**5,697,611,241**	**142**	**1,052**
Cancellation of shares under share buyback programme[1]	**(159,508,926)**	**(3)**	**–**
Options exercised under share option schemes	**3,334,826**	**–**	**7**
Capital reduction[2]	**–**	**–**	**(1,052)**
As at 30 June 2026	**5,541,437,141**	**139**	**7**

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]	(133,259,789)	(3)	–
Options exercised under share option schemes	5,789,249	–	11
As at 30 June 2025	5,765,709,099	144	1,047
Cancellation of shares under share buyback programme[1]	(70,146,567)	(2)	–
Options exercised under share option schemes	2,048,709	–	5
As at 31 December 2025	5,697,611,241	142	1,052

1. During the period, 159,508,926 shares (H1 25: 133,259,789 shares; FY 25: 203,406,356 shares) were repurchased and cancelled under the share buyback programme representing 2.8% of opening issued share capital (30 June 2025: 2.3%; 31 December 2025: 3.5%) at a cost of £411m including expenses (30 June 2025: £324m; 31 December 2025: £503m). At 7 July 2026, a further 8,061,919 ordinary shares had been purchased for cancellation at a total cost of £23m including expenses.
2. At a General Meeting held on 21 May 2026, shareholders approved a reduction of £1,052m in Legal & General Group Plc's share premium account. The capital reduction became effective following Court approval on 16 June 2026.

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.

4.07 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 period, coupon payments of £14m were made (H1 25: £14m; FY 25: £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.

4.08 Core borrowings

	Carrying amount 30 Jun 2026 £m	Fair value 30 Jun 2026 £m	Carrying amount 30 Jun 2025 £m	Fair value 30 Jun 2025 £m	Carrying amount 31 Dec 2025 £m	Fair value 31 Dec 2025 £m
Subordinated borrowings						
5.5% Sterling subordinated notes 2064 (Tier 2)	–	–	591	601	13	13
5.375% Sterling subordinated notes 2045 (Tier 2)	–	–	102	102	–	–
5.25% US Dollar subordinated notes 2047 (Tier 2)	**650**	**652**	628	629	640	644
5.55% US Dollar subordinated notes 2052 (Tier 2)	**381**	**383**	367	368	374	382
5.125% Sterling subordinated notes 2048 (Tier 2)	**402**	**401**	401	404	401	407
3.75% Sterling subordinated notes 2049 (Tier 2)	**600**	**573**	600	568	600	578
4.5% Sterling subordinated notes 2050 (Tier 2)	**502**	**486**	501	484	501	492
6.625% Sterling subordinated notes 2055 (Tier 2)	**603**	**633**	602	616	602	642
4.375% Euro subordinated notes 2055 (Tier 2)	**618**	**627**	–	–	613	627
Client fund holdings of Group debt (Tier 2)[1]	**(40)**	**(39)**	(80)	(79)	(47)	(46)
Total subordinated borrowings	**3,716**	**3,716**	3,712	3,693	3,697	3,739
Senior borrowings						
Sterling medium term notes 2031-2041	**603**	**637**	603	641	609	645
Client fund holdings of Group debt[1]	**(9)**	**(8)**	(12)	(11)	(9)	(9)
Total senior borrowings	**594**	**629**	591	630	600	636
Total core borrowings	**4,310**	**4,345**	4,303	4,323	4,297	4,375

1. £49m (30 June 2025: £92m; 31 December 2025: £56m) 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 £53m (30 June 2025: £49m; 31 December 2025: £50m) 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 (subject to LIBOR cessation). These notes mature on 21 March 2047. On 10 July 2026, Legal & General Group Plc completed a tender offer and redeemed $401m of these notes.

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 (subject to LIBOR cessation). 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.

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. On 10 July 2026, Legal & General Group Plc completed a tender offer, under which Legal & General Finance PLC redeemed £200m of these notes.

4.09 Operational borrowings

	Carrying amount 30 Jun 2026 £m	**Fair value 30 Jun 2026 £m**	Carrying amount 30 Jun 2025 £m	Fair value 30 Jun 2025 £m	Carrying amount 31 Dec 2025 £m	Fair value 31 Dec 2025 £m
Euro Commercial Paper	**50**	**50**	50	50	50	50
Bank loans and overdrafts	**16**	**16**	57	57	14	14
Non-recourse borrowings	**124**	**124**	185	185	228	228
Total operational borrowings[1]	**190**	**190**	292	292	292	292

1. Unit linked borrowings with a carrying value of £523m (30 June 2025: £223m; 31 December 2025: £309m) are excluded from the analysis above as the risk is retained by policyholders. Operational borrowings including unit linked borrowings are £713m (30 June 2025: £515m; 31 December 2025: £601m).

Non-recourse borrowings

- 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.
- 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 30 June 2026, 30 June 2025 or 31 December 2025.

4.10 Movement in borrowings

	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
As at 1 January	**4,898**	7,699	7,699
Cash movements:			
Proceeds from borrowings	**154**	749	1,564
Repayment of borrowings	**(264)**	(733)	(1,578)
Increase/(decrease) in bank loans and overdrafts	**209**	(1,387)	(1,355)
Non-cash movements:			
Amortisation	**2**	2	4
Foreign exchange rate movements	**9**	(99)	(91)
Transfers to held for sale[1]	**–**	(1,411)	(1,411)
Other	**15**	(2)	66
Total core and operational borrowings as at 30 June/ 31 December	**5,023**	4,818	4,898

1. Non-recourse borrowings held by the US insurance entity were reclassified to Liabilities of operations classified as held for sale, with a value of £1,411m as at the reclassification date.

4.11 Payables and other financial liabilities

	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
Derivative liabilities	**59,157**	57,949	51,218
Repurchase agreements[1]	**21,541**	22,271	20,216
Payables and other financial liabilities[2]	**10,833**	12,587	8,802
Total payables and other financial liabilities	**91,531**	92,807	80,236

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. Payables and 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 30 June 2026 was £3,824m (30 June 2025: £3,199m; 31 December 2025: £1,515m). Payables and other financial liabilities also includes £98m (30 June 2025; £nil; 31 December 2025: £96m) related to the Group's obligation under a put option contract over Proprium's non-controlling interests.

(i) Fair value hierarchy

As at 30 June 2026	**Total £m**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Amortised cost[1] £m**
Derivative liabilities	**59,157**	**124**	**59,000**	**33**	**–**
Repurchase agreements	**21,541**	**–**	**21,541**	**–**	**–**
Payables and other financial liabilities	**10,833**	**3,821**	**3**	**100**	**6,909**
Total payables and other financial liabilities	**91,531**	**3,945**	**80,544**	**133**	**6,909**

As at 30 June 2025	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost[1] £m
Derivative liabilities	57,949	722	57,187	40	–
Repurchase agreements	22,271	–	22,271	–	–
Payables and other financial liabilities	12,587	3,135	64	–	9,388
Total payables and other financial liabilities	92,807	3,857	79,522	40	9,388

As at 31 December 2025	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost[1] £m
Derivative liabilities	51,218	16	51,163	39	–
Repurchase agreements	20,216	–	20,216	–	–
Payables and 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

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 period ended 30 June 2026 (30 June 2025 and 31 December 2025: no significant transfers).

4.12 Long-term insurance discount rate assumptions

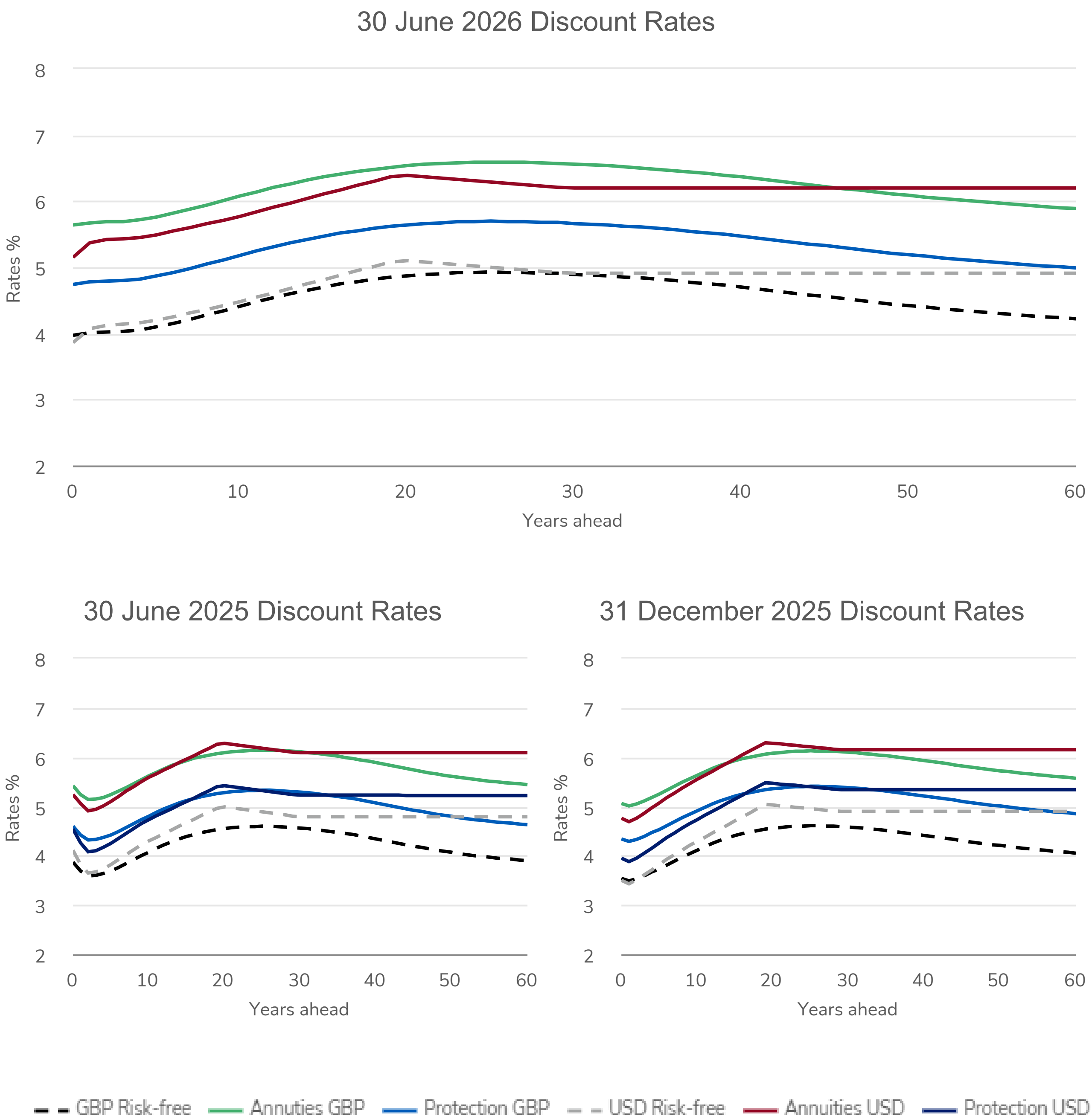
The interest rates used to discount the cash flows for the purpose of valuing insurance contract liabilities should reflect the timing and liquidity characteristics of the insurance liability cash flows and current market conditions. The valuation interest rate assumptions are derived as interest rate curves with full term structure.

In deriving the liquidity premium assumptions for annuity business, an explicit allowance for risk is deducted from the yield on the assets backing annuity liabilities. The allowance for risk comprises long-term assumptions about defaults and the market risk premiums for taking credit risk. In the case of lifetime mortgage assets a best estimate expectation of losses arising from the No Negative Equity Guarantee and the market risk premiums for this risk are deducted from the yield.

For the UK annuity business, the deduction for risk of default for corporate bonds and direct investments equated to 36bps (30 June 2025: 37bps; 31 December 2025: 37bps). For lifetime mortgages the deductions equated to £0.2bn (30 June 2025: £0.3bn; 31 December 2025: £0.2bn).

For UK protection business, the yield is calculated based on notional asset portfolios of AA rated corporate bonds and cash, which reflect the characteristics of the liability cash flows. An explicit allowance is deducted from the yield to reflect the default risk associated with the notional portfolio assets.

The discount rate curves used for material product lines are shown below. The discount rate curves are used to discount the cash flows on the underlying contracts and any associated reinsurance cash flows. The graph displays the underlying spot rates:



4.13 Insurance contracts

(i) Insurance service result

For the six month period to 30 June 2026	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
CSM recognised for services provided	**501**	**102**	**603**
Expected incurred claims and other insurance service expenses	**3,343**	**898**	**4,241**
Change in the risk adjustment for non-financial risk for the risk expired	**197**	**6**	**203**
Recovery of insurance acquisition cash flows	**17**	**48**	**65**
Premium experience variance relating to past and current service	**(1)**	**(6)**	**(7)**
Total insurance revenue	**4,057**	**1,048**	**5,105**
Total insurance service expenses	**(3,390)**	**(927)**	**(4,317)**
Allocation of reinsurance premiums	**(2,052)**	**(489)**	**(2,541)**
Amounts recoverable from reinsurers for incurred claims	**1,880**	**471**	**2,351**
Net expense from reinsurance contracts held	**(172)**	**(18)**	**(190)**
Total insurance service result	**495**	**103**	**598**

For the six month period to 30 June 2025	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
CSM recognised for services provided	512	83	595
Expected incurred claims and other insurance service expenses	2,817	817	3,634
Change in the risk adjustment for non-financial risk for the risk expired	219	5	224
Recovery of insurance acquisition cash flows	14	46	60
Premium experience variance relating to past and current service	3	5	8
Total insurance revenue	3,565	956	4,521
Total insurance service expenses	(2,866)	(936)	(3,802)
Allocation of reinsurance premiums	(1,695)	(458)	(2,153)
Amounts recoverable from reinsurers for incurred claims	1,485	533	2,018
Net (expense)/income from reinsurance contracts held	(210)	75	(135)
Total insurance service result	489	95	584

For the year ended 31 December 2025	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
CSM recognised for services provided	993	213	1,206
Expected incurred claims and other insurance service expenses	5,702	1,689	7,391
Change in the risk adjustment for non-financial risk for the risk expired	458	16	474
Recovery of insurance acquisition cash flows	29	92	121
Premium experience variance relating to past and current service	28	2	30
Total insurance revenue	7,210	2,012	9,222
Total insurance service expenses	(5,815)	(1,376)	(7,191)
Allocation of reinsurance premiums	(3,530)	(985)	(4,515)
Amounts recoverable from reinsurers for incurred claims	3,127	571	3,698
Net expense from reinsurance contracts held	(403)	(414)	(817)
Total insurance service result	992	222	1,214

(ii) Insurance and reinsurance contracts

Information on the Group's insurance and reinsurance contracts includes only continuing operations. It therefore excludes contracts associated with the Group's US insurance entity. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

	Assets 30 Jun 2026 £m	Liabilities 30 Jun 2026 £m	Assets 30 Jun 2025 £m	Liabilities 30 Jun 2025 £m	Assets 31 Dec 2025 £m	Liabilities 31 Dec 2025 £m
Insurance contracts issued						
Annuities						
Insurance contract balances	–	**90,317**	–	84,466	–	91,553
Assets for insurance contract acquisition cash flows[1]	–	**(34)**	–	(29)	–	(15)
Protection						
Insurance contract balances	–	**2,373**	–	2,729	–	2,418
Assets for insurance contract acquisition cash flows[1]	–	**(11)**	–	(11)	–	(10)
Total insurance contracts issued	–	**92,645**	–	87,155	–	93,946

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

	Assets 30 Jun 2026 £m	Liabilities 30 Jun 2026 £m	Assets 30 Jun 2025 £m	Liabilities 30 Jun 2025 £m	Assets 31 Dec 2025 £m	Liabilities 31 Dec 2025 £m
Reinsurance contracts held						
Annuities						
Reinsurance contract balances	**6,706**	–	5,882	1	6,824	2
Assets for reinsurance contract acquisition cash flows[1]	**5**	–	4	–	2	(1)
Protection						
Reinsurance contract balances	**1,992**	**5**	2,267	6	2,014	1
Assets for reinsurance contract acquisition cash flows[1]	–	–	–	–	–	–
Total reinsurance contracts held	**8,703**	**5**	8,153	7	8,840	2

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

4.14 Foreign exchange rates

The principal foreign exchange rates used for translation are:

Period end exchange rates	30 Jun 2026	30 Jun 2025	31 Dec 2025
United States dollar	**1.33**	1.37	1.35
Euro	**1.16**	1.17	1.15

Average exchange rates	6 months 2026	6 months 2025	Full year 2025
United States dollar	**1.35**	1.30	1.32
Euro	**1.15**	1.19	1.17

4.15 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. Group companies have provided indemnities and guarantees in respect of the liabilities of Group companies in support of their business activities.

4.16 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 period. Contributions to the post-employment defined benefit plans were £nil (30 June 2025: £nil; 31 December 2025: £5m) for all employees.

As at 30 June 2026, 30 June 2025 and 31 December 2025 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:

	6 months 2026 £m	6 months 2025 £m	Full year 2025 £m
Salaries	**6**	7	17
Share-based incentive awards	**5**	6	14
Key management personnel compensation	**11**	13	31

(ii) Services provided to and by related parties

All transactions between the Group and associates, joint ventures and other related parties during the period 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 30 June 2026, the Group had:

- loans outstanding from related parties of £113m (30 June 2025: £189m; 31 December 2025: £116m), with a further commitment of £nil (30 June 2025: £nil; 31 December 2025: £nil)
- total other commitments of £299m to related parties (30 June 2025: £621m; 31 December 2025: £295m), of which £248m has been drawn (30 June 2025: £449m; 31 December 2025: £245m).

4.17 Post balance sheet events

On 7 July 2026, Legal & General Group Plc issued £500m of 7.125% fixed rate reset perpetual restricted Tier 1 contingent convertible notes (the "notes"). The notes are callable at par between 7 January 2033 and 7 July 2033 (the First Reset Date) inclusive and every 5 years after the First Reset Date. If not called, the coupon will reset from 7 July 2033 to the prevailing five-year benchmark gilt yield plus 2.613%. 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. Accordingly, the notes are classified as equity, and coupon payments are recognised directly in equity when paid. 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 conversion price. The notes are treated as restricted Tier 1 Own Funds for Solvency II purposes.

The Group used the proceeds received from the issuance to complete a tender offer to repurchase a portion of the following outstanding borrowings:

- £300m ($401m) of its $850m 5.25% US Dollar subordinated notes due 2047 issued by Legal & General Group Plc, and
- £200m of its £600m senior unsecured Sterling medium term notes due 2031-2041 at coupons between 5.75% and 5.875%, issued by Legal & General Finance PLC.

As a result of the tender offer, the corresponding portion of the cross-currency swap designated as part of the cash flow hedge of the $850m subordinated notes was unwound and settled.

Overall, the transaction resulted in a 8% increase in the Group's Solvency II capital coverage ratio. The issuance of the notes and the subsequent tender offer have been assessed as non-adjusting events after the reporting period.

Asset flows and new business

5.01 Asset Management total assets under management[1] (AUM)

For the six month period to 30 June 2026	Index £bn	Liability Driven & Derivative Overlays[2] £bn	Active Fixed Income[3] £bn	Multi-Asset £bn	Private Markets[4] £bn	Total AUM £bn
As at 1 January 2026 - excluding joint ventures, associates and other	**557.9**	**273.6**	**171.8**	**122.3**	**51.0**	**1,176.6**
Inflows	**45.3**	**5.7**	**27.5**	**12.5**	**5.1**	**96.1**
Outflows	**(72.3)**	**(8.0)**	**(26.2)**	**(9.3)**	**(2.4)**	**(118.2)**
Overlays	**–**	**(6.5)**	**–**	**0.2**	**–**	**(6.3)**
Net cash flows[5]	**–**	**–**	**3.3**	**–**	**–**	**3.3**
Total net flows[6]	**(27.0)**	**(8.8)**	**4.6**	**3.4**	**2.7**	**(25.1)**
Market movements	**61.4**	**(0.5)**	**2.1**	**9.0**	**(0.3)**	**71.7**
Other movements[7]	**0.3**	**(2.7)**	**(1.1)**	**–**	**–**	**(3.5)**
As at 30 June 2026 - excluding joint ventures, associates and other	**592.6**	**261.6**	**177.4**	**134.7**	**53.4**	**1,219.7**
Joint ventures, associates and other[9]	**–**	**–**	**–**	**–**	**21.9**	**21.9**
Total Asset Management AUM as at 30 June 2026	**592.6**	**261.6**	**177.4**	**134.7**	**75.3**	**1,241.6**

For the six month period to 30 June 2025	Index £bn	Liability Driven & Derivative Overlays[2] £bn	Active Fixed Income[3] £bn	Multi-Asset £bn	Private Markets[4] £bn	Total AUM £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	41.6	8.1	22.7	16.8	6.4	95.6
Outflows	(55.1)	(6.3)	(23.5)	(12.8)	(2.0)	(99.7)
Overlays	–	(1.1)	–	0.1	–	(1.0)
Net cash flows[5]	–	–	(0.7)	–	–	(0.7)
Total net flows[6]	(13.5)	0.7	(1.5)	4.1	4.4	(5.8)
Market movements	7.2	(12.6)	(0.1)	12.6	(0.1)	7.0
Other movements[7]	0.1	(4.0)	1.6	–	–	(2.3)
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 other[9]	–	–	–	–	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

For the year ended 31 December 2025	Index £bn	Liability Driven & Derivative Overlays[2] £bn	Active Fixed Income[3] £bn	Multi-Asset £bn	Private Markets[4] £bn	Total AUM £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	99.0	18.1	55.9	37.1	15.2	225.3
Outflows	(127.8)	(20.8)	(56.9)	(31.2)	(5.0)	(241.7)
Overlays	–	(11.5)	–	(0.5)	–	(12.0)
Net cash flows[5]	–	–	(0.4)	–	–	(0.4)
Total net flows[6]	(28.8)	(14.2)	(1.4)	5.4	10.2	(28.8)
Market movements	69.6	(11.2)	5.6	23.3	0.4	87.7
Other movements[7]	0.2	(3.4)	0.9	–	–	(2.3)
Acquisitions[8]	–	–	–	–	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 other[9]	–	–	–	–	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. AUM includes assets on our Investment Only Platform that are managed by third parties, on which fees are earned.
2. Liability Driven & Derivative Overlays comprises liability-driven investments and derivative overlay notionals of £157.0bn (30 June 2025: £178.4bn; 31 December 2025: £166.6bn).
3. Active Fixed Income includes £2.2bn (30 June 2025: £2.1bn; 31 December 2025: £2.1bn) of actively managed equity.
4. Private Markets AUM of £75.3bn (30 June 2025: £62.1bn; 31 December 2025: £71.4bn) is reported on a client asset basis and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM was £79.3bn (30 June 2025: £64.8bn; 31 December 2025: £74.8bn), including £3.9bn of AUM managed through multi-asset strategies, which includes investments in the Private Markets Access Fund from the Workplace DC Lifetime Advantage Fund, a target-date multi-asset strategy.
5. Net cash flows represent client-driven movements into or out of cash investments, with any temporary, short-term or operational cash movements reported separately within Other movements. Comparative periods have been re-presented accordingly.
6. 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 30 June 2026 was £45.8bn (30 June 2025: £44.2bn; 31 December 2025: £44.6bn).
7. Other movements include movements of external holdings in money market funds, temporary, short-term or operational cash movements and short-term liability driven and derivative overlay assets.
8. AUM attributable to the acquisition of Proprium Capital Partners.
9. 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

5.02 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]		
	30 Jun 2026 £bn	30 Jun 2025 £bn	31 Dec 2025 £bn	**30 Jun 2026 £bn**	30 Jun 2025 £bn	31 Dec 2025 £bn
International[2]	**404.1**	373.2	399.2	**(27.1)**	(11.1)	(11.3)
UK Institutional						
- Defined contribution	**236.4**	191.7	212.4	**3.6**	2.6	–
- Defined benefit[3]	**343.9**	351.5	341.2	**(4.7)**	(4.4)	(22.0)
- Non-pension[3]	**39.9**	39.1	40.5	**(0.6)**	0.5	(0.8)
Wholesale	**88.0**	69.4	79.0	**0.9**	2.4	2.1
ETF[4]	**18.5**	11.3	14.0	**2.0**	1.3	1.3
Insurance[3,5]	**88.9**	80.4	90.3	**0.8**	2.9	7.7
Total	**1,219.7**	1,116.6	1,176.6	**(25.1)**	(5.8)	(23.0)

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 £547bn (30 June 2025: £476bn; 31 December 2025: £516bn).
3. Comparative periods have been re-presented to reflect the introduction of the Non-pension classification, which includes assets previously reported within the Defined Benefit and Insurance categories.
4. ETF reflects external AUM and Flows invested on the platform. Total AUM managed on the platform is £21.8bn ($28.9bn) (30 June 2025: £13.8bn/$18.9bn; 31 December 2025: £16.8bn/$22.6bn) and flows of £2.1bn ($2.8bn) (30 June 2025: £1.4bn/$1.8bn; 31 December 2025: £2.8bn/$3.7bn) which include internal investment from other Asset Management asset classes.
5. Insurance net flows include PRT Transfers of £0.4bn (30 June 2025: £2.0bn; 31 December 2025: £2.4bn). PRT transfers reflect UK defined benefit pension scheme buy-outs to Institutional Retirement.

Asset flows and new business

5.03 Reconciliation of assets under management to Consolidated Balance Sheet

	30 Jun 2026 £bn	30 Jun 2025 £bn	31 Dec 2025 £bn
Total assets under management[1]	**1,242**	1,136	1,197
Derivative notionals[2]	**(160)**	(182)	(170)
Third-party assets[3]	**(543)**	(477)	(515)
Other[4]	**52**	57	51
Held for sale assets	**–**	(10)	(12)
Total financial investments, investment property and cash and cash equivalents	**591**	524	551

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.

5.04 Workplace assets under administration[1]

	30 Jun 2026 £bn	30 Jun 2025 £bn	31 Dec 2025 £bn
As at 1 January	**113.9**	93.8	93.8
Gross inflows[2]	**7.0**	6.7	12.8
Gross outflows[2,3]	**(3.5)**	(2.6)	(6.5)
Net flows	**3.5**	4.1	6.3
Market and other movements[3]	**10.6**	3.2	13.8
As at 30 June	**128.0**	101.1	113.9

1. Workplace assets under administration includes Workplace and Retail savings assets under administration and includes £127.9bn (30 June 2025: £101.0bn, 31 December 2025: £113.7bn) of assets under management included in Note 5.01.
2. Comparative gross inflows and outflows have been re-presented to exclude internal transfers between products.
3. Comparative market and other movements have been re-presented to include charges previously disclosed within gross outflows.

5.05 Institutional Retirement new business

	6 months 30 Jun 2026 £m	6 months 30 Jun 2025 £m	6 months 31 Dec 2025 £m	Full year 31 Dec 2025 £m
UK	**1,964**	3,291	7,155	10,446
US[1]	**183**	91	941	1,032
Bermuda	**–**	55	289	344
Total Institutional Retirement new business	**2,147**	3,437	8,385	11,822

1. US reflects total new business for US PRT as part of the reinsurance agreement with Meiji Yasuda. In local currency, US reflects new business of $246m for H1 2026. Comparatives for prior periods reflect 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.

5.06 Retail new business

	6 months 30 Jun 2026 £m	6 months 30 Jun 2025 £m	6 months 31 Dec 2025 £m	Full year 31 Dec 2025 £m
Individual annuities	**1,016**	745	1,008	1,753
Lifetime mortgage loans and retirement interest only mortgages	**128**	104	120	224
Total Retail Retirement new business	**1,144**	849	1,128	1,977
UK Retail protection	**87**	77	82	159
UK Group protection	**81**	61	49	110
Total Insurance new business	**168**	138	131	269
Total UK Retail new business	**1,312**	987	1,259	2,246
US protection[1]	**–**	89	93	182

1. Following completion of the sale of the US insurance entity, Meiji Yasuda now own the Group's US protection business, which is no longer reported by L&G. In local currency US protection reflects FY25 new business of $240m (H1 2025: $115m, H2 2025: $125m).

Capital

6.01 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. Legal & General Reinsurance Company No. 2 and L&G Reinsurance USA Limited 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.

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 30 June 2026.

(i) Capital position

As at 30 June 2026, and on the above basis, the Group had a surplus of £6,481m (31 December 2025: £7,007m) over its Solvency Capital Requirement, corresponding to a Solvency II capital coverage ratio of 201% (31 December 2025: 203%). The Solvency II capital position is as follows:

	30 Jun 2026 £m	31 Dec 2025 £m
Unrestricted Tier 1 Own Funds	**9,994**	9,943
Restricted Tier 1 Own Funds[1]	**495**	495
Tier 2 subordinated liabilities	**3,563**	3,557
Share buyback restriction	**(772)**	–
Tier 2 and other eligibility restrictions	**(377)**	(181)
Solvency II Own Funds[2,3]	**12,903**	13,814
Solvency Capital Requirement	**(6,422)**	(6,807)
Solvency II surplus	**6,481**	7,007
Solvency II Coverage ratio	**201%**	203%

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 interim dividend of £345m (31 December 2025: final dividend of £880m) declared after the balance sheet date.
3. Solvency II Own Funds allow for a Risk Margin of £850m (31 December 2025: £998m) and TMTP of £470m (31 December 2025: £536m).

(ii) Methodology and assumptions

The methodology, assumptions and Partial Internal Model underlying the calculation of Solvency II Own Funds and associated capital requirements are broadly consistent with those set out in the Group's 2025 Annual report and accounts and Full Year Results.

Non-market assumptions are consistent with those underlying the Group's IFRS disclosures. Future investment returns and discount rates are 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 Legal and General Assurance Society Limited and Legal & General Reinsurance Company Limited and by the currency of the relevant liabilities.

At 30 June 2026, the Matching Adjustment for UK Sterling was 133 basis points (31 December 2025: 109 basis points) after deducting an allowance for the Fundamental Spread equivalent to 37 basis points (31 December 2025: 37 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.

(iii) Analysis of change

The table below shows the movement (net of tax) during the six month period ended 30 June 2026 in the Group's Solvency II surplus.

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 period.

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 period. It is based on economic conditions at the point of sale.

	6 months 30 Jun 2026 Own Funds £m	6 months 30 Jun 2026 SCR £m	6 months 30 Jun 2026 Surplus £m	6 months 30 Jun 2026 Coverage ratio %
Opening position	**13,814**	**(6,807)**	**7,007**	**203**
Operational surplus generation[1]	**647**	**143**	**790**	**14**
New business strain[2]	**87**	**(164)**	**(77)**	**(4)**
Net surplus generation	**734**	**(21)**	**713**	**10**
Operating variances[3]	**91**	**(256)**	**(165)**	**(6)**
Mergers, acquisitions and disposals[4]	**640**	**547**	**1,187**	**27**
Market movements[5]	**(88)**	**115**	**27**	**3**
Share buyback	**(1,206)**	**–**	**(1,206)**	**(19)**
Dividends paid[6]	**(886)**	**–**	**(886)**	**(14)**
Tier 2 eligibility restrictions[7]	**(196)**	**–**	**(196)**	**(3)**
Total surplus movement after dividends paid in the period	**(911)**	**385**	**(526)**	**(2)**
Closing position	**12,903**	**(6,422)**	**6,481**	**201**

1. OSG from continuing business includes a £25m release of Risk Margin. £(37)m amortisation of TMTP has been excluded from OSG and is instead shown in operating variances.
2. New business strain reflects the impact of expected average Funded Reinsurance on 2026 new business schemes. Where that reinsurance is not in place at 30 June 2026, the impact of Funded Reinsurance is reversed in operating variances.
3. Operating variances include the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix.
4. Mergers, acquisitions and disposals include the impact of the sale of the US protection business and the strategic PRT partnership with Meiji Yasuda.
5. Market movements represent the impact of changes in investment market conditions during the period and changes to future economic assumptions.
6. Dividends paid include the 2025 final dividend paid in H1 2026.
7. 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 2025 in the Group's Solvency II surplus.

	Full year 31 Dec 2025 Own Funds £m	Full year 31 Dec 2025 SCR £m	Full year 31 Dec 2025 Surplus £m	Full year 31 Dec 2025 Coverage ratio %
Opening position	15,860	(6,848)	9,012	232
Operational surplus generation[1]	1,381	149	1,530	26
New business strain[2]	234	(500)	(266)	(14)
Net surplus generation	1,615	(351)	1,264	12
Operating variances[3]	(1,301)	613	(688)	2
Mergers, acquisitions and disposals[4]	(143)	(27)	(170)	(3)
Market movements[5]	(313)	(194)	(507)	(12)
Share buyback	(503)	–	(503)	(8)
Dividends paid[6]	(1,247)	–	(1,247)	(18)
Tier 2 eligibility restrictions[7]	(154)	–	(154)	(2)
Total surplus movement after dividends paid in the year	(2,046)	41	(2,005)	(29)
Closing position	13,814	(6,807)	7,007	203

1. OSG from continuing business includes a £30m release of Risk Margin. £(75)m amortisation of TMTP has been excluded from OSG and is instead shown in operating variances.
2. 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.
3. 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.
4. Mergers, acquisitions and disposals include the impact of the acquisition of Proprium Capital Partners.
5. Market movements represent the impact of changes in investment market conditions during the period and changes to future economic assumptions.
6. Dividends paid include the 2024 final dividend and 2025 interim dividend.
7. Tier 2 Own Funds can only be recognised up to value of 50% of the SCR.

(iv) Operational surplus generation

The table below shows a breakdown of OSG.

	6 months 2026 Own Funds £m	6 months 2026 SCR £m	6 months 2026 Surplus £m	Full year 2025 Own Funds £m	Full year 2025 SCR £m	Full year 2025 Surplus £m
Institutional Retirement:						
Operational surplus generation	**294**	**62**	**356**	677	75	752
Asset optimisation[1]	**96**	**10**	**106**	144	(6)	138
Retail:						
Operational surplus generation	**115**	**23**	**138**	218	35	253
Asset optimisation[1]	**26**	**3**	**29**	36	(2)	34
Asset Management:						
Fee-related earnings	**156**	**(13)**	**143**	236	(8)	228
Balance Sheet investments	**60**	**(14)**	**46**	127	(54)	73
Divisional operational surplus generation	**747**	**71**	**818**	1,438	40	1,478
Central costs	**(134)**	**–**	**(134)**	(275)	1	(274)
Management actions	**29**	**71**	**100**	175	62	237
Corporate Investments	**5**	**1**	**6**	43	46	89
Total operational surplus generation	**647**	**143**	**790**	1,381	149	1,530

1. Asset optimisation includes the impact of funded reinsurance, back book asset trading and liquidity initiatives.

(v) 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:

	30 Jun 2026 £m	31 Dec 2025 £m
IFRS equity[1]	**2,651**	2,283
CSM net of tax[2]	**9,271**	10,486
IFRS equity plus CSM net of tax	**11,922**	12,769
Remove DAC, goodwill and other intangible assets and associated liabilities	**(330)**	(393)
Add IFRS carrying value of subordinated borrowings[3]	**3,756**	3,744
Insurance contract valuation differences	**(110)**	(1,455)
Financial investments valuation differences	**(1,153)**	(1,043)
Difference in value of net deferred tax liabilities	**(28)**	379
Other	**(5)**	(6)
Tier 2 and other eligibility restrictions	**(377)**	(181)
Share buyback	**(772)**	–
Solvency II Own Funds[4]	**12,903**	13,814

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. The CSM net of tax at 31 December 2025 included £1,232m relating to the disposal group held for sale, which was disposed of during the period.
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 interim dividend of £345m (31 December 2025: final dividend of £880m) declared after the balance sheet date.

(vi) Sensitivity analysis

The following sensitivities are provided to give an indication of how the Group's Solvency II surplus as at 30 June 2026 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 Eligible Own Funds[1] 30 Jun 2026 £m	Impact on SCR 30 Jun 2026 £m	Impact on Surplus 30 Jun 2026 £m	Impact on Coverage Ratio 30 Jun 2026 %
100bps increase in risk-free rates	**(531)**	**539**	**8**	**9**
100bps decrease in risk-free rates[2]	**600**	**(709)**	**(109)**	**(12)**
Credit spreads widen by 100bps (escalating addition to ratings)[3,4]	**(223)**	**228**	**5**	**4**
Credit spreads widen by 100bps (flat addition to ratings)[3]	**(301)**	**385**	**84**	**8**
Credit spreads narrow by 100bps (flat deduction from ratings)[3]	**315**	**(459)**	**(144)**	**(9)**
Credit migration – with rebalancing[5]	**(468)**	**(11)**	**(479)**	**(8)**
Credit migration – without rebalancing[5]	**(181)**	**(435)**	**(616)**	**(15)**
25% fall in equity markets[6]	**(574)**	**114**	**(460)**	**(5)**
15% fall in property markets[7]	**(796)**	**(8)**	**(804)**	**(13)**
50bps increase in future inflation expectations	**119**	**(70)**	**49**	**(0)**
10% increase in maintenance expenses[8]	**(370)**	**(2)**	**(372)**	**(6)**

	Impact on Eligible Own Funds[1] 31 Dec 2025 £m	Impact on SCR 31 Dec 2025 £m	Impact on Surplus 31 Dec 2025 £m	Impact on Coverage Ratio 31 Dec 2025 %
100bps increase in risk-free rates	(460)	555	95	11
100bps decrease in risk-free rates[2]	517	(767)	(250)	(14)
Credit spreads widen by 100bps (escalating addition to ratings)[3,4]	(235)	322	87	6
Credit spreads widen by 100bps (flat addition to ratings)[3]	(313)	479	166	10
Credit spreads narrow by 100bps (flat deduction from ratings)[3]	219	(600)	(381)	(13)
Credit migration – with rebalancing[5]	(396)	(55)	(451)	(7)
Credit migration – without rebalancing[5]	(215)	(505)	(720)	(17)
25% fall in equity markets[6]	(584)	125	(459)	(5)
15% fall in property markets[7]	(766)	(84)	(850)	(14)
50bps increase in future inflation expectations	111	(64)	47	(0)
10% increase in maintenance expenses[8]	(364)	5	(359)	(5)

1. The impact on Eligible Own Funds includes the impact from the change in Own Funds restriction, where Tier 2 and Tier 3 Own Funds can only be recognised up to the value of 50% of the SCR.
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. Credit migration stresses cover 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). With rebalancing, 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. Without rebalancing, the impact of asset downgrades on the annuity portfolio is reflected by higher fundamental spreads in the Matching Adjustment calculation, and higher trading costs in the SCR stress calculations. . The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet date.
6. 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.
7. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.
8. 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.

6.02 Estimated Solvency II new business contribution

(i) New business by product[1]

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]
	6 months 2026 £m	**6 months 2026 £m**	**6 months 2026 %**	Full year 2025 £m	Full year 2025 £m	Full year 2025 %
Institutional Retirement - UK annuity business	**1,531**	**49**	**3.2**	8,238	353	4.3
Retail Retirement - UK annuity business	**1,016**	**43**	**4.2**	1,753	54	3.1
UK Protection	**1,023**	**71**	**6.9**	1,587	78	4.9
US Protection[5]	**–**	**–**	**–**	1,485	171	11.5

1. Selected lines of business only.
2. PVNBP excludes a quota share reinsurance premium of £433m (31 December 2025: £2,208m) 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. Following completion of the sale of the US insurance entity, Meiji Yasuda now own the Group's US protection business, which is no longer reported by L&G. In local currency, US protection business reflects FY 25 PVNBP of $1,958m and a contribution from new business of $226m.

(ii) 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 UK and Bermudan businesses and it is expected that these arrangements will be periodically extended to cover recent new business.

(iii) Assumptions

The key economic assumptions are as follows:

	As at 30 Jun 2026 %	As at 31 Dec 2025 %
Margin for Risk	**3.2**	3.4
Risk-free rate - UK	**4.6**	4.3
Risk discount rate (net of tax) - UK	**7.8**	7.7
Long-term rate of return on annuities	**6.0**	5.6

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 2026 equates to a level rate deduction from the expected returns of 13 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.

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

	Notes	**6 months 2026 £bn**	Full year 2025 £bn
PVNBP	6.02(i)	**3.6**	13.1
Effect of capitalisation factor		**(0.8)**	(2.2)
New business premiums from selected lines		**2.8**	10.9
Other[1]		**0.7**	3.4
Total Institutional Retirement and Retail new business	5.05, 5.06	**3.5**	14.3

1. Other principally includes annuity sales in the US £0.2bn (31 December 2025: £1.0bn), lifetime mortgage loans and retirement interest only mortgages £0.1bn (31 December 2025: £0.2bn), and quota share reinsurance premiums £0.4bn (31 December 2025: £2.2bn).

Investments

7.01 Investment portfolio

	30 Jun 2026 £m	30 Jun 2025 £m	31 Dec 2025 £m
Worldwide total assets under management[1]	**1,243,489**	1,144,191	1,204,529
Client and policyholder assets	**(1,090,025)**	(987,655)	(1,050,253)
Investments to which shareholders are directly exposed (market value)	**153,464**	156,536	154,276
Held for sale assets	**–**	(10,129)	(11,833)
Adjustment from market value to IFRS carrying value[2]	**1,153**	1,105	1,043
Investments to which shareholders are directly exposed (IFRS carrying value)	**154,617**	147,512	143,486
Asset exposures embedded in insurance contracts[3]	**7,067**	–	–
Retained US portfolio[4]	**–**	5,866	6,888

1. Worldwide total AUM 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. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.
4. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Analysed by investment class:

	Notes	Annuity investments[1,2] 30 Jun 2026 £m	Other investments 30 Jun 2026 £m	Total 30 Jun 2026 £m	Annuity investments[1,2] 30 Jun 2025 £m	Other investments 30 Jun 2025 £m	Total 30 Jun 2025 £m	Annuity investments[1,2] 31 Dec 2025 £m	Other investments 31 Dec 2025 £m	Total 31 Dec 2025 £m
Equities		**1,140**	**735**	**1,875**	1,464	874	2,338	1,362	710	2,072
Bonds	7.03	**93,193**	**2,266**	**95,459**	82,103	1,426	83,529	86,236	1,509	87,745
Derivative assets[3]		**43,340**	**45**	**43,385**	48,823	100	48,923	41,536	89	41,625
Property	7.04	**6,347**	**506**	**6,853**	5,982	284	6,266	6,334	505	6,839
Loans[4]		**2,884**	**284**	**3,168**	2,613	306	2,919	973	291	1,264
Financial investments and investment property		**146,904**	**3,836**	**150,740**	140,985	2,990	143,975	136,441	3,104	139,545
Cash and cash equivalents		**2,193**	**443**	**2,636**	1,436	530	1,966	2,274	627	2,901
Other assets[5]		**955**	**286**	**1,241**	756	815	1,571	759	281	1,040
Total investments		**150,052**	**4,565**	**154,617**	143,177	4,335	147,512	139,474	4,012	143,486
Asset exposures embedded in insurance contracts[6]		**7,067**	**–**	**7,067**	–	–	–	–	–	–
Retained US portfolio[7]		**–**	**–**	**–**	5,866	–	5,866	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 £3.9bn (30 June 2025: £4.0bn; 31 December 2025: £3.8bn) but excludes derivative liabilities, funds withheld and other non-financial assets of £55.3bn (30 June 2025: £60.4bn; 31 December 2025: £49.7bn) when compared with the Annuities AUA on page 9.
3. Derivative assets are shown gross of derivative liabilities of £56.2bn (30 June 2025: £55.0bn; 31 December 2025: £49.5bn). 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 £2,966m (30 June 2025: £2,731m; 31 December 2025: £1,070m).
5. Other assets include finance leases of £558m (30 June 2025: £441m; 31 December 2025: £469m), associates and joint ventures of £472m (30 June 2025: £769m; 31 December 2025: £434m) and the consolidated net asset value of the Group's investments in the housing businesses.
6. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17. The increase in the balance in the period reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.
7. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

7.02 Direct investments

(i) Total investments analysed by asset class

	Direct investments[1] 30 Jun 2026 £m	Traded securities[1] 30 Jun 2026 £m	Total 30 Jun 2026 £m	Direct investments[1] 30 Jun 2025 £m	Traded securities[1] 30 Jun 2025 £m	Total 30 Jun 2025 £m	Direct investments[1] 31 Dec 2025 £m	Traded securities[1] 31 Dec 2025 £m	Total 31 Dec 2025 £m
Equities	**1,566**	**309**	**1,875**	1,633	705	2,338	1,400	672	2,072
Bonds[2]	**27,818**	**67,641**	**95,459**	26,610	56,919	83,529	27,067	60,678	87,745
Derivative assets	**–**	**43,385**	**43,385**	–	48,923	48,923	–	41,625	41,625
Property[3]	**6,853**	**–**	**6,853**	6,266	–	6,266	6,839	–	6,839
Loans	**202**	**2,966**	**3,168**	188	2,731	2,919	194	1,070	1,264
Financial investments and investment property	**36,439**	**114,301**	**150,740**	34,697	109,278	143,975	35,500	104,045	139,545
Cash and cash equivalents	**166**	**2,470**	**2,636**	151	1,815	1,966	187	2,714	2,901
Other assets	**1,241**	**–**	**1,241**	1,571	–	1,571	1,040	–	1,040
Total investments	**37,846**	**116,771**	**154,617**	36,419	111,093	147,512	36,727	106,759	143,486
Asset exposures embedded in insurance contracts[4]	**2,784**	**4,283**	**7,067**	–	–	–	–	–	–
Retained US portfolio[5]	**–**	**–**	**–**	2,573	3,293	5,866	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. Traded securities are defined by exclusion. If an instrument is not a direct investment, then it is classed as a traded security.
2. Bonds include lifetime mortgage loans of £5,868m (30 June 2025: £6,072m; 31 December 2025: £5,756m).
3. A further breakdown of property is provided in Note 7.04.
4. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.
5. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

(ii) Direct investments analysed by asset portfolio

	Annuity[1] 30 Jun 2026 £m	**Other 30 Jun 2026 £m**	**Total 30 Jun 2026 £m**
Equities	**919**	**647**	**1,566**
Bonds[2]	**27,790**	**28**	**27,818**
Property	**6,347**	**506**	**6,853**
Loans	**–**	**202**	**202**
Financial investments and investment property	**35,056**	**1,383**	**36,439**
Other assets, cash and cash equivalents	**1,012**	**395**	**1,407**
Total direct investments	**36,068**	**1,778**	**37,846**
Asset exposures embedded in insurance contracts[3]	**2,784**	**–**	**2,784**

	Annuity[1] 30 Jun 2025 £m	Other 30 Jun 2025 £m	Total 30 Jun 2025 £m
Equities	785	848	1,633
Bonds[2]	26,584	26	26,610
Property	5,982	284	6,266
Loans	–	188	188
Financial investments and investment property	33,351	1,346	34,697
Other assets, cash and cash equivalents	801	921	1,722
Total direct investments	34,152	2,267	36,419
Retained US portfolio[4]	2,573	–	2,573

	Annuity[1] 31 Dec 2025 £m	Other 31 Dec 2025 £m	Total 31 Dec 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 portfolio[4]	2,780	–	2,780

1. Annuity includes products held within the Institutional Retirement and Retail Retirement annuity portfolios.
2. Bonds include lifetime mortgage loans of £5,868m (30 June 2025: £6,072m; 31 December 2025: £5,756m).
3. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.
4. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

7.03 Bond portfolio summary

(i) Sectors analysed by credit rating

As at 30 June 2026	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total[2] £m	Total[2] %
Sovereigns, Supras and Sub-Sovereigns	705	28,454	1,618	248	22	2	31,049	33
Banks:								
- Tier 2 and other subordinated	–	29	49	11	–	–	89	–
- Senior	2	2,307	3,421	205	–	–	5,935	6
- Covered	149	–	–	–	–	–	149	–
Financial Services:								
- Tier 2 and other subordinated	–	57	12	–	–	3	72	–
- Senior	–	537	936	472	66	–	2,011	2
Insurance:								
- Tier 2 and other subordinated	–	240	13	85	–	–	338	–
- Senior	–	221	339	229	–	–	789	1
Consumer Services and Goods:								
- Cyclical	–	85	816	1,105	3	–	2,009	2
- Non-cyclical	140	745	2,441	1,760	–	–	5,086	5
- Healthcare	–	462	1,207	533	–	–	2,202	2
Infrastructure:								
- Social	91	1,014	4,875	1,265	62	–	7,307	8
- Economic	–	602	1,589	4,101	19	–	6,311	7
Technology and Telecoms	36	831	953	1,722	17	–	3,559	4
Industrials	–	118	905	716	22	–	1,761	2
Utilities	358	372	4,009	4,107	35	–	8,881	9
Energy	–	132	437	1,279	1	–	1,849	2
Commodities	–	–	296	364	1	–	661	1
Oil and Gas	–	286	448	325	1	3	1,063	1
Real estate	–	44	1,881	2,187	252	2	4,366	5
Structured finance ABS / RMBS / CMBS / Other	1,590	1,057	1,043	304	19	39	4,052	4
Lifetime mortgage loans[1]	–	4,939	450	384	–	95	5,868	6
CDOs	–	41	–	11	–	–	52	–
Total	3,071	42,573	27,738	21,413	520	144	95,459	100
%	3	45	29	22	1	–	100	
Asset exposures embedded in insurance contracts[3]	578	1,022	2,231	2,545	134	11	6,521	

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 £93,193m, representing 98% of the total Group portfolio.
3. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.

Investments

As at 30 June 2025	AAA £m	AA £m	A £m	BBB £m	BB or £m	Other £m	Total[2] £m	Total[2] %
Sovereigns, Supras and Sub-Sovereigns	446	21,412	1,344	216	4	5	23,427	28
Banks:								
- Tier 2 and other subordinated	–	–	14	12	7	–	33	–
- Senior	2	1,504	3,194	168	1	–	4,869	6
- Covered	113	–	–	–	–	–	113	–
Financial Services:								
- Tier 2 and other subordinated	–	58	20	3	2	8	91	–
- Senior	280	486	577	640	1	–	1,984	2
Insurance:								
- Tier 2 and other subordinated	–	178	4	43	1	–	226	–
- Senior	–	132	326	247	–	–	705	1
Consumer Services and Goods:								
- Cyclical	–	79	948	1,250	45	–	2,322	3
- Non-cyclical	171	592	2,613	2,162	4	–	5,542	6
- Healthcare	–	471	996	555	1	–	2,023	2
Infrastructure:								
- Social	88	969	4,951	1,144	64	–	7,216	9
- Economic	–	420	1,089	3,991	24	23	5,547	7
Technology and Telecoms	44	293	707	1,997	4	1	3,046	4
Industrials	–	159	665	655	10	–	1,489	2
Utilities	364	300	3,572	4,259	8	–	8,503	10
Energy	–	51	396	1,191	28	–	1,666	2
Commodities	–	–	248	411	4	–	663	1
Oil and Gas	–	534	356	398	2	3	1,293	2
Real estate	–	14	1,864	2,470	47	2	4,397	5
Structured finance ABS / RMBS / CMBS / Other	538	658	819	214	9	12	2,250	3
Lifetime mortgage loans[1]	–	5,103	494	415	–	60	6,072	7
CDOs	–	41	–	11	–	–	52	–
Total	2,046	33,454	25,197	22,452	266	114	83,529	100
%	3	40	30	27	–	–	100	
Retained US portfolio[3]	553	871	1,760	2,087	46	10	5,327	

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 £82,103m, representing 98% of the total Group portfolio (excluding the Retained US portfolio).
3. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

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 portfolio[3]	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 includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

(ii) Sectors analysed by domicile

As at 30 June 2026	UK £m	US £m	EU £m	Rest of the World £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	**21,741**	**7,261**	**1,226**	**821**	**31,049**
Banks	**2,453**	**965**	**1,390**	**1,365**	**6,173**
Financial Services	**286**	**603**	**925**	**269**	**2,083**
Insurance	**79**	**904**	**32**	**112**	**1,127**
Consumer Services and Goods:					
- Cyclical	**557**	**1,157**	**137**	**158**	**2,009**
- Non-cyclical	**1,321**	**3,019**	**581**	**165**	**5,086**
- Healthcare	**339**	**1,658**	**154**	**51**	**2,202**
Infrastructure:					
- Social	**6,391**	**429**	**266**	**221**	**7,307**
- Economic	**4,725**	**734**	**220**	**632**	**6,311**
Technology and Telecoms	**261**	**2,649**	**388**	**261**	**3,559**
Industrials	**221**	**1,013**	**435**	**92**	**1,761**
Utilities	**3,585**	**3,056**	**1,815**	**425**	**8,881**
Energy	**619**	**892**	**125**	**213**	**1,849**
Commodities	**53**	**237**	**173**	**198**	**661**
Oil and Gas	**169**	**338**	**182**	**374**	**1,063**
Real estate	**1,913**	**1,203**	**1,069**	**181**	**4,366**
Structured finance ABS / RMBS / CMBS / Other	**1,639**	**731**	**753**	**929**	**4,052**
Lifetime mortgage loans	**5,159**	**–**	**709**	**–**	**5,868**
CDOs	**–**	**–**	**–**	**52**	**52**
Total	**51,511**	**26,849**	**10,580**	**6,519**	**95,459**
Asset exposures embedded in insurance contracts[1]	**80**	**5,369**	**447**	**625**	**6,521**

1. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.

As at 30 June 2025	UK £m	US £m	EU £m	Rest of the World £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	17,693	3,759	1,251	724	23,427
Banks	1,836	881	1,301	997	5,015
Financial Services	246	748	950	131	2,075
Insurance	50	766	22	93	931
Consumer Services and Goods:					
- Cyclical	528	1,490	129	175	2,322
- Non-cyclical	1,437	3,305	582	218	5,542
- Healthcare	268	1,485	218	52	2,023
Infrastructure:					
- Social	6,254	566	213	183	7,216
- Economic	4,102	477	271	697	5,547
Technology and Telecoms	331	1,849	494	372	3,046
Industrials	190	759	410	130	1,489
Utilities	3,461	2,748	1,884	410	8,503
Energy	600	814	37	215	1,666
Commodities	53	302	125	183	663
Oil and Gas	291	274	404	324	1,293
Real estate	1,826	1,388	981	202	4,397
Structured finance ABS / RMBS / CMBS / Other	1,245	410	507	88	2,250
Lifetime mortgage loans	5,512	–	560	–	6,072
CDOs	–	–	–	52	52
Total	45,923	22,021	10,339	5,246	83,529
Retained US portfolio[1]	67	4,547	222	491	5,327

1. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

Investments

As at 31 December 2025	UK £m	US £m	EU £m	Rest of the World £m	Total £m
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 portfolio[1]	77	5,007	243	490	5,817

1. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

(iii) Bond portfolio analysed by credit rating

As at 30 June 2026	Externally rated £m	Internally rated[1] £m	Total £m
AAA	**2,595**	**476**	**3,071**
AA	**35,687**	**6,886**	**42,573**
A	**16,523**	**11,215**	**27,738**
BBB	**13,003**	**8,410**	**21,413**
BB or below	**93**	**427**	**520**
Other	**16**	**128**	**144**
Total	**67,917**	**27,542**	**95,459**
Asset exposures embedded in insurance contracts[2]	**4,245**	**2,276**	**6,521**

1. Where external ratings are not available an internal rating has been used where practicable to do so.
2. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.

As at 30 June 2025	Externally rated £m	Internally rated[1] £m	Total £m
AAA	1,522	524	2,046
AA	26,610	6,844	33,454
A	15,106	10,091	25,197
BBB	14,786	7,666	22,452
BB or below	167	99	266
Other	22	92	114
Total	58,213	25,316	83,529
Retained US portfolio[2]	2,955	2,372	5,327

Investments

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 portfolio[2]	3,201	2,616	5,817

1. Where external ratings are not available an internal rating has been used where practicable to do so.
2. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

(iv) Sectors analysed by direct investments and traded securities

As at 30 June 2026	**Direct investments £m**	**Traded £m**	**Total £m**
Sovereigns, Supras and Sub-Sovereigns	**1,573**	**29,476**	**31,049**
Banks	**104**	**6,069**	**6,173**
Financial Services	**1,073**	**1,010**	**2,083**
Insurance	**178**	**949**	**1,127**
Consumer Services and Goods:			
- Cyclical	**393**	**1,616**	**2,009**
- Non-cyclical	**740**	**4,346**	**5,086**
- Healthcare	**508**	**1,694**	**2,202**
Infrastructure:			
- Social	**4,671**	**2,636**	**7,307**
- Economic	**4,417**	**1,894**	**6,311**
Technology and Telecoms	**255**	**3,304**	**3,559**
Industrials	**230**	**1,531**	**1,761**
Utilities	**2,709**	**6,172**	**8,881**
Energy	**819**	**1,030**	**1,849**
Commodities	**149**	**512**	**661**
Oil and Gas	**93**	**970**	**1,063**
Real estate	**3,063**	**1,303**	**4,366**
Structured finance ABS / RMBS / CMBS / Other	**975**	**3,077**	**4,052**
Lifetime mortgage loans	**5,868**	**–**	**5,868**
CDOs	**–**	**52**	**52**
Total	**27,818**	**67,641**	**95,459**
Asset exposures embedded in insurance contracts[1]	**2,723**	**3,798**	**6,521**

1. Asset exposures embedded in insurance contracts represent portfolios recognised within insurance contract liabilities, in accordance with IFRS 17 and reflects the inclusion of the US PRT business, following the disposal of LGA and the establishment of a new reinsurance agreement covering 80% of that business.

Investments

As at 30 June 2025	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	1,618	21,809	23,427
Banks	52	4,963	5,015
Financial Services	979	1,096	2,075
Insurance	145	786	931
Consumer Services and Goods:			
- Cyclical	395	1,927	2,322
- Non-cyclical	685	4,857	5,542
- Healthcare	472	1,551	2,023
Infrastructure:			
- Social	4,670	2,546	7,216
- Economic	3,963	1,584	5,547
Technology and Telecoms	194	2,852	3,046
Industrials	212	1,277	1,489
Utilities	2,565	5,938	8,503
Energy	698	968	1,666
Commodities	147	516	663
Oil and Gas	93	1,200	1,293
Real estate	2,748	1,649	4,397
Structured finance ABS / RMBS / CMBS / Other	902	1,348	2,250
Lifetime mortgage loans	6,072	–	6,072
CDOs	–	52	52
Total	26,610	56,919	83,529
Retained US portfolio[1]	2,504	2,823	5,327

1. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

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 portfolio[1]	2,712	3,105	5,817

1. Retained US portfolio includes the investment portfolio of the US PRT business that the Group continues to be exposed to after completion of the sale of the Group's US Insurance entity in February 2026. Following the disposal, the portfolio is now recognised within Asset exposures embedded in insurance contracts. In previous periods these assets were classified within Assets of operations classified as held for sale in the Consolidated Balance Sheet.

7.04 Property analysis

Property exposure within direct investments by status

As at 30 June 2026	Annuity £m	Other[1] £m	Total £m	%
Let[2]	**5,350**	**89**	**5,439**	**79**
Development	**997**	**394**	**1,391**	**21**
Land	**–**	**23**	**23**	**–**
Total	**6,347**	**506**	**6,853**	**100**

As at 30 June 2025	Annuity £m	Other[1] £m	Total £m	%
Let[2]	5,089	92	5,181	83
Development	893	152	1,045	17
Land	–	40	40	–
Total	5,982	284	6,266	100

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

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 30 June 2026, the Group held a total £390m (30 June 2025: £683m; 31 December 2025: £395m) of such assets.
2. £4.5bn (30 June 2025: £4.1bn; 31 December 2025: £4.7bn) was let to corporate clients, out of which £4.2bn (30 June 2025: £3.9bn; 31 December 2025: £4.3bn) 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, 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 2.01 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 2.04 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. Following the announcement of the planned disposal of the Group's US insurance entity (completed in February 2026), core operating profit also excludes the results of the Group's Non-retained US business, being the US protection business and 20% of the US PRT business, but includes the 80% of the US PRT business that is now retained through reinsurance arrangements with Meiji Yasuda. 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 2.01 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 period. 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, the Group's Non-retained US business and the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Note 2.06 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 period). In the current period, ROE was quantified using annualised profit attributable to equity holders of £2,314m[1] (30 June 2025: £632m; 31 December 2025: £592m) and average equity attributable to the owners of the parent of £1,972m (30 June 2025: £2,485m; 31 December 2025: £2,421m), based on an opening balance of £1,788m and a closing balance of £2,156m (30 June 2025: based on an opening balance of £3,053m and a closing balance of £1,916m; 31 December 2025: based on an opening balance of £3,053m and a closing balance of £1,788m).

[1] Profit arising from the disposal of the Group's US insurance entity is not annualised.

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 period). 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 period, operating ROE was quantified using annualised adjusted operating profit after tax of £1,380m (30 June 2025: £1,358m; 31 December 2025: £1,317m) and average equity attributable to the owners of the parent of £1,972m (30 June 2025: £2,485m; 31 December 2025: £2,421m), based on an opening balance of £1,788m and a closing balance of £2,156m (30 June 2025: based on an opening balance of £3,053m and a closing balance of £1,916m; 31 December 2025: based on an opening balance of £3,053m and a closing balance of £1,788m).

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 a,/.d by fund managers classified as associates and joint ventures in line with IAS 28, 'Investments in Associates and Joint Ventures'.

Note 5.03 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 2.01 Operating profit reconciles adjusted profit before tax attributable to equity holders to profit for the period.

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).

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 6.01 Group regulatory capital – Solvency II. This note also includes a reconciliation between IFRS equity and Solvency II Own Funds.

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.

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 6.01 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, based on assumed real-world returns and best estimate non-market assumptions. It includes management actions reasonably expected to be implemented at the start of the year and excludes operating variances (including experience variances, assumption and methodology changes, and changes in asset mix), market movements and the amortisation of the TMTP, which is not considered reflective of the long-term capital generation of the underlying business.

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 6.01 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 period.

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 Group's 2025 consolidated financial statements.

Risks and uncertainties

Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital.

Risk Category	S F N	Financial
Risk Priority		High
Risk Climate/ Perception		Deteriorated

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 management

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 the USA, 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. For property assets under construction cost inflation and labour shortages continue to present risks.

Risks and uncertainties

In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss.

Risk Category	S F N	Financial
Risk Priority		High
Risk Climate/ Perception		Stable

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 management

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 is modest, and the evolving impact of US domestic and international policies remains a significant source of uncertainty and continues 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.

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.

Risk Category	S F N	Strategic
Risk Priority		Medium
Risk Climate/ Perception		Deteriorated

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.

Risk management

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 and nature 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.

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.

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. This engagement 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.

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 are supported by solid evidence and reasoning to avoid accusations of greenwashing.

Outlook

The escalating frequency of extreme heat and weather events highlights the consequences of climate volatility, impacting economies and assets. Achieving global carbon-reduction targets over the coming decade will require transformative societal change on an unprecedented scale.

Our transition strategies depend on meaningful decarbonisation progress by both companies and governments. While many governments are setting policy action to support transition to low carbon economies, climate ambition continues to diverge across jurisdictions, reflecting differing economic priorities and political pressures. 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.

Global progress continues to be 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, as set out in our climate and nature transition plan, and acknowledge our dependencies on the transition in meeting our ambitious transition plan.

Principal Risks and Uncertainties

Risks and uncertainties	Risk management

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	S F N	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.

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 and morbidity rates.

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 regulatory policy teams include 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 the USA experienced elevated mortality levels. While uncertainty remains, UK population-level mortality fell below pre-pandemic levels in 2025 and has continued to fall in 2026, though there are variations between population groups.

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.

Our risk framework is designed to meet or exceed evolving regulatory expectations, particularly in funded reinsurance, Matching Adjustment and liquidity risk management and reporting.

The UK enacted the OECD global minimum tax rules with effect from January 2024, applicable across the Group's global businesses. These rules continue to evolve, and changes can have retrospective effect and unexpected outcomes. 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	S F N	Non-Financial
Risk Priority		Medium
Risk Climate/ Perception		Stable

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 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 and other stakeholders.

Outlook
Key developments in our risk areas include:

Regulatory Environment:
The FCA and PRA remain focused on their secondary growth and competitiveness objectives, promoting growth and innovation mainly through reviewing and streamlining their current frameworks while monitoring emerging risks which could have a systemic impact on market participants or consumers.

Through H1 2026 the regulators have increased their focus on the resilience of individual firms and the market to financial and operational shocks, and we expect this focus to continue.

We welcome the first phase of changes to the Senior Managers and Certification Regime enacted in April 2026, and will engage openly on the second phase reforms when announced.

Conduct Regulation:
The FCA's focus on growth and innovation presents both opportunities and challenges. Key initiatives with potential strategic impact include pensions reforms, the long-term review of the role of AI in retail financial services and ongoing focus on the Consumer Duty.

We continue to engage proactively with the FCA on the second phase of its Pure Protection Market Study, following the publication of its interim review in Q1 2026.

Prudential Regulation:
We are proactively engaged with the PRA on its 2026 supervisory priorities for the Insurance Sector including competitive pressures in the PRT market and Consultation Paper 8/26 on Funded Reinsurance,

Climate and Nature risk:
Regulation continues to evolve, with nature-related disclosures gaining prominence.

The PRA's Supervisory Statement 5/25 has increased momentum on the use of scenario testing and risk management practices more generally. We continue to work to ensure we meet these revised expectations.

Health and Safety:
L&G manages diverse Health & Safety obligations as an employer, asset manager, developer landlord and client. We continue to strengthen our Health & Safety 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

Risks and uncertainties

New entrants and/or new technology and/or evolving government policy may disrupt the markets in which we operate.

Risk Category	S F N	Strategic
Risk Priority		Medium
Risk Climate/ Perception		Stable

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 management

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, which is responsible for maturing our overall AI Risk and Governance posture as well as the delivery of a secure environment for internal experimentation.

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%.

Risks and uncertainties

A material failure in our business processes, Technology or Cyber security may result in unanticipated financial loss or reputational damage.

Risk Category	S F N	Non-Financial
Risk Priority		High
Risk Climate/ Perception		Deteriorated

We operate in an environment where **technology and cyber risks are increasing in scale, sophistication, and potential impact**, driven by:

• A rapidly evolving **cyber threat landscape**, including ransomware, organised cybercrime, and nation-state activity and AI enabled tools (e.g. Claude Mythos).

• Increasing **geopolitical instability**, which heightens the risk of targeted attacks, supply chain disruption, and regional technology outages

• Growing **dependency on complex, global technology ecosystems**, including cloud service providers, offshore delivery centres, and critical third parties.

We remain inherently exposed to risks including:

• Cyber-attack and data breach, leading to loss or compromise of sensitive client and company data

• Technology failure or service outage, impacting the availability of critical business services

• Third party or cloud provider disruption, including concentration risk and limited substitutability

There are strong stakeholder and regulatory expectations that our important business services remain resilient, including the ability to withstand and recover from severe but plausible cyber and technology disruption scenarios within defined impact tolerances.

Risk management

Our risk governance model seeks to ensure that business management are actively engaged in maintaining an appropriate control environment, supported by Group Risk and independent assurance from Group Internal Audit. This includes continued enhancement of:

• Technology and cyber control frameworks

• Operational and cyber resilience capabilities, including detection, response, and recovery

• Data management and privacy protections

We recognise that no system of internal control can fully eliminate technology and cyber risk, and that residual risk remains, particularly in the context of:

• Increasing system complexity and interconnectivity

• Ongoing business transformation, including migration to new platforms and operating models

• External threat evolution and geopolitical uncertainty

We are therefore focused on strengthening our cyber resilience capabilities alongside operational resilience, including:

• Improving threat detection and response times

• Enhancing cyber recovery and service restoration capabilities

• Reducing dependency concentrations and improving substitutability

• Embedding secure-by-design principles across technology change

Outlook
We continue to invest in system capabilities, particularly in cyber risk management and data governance, to support the resilience of our critical business processes.

We are also closely monitoring the rapid growth of AI, which introduces both opportunities and risks. Our approach distinguishes between:

• AI-specific risks, captured through a dedicated risk category

• Cross-cutting risks, including data, technology, and model risk, which are managed within existing control frameworks

Our increasing reliance on accurate, secure, and well-governed data reinforces the importance of continued enhancement of the L&G Data Management Framework, which underpins the safe and effective use of AI and advanced analytics.

Principal Risks and Uncertainties

Risks and uncertainties	Risk management

The successful delivery of our strategy is dependent on the ability to attract, retain and develop talent and maintain the workforce capability and capacity required to meet evolving strategic and external demands.

Risk Category	S F N	Non-Financial
Risk Priority		Medium
Risk Climate/ Perception		Stable

We aim to 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.

More broadly, there is a risk that we do not develop and sustain the workforce capability, capacity and resilience required to deliver our strategic objectives in a complex and evolving external environment. This includes the ability to anticipate future capability requirements, maintain sufficient depth in critical skills and ensure effective workforce planning and deployment across the Group.

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. We continue to invest in our people, and in the development of capabilities to enhance productivity and employee experience.

We seek to mitigate these risks through a combination of succession planning, talent development programmes, internal mobility, targeted hiring and remuneration and retention strategies. We are also strengthening our approach to workforce planning and capability development to better align skills with strategic priorities, including investment in critical capability areas such as technology, data and digital.

Governance and oversight of people and change-related risks are supported through Group risk and governance forums, alongside continued enhancement of workforce insight and management information.

Outlook

Competition for talent, particularly in technology and digital capability areas, is expected to remain strong. While broader labour market conditions may moderate, structural demand for specialist skills is likely to persist.

At the same time, the external environment continues to evolve, including increased regulatory complexity, geopolitical uncertainty and rapid technological advancement. The accelerating adoption of AI and automation is expected to further reshape workforce requirements, increasing the need for ongoing reskilling and more dynamic approaches to workforce planning.

Risks and uncertainties	Risk management

Failure of a third party supplier leads to a loss or customer harm.

Risk Category	S F N	Non-Financial
Risk Priority		Medium
Risk Climate/ Perception		Stable

L&G's operating model is supported by a number of critical third party suppliers, including those delivering core operational services and key technology capabilities such as cloud-based infrastructure. These arrangements are integral to the delivery of customer services and important business processes. This dependency introduces inherent risks.

A disruption or failure at a material provider, arising from operational incidents, cyber events, financial stress, or geopolitical factors, could impact the availability, integrity or timeliness of important business services. Concentration risk may amplify the impact of such events, particularly where alternative providers are limited, or substitution would require significant time, cost or complexity.

Increasing supply chain complexity, potentially reduces transparency and may expose L&G to risks beyond its direct control. The growing adoption of cloud and technology enabled services introduces additional considerations, especially related to geopolitical risk, in relation to resilience, data security, portability and vendor dependency.

The regulatory environment continues to evolve, with heightened expectations in respect of operational resilience, third party risk management and the oversight of critical suppliers. This requires firms to demonstrate robust governance and effective control across end-to-end service delivery. The pace of technological change further increases the need for continuous enhancement of risk management capabilities.

Risk management

L&G maintains a comprehensive third party risk management framework covering the full supplier lifecycle, supported by formal policies, standards and governance arrangements. All supplier relationships are governed by contractual agreements that set out service expectations, resilience and business continuity obligations, data protection requirements, audit rights and exit provisions. Suppliers are assessed and segmented based on their criticality, with more material providers subject to enhanced oversight and control. Robust due diligence is undertaken prior to onboarding, assessing financial resilience, operational capability and control effectiveness. This is complemented by ongoing, risk based assurance to monitor performance and compliance with contractual and regulatory expectations.

A structured supplier oversight framework operates within the first line, including performance monitoring, incident management and ongoing engagement with key providers. Independent second line oversight provides challenge and assurance over adherence to policy and regulatory requirements, supported by risk monitoring, thematic reviews and reporting to senior governance forums. Internal audit provides independent third line assurance over the effectiveness of the end-to-end framework.

Outlook

Reliance on third party providers, particularly for technology and cloud-based services, is expected to increase as L&G continues to evolve its operating model and advance its digital transformation. While this supports scalability and innovation, it also heightens the importance of effective oversight and risk management. Regulatory expectations are expected to continue to strengthen, particularly in relation to operational resilience and the management of critical third party dependencies. This will require continued enhancement of governance, assurance and data capabilities, alongside increasing emphasis on end-to-end mapping of important business services and underlying dependencies.

In response, L&G will continue to mature its third party risk management framework, with a focus on improving supply chain transparency, strengthening scenario testing and resilience planning, and enhancing data-driven monitoring and early warning indicators. L&G will maintain active engagement with key providers to monitor performance and resilience, and will further develop contingency and exit strategies to ensure continuity of critical services within defined impact tolerances.

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 main residence, with no requirement for scheduled repayments. Customers continue to own and live in their property until they move into long-term care or pass away. A no negative equity guarantee exists such that if the property 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.

Glossary

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.

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, private credit and venture capital. 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.

Glossary

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 period.

Solvency II Operational Surplus Generation*

Refer to the alternative performance measures section.

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.