



Growing, simpler, better-connected

Legal & General Group Plc Annual report and accounts 2025

Together, investing for the long term

“

At L&G, we've always believed that progress is a collective effort achieved when we combine long-term vision with the power of partnership.

Over the past year, we've brought greater connection across our businesses, creating a more joined-up organisation that is focused on delivering consistent, sustainable value. We've continued to invest in areas where our expertise can make the biggest difference – from securing pensions to financing clean energy and affordable housing.

What unites it all is our purpose: 'Investing for the long term. Our futures depend on it.' Together we can build resilience, opportunity and shared prosperity. Our strength lies in the people, partners and communities who work alongside us to make that purpose real.

”

António Simões
Group Chief Executive Officer



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Strategic report

How we bring our vision for a growing, simpler and better-connected L&G

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Our reporting suite



Climate and nature report



Social impact report



Tax supplement



Risk management supplement

Discover more online group.legalandgeneral.com/Annualreport2025

Annual report quick read

A summary of the Annual report and accounts, highlighting strategy, performance and how the Group is structured, is available online.

Discover more online group.legalandgeneral.com/Annualreportssummary2025

At a glance

A year of significant strategic progress and strong financial performance, whilst investing for the long term.

Financial measures

Profit before tax

£824m

(2024: £448m)¹

Profit before tax from continuing operations comprises all items of income and expense recognised in profit or loss (excluding corporate income taxes).

Core operating earnings per share

20.93p

(2024: 19.20p)¹

Earnings per share (EPS) measures the profitability and strength of a company over time. Core operating EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year.

Solvency II coverage ratio

203%

(2024: 232%)

Solvency II coverage ratio, which shows own funds on a regulatory basis divided by the solvency capital requirement, is one of the indicators of the Group's balance sheet strength and aligns to management's approach of dynamically managing the Group's capital position.

Adjusted operating profit

£1,756m

(2024: £1,711m)

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. The measure enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

Store of future profit

£13.3bn

(2024: £13.2bn)¹

Store of future profit refers to the gross of tax combination of established contractual service margin (CSM), and risk adjustment (RA) (net of reinsurance) which releases reliably into profit over time.

Solvency II operational surplus generation

£1,530m

(2024: £1,461m)^{1,3}

Solvency II operational surplus generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions and it includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year.

Non-financial measures

Investment portfolio economic GHG emission intensity²



51 tCO₂e/£m

(2024: 50 tCO₂e/£m)

This is made up of our ownership share of the emissions related to the assets we invest in within the Group proprietary asset portfolio. It includes bonds, equities and investment property, but excludes cash, derivatives and any assets already covered in our operational footprint. It is measured per unit of investment.

Operational footprint (scope 1 and 2 (location))²





19,921 tCO₂e

(2024: 27,418 tCO₂e)


Measures the greenhouse gases (GHG) associated with our direct operations. Scope 1 emissions are direct GHG emissions occurring from sources owned or controlled by the Company. Scope 2 emissions are indirect GHG emissions from consumption of purchased electricity, heat or steam.


Performance measures and remuneration

The performance measures used for the purpose of determining variable elements of directors' remuneration are aligned to the Group's key performance indicators (KPIs). These are indicated with the icon: 

 For more details, refer to pages 90 to 91 of the remuneration policy.

Alternative performance measures (APMs)

The Group uses certain APMs to help explain its business performance, indicated with the icon: 

 Further information on APMs, including a reconciliation to the financial statements (where possible), can be found on page 248.

Full definitions of the financial metrics above are included in the glossary on page 251. A reconciliation from adjusted operating profit to profit before tax can be found on page 153 of the financial statements.

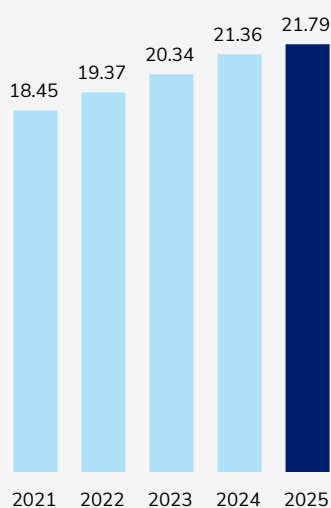
1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) businesses as discontinued operations. See Note 1 of the financial statements on page 136 for further information.
2. Our total scope 1, scope 2 (location) and scope 3 category 15 emissions have been subject to independent limited assurance by Deloitte. The basis of preparation (or reporting criteria) for our Group carbon footprint and Deloitte's limited assurance report is available in our 2025 Climate and nature report at group.legalandgeneral.com/Climatereport2025.
3. The methodology for calculating Solvency II operational surplus generation has been updated such that TMTP amortisation is now reflected as an operating variance. Comparative information has been re-presented accordingly. See further information on APMs on page 250.

Chair's statement

Delivering our strategy



Full year dividend (p)

Final dividend to be
paid on 4 June 2026**15.67p**

(2024: 15.36p)

“

We have made strong
progress to transform
our business in support
of our strategy.

”

Sir John Kingman
Chair

Introduction

L&G's purpose – *'Investing for the long term. Our futures depend on it'* – shapes our strategy and the way we do business, reflecting our long-term mindset, the lasting value we create, and our responsiveness to clients' and customers' needs.

In 2025, we made strong progress to transform our business in support of our strategy, underpinning the positive impact of the Company now, and in decades ahead.

Delivering our strategy

In 2024, we shared our vision of a growing, simpler and better-connected L&G, delivering enhanced returns to shareholders through a sharper focus on our Asset Management, Retail and Institutional Retirement businesses. Working together, these businesses will develop our position as a global leader in addressing society's investment and retirement needs.

In 2025, L&G's leadership team took this strategy to the next level of delivery. Reflecting our commitment to clear communication with investors and shareholders, we hosted capital markets 'deep dive' events to explain our growth strategy for each of our core businesses, setting out our key priorities, and how we will build our capabilities to secure success.

We are making significant progress. A total of 18 non-strategic assets in our Corporate Investments unit had been disposed of since the unit was established in June 2024. The proceeds will be redeployed towards our share buyback programme, and to support the growth priorities of our core businesses.

In February 2025, we announced a £1.8 billion transaction with Japanese insurer Meiji Yasuda Life, which saw them acquire our US protection business and, at the same time, establish a long-term strategic partnership with L&G to strengthen our position in US PRT. Following completion of the transaction in 2026, Meiji Yasuda will have a 5% economic interest in L&G, deepening the corporate relationship and further aligning interests. In October 2025, I was honoured to welcome a delegation from Meiji Yasuda led by Akio Negishi, Chair, and Hideki Nagashima, CEO, to London: a sign of both parties' high ambition for the partnership.

Partnering to accelerate growth is a key part of L&G's strategy. Following the acquisition of a strategic stake in Taurus, a US real estate business, at the end of 2024, in 2025 we acquired a 75% stake in real estate investor Proprium, building our European and Asian presence to internationalise our capabilities further.

In July, we announced the formation of a strategic partnership with Blackstone, to deepen our private credit capability, supporting product development and access to new markets in asset management, and strengthening our pipeline of assets to match our annuity liabilities, particularly in the US.

Investing for growth and resilience

Our strategy addresses long-term social and economic shifts, among them the transition from defined benefit (DB) to defined contribution (DC) pension schemes as the principal instrument for funding retirements. In 2025, L&G set an industry record by surpassing £200 billion in total DC assets under management (AUM) across the Group, building on our Retail workplace business's success in growing net flows (up 3.3% as at 31 December 2025).

The use of long-term capital in service of positive social and economic impact remains an important part of L&G's purpose, and we continue to direct our own capital and that of clients towards investments that combine strong financial and societal returns.

In 2025, we launched a £2 billion impact investment commitment to drive regional growth across the UK, targeting housing, infrastructure and urban regeneration. We also signed the Mansion House Accord, committing alongside peers to direct more DC pension funds towards unlisted growth assets. Our 'Blueprint for Growth' research, published in 2025, points to the significant economic benefit to be realised through such measures.

L&G must also respond to emerging trends, including developments in Artificial Intelligence (AI). In 2026, we plan to introduce AI-powered features to some of our customer facing platforms with the aim to enhance customer experience through personalisation, faster service, and more intuitive digital journeys. AI is an opportunity for the Group to improve its customer service, while also being a growing investment proposition.

Strong financial performance

We delivered a resilient set of results in 2025, with an adjusted operating profit of £1.8 billion and core operating EPS of 20.93 pence, up 9% from 19.20 pence. Profit before tax from continuing operations more than doubled to £824 million. We maintained a strong Solvency II coverage ratio of 203% and capital generation in the year of £1.5 billion. After allowing for the impact of the Meiji Yasuda transaction and the related £1 billion share buyback, our full year 2025 Solvency II coverage ratio is 210%.

Evolving our team

Our leadership team continued to evolve in 2025, as we bolstered our talent to address changing needs, and said farewell to some long-standing members of the executive after successful tenures.

In March, we welcomed Katie Worgan to the team as the Group's first Chief Operating Officer (COO). Our Group Chief Financial Officer (CFO), Jeff Davies, and Emma Hardaker-Jones, Chief People and Transformation Officer, both stood down in the second half of the year, having made substantial contributions to the evolution of L&G over the last eight years.

We were delighted to appoint Andrew Kail to the position of Group CFO, with Gareth Mee succeeding him as CEO of Institutional Retirement. Both appointments are a testament to the depth of our internal talent. Emma's successor, Emma Holden, joined as our Chief People Officer in February 2026.

We are also pleased to announce the appointment of Maria Alvarez-Scott to succeed Geoffrey Timms as Group General Counsel and Company Secretary in May 2026.

Looking to the future

As I prepare to move on from chairing L&G's Board, I should like to thank L&G's employees for their tireless work and commitment to serving our clients and customers. Their dedication, alongside the sense of purpose that motivates so many of them, has spurred the Company's progress continually. I wish them well as they lead the Group to even greater success in the future.



Sir John Kingman
Chair

Dividend policy

The Group's dividend policy states that we are a long-term business and set our dividend annually, according to agreed principles. The Board's intention for the future is to maintain its progressive dividend policy, reflecting the Group's expected medium-term underlying business growth, including measurement of capital generation and adjusted operating profit.

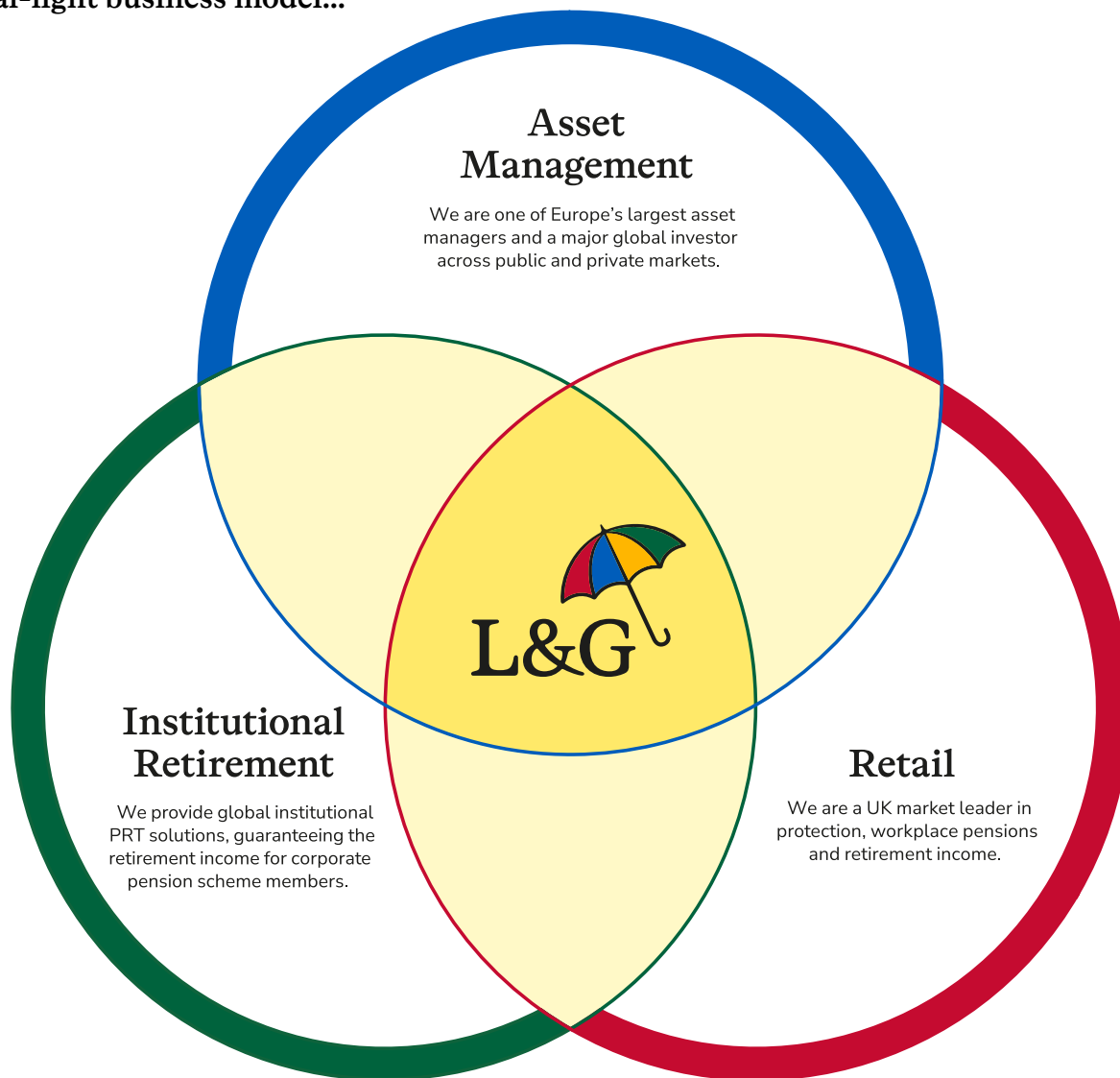
Shareholder meetings

The 2026 Annual General Meeting (AGM) and General Meeting (GM) will be held on Thursday 21 May 2026, at the British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, once again in a hybrid format, with facilities for shareholders to join and vote electronically.

Our strategy and business model

We aim to be leaders in retirement and protection solutions, and a leading global asset manager with public and private markets capabilities.

With a simpler, better-connected, and a more capital-light business model...



Our business model is underpinned by the depth and breadth of our resources and relationships, which allow us to execute our strategy.

People

Our people are the driving force behind our purpose, helping us to meet the needs of our customers and clients and achieve long-term commercial success.

Brand

We have a strong, modernised, and unifying masterbrand, one that supports our ambition to become a growing, simpler, better-connected L&G.

Capital

We are a long-term business with robust regulatory capital reserves. We invest our customers' pension assets and our own capital directly into the global economy in a way which benefits society as a whole.

Culture

We aim to build and maintain a culture that is respectful, inclusive and ambitious.

Customer loyalty

We've been building loyalty since 1836. Today we do that by helping companies protect their employees' financial security, and guiding people towards better outcomes throughout their lifelong financial journeys.

Sustainability

Aligned with our purpose, we're committed to running our business responsibly and sustainably.

A connected view of our performance and impact

We benefit from scale in each of our three core businesses, which work together to deliver on our purpose and drive synergies across the Group.

Asset Management

We generate revenue by charging management and performance fees for managing client assets across public and private markets, while also earning investment returns on our own balance sheet holdings.

We add value through differentiated access to public and private markets, combined with strong long-term investment performance and responsible stewardship that help clients achieve their financial objectives.

£1.2tn AUM

Institutional Retirement

We secure and protect the retirement benefits for pension scheme members in the world's three largest PRT markets: the UK, the US and Canada.

This 'pensions de-risking' gives companies greater certainty over their liabilities while providing guaranteed payments to individuals within their schemes.

£11.8bn new business premiums

Retail

We help millions of people in the UK create brighter financial futures. We support their savings, protection, mortgage and retirement needs through our reportable segments – Retail Retirement and Insurance.

We are a leading provider of UK protection and retirement income solutions. Our workplace savings business administers the largest and fastest-growing commercial UK Mastertrust.

c.12.1m people's needs met¹

1. This includes individual customers and employees covered under employer Group Protection and Workplace schemes.

Our strategy is to deliver sustainable growth, sharper focus, and enhanced returns, with a vision of becoming a growing, simpler and better-connected L&G.

Across our full reporting suite, we demonstrate how these priorities translate into measurable progress and present a connected narrative of how our strategy delivers for shareholders, customers, clients, society, and the environment.



Sustainable Growth


Market leadership in high growth segments


L&G's Flow solution has now surpassed £1 billion in pension de-risking transactions, highlighting its growing role in helping smaller schemes efficiently secure member benefits.

We have launched a new Digital Infrastructure Fund, securing around €600 million at first close to invest in essential UK and European digital infrastructure, and advance its private markets growth strategy.

Our \$50 million investment in Landsvirkjun expands our access to high-quality renewable energy assets, strengthening our clean-power portfolio while contributing to Europe's long-term decarbonisation goals.

 Read more on this in our Annual Report page 19

 Read more on this in our Annual Report page 21

 Read more on this in our Climate & nature report group.legalandgeneral.com/ClimateReport2025




Sharper Focus


Simplified business model focused on execution

Our strategic partnerships enhance our capabilities and strengthen our position across our three core businesses. The sale of our US protection business and building a partnership with Meiji Yasuda has helped simplify our business and our collaboration with Blackstone enhances our private credit capabilities.

L&G has expanded its Guided Retirement Planner to younger DC members, giving them personalised, real-time support to build stronger long-term retirement outcomes, and boost financial confidence earlier in life.

Our new 'AI for Business Value' programme modernises our focus on the skills and technologies that assist our competitive position, upskilling colleagues to deploy AI where it can drive the greatest efficiency and impact.

 Read more on this in our Annual Report page 16

 Read more on this in our Annual Report page 23

 Read more on this in our Social impact report group.legalandgeneral.com/SocialImpactReport2025





Enhanced Returns


Strong fundamentals and capital discipline to drive shareholder returns

L&G delivered disciplined capital management, completing a £500 million buyback in 2025 and announcing the first tranche of our £1.2 billion buyback to be executed over the next 12 months, contributing to cumulative shareholder returns of £4.2 billion.

 Read more on this in our L&G Investor Deep Dive: Institutional Retirement

 Read more on this in our L&G Investor Deep Dive: Asset Management

 Read more on this in our L&G Investor Deep Dive: Retail

 Read more on this in our Annual Report page 6

group.legalandgeneral.com/CME

Chief Executive Officer's Q&A

A growing, simpler and better-connected L&G



What stands out about L&G's performance and strategic progress in 2025?

In 2025, we continued to deliver, with strong momentum, against our strategy: building a growing, simpler and better-connected L&G, and positioning the Group to generate sustainable, capital light growth over time.

We completed a £500 million share buyback in 2025. In addition, we announced the first tranche of our £1.2 billion buyback in 2026, to be executed over the next 12 months, comprising £1 billion from the proceeds received from the sale of our US protection business, and £200 million from our existing distribution policy. Together, these actions contribute to cumulative shareholder returns of £4.2 billion.

Growing

We delivered strong financial and strategic outcomes across our businesses. Institutional Retirement wrote £11.8 billion of PRT including a £4.6 billion PRT transaction with Ford – the largest in the UK market in 2025 – reinforcing our position as a leading player in global PRT.

Retail continues to grow, with £6.2 billion of Workplace Savings net flows, £1.8 billion in Individual Annuity sales, and c.270 million of Protection premiums, as our complementary businesses support customers throughout their lifetimes.

In Asset Management, our Private Markets AUM grew, driven by the acquisition of Proprium Capital Partners. The growth of our Private Markets Access Fund has reached over £2.7 billion in AUM in just over 18 months. Our Affordable Housing Fund of c.£500 million and the recent launch of the Digital Infrastructure Fund, mark milestones in democratising private markets to meet the long-term needs of investors across geographies.

Simpler

We made meaningful progress in reducing complexity and focusing resources where we can deliver the strongest returns. Our collaboration with Microsoft to introduce an AI enabled customer service platform will improve the experience for our Retail customers and increase operational efficiency. We also launched a refreshed, global brand identity, giving us a unified and distinctive brand across all our businesses.

Better-connected

We established and strengthened our strategic partnerships to enhance origination, broaden distribution and increase capital efficiency.

“Our purpose – ‘Investing for the long term. Our futures depend on it’ – guides our commercial decisions, and how we build a stronger, more future proof business.”

“
António Simões
Group CEO

- **Meiji Yasuda Life:** We announced the largest transaction in L&G's history, combining the sale of our US protection business with a long-term partnership.
- **Proprium Capital Partners:** The acquisitions of a 75% stake in Proprium accelerates our private markets ambitions and extends our real estate capabilities into new geographies.
- **Blackstone:** Our partnership with Blackstone broadens our asset origination pipeline, enhances capital efficiency in our annuity book, and supports new hybrid product innovation across public and private markets.

Together, these actions build a platform for long-term value creation: more resilient earnings, greater capital efficiency, and a broader set of growth opportunities.

How has L&G lived its purpose this year?

Our purpose – *'Investing for the long term. Our futures depend on it'* – guides our commercial decisions, and how we build a stronger, more future proof business.

In 2025, we delivered tangible progress:

- We are meeting the needs of our c.12.1 million Retail customers with increased digitalisation and personalisation of our services exemplified by the L&G app and our Guided Retirement Planner.
- We committed £2 billion to UK regional growth which includes 10,000 affordable homes and supports 24,000 jobs, demonstrating that impact and long-term returns can be mutually reinforcing.
- We strengthened our ability to originate long-term assets at scale through our strategic partnerships.

These actions drive delivery of our strategy while also supporting broader economic and societal outcomes.

How has culture evolved to support delivery of strategy and purpose?

Our new behaviours – challenge positively, commit together and act decisively – have driven improvements in pace, accountability and execution across the Group. In our Voice survey, 85% of colleagues saw these behaviours role-modelled, and we saw measurable improvements in positive challenge, collaboration and experimentation. As a result, we're creating a culture with clearer expectations which supports the disciplined delivery required to execute our strategy and build a more resilient L&G.

What are your priorities for 2026?

In 2026, we will continue to execute our strategy, to build a growing, simpler, better-connected L&G, with a clear vision to become a world leader in solving society's investment and retirement needs. This year, marks our 190th anniversary, a timely reminder of the value of resilience and long-term thinking.

As we continue delivering our strategy, we are well placed – as the UK's largest asset manager and largest pension provider – to play a central role in addressing one of the defining challenges facing the UK today: how people achieve financial security later in life.

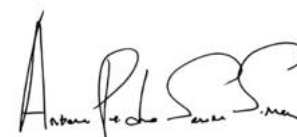
We're committed to tackling this challenge in two ways. First, by using the power of pension capital to invest in ways that generate long-term economic prosperity, as highlighted in our Blueprint for Growth, which sets out the potential for up to £220 billion of additional UK investment over the next decade if the right policy conditions are created. Secondly, by helping improve outcomes for the people who are working, saving, and retiring in that economy. This is a decades long commitment, but it requires action today, because financial wellbeing in later life depends on the conditions created across a lifetime.

As we look ahead to 2026, our focus is on executing our strategy, delivering on the goals set at our 2024 Capital Markets Event (CME). We'll do this with new leadership across the Group, including Andrew Kail as Group CFO, Gareth Mee leading Institutional Retirement, Emma Holden as Chief People Officer, and Maria Alvarez Scott, who will become Group General Counsel and Company Secretary in May.


Any closing reflections?

I would like to thank Jeff Davies and Emma Hardaker-Jones, who stepped down from their roles as Group CFO and Chief People and Transformation Officer in 2025, and Geoffrey Timms, who will step down as Group General Counsel and Company Secretary in May 2026, for their leadership and support during my first two years. I would also like to recognise the enormous contribution made by Sir John Kingman as he steps down as Group Chair. Through nearly a decade as Chair, he has made an indelible impact on L&G and has been a tremendous support to me, and my predecessor.

We welcome Scott Wheway, who joined the Board in January 2026 as an Independent Non-Executive Director and Group Chair Designate, and look forward to benefiting from his leadership and experience. Together with my c.10,500 colleagues, I am confident in our ability to continue building a growing, simpler and better-connected L&G, and to deliver long-term value for our customers, shareholders, clients and society.



António Simões
Group CEO



Our purpose, strategy and behaviours in action

Our purpose, strategy and behaviours shape how we operate as a Group. The feature spreads illustrate this through examples – how our purpose statement is brought to life in practice, how our strategy is driving progress across our businesses, and how individuals exemplify our behaviours. See pages 9 to 11 for further detail.

Clear reasons to invest in L&G

Our investment case is clear and compelling...

1.

We have market leading businesses which are performing strongly, and which benefit from structural and scale advantages.

2.

We are well positioned to capitalise on the significant growth we expect over the coming decade in our core markets.

3.

We have the synergistic business model to unlock these growth opportunities. Our synergies will amplify this growth and deliver more than the sum of their parts.

4.

And we are set to deliver attractive and sustainable capital returns, with an all-in yield of 17% over the next 12 months.

Leading businesses in growing markets

Global leader in PRT

Largest UK
Asset Manager

c.25% of DC market,
with >£200 billion
AUM

Synergistic business model

Reinforcing business
model positioned for
long-term growth

Shared services at
scale to maximise
cost efficiency

Growth accelerated
through strategic
partnerships

Attractive, sustainable capital returns

Delivering an all-in
yield of 17% over the
next 12 months

Returning
£5 billion+ to
shareholders
over 2025-2027

Disciplined capital
allocation framework

Our purpose, strategy and behaviours in action

Our purpose: Investing for the long term. Our futures depend on it.

Our purpose captures our belief that long-term societal value and L&G's commercial success go hand in hand.

We believe it's possible to generate positive returns today while helping to build a better future for all. It's about being purposeful in the way we make and invest money, so we can build a strong, resilient business that enables security, progress and prosperity for society and the communities we serve for years to come.

We measure our success by the value we create for our business, for our customers and clients and for wider society.

Pudding Wood

To support our purpose in action, we have launched a forestry and habitat creation project at Pudding Wood, a 155-hectare site near Gatwick Airport.

Working with ecologists, forestry specialists and local partners, we are designing a site that will sequester around 25,000 high-integrity carbon credits, plant up to 140,000 native trees and restore diverse habitats, including woodland, grassland and ponds.

The project aims to support priority species such as the nightingale and great crested newt, while improving access to nature and supporting wellbeing in the local community and amongst our employees. As a test case for high-quality carbon removals, Pudding Wood supports our net zero ambitions and creates lasting environmental and social value.

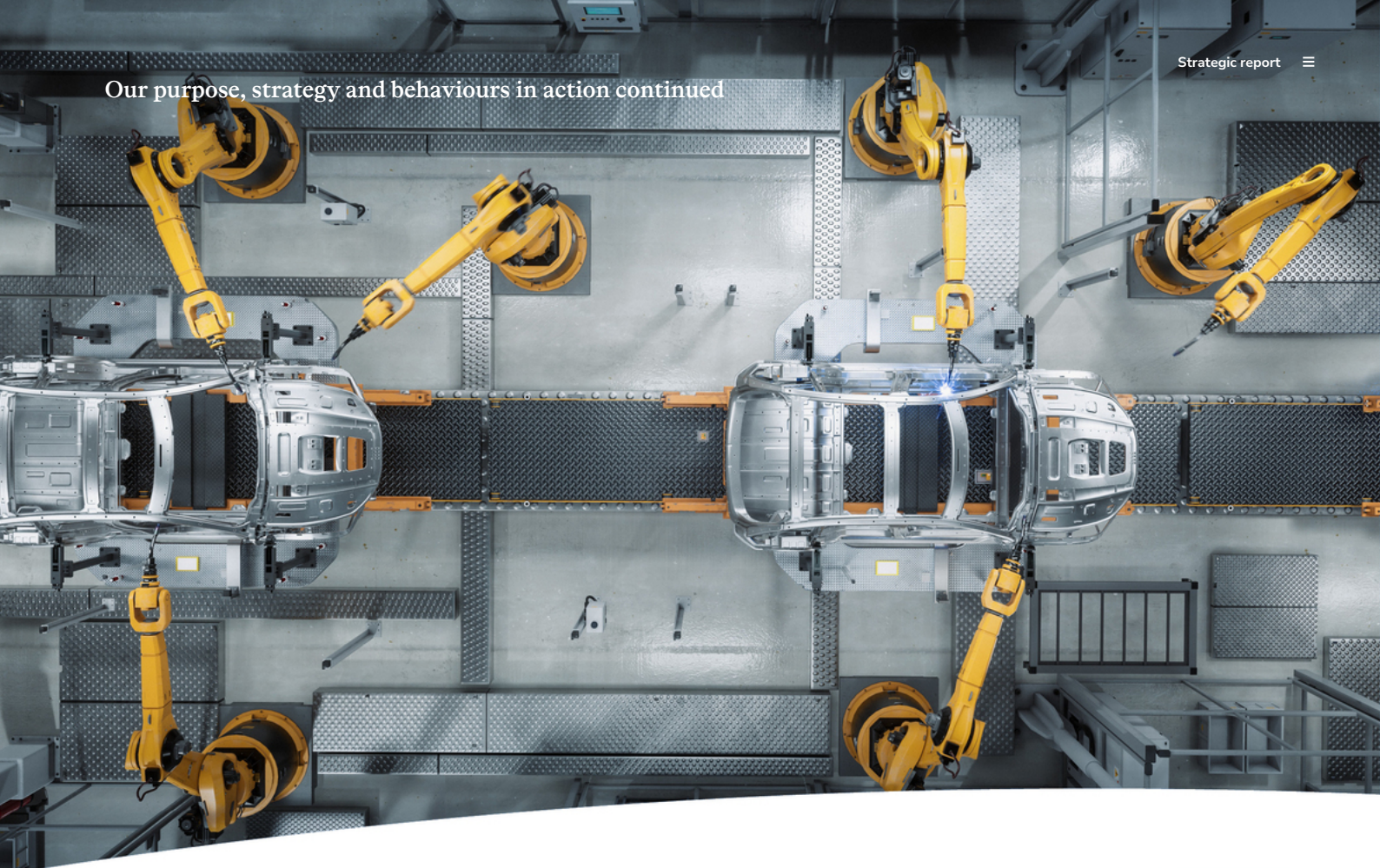
Pudding Wood reflects the very best of L&G, our people working together with clarity and purpose to deliver long-term, measurable impact. It not only strengthens the value of our land but provides vital insights into how nature-based solutions can be scaled across the UK, helping address climate change and nature loss.

“ Sustainability is inseparable from our purpose. It means acting with urgency today to protect the long term, while building a resilient business that makes decisions that are right for the planet, society and our shareholders.

”
António Simões
 Group CEO



Our purpose, strategy and behaviours in action continued



Our strategy

In 2025, we made significant progress on the strategy we established in 2024, translating ambition into delivery and advancing our vision for a growing, simpler and better-connected L&G.

Sustainable growth

Market leadership in high growth segments

We want to sustainably grow our three businesses, seizing the opportunities in Institutional Retirement and investing to grow Asset Management and Retail. Each of our three businesses has reliable earnings and the potential for significant growth.

Sharper focus

Simplified business model focused on execution

We are adopting a more disciplined approach to capital allocation, guided by our internal capital allocation framework that looks at the strategic fit and financial performance of each business.

Enhanced returns

Strong fundamentals and capital discipline to drive shareholder returns

We seek to deliver strong returns over time, through making the most of our synergies, investing in the business for long-term growth and returning capital to shareholders through dividends and share buybacks.

A landmark pension deal with Ford

During the year, we completed a milestone £4.6 billion buy-in with the Ford pension schemes, the largest PRT transaction announced in the UK in 2025 and the second largest in our history. The transaction reflects disciplined execution of our strategic priorities.

With a sharper focus on markets where we have deep expertise, we were able to structure and complete a complex deal at pace.

Delivering transactions of this scale supports sustainable growth in Institutional Retirement. The Ford buy-in contributed to £11.8 billion of global PRT volumes in 2025, demonstrating strong momentum and the advantages of our synergistic business model. Close collaboration across Institutional Retirement, Asset Management and Group functions showcases our ability to deploy capital effectively and secure long-term outcomes for pension scheme members.

The transaction also supports our priority to enhance returns, leveraging our investment capabilities to back long-dated liabilities with high-quality assets, delivering resilient, and predictable long-term performance.

Our people were central to this achievement. They bring a collaborative and decisive approach, while positively challenging assumptions to drive better outcomes. Their approach continues to underpin our success and our commitment to delivering value for customers, shareholders, clients, and society.

Our behaviours

In the past year, we embedded our refreshed behaviours – Challenge positively, Commit together, Act decisively – across the Company.

These behaviours provide a clear, practical guide for how we work and collaborate, building a culture of accountability and high performance. They were shaped by our Voice survey feedback, ensuring we focus on where we can improve together.

Celebrating our people

We hosted our fourth Annual Awards at Brighton Dome, Brighton, an opportunity to celebrate our people who demonstrated these behaviours at their best, helping to make L&G the best it can be for our customers, colleagues, and wider society. The inspiring stories behind every winner and finalist reflected the culture we are building, one that is growing, simpler and better-connected, and consistently delivering for our customers, communities, and each other.

“

The Annual Awards celebrated the standout achievements of the past year, and the people and projects that have moved us closer to our vision of a growing, simpler and better-connected L&G. Congratulations to all our 2025 winners.

”

António Simões
Group Chief Executive Officer



Chief Financial Officer's review

Our business model is well positioned to capture significant growth opportunities across our core markets.



Strong financial performance in 2025:

Core operating EPS

20.93p

(2024: 19.20p)

Operating return on equity (ROE)

54.4%

(2024: 34.8%)

Solvency II operational surplus generation (OSG)

£1,530m¹

(2024: £1,461m)

Our three-year financial targets:

CAGR in core operating EPS

6-9%

(2024 - 2027)

Operating return on equity

>20%

(2025 - 2027)

Cumulative capital generation

£5-6bn

(2025-2027)

“
2025 has been a year of meaningful progress. We have continued to sharpen our portfolio, complete strategic divestments, and focus the Group on our core, synergistic businesses.

“

Andrew Kail
Group Chief Financial Officer

1. Excludes Transitional Measure on Technical Provisions (TMTP) amortisation of £75 million (2024: £83 million). The methodology for calculating Solvency II operational surplus generation has been updated such that TMTP amortisation is now reflected as an operating variance. Comparative information has been re-presented accordingly. See further information on APMs on page 250.

Overview

It is a privilege to present a strong first set of financial results as Group CFO of L&G. Having previously served as CEO of Institutional Retirement, I step into this role with a deep understanding of the Group's financial drivers, the strength of our balance sheet, and the opportunities to deepen our competitive advantage. My focus is to build on the strong foundations that I have inherited as a Finance function, while driving enhanced financial performance.

In 2024, António set out a clear vision to become a growing, simpler, better-connected business – and as well as delivering strong financial performance, 2025 has been a year of meaningful progress against that framework. We have continued to sharpen our portfolio, complete strategic divestments, and focus the Group on our core, synergistic businesses.

Strong financial performance in 2025

We have delivered another strong set of results in 2025 and excellent new business volumes. During the year, core operating profit increased by 6% to £1,623 million (2024: £1,534 million) and we continue to demonstrate clear progress against our Group financial targets.

Our insurance profits from Institutional Retirement and Retail, totalled £1.6 billion (2024: £1.5 billion), and both are on track to meet 2028 growth targets. Under IFRS 17, our insurance businesses provide a stable and highly predictable source of spread and underwriting earnings from our store of future profit. This stock of CSM and RA is released steadily into profit over the lifetime of our policies. Our store of future profit is £13.3 billion, with CSM of £12.4 billion (up 2% over the year). This reflects the value created through the significant new business we have written, net of large releases.

We also continue to unlock increased and substantial value from our in-force annuities portfolio of £93 billion (2024: £85 billion), with asset optimisation contributing £331 million, double the profit in 2025 versus the prior year. This was supported by a heightened focus on portfolio optimisation initiatives as well as increased opportunity from writing Annuities business at lower locked in-yields as we continue to be in a tighter credit spread environment.

In Asset Management, financial performance was broadly stable in 2025 at £402 million. However, we made clear progress in repositioning the business for sustainable earnings growth. The year delivered a record £34 million of Annualised Net New Revenue (ANNR), reflecting improved investment performance and stronger client engagement. In addition, our strategic shift toward higher-margin capabilities continued to gain traction, with the average fee margin increasing to 9.1bps, despite a broader market backdrop of fee compression. Together, these developments mark a meaningful turning point: the business is now positioned for revenue growth to outpace cost growth in the years ahead.

Asset revaluations have arisen across a number of assets in our Asset Management and Corporate Investments portfolios, that have been adversely affected by broader macroeconomic conditions, particularly in the real estate and growth equity sectors. We have taken active steps in 2025 to mitigate the risk of any further downside, subject to any significant changes in the macroeconomic environment.

Our balance sheet remains incredibly strong. Solvency II OSG grew by 5% in 2025, with OSG per share up 8%. Our Solvency II coverage ratio now sits at 210%, after allowing for the transaction with Meiji Yasuda and the related £1 billion share buyback.

Our medium-term target operating range for Solvency II coverage is 160% to 190%, as we disclosed for the first time in our 2025 results. Our ratio will converge to this level as we deploy capital to meet our growth ambitions whilst we deliver growing and sustainable capital generation which provides increasing headroom over our committed dividends.

We are firmly on track to return over £5 billion to shareholders over 2025-2027. We completed a £500 million buyback in 2025 while increasing the dividend by 2% to 21.79p. We have announced the first tranche of our £1.2 billion share buyback programme.

Providing transparency, clarity and guidance

A key priority for me as Group CFO is ensuring that our disclosures clearly reflect the underlying simplicity, discipline and strategic focus we have delivered as we progress our strategy.

Since stepping into the role in December, I have spent time listening to investors, analysts, and teams across the organisation and it's clear we have an opportunity to provide greater clarity and transparency on aspects of our financial performance that I am told can feel opaque. We will be strengthening transparency, guidance, and confidence in how we report and better explain our longer-term drivers of use of capital and sustainable growth.

Looking ahead

We have entered 2026 with excellent momentum and a confident outlook.

Each of our three businesses begin the year with strong commercial traction. In Institutional Retirement, we are entering 2026 with a healthy PRT pipeline. In Retail, Workplace scheme assets of £3.7 billion secured in 2025 will fund this year, supporting further growth. In Asset Management, we will build on the momentum established in 2025, as the business moves out of a prolonged period of contraction and into a phase of growth under our refreshed strategy.

Our business model positions us well to capture the significant growth opportunities emerging across our core markets.

As we look ahead, I am focused on building on this momentum throughout 2026 as we expect to deliver another year of core operating EPS growth at the top end of our 6-9% target range (CAGR 2024-2027).





Andrew Kail
Group Chief Financial Officer

Key performance indicators (KPIs)

Our 2025 performance represents the impact of significant strategic progress as our businesses deliver strong financial results.

Guide to symbols used in these financial results:

-  Alternative performance measure (APM), see page 248 for definitions.
-  Key measure in the remuneration of executives, see pages 90 to 91 for definitions.

Profit before tax £m

£824m

(2024: £448m)¹

Purpose: to measure the profit before tax of the Group.

Profit before tax from continuing operations of £824 million (2024: £448 million) was driven by adjusted operating profit of £1,756 million (2024: £1,711 million), partially offset by costs associated with M&A and restructuring activities, and investment variance from modelling refinements and assumption changes, as well as asset revaluations and the impact of in-year versus expected returns.

Core operating earnings per share p

20.93p

(2024: 19.20p)¹

Purpose: to illustrate the contribution to operating profit (after tax) from our core business, associated with each share owned by our investors

Core operating earnings per share increased to 20.93 pence (2024: 19.20 pence), driven by year on year growth in adjusted operating profits and lower average shares, following our buyback programme.

Operating return on equity %

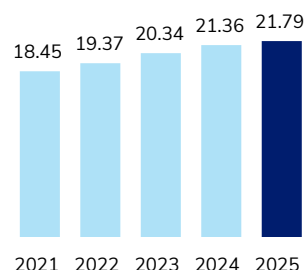
54.4%

(2024: 34.80%)

Purpose: to show how efficiently we are using our financial resources to generate a return for shareholders.

Operating return on equity of 54.4% is driven by strong adjusted operating profits and returns to shareholders from both buybacks and dividends.

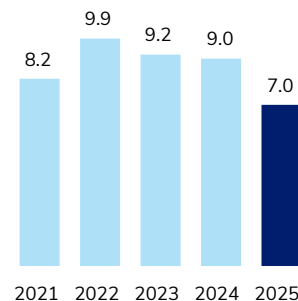
Full year dividend p



Purpose: to show the level of distribution to shareholders.

The Board has recommended a final dividend of 15.67 pence, giving a full year dividend of 21.79 pence, up 2% from the prior year (21.36 pence). This is consistent with our stated ambition to grow the dividend at 2% per annum out to 2027.

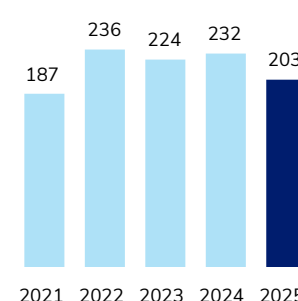
Solvency II surplus £bn



Purpose: to demonstrate the surplus capital position over the solvency capital requirement.

Solvency II surplus of £7.0 billion (2024: £9.0 billion) over our capital requirement demonstrates the continued strength of our balance sheet.

Solvency II coverage %



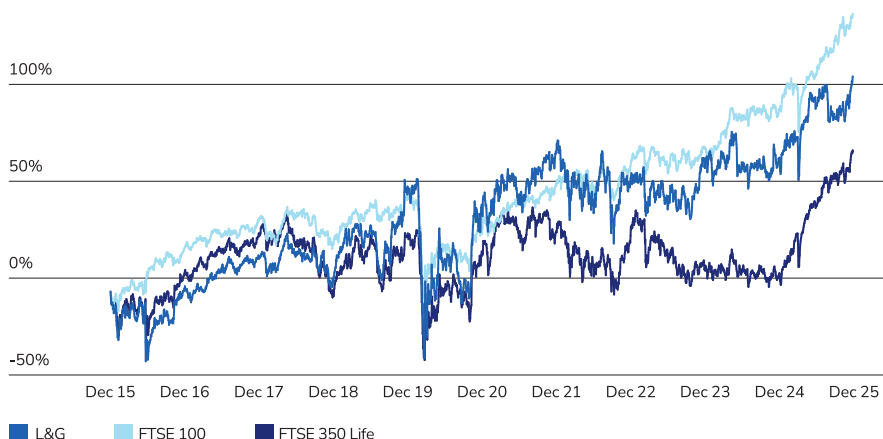
Purpose: to demonstrate the balance sheet strength of the Group.

The Solvency II coverage ratio decreased to 203% (2024: 232%), primarily reflecting the impact of increased returns to shareholders in line with our stated ambitions and market movements.

Total shareholder return %

As at 31 December 2025

150%



+24%

(2024: +1%)

Purpose: to measure the total return to shareholders, including dividends and share price movements, over time.

In 2025, total shareholder return (TSR) was broadly in line with the FTSE 100, delivering a gain of 24%. Strong capital returns supported performance, although share price appreciation was more muted as investors focused on perceived headwinds in the PRT market and looked for further evidence of execution against our Asset Management turnaround strategy. Over a ten-year period, the stock has delivered a 107% return; below the FTSE 100 but significantly ahead of the FTSE 350 Life Index, which returned 70% over the same period.

1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) businesses as discontinued operations. See Note 1 of the financial statements on page 136 for further information.

Tax review



“ Aligned with our purpose, we take a responsible approach to tax and are mindful of how the tax we pay and collect contributes more broadly to the UK and global communities in which we operate. ”

Grace Stevens
Chief Tax Officer

Our purpose motivates our strategy, how we think, how we act, and how we create a lasting impact for our clients, customers, shareholders and society. This includes being transparent with our stakeholders, and the public, on our tax affairs and our approach to tax.

Total tax contribution

Our total tax contribution is the amount of tax that we pay together with the amount of tax that we collect on behalf of our employees, suppliers, customers, clients and policyholders. We paid £529 million (2024: £479 million) of tax and collected £1,476 million (2024: £1,269 million).

Our total tax contribution of £2,005 million is higher this year. The increase is primarily due to the volume of PAYE collected on administered pension schemes.

£2,005m

In 2025, our total tax contribution was £2,005 million (2024: £1,748 million), of which 92% (2024: 93%) arose in our UK businesses and 8% (2024: 7%) overseas.

Tax supplement

You can read more about our tax strategy, our governance, what taxes we pay, and a reconciliation of our tax charge to the taxes we paid in our Tax supplement, which has been approved by the Board and can be found here:



Discover more online
group.legalandgeneral.com/Taxsupplement2025

Our 2025 tax position

Our effective tax rate for the year is 24% (2024: 41%). This is lower than the headline UK corporate income tax rate of 25% (2024: 25%) that applied for 2025. The difference between our effective tax rate and the UK corporate income tax rate is largely due to a combination of the different rates of corporate income tax that apply to profits earned outside of the UK reducing the effective tax rate and non-deductible expenses increasing the effective tax rate.

The global minimum tax regime

The global minimum tax rules, as enacted by the UK (Pillar II rules), applied to the Group in the year. No additional UK top-up-tax liability is due for the current year. An amount of £35 million, relating to the Group's reinsurance businesses in Bermuda during 2024, will be settled in June 2026.

From 1 January 2025, the Bermudan Government introduced a corporate income tax regime, applying to profits generated by our reinsurance operations located there. We have begun paying corporate income tax on our taxable profits arising in 2025, with £20 million paid in August 2025 to the Bermudan tax authorities.

We do not expect any Pillar 2 top-up tax across the Group with the majority of the jurisdictions expected to meet the transitional safe harbours.

The tax environment

Changes to the tax environment impact our businesses, our investments, our employees, our customers and clients.

We contribute to discussions and research on the tax landscape, prospective changes and active consultations on new legislation and guidance. This is with a view to ensuring the impact across society, our customers, clients, shareholders and wider stakeholders is understood and that new rules are implemented effectively.

The pace of change and increased volume of legislation and guidance remains significant for us, our policyholders and our employees. The need for a clear, holistic approach to tax policy along with certainty and stability in the tax regime remains essential for long term planning and investment decisions for everyone.

Further detail on our main risk areas and how we manage those risks can be found in our Tax supplement.

Business review

Progressing on our vision for growth and shareholder value.

Building on our strategy in 2025

Our businesses have shown commercial momentum as we execute on our strategy to deliver sustainable growth, a sharper focus, and enhanced returns. Throughout the year, we have become a growing, simpler and better-connected L&G and have focused on our three core businesses: Institutional Retirement, Asset Management and Retail.

Our Institutional Retirement business continued to demonstrate our position as a global market leader in PRT, Asset Management built out our capabilities across our private markets platform, and Retail positioned our Workplace Savings business to capitalise on the structural DB to DC shift. We have also made continued progress on the disposal of non-strategic assets within our Corporate Investments unit.

Our actions over 2025 have allowed us to return value to shareholders through £500 million of buybacks in 2025 and a further £1.2 billion is planned to be returned to shareholders over the next 12 months, following the completion of the sale of our US business to Meiji Yasuda.

6-9%

CAGR in core operating EPS
(2024 – 2027)

>20%

Operating return on equity
(2025 – 2027)

£5-6 billion

Cumulative capital generation
(2025-2027)

Progressing with partnerships

Throughout 2025, we made meaningful progress in delivering our strategy. Our strategic partnerships enhance our capabilities and strengthen our position across our three core businesses.

The partnership with Meiji Yasuda helped simplify our business. We disposed of our US protection business, retaining an economic interest in the US PRT business by utilising our capabilities to reinsure 80% of existing PRT business and new premiums won under Meiji Yasuda's ownership. We will continue to collaborate closely with Meiji Yasuda on future opportunities as we further deepen our long-term partnership.

Our strategic partnership with Blackstone enhances our private credit capabilities. Through this partnership, our annuities business will benefit from access to Blackstone's private credit origination platform, providing a pipeline of diversified investment grade assets, predominantly from the US.



Pictured above: L&G and Blackstone employees after announcing the long-term strategic partnership.



Discover more online

Capital markets event (CME)

For full details of our external ambitions, see our capital markets event: group.legalandgeneral.com/CME



Institutional Retirement

Our Institutional Retirement business provides PRT solutions, using our scale and investment capabilities to write high-quality business that delivers sustainable returns. Over 2025, we maintained strong transaction momentum, including the largest UK PRT transaction of the year, totalling £4.6 billion.

We are well positioned across the three largest global PRT markets to capture opportunities and drive sustainable growth in L&G. In 2026, we will continue to leverage our scale, asset sourcing expertise and international reach to capture the significant opportunity across all segments of the market.

With a busy pipeline and a synergistic model that combines our insurance and investment capabilities, we are positioned to provide sustainable growth and deliver on our ambitions to:

- Grow Institutional Retirement adjusted operating profits at 5–7% CAGR (2023–2028).
- Write £50–65 billion of UK PRT at a capital strain of less than <4% (2024–2028).



Asset Management

Our Asset Management business provides diversified public and private investment solutions to clients globally, benefiting from synergies, scale, and the expertise to deliver long-term growth. With a refreshed leadership team, we expanded our global reach and enhanced our capabilities across both public and private markets by broadening our product offering, progressing on key initiatives and expanding partnerships, improving access to differentiated asset classes.

We expect strong growth over the next decade and will continue to invest in new capabilities that support our long-term ambitions. This investment will enable us to scale in private markets, raise our profile internationally and enhance our solutions products.

The investments made in our capabilities over 2025 provide the foundations for future growth and position us to:

- Deliver adjusted operating profits of £500–600 million by 2028.
- Achieve cumulative ANNR of £100–150 million (2025–2028).
- Grow our private markets platform AUM to £85 billion by 2028.



Retail

Our Retail business supports customers throughout their financial journeys across our core business areas of Workplace Savings, Retirement and Protection. Guided by our commitment to support our c.12.1 million customers throughout their lifetimes, in 2025 we enhanced the quality, personalisation, and accessibility of our services.

Our businesses continue to evolve with new capabilities, strengthened partnerships and targeted innovation. We will accelerate our leading UK DC platform by capitalising on the DB to DC shift and grow our Retirement and Protection businesses through product innovation and increased digitalisation.

Using our combination of scale, service and technology, we will continue to deliver high-quality outcomes for customers which will support us in achieving our revised ambitions announced in the October 2025 Deep Dive to:

- Achieve 4–6% CAGR in adjusted operating profit (2024–2028).
- Generate £40–50 billion of workplace net flows (2024–2028).

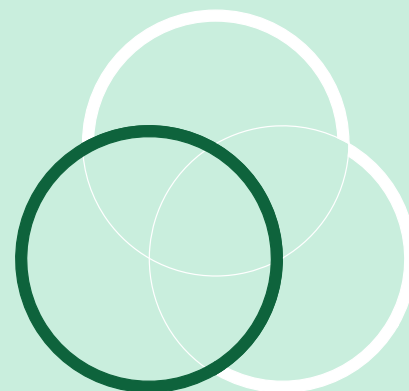
Corporate Investments unit

Our Corporate Investments unit has played a key role in simplifying the Group and unlocking value from our non-strategic assets. We have successfully realised the majority of value from the original asset portfolio, in line with our intentions. As we enter 2026, we are focused on executing the remaining disposals at pace.

Our team in the Corporate Investments unit have successfully completed the sale of 18 assets since inception. At the end of 2025, the remaining portfolio value was £0.5 billion, following updated valuations impacted by wider macroeconomic trends, particularly in the real estate and growth equity sectors.

We continue to maximise value for our shareholders, with proceeds to be reinvested in line with our capital allocation framework.

Institutional Retirement



“

Institutional Retirement combines PRT expertise, nearly 40 years of strong customer service and a disciplined investment engine supplying origination, diversification and liquidity. We deliver capital efficient returns for L&G while supporting the UK economy by deploying capital into housing, regeneration and infrastructure that generate long-term income and jobs.

”

Gareth Mee
CEO, Institutional Retirement

Highlights

Adjusted operating profit

£1,168m

(2024: £1,097m)

Driven by releases from store of future profit and investment margin.

Global PRT volumes

£11.8bn

(2024: £10.3bn)

With 63 schemes in the UK, US and Canada.

Buy-in with Ford pension schemes

£4.6bn

The UK's largest PRT transaction in 2025.

Customers met in person

>3,400

(2024: >3,000)

More than any other year.

Profit before tax (PBT) attributable to equity holders

£917m

(2024: £544m)

Driven by adjusted operating profit, partially offset by the impact of model and assumption changes, which add to our store of future profit.

Invested in our Annuity portfolio^{1,2}

£93bn

(2024: £83bn)

Growing spread earnings from Annuities portfolio.

Members onboarded

+126,000

(2024: +64,000)

A record year for the business.

1. In the UK, annuity assets across Institutional Retirement and Retail are managed together. We show here the combined value. Annuity assets reflect Annuity investments, but excludes shareholder assets, is net of derivative liabilities and includes non-financial assets.
2. Excludes non-retained US PRT business post Meiji transaction.

2025 key activities

In Institutional Retirement, we continued to demonstrate our position as a global leader in PRT, writing £11.8 billion of business with 63 schemes in the UK, US and Canada. In the UK, we completed 45 schemes, 34 of which were with clients of our Asset Management business. Our long-standing relationships with schemes through Asset Management, combined with the innovative solutions we develop for all our clients, reinforce the competitive advantage of our synergistic operating model and highlight the value they continue to deliver.

Institutional Retirement is supporting L&G's vision to be a world leader in solving society's investment and retirement needs. Our strategic partnerships play a key role in supporting this vision, and in 2025 we announced a long-term partnership with Blackstone.

The partnership combines the strength of L&G and Blackstone's respective credit platforms to enhance L&G's competitive advantage in annuities and bolster its asset management proposition in key geographies and channels. In December, we participated in our first Blackstone-originated investment, a \$475 million credit tenant lease triple net lease transaction with a market-leading grocery retailer in the US and Europe.

Focusing on our customers

Member experience is increasingly key in insurer selection. With our in-house model and UK-based team, we deliver personal, expert support to our clients and customers throughout the buy-out journey. While we're proud of our strong service reputation, we're investing heavily to strengthen our proposition and have launched a multi-year programme to enhance both our service and underlying technology.

We are committed to delivering excellent customer service to our over 750,000 customers. We are proud that this was recognised by our retention of Customer Contact Association's (CCA) Global Strategy Accreditation for the eighth consecutive year. In addition, we secured four awards at this year's CCA Global Excellence Awards, including being named as Customer Service Team of the Year.

Our team members are key to delivering great customer outcomes. Our employees were highly commended for Best Employee Experience at the European Contact Centre & Customer Service Awards and our actuarial teams won the Supporting Development and Training Scheme of the Year award at the Professional Pensions Rising Star Awards.

This year, we met over 3,400 customers in person, more than ever before, with face-to-face conversations at Customer Roadshows across the UK, and we welcomed over 3,000 visitors to our dedicated customer lounge at BBC Gardeners' World Live 2025, marking our sixth year at the event. These engagements are an important part of how we deliver excellent service, providing valuable opportunities to hear directly from our customers and ensure we continue to support them in the best possible way.

New business

£4.6 billion buy-in with Ford pension schemes

In October, we announced the completion of two buy-ins totalling £4.6 billion with pension schemes sponsored by Ford Motor Company Limited, securing the benefits of over 35,000 members and representing the largest risk transfer transaction announced in the UK in 2025.

This transaction deepens a decade-long relationship with Ford, a client of our Asset Management business and through L&G's price lock and in-specie asset transfer solutions, achieved a cost-efficient execution.

£1.6 billion buy-in with the BP Pension Fund

We completed a £1.6 billion buy-in with the BP Pension Fund, marking a first transaction for the c.£18 billion scheme.

L&G provided a gilt-based price lock using the Fund's existing gilt holdings, giving price certainty amid volatile markets and supporting smooth execution of the transaction.

£1.1 billion buy-in with the NatWest Group Pension Fund

We secured £1.1 billion of liabilities with NatWest Group Pension Fund, a long-standing client of our Asset Management business.

£800 million buy-in with Honda Group – UK Pension Scheme

In July, L&G completed an £800 million buy-in with the Honda Group – UK Pension Scheme, securing the retirement benefits of over 1,700 retirees and over 3,000 deferred members.

Leveraging its combined investment and insurance expertise, L&G crafted bespoke solutions for the Scheme, including a tailored price lock to the Scheme's assets and a flexible deferred premium structure to support the run-off of illiquid holdings.

US PRT deals

In February 2026, we completed the sale of our US insurance entity to Meiji Yasuda. This sale establishes a long-term strategic partnership with Meiji Yasuda and will accelerate our international growth ambitions.

We will retain a strong presence in the US PRT market, which is the largest PRT market in the world, by reinsurance treaties of new and existing business from the Banner Life family of companies (owned by Meiji Yasuda).

Over 2025, L&G secured c.\$1.8 billion of US PRT business across 15 transactions. We continued to provide excellent service to our over 200,000 annuitants, who will continue to be served well by the Banner Life family of companies going forward.

L&G has written over \$14.2 billion in total business across 134 deals since entering the US PRT market in 2015, delivering a legacy of success which will be capitalised in the future as part of our long-term partnership with Meiji Yasuda.

Canadian PRT deals

We had another strong year in the Canadian market, executing three transactions, totalling over CAD\$630 million reinsured in partnership with a Canadian regulated insurer. Our continued success provides confidence that we have a compelling proposition in Canada, and brings our total premium reinsured to CAD\$3.2 billion.

Investing for the future

We continue to build on our unwavering commitment to sourcing and investing in assets that create meaningful environmental, economic and social benefits. These assets strengthen the long-term security we provide for our pension scheme members, whilst championing responsible investment that meets societal need and drives growth in the real economy. This demonstrates L&G's dedication to delivering positive outcomes not only today but for generations to come.

£200 million Life and Mind Building in Oxford

Oxford University Development, L&G's joint venture with Oxford University, opened the flagship Life and Mind Building this year. When construction began in 2021, the 25,000 sq.m. facility was the largest academic building in the university's history and housed the Biology and Experimental Psychology departments, supporting more than 2,400 students, academics and researchers.

Setting a new benchmark for sustainable construction in higher education and life sciences, the building holds a BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating. The development incorporates low-carbon technologies to help the building achieve net zero carbon in operation by 2030.



Sustainable Growth

L&G Flow surpasses £1 billion milestone

Since its launch in 2023, L&G Flow, our proprietary solution for smaller pension schemes, has secured a landmark £1 billion of liabilities with 62 pension schemes. With L&G Flow, we have facilitated efficient access to the de-risking market and secured the benefits of over 10,000 members.

In 2025, £360 million of liabilities were secured with transactions ranging in size from £2 million to over £80 million, demonstrating our commitment to supporting pension schemes of all sizes and our ability to scale responsibly.

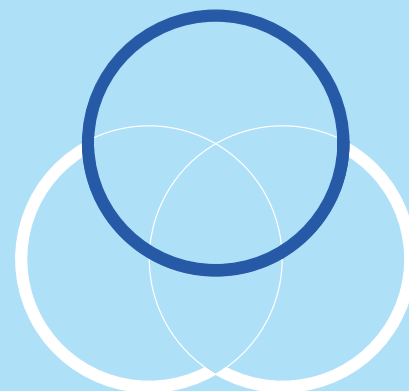
Flow is our solution designed specifically to meet the needs of smaller pension schemes, which offers a unique combination of guaranteed pricing, flexible post-sale experiences, and dedicated support, ensuring a smooth and efficient transition for schemes under £150 million.

Outlook

We continue to operate across the three largest PRT markets in the world, and over the next decade we anticipate a combined £1 trillion of new business to transact across these markets. This positions us to build on our strong historical performance, and the guidance we have set of £50 – 65 billion of UK PRT over 2024 to 2028 reflects the scale of opportunity we are aiming to capture.

The UK PRT market has achieved a record number of transactions across the past two years, and c.£50 billion of UK volumes are projected in 2026, exceeding the previous £49 billion peak recorded in 2023. Our pipeline going into 2026 is as strong as we have seen it over the second half of 2025. We are well positioned to deliver against this demand across all segments of the market.

Asset Management



“

With a refreshed leadership team in place, 2025 was a year in which we redefined our strategy and targets. We continue to execute with discipline, securing mandates across regions, broadening our distribution and enhancing our cross-asset capabilities.

”

Eric Adler
CEO, Asset Management

Highlights

Adjusted operating profit

£402m

(2024: £401m)

A reversal of multi-year declines, marking 2025 as an inflection point.

Private Markets AUM

£75bn

(2024: £57bn)

Reflecting growth across private credit, real estate and infrastructure.

ANNR

£34m

(2024: £(5)m)

Highlighting a shift to significantly higher margins from our incoming flows.

Profit before tax attributable to equity holders

£72m

(2024: £211m)

Driven by adjusted operating profit, partially offset by the adverse impact of asset revaluations and the difference between in-year versus expected returns on a number of Private Market assets, as well as costs associated with M&A and restructuring activities.

Cost income ratio

75%

(2024: 74%)

Up 1ppt from 2024 as we consciously invest in growth and scalability.

Fee rate

9.1bps

(2024: 8.8bps)

On track for our CME commitment of 10bps by 2028.

2025 key activities

Asset Management finished 2025 in a position of renewed strength, delivering a 5% increase in AUM to 1,197 billion. We have begun to execute on our strategy, realise our untapped potential and meet our clients' evolving needs, repositioning the business for growth.

We saw strong expansion in our Private Markets AUM, growing to £75 billion and, reflecting the successful build-out of capabilities in private credit, residential mortgages and real estate strategies.

This growth also added revenue resilience, with a rise in the overall fee rate to 9.1bps, and efficiency actions drove cost control and fee-related earnings growth.

A strategic review of our Private Market assets, led by Eric, resulted in both the transfer of a small number of assets to the Corporate Investments unit and a comprehensive assessment of our remaining assets, in line with our normal practice, which itself culminated in a number of revaluations and therefore a lower PBT.

We will continue to execute our strategy with discipline, using three strategic levers: build, partner and buy. To better meet our clients' needs, we plan to build where we have existing expertise; partner where we have an aligned purpose; and buy where we identify high-quality capabilities.

Build

Last year, we continued to capitalise on existing areas of expertise, with highlights including the continued success of our Private Markets Access Fund (PMAF).

Launched in July 2024, the fund hit £2.5 billion in AUM, providing DC pension scheme members with greater access to private assets. DC revenue outweighed DB revenue for the first time this year, underscoring the continued structural shift in our industry.

Throughout 2025, we worked on refreshing our Exchange Traded Fund (ETF) strategy, with the launch of equity offerings such as our S&P 100 Equal Weight ETF and Global Quality Dividends ETF. We also added to our liquid-alternatives lineup, introducing our Market Neutral Commodities ETF.

Our index range was also further enhanced, with the introduction of infrastructure, bond and equity offerings.

The L&G Equity Index Fund provides broad exposure to large, mid and small-cap global equities, covering about 99% of the global investible equity opportunity.

The L&G Global Bond Multiverse Index Fund provides diversified exposure to global fixed income markets, beyond the well-known Global Aggregate index. The Future World Infrastructure fund aims to achieve a 50% initial reduction in carbon intensity and tilts to those companies exhibiting the strongest environmental credentials.

Other notable product launches included additions to L&G's active fixed-income funds. We launched our Global Income Bond and Global Special Situations Credit funds, as well as US Core Plus and Opportunistic Fixed Income funds.

Aligned with our broader growth ambitions, we remain committed to investing for the long term in assets and organisations that support real-world impacts with substantial economic benefit. Reflecting this, 2025 was a year of notable product activity within our Private Markets platform. Our Affordable Housing Fund held its second close at about £500 million, while our Digital Infrastructure Fund held its first close at approximately €600 million. We also held the final close on our NTR Clean Power Europe Fund at about €600 million.

Looking ahead, we will continue to iterate our ETF platform, with a particular focus on active and liquid alternative products as well as listed share classes.

Buy

We will continue to consider acquisition of high-quality businesses that enhance our overall proposition, and support our ambition to expand both our capabilities and geographical reach. By identifying such opportunities, we believe we put ourselves in a better position to create value for our clients, offering them an increasingly differentiated and diverse product lineup.

In 2025, we bought a 75% stake in Proprium Capital Partners, a global real estate private equity firm. The transaction reflects our desire to bolster our business with additional expertise, while also opening the potential to accelerate growth in markets across Europe and the Asia-Pacific region. Close to 60% of Proprium's portfolio is located in Europe.

We carried out a landmark fund merger, as we worked with Federated Hermes to combine the Federated Hermes Property Unit Trust and the L&G Managed Property Fund. The transaction reflected two of the UK's most prominent asset managers working together in the best interest of investors.

Expanding our real estate capabilities also supports our goal of growing our Private Markets platform to £85 billion in AUM by 2028.

Partner

Reflecting our desire to better meet client needs, in 2025 we explored opportunities to partner with organisations with aligned purposes to our own.

In July, we announced our collaboration with Blackstone. Within this partnership, we will develop public-private credit solutions that combine Blackstone's leading private credit platform with L&G's best-in-class active fixed income capabilities. This is aimed at accelerating our ambitions to expand into highly attractive wealth and wholesale channels. The partnership will also complement our existing private credit capabilities to gain competitive advantage, enhance returns and support our growth ambitions.

Additionally, there is potential for further valuation uplifts at Pemberton as the platform continues to scale, introduce new funds, and deploy capital.

We also intend to build on our asset management partnership with Meiji Yasuda following our previous transaction announcement.

International business

As part of our commitment to offer a broader range of asset classes to a broader range of clients, we have sought to expand internationally, working towards our ambition to become a truly global asset manager.

In 2025, the listing of the L&G All-Cap-All-Market Multifactor-Equity ETF on Italy's Borsa Italiana exchange marked an important milestone in these ambitions. The fund aims to provide a 'one stop' core solution for investors seeking access to a diversified investment equity strategy. It has previously listed in Germany and Switzerland, with a significant part of inflows driven by investors who choose to contribute via regular monthly savings, rather than one-off lump sums.

Additionally, we continue to seek expansion in North America and Asia. We expanded our investment teams in Asia in 2025, adding to our fixed income capabilities in the region. The move represented the continued globalisation of L&G's leading fixed income capabilities, with expert portfolio managers located in key geographies.



Sustainable Growth

Launching the L&G Digital Infrastructure Fund

In September, we announced the successful first close of the L&G Digital Infrastructure Fund (LDIF). An important component of our Private Markets platform, this close involved about €600 million in commitments and associated co-investments. It showcased our ability to combine deep sector expertise and client relationships with the strength of our balance sheet to incubate solutions aligned to long-term macroeconomic trends.

The fund enables L&G to capitalise on the \$2.5 trillion gap in funding that we believe is needed by 2030 to meet accelerating demand for digital infrastructure. Targeting a gross Internal Rate of Return (IRR) of 15%, LDIF aims to invest in high-quality, productive and fast-growing businesses.

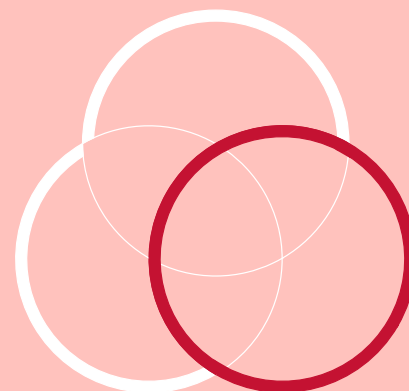
Outlook

We enter 2026 from a position of growing strength and strategic momentum, which is underpinned by rising fee margins, renewed growth in fee-related earnings and expanding exposure to higher-value private markets.

Demand for private and public credit, real assets and multi-asset solutions remains strong. Combined with our disciplined cost management and ability to offer solutions at scale, this environment positions our business to deliver improving adjusted operating profit.

We are committed to our growth ambitions, seeing an opportunity to raise our profile in international markets and grow our AUM in areas such as private markets, and we retain our overarching vision: to be a leading global investor, innovating to solve client challenges using the power of L&G.

Retail



“

With scale in Workplace Savings, trusted Retirement propositions and technology-enabled efficiencies in Protection, Retail is well placed to support customers throughout their lifetimes and deliver enhanced returns to our shareholders.

”

Laura Mason
CEO, Retail

Highlights

Adjusted operating profit

£447m

(2024: £430m)

Driven by releases from the stock of future profit and investment margin.

Workplace Savings net flows¹

£6.2bn

(2024: £6.0bn)

Demonstrating continued momentum.

Individual Annuity sales

£1,753m

(2024: £2,118m)

Supported by sustained customer demand.

Our customers²

c.12.1m

(2024: 12.3m)

Profit before tax attributable to equity holders

£374m

(2024: £243m)

Driven by adjusted operating profit, partially offset by the impact of modelling and assumption changes.

Protection new business premiums

£269m

(2024: £263m)

From enhanced customer engagement.

NPS³

+55

(2024: +50)

Reflecting our customer service excellence.

2025 key activities

The Retail⁴ business delivered strong performance over the year. We have momentum in Workplace Savings, with net flows of £6.2 billion, demonstrating the trust placed in us by employers and members. Individual Annuity sales reached £1,753 million, supported by sustained customer demand and our competitive at retirement proposition. Our Protection business generated £269 million of new business premiums, underpinned by enhanced customer engagement and effective distribution.

We took the opportunity to explain our Retail business in greater depth in our Retail Deep Dive, helping to strengthen market understanding of our capabilities, strategy, and long-term growth potential.

Focusing on our customers

Our Retail businesses support c.12.1 million customers¹ and we are proud that we handled over 20 million interactions in 2025, reflecting both scale and trust. Service quality remains consistently high, with an NPS of +55 and an Institute of Customer Service (ICS) score of 83.7. This is further demonstrated by recognition of our frontline teams with the 'Customer Service Team of the Year' Gold award at the CCA Global Excellence Awards 2025.

Our Retail businesses are there to support customers throughout their lifetimes. Our Workplace platform helps members build savings from the time of their first job through to retirement, whilst Protection delivers long-term peace of mind to our customers and their loved ones.

Our Retirement businesses equip customers to make confident choices in their later life with targeted support and flexible options.

Continuous improvement in how we serve customers is critical, and therefore in 2025 we announced our collaboration with Microsoft to digitalise our customer support platform. Customer interactions with colleagues will be enhanced by AI-enabled agentic assistance, and we are reducing complexity for our employees by unifying our platforms so customer queries can be resolved faster and more consistently.

1. Figures include Workplace DC and Retail Savings net flows.
2. Customers of our Retail division, including individual customers and employees covered under employer Group Protection and Workplace schemes. The reduction in-year is due to improved customer reporting, which removed duplicate records rather than reflecting a change in underlying customer number.
3. Calculated as an average of our core businesses weighted by transaction volumes.
4. Retail comprises Retail Retirement and Insurance reporting segments (see Note 2 on page 155 of the financial statements).

Our business areas

Workplace Savings

Our Workplace Savings business helps members save for their retirement through an end-to-end platform, available for customers at the touch of their finger via the L&G app. In 2025, the app became the UK's highest-rated workplace pension app and logged a new high of almost 1.5 million visits in one month in July, and was enhanced with more personalised content and features during the year.

In 2025, we sharpened focus by consolidating our DC and Workplace Savings operations, which span Retail and Asset Management businesses, under our new CEO, Paula Llewellyn. We are the UK's largest DC provider, managing over £200 billion in DC assets across the Group, with our commercial Mastertrust the largest in the UK, with over £40 billion of assets. Retail continue to partner with some of the UK's largest employers, who are long-standing clients, and we are proud of a 99% scheme retention record.

We joined with 19 other major finance firms to launch the UK Retail Investment Campaign, an industry-wide initiative to raise public awareness of investing and its role in long-term financial wellbeing. Our Workplace Savings business will champion this, as we want to foster a culture of appropriate, diversified investment by encouraging our customers to engage with their workplace pension and consider their retirement options.

We also put in place processes for DB scheme trustees and sponsors to transfer surplus funds into DC arrangements, as we respond to a market in which around three quarters of DB schemes are now in surplus. The framework will allow employers to either enhance member outcomes in DC or offset ongoing contribution costs.

Retirement

Our Retail Annuities business helps customers convert pension savings into a dependable income, offering lifetime and fixed term options to meet different needs. We are the UK's largest open market annuity provider.

Over the year, we made it simpler and faster to secure a guaranteed income. We launched L&G Apply, a digital application journey for advisers, which could cut processing times by up to 14 days, improving accuracy and freeing advisers to focus on clients.

Recently we announced a new distribution partnership with HSBC UK, giving customers direct access to L&G annuities through HSBC's website, with referral to advice where needed.

Our Lifetime Mortgages business helps homeowners unlock a portion of their property wealth while remaining in their homes. This year marked 10 years since the establishment of L&G's Home Finance business, with over 100,000 customers releasing more than £6.5 billion of equity from properties since inception.

We published new analysis this year highlighting a clear shift in how customers use equity release, with a majority of people now prioritising quality-of-life goals such as home upgrades and intergenerational gifting, with debt repayments in decline.

Protection

Retail Protection helps our customers protect their families and finances through life insurance, critical illness and income protection products. Our commitment to quality and consistency was recognised with Moneyfacts Best Term Assurance Provider for the sixth year running.

This year, we made it easier than ever to submit a claim, with a new customer-facing Claims Portal for third-party claimants. Since the launch of our digital offering in 2023, average claim timelines have reduced by nearly two weeks, with more than 70% of customers now choosing to claim online.

Group Protection helps employers look after their people with life insurance, income protection and critical illness benefits. This year, we launched Spark, our health and wellbeing app, giving employees easy access to preventative tools, everyday health resources and guided pathways to specialist help. Our commitment to excellence was recognised with the Cover Excellence 'Outstanding Group Protection Provider' award for a second year and the Health and Protection 'Best Group Protection Provider' award.

Mortgage Club connects advisors with lenders and providers, helping customers secure the right mortgage and protection alongside it. Celebrating its 30-year milestone and a record £133 billion of lending this year, the Club continues to champion customer outcomes at one of life's most important financial decisions.

In February 2026, we transferred ownership of our US protection business to Meiji Yasuda, with policyholders receiving seamless continuity of cover and service.



**Sharper
Focus**

Confident decisions in later life: L&G's Guided Retirement Planner

This year, L&G's digital Guided Retirement Planner has been used by more than 70,000 members aged 55+. The Planner delivers personalised content by identifying each member's priorities and providing clear, actionable insights. It breaks retirement planning into simple steps and has been designed to be dynamic, allowing members to evolve their plans at their own pace and around key life moments.

We are seeing this engagement turn to action, with one in five members choosing options such as consolidation, drawdown or an annuity purchase. Additionally, one third of planner users are pre-retirement, boosting their readiness for retirement.

Outlook

Retail will accelerate and expand our leading UK DC & Retirement platform, supporting customers seamlessly through accumulation, retirement and decumulation. We intend to seize the structural DB to DC shift, targeting sustained net flows as we progress toward doubling Workplace assets by 2034.

We will build on our established presence in Individual Annuities to capture the c.£20 billion market opportunity by 2034, offering our customers blended income solutions that combine flexibility with guaranteed income. We will grow our Protection businesses through product innovation and increased digitalisation, facilitated by our proven customer service track record.

Sustainability

In 2025, L&G has built on our refreshed purpose – ‘Investing for the long term. Our futures depend on it’ – as we navigated ongoing geopolitical and societal change. This purpose has guided how we prioritised, deployed capital and managed risk, helping us remain a resilient and responsible long-term investor.

During the year, we continued to embed our purpose firmly across the business. It informed how we responded to demographic shifts, demand for productive finance, technological change and rising expectations around responsible business conduct – the structural trends that continued to shape our operating environment in 2025.

To ensure our commercial strategy and sustainability ambitions remained aligned, we undertook a further assessment of our sustainability-related impacts, risks and opportunities (IRO) outlined in 2023.

This review highlighted the issues most material to L&G and our stakeholders, particularly in areas such as climate transition, governance, and the role of long-term capital in supporting inclusive economic growth. Insights from this work will be used to support the development of a revised Group sustainability strategy.

Throughout 2025, we focused on refining our long-term priorities, strengthening how we measure progress and further integrating sustainability considerations into business and investment decisions. The updated strategy is expected to be reviewed and approved by the Group Management Committee (GMC) in 2026.

Pictured below: As part of the Nature Unlocked program, proudly supported by L&G, the Group Procurement team headed to Kew Wakehurst for a day of nature, teamwork and pollinator-friendly trees.



Our sustainability KPIs

Climate

Operational footprint
(scope 1 and 2 (location))



19,921tCO₂e¹
(2024: 27,418 tCO₂e)

Measures the greenhouse gases (GHG) associated with our direct operations. Scope 1 emissions are direct GHG emissions occurring from sources owned or controlled by the Company. Scope 2 emissions are indirect GHG emissions from consumption of purchased electricity, heat or steam.

Investment portfolio economic
GHG emission intensity



51 tCO₂e/£m
(2024: 50 tCO₂e/£m)

This is made up of our ownership share of the emissions related to the assets we invest in within the Group proprietary asset portfolio. It includes bonds, equities and investment property, but excludes cash, derivatives and any assets already covered in our operational footprint. It is measured per unit of investment.

% AUM aligned with the Climate
Impact Pledge (CIP)



80%
(2024: 82%)

The CIP covers 56% of corporate securities by value that Asset Management invests in on behalf of clients and 80% of carbon emissions attributable to our corporate and equity holdings as of 31 December 2025.

Other

Employee engagement index



79%
(2024: 80%)

Measures a range of employee sentiments about working at L&G, including satisfaction, pride, recommendation and intent to stay.

Median gender pay gap



30.2%
(2024: 28%)

Measures the difference between median pay per hour for women and men, expressed as a percentage of the latter. This KPI relates to UK-based employees only.

Senior management
roles held by women



40.3%
(2024: 38.5%)

Measures the percentage of senior management-grade roles held by women. We set the objective of 40% of Board and leadership positions being held by women by 31 December 2025.

More information about our environmental KPIs and reporting

FCA Listing Rule 6.6.6R(8)

A summary of our climate-related financial disclosures, consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), can be found on page 29 of this report, with additional information available in our separate Climate and nature report.

Transition plan: response to FCA requirement 2021/61 9.8.6FG

Our 2026 Climate and nature transition plan is due to be published in March this year. This is the first update since our initial transition plan was presented to, and approved by, the 2023 Annual General Meeting of our shareholders. The plan sets why climate and nature matter to L&G, and the actions that we take to deliver on our net zero by 2050 commitments. This is in line with the UK Government's Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Companies Act 2006 and SECR


In building our footprint, we have reported on the emission sources for January to December 2025 required under the Companies Act 2006 Strategic Report and Directors' report regulations 2013 and have followed the requirements of the Streamlined Energy and Carbon Reporting (SECR) framework.

In line with the Greenhouse Gas protocol, our scope 1 and 2 is the annual carbon emissions of the whole Group. We apply the operational control approach, i.e. we include all operations which we directly control, such as the energy from our core occupied offices, landlord activities, as well as the construction of new homes within our housing businesses and joint ventures.

Environmental system

We manage our business in accordance with ISO 14001 certification.

For further information on our GHG emissions and steps taken to reduce them, please see our separate 2025 Climate and nature report.

 Discover more online
group.legalandgeneral.com/Climatereport2025

For further information on our employee engagement index, representation data and pay gap, please see pages 34 and 35 of this report and our Social impact report.

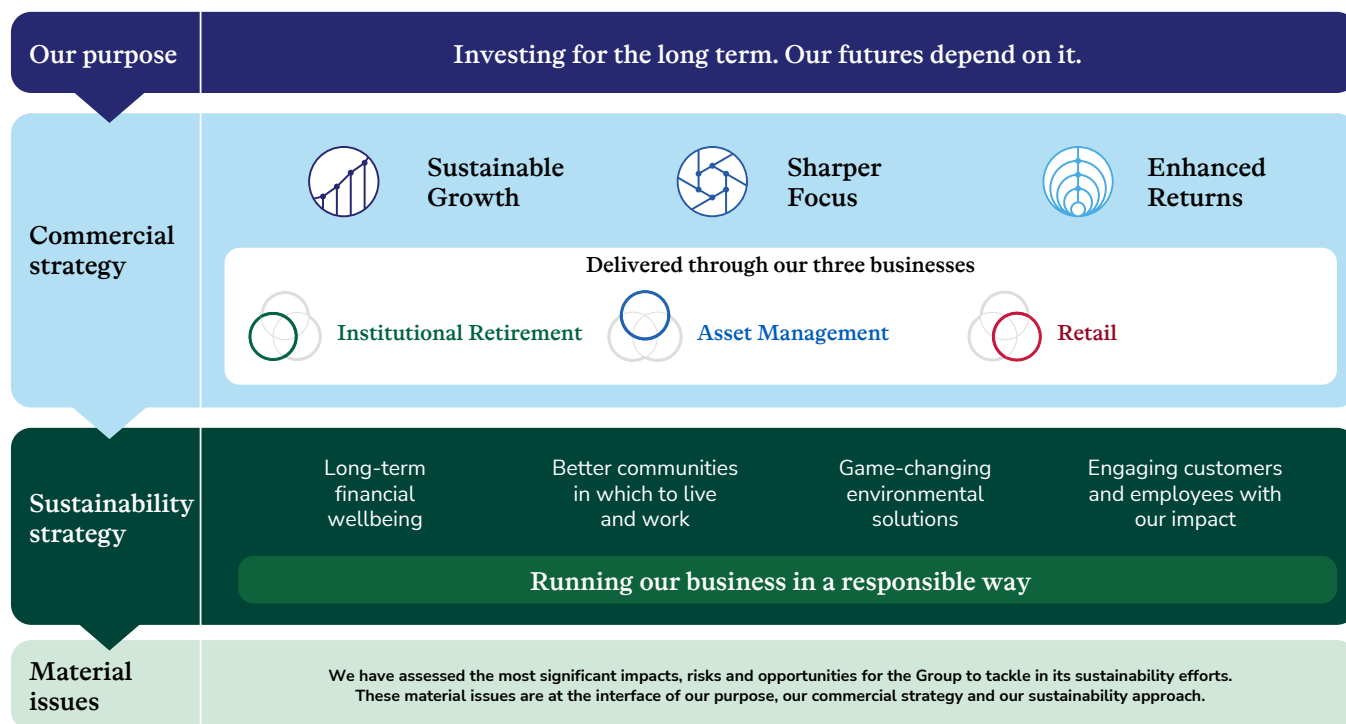
 Discover more online
group.legalandgeneral.com/Socialimpactreport2025

1. Carbon dioxide (CO₂) is the most significant contributor to global anthropogenic GHG emissions, which also includes other gases such as methane and nitrous oxide. The equivalent warming impact of non-CO₂ GHG emissions are measured as tonnes of CO₂ equivalent (tCO₂e).

Our Responsible Business

Our approach to Responsible Business stems from our purpose and is defined by our commercial objectives and the economic value we create.

The ways in which our strategy, refreshed purpose, sustainability focus areas and material IROs interact are shown below.



Reporting our progress

We make sustainability-related disclosures across four main publications. We recommend that readers who want to understand our approach to the whole range of sustainability issues – environmental, social and governance (ESG) – read these publications together.

In this section of our Annual report and accounts, we report information that is required under regulation and legislation. We also outline our approach to sustainable business, comment on how our commercial activities have contributed to positive environmental and social outcomes and describe our governance practices; see pages 24 to 35.

Discover more online group.legalandgeneral.com/en/reporting-hub/Sustainability



Our **Climate and nature report**, prepared in line with the recommendations of the TCFD and as early adopters of TNFD, describes our climate and nature strategy, scenario planning, risk management, metrics and governance. This report contains detailed data on our carbon emissions and other environmental metrics.



Our **Social impact report** describes the commercial and not-for-profit actions we've taken in the reporting year in pursuit of our sustainability areas of focus. It also contains people-related disclosures, including workforce data, diversity and inclusion data and targets, and pay gap information.



Our **Modern slavery statement**, prepared to meet the requirements of the 2015 Modern Slavery Act, describes the steps we have taken to identify the risks, and remediate any instances, of modern slavery and human rights violations. It covers our strategy, risk processes, governance and key performance indicators relating to this issue in our operations and supply chain.



Our **climate and nature transition plan** sets out how we continue to deliver against our transition ambitions, promoting a 1.5°C Paris aligned transition, while investing for the long term. In our 2026 plan, the first update since our 2023 publication, we highlight our progress and our evolving approach to navigating this complex landscape.

Our sustainability areas of focus

Our sustainability areas of focus, implemented in 2022, reflected where we had the greatest potential to create social, economic and environmental impact while seeking to generate returns for our customers, clients and shareholders.

A new sustainability strategy is currently under development; however, the existing framework remained in effect throughout 2025. A brief overview of each focus area is provided below, with additional detail available in our 2025 Sustainability reports.

Long-term financial wellbeing

We want members of society to be financially confident and resilient over the course of a lifetime, as this is central to us realising our purpose. As a leading insurance and retirement provider, we can positively influence people's financial wellbeing through our products, services and tools. We also offer additional support and not-for-profit initiatives to help customers manage difficult times. Alongside this, we invest capital to create long-term economic value. More detail is available in the long-term financial wellbeing section of our Social impact report.

Better communities

As a long-term investor in towns and cities, we have an opportunity to use capital in ways which aim to benefit society while delivering on commercial and client priorities. We developed a social impact model in 2022 to guide strategies across funds, assets, subsidiaries and partnerships. Built on impact-management principles, it adapts to different asset types and stages of the investment lifecycle. The toolkit factors in local needs, helps align shared goals with community partners, and measures impact through KPIs focused on real-world outcomes. In 2025, we continued to put this model into practice and social impact strategies now cover 75% of our private markets portfolio (up 25% from the previous year). The better communities in which to live and work section of the Social impact report gives more detail on this.

Climate, environment and nature

The need to reduce GHG emissions remains urgent to limit the most severe impacts of climate change. Awareness of the urgency to protect nature has also intensified. It is core to our purpose 'Investing for the long term. Our futures depend on it'. Ultimately, climate change and the twinned crisis of nature loss, require long-term commitments as well as action today, and as a long-term business, we are committed to action.

We are setting out our forward-looking strategy in our updated Climate and nature transition plan, published this year for the first update since its first iteration in 2023. We continue to give a full account of our performance in our annual Climate and nature report.

Our approach to climate change and nature loss is built across our three key areas of activity:

- **Asset owner:** Reducing the intensity of our carbon emissions and investing in the transition where it creates long-term value.
- **Asset manager:** Contributing to a net zero-aligned transition as an asset manager with £1.2 trillion of AUM. Driving greater action to address financially material climate and nature risks in the real economy consistent with our fiduciary duty.
- **Our operations:** Decarbonising our operations to improve the energy efficiency of our occupied offices and the real estate that we actively manage.

Engaging customers, clients and employees

Our impact on society is central to our role as a market leader in life insurance, pensions and retirement income. Through our Retail business we meet the needs of c.12.1 million people. We manage £1.2 trillion of client assets and we employ over c.10,500 staff worldwide. With customers and employees from diverse backgrounds and needs, our products directly shape lives. In our Social impact report, we describe the various steps we take to engage customers, clients, and employees in our sustainability agenda, whilst adhering to being a responsible business and employer.

Responsible business

Our commercial success relies on a resilient economic system and responsible corporate behaviour. L&G's far-reaching impact makes strong business ethics essential. We commit to operating responsibly and holding ourselves and our employees to high standards of conduct. Our culture helps attract and retain people with the skills and motivation to deliver for stakeholders. The responsible business section of the Social impact report outlines how we manage the business to uphold high ethical standards.

Anti-bribery and corruption

We are firmly committed to maintaining the highest standards of business ethics, honesty, openness, and accountability. As part of this commitment, the offer or acceptance of bribes is unacceptable behaviour for any L&G employee. While our approach is informed by the United Kingdom's Bribery Act, our expectations on employee behaviour in this matter are global.

We strive to play our part in making sure our customers, clients and shareholders are protected from the impact of financial crime such as bribery, corruption, terrorist financing, money laundering and fraud.

Our Financial crime risk policy applies across the Group and mandates that controls are put in place to prevent and detect such activity. Controls include an annual risk assessment; regular training; due diligence measures on customers, investments and our supply chain; reporting of suspicions of financial crime to a dedicated Financial Crime Risk team; and the control and approval of riskier activity such as the giving and receiving of gifts and hospitality, political and charitable donations, and corporate sponsorship. Training that covers financial crime risk and employee responsibilities is mandatory for all employees and is regularly reviewed to ensure it is up to date and appropriate.




Our sustainability areas of focus continued

Modern slavery and human rights

As a FTSE-listed organisation that operates in multiple jurisdictions, we understand our duty to uphold human rights in our operation and value chain. We have zero tolerance of labour abuses and we commit to maintaining high standards when it comes to the protection of human rights – including a commitment to play our part in helping to tackle this serious societal issue.

Our main annual disclosure on human rights is our Modern slavery statement, which covers, among other matters, how we assess modern slavery and human rights risk in our operation and value chain; our due diligence; and our policies and practices. Our human rights policy sets out our approach to managing human rights risk in our investments. It is available on our website. Our approach to this issue is based on standards set by the United Nations, the International Labour Organization, the Gangmasters and Labour Abuse Authority, the Living Wage Foundation and the Ethical Trading Initiative.

In 2025, we undertook numerous actions to prevent and remediate modern slavery, including training employees, undertaking in-depth risk assessments, and carrying out audits across our operational and investment sites. Please refer to our human rights policy and our 2025 Modern slavery statement for further information.

 Discover more online
[group.legalandgeneral.com/
Modernslaverystatement2025](https://group.legalandgeneral.com/Modernslaverystatement2025)

Under sections 414CA and 414CB of the Companies Act 2006, we are required to include in our Strategic report a non-financial and sustainability information statement. This section of the Strategic report (pages 24 to 35) provides the following information required to be included in the non-financial and sustainability information statement:

- environmental matters
- our employees
- social matters
- human rights
- anti-corruption and bribery

In addition, other required information can be found on the following pages:

- business model (page 4)
- principal risks and how they are managed (pages 42 to 46)
- non-financial key performance indicators (page 25)

Climate-related financial disclosures align to the TCFD requirements (page 29). Details of relevant policies, due diligence processes and the outcome of these policies and processes are contained throughout the Strategic report.

Our supply chain

Our global supply chain means our purchasing decisions have wide-reaching impacts, so we balance financial and quality considerations with environmental and social sustainability. By the end of 2026, 80% of our suppliers, measured by spend, will have set a science-based carbon reduction target¹. L&G and our subsidiaries procure approximately £978 million of goods and services annually from c.2,000 suppliers globally, contributing to our operational carbon footprint and social impact. Our procurement framework supports fair and effective supplier engagement, manages risk and delivers value for stakeholders. Contracts set clear commercial and legal expectations, including regulatory compliance, service continuity and data security.

In 2025, we launched a refreshed Supplier Code of Conduct (the Code) outlining our expectations across eight areas: business conduct, inclusion and wellbeing, human rights and modern slavery, environmental management, digital accessibility, prompt payment, real living wage and social value. We also introduced a new supplier assessment within our due-diligence onboarding process for managed suppliers. Aligned with the Code, it improves transparency enabling earlier identification of potential risks and provides deeper insight into sustainability practices.

We continued embedding our sustainability strategy, with a focus on modern slavery, real living wage, carbon emissions and science-based reduction targets. Sustainability is also informing sourcing decisions, including weighted criteria in our process to become a preferred supplier to L&G.



One Piccadilly Gardens

Across our real estate portfolio, we are implementing measures to remove gas in line with our aim of phasing out all landlord gas by 2030 for landlord-controlled areas. This includes One Piccadilly Gardens, Manchester in the Managed Property Fund, where we fully electrified the building by removing an obsolete gas boiler and replacing it with all-electric technology. Removing gas and installing a combination of the air source and water source heat pumps enabled us to deliver significant carbon savings and other sustainability-related improvements, following completion in 2025. This includes:

- Projected savings of 110 tCO₂e annually.
- Improving the building EPC rating from D to B, whilst maintaining a fully operational building for the existing tenants.
- Increasing the Managed Property Fund's utilisation of renewable energy sources.

Although the cost was higher for the heat pump than for a like-for-like replacement of the gas boiler, the forecasted carbon savings and appeal in the market for all electric buildings enabled the Managed Property Fund to hit its annual energy reduction target from this project.

1. We define a target as "science-based" when it meets the Science Based Targets initiative (SBTi) criteria. Specifically, it must be a mid-term emissions-reduction target with a level of ambition consistent with the global net zero trajectory.

Climate

Summary disclosure against TCFD recommendations

We have continued to disclose in line with the TCFD recommendations. We have complied with the FCA Listing Rule 6.6.6R(8) and have considered relevant and material elements of the recommended TCFD disclosures.

Climate and nature report

Our 2025 Climate and nature report is available on our Group website.



Discover more online
group.legalandgeneral.com/ClimateReport2025

The table below gives a summary of our material disclosures and directs readers to the relevant pages in this report, and to our Climate and nature report for supplementary information. This additional report provides the detail of our approach to addressing climate change and nature loss, as we do with our disclosures on risk, tax and social issues.

In response to FCA guidance 9.8.6FG, we have also produced a 2026 Climate and nature transition plan. The first update since initial publication in April 2023. This is scheduled to be put to an advisory vote at our Annual General Meeting on 21 May 2026. Our plan sets out our role in aligning our business with a net zero outcome by 2050, consistent with the UK Government's targets.

We remain ahead of our 2030 decarbonisation target trajectory and have made good progress to date on our overall ambition. We will continue to promote a 1.5°C Paris-aligned transition as we believe that failure to do so will increase economic costs that will be needed to manage the increasing and material systemic risks. The need to reduce GHG emissions remains urgent to limit the most severe impacts of climate change. Global progress has been too slow to place the world firmly on a pathway consistent with limiting warming to 1.5°C¹, the threshold identified by climate science to minimise risks. While scientific pathways indicate that 1.5°C remains technically possible with accelerated actions, delays have heightened uncertainty and increased the scale of effort now required across economies and financial systems.

1. Global Warming of 1.5 °C

Strategy Additional information is provided on pages 10 to 20 and 42 to 48 (scenarios) of our Climate and nature report	Climate-related risks and opportunities	We have integrated climate risk management into our existing risk and governance framework and are well placed to play a role in the decarbonisation of the economy. Our climate and nature-related opportunities and risks and the time periods to which they are assessed are described on page 30.
	Impact on our businesses, strategy and financial planning	Based on our scenario analysis, our business model is not expected to be significantly disrupted by climate change, however it does impact how we execute our strategy. We have built a three-pillar approach to address climate change in our role as an Asset owner, an Asset Manager and in Our Operations. Our proprietary model on climate change is used to quantify the potential impacts of climate change on our portfolio. Page 31 shows our key commitments and interim milestones in each of these roles and descriptions of our climate action statements.
	Resilience based on scenarios, including a 2°C or lower scenario	Our climate scenario analysis helps us to identify and quantify the sources and magnitude of potential climate-related risks that will emerge as the world transitions to a low-carbon economy. We describe our resilience to these scenarios, including a 2°C or lower scenario, on page 32 and climate considerations are also highlighted in the Group Board viability statement on page 47.
Governance Additional information is provided on pages 21 to 23 of our Climate and nature report	The Board's role in oversight	The Board is accountable for the long-term stewardship of the Group. It has delegated oversight of the management of climate-related risks to the Group Environment Committee (GEC). We describe the governance structure in more detail on pages 31.
	Management's role in assessing risks and opportunities	We have appointed a Group Climate Director, who chairs the GEC and we set out the senior managers' responsibilities through the committees and overall risk and governance framework on pages 31 and 32. The link between executive remuneration and progress against climate commitments is set out in our Annual report on remuneration on pages 96 to 113.
Risk management Additional information is provided on pages 24 to 29 of our Climate and nature report	Processes for identifying and assessing climate-related risks	Climate risk management has been integrated into our risk and governance framework. Our approach is described on pages 32. Scenario analysis is a key tool to assess the potential impacts from climate risk, referenced above and described on page 32.
	Processes for managing climate-related risks	We deploy a range of management actions to manage our exposure to climate-related risks associated with our investments and operations, to meet our risk management objectives, including: an established framework for climate commitments; application of exclusions and environment-related escalation; physical risk controls; review of our existing tolerance framework to incorporate climate considerations; and active engagement.
	How we integrate these risks into our overall risk management	The Group's climate governance has been designed to ensure that the management of the financial risks from climate change are integrated across the whole governance system and embedded into the existing risk management framework.
Metrics and targets Additional information is provided on pages 31 to 41 of our Climate and nature report	Internal metrics	Our metrics support our commitment to align with net zero by 2050 and our key sustainability performance indicators for managing the risks and opportunities from climate change are disclosed on page 25. We focus on our investment portfolio economic carbon intensity, implied portfolio temperature alignment and operational carbon footprint. We also measure our engagement with investee companies.
	Greenhouse gas emissions	Our scope 1 and 2 (location) operational emissions were 19,921 tCO ₂ e. Our scope 3 non-investment emissions (fuel and energy-related activities, waste, business travel, homeworking and serviced offices) were 14,399 tCO ₂ e. Our scope 3 downstream leased assets were 0.3 million tCO ₂ e. Our scope 3 investment emissions were 5.5 million tCO ₂ e. Additional metrics are disclosed on page 33.
	Targets	We have set our climate targets across our three-pillar climate strategy to align with the 'Paris' objective. Our key climate commitments and interim milestones are on page 31. Our 2026 Climate and nature transition plan, due to be issued in March 2026, is also available online.

Climate continued

Climate and nature-related opportunities and risks

Short, medium and long term

- Our short-term horizon looks at a three-year period.
- Our medium-term horizon looks forward up to 10 years.
- Our long-term horizon looks at the time horizon up to 2050.

While there are manifestly risks from climate change, the transition to net zero and the reallocation of capital to nature-positive outcomes, also creates opportunities. The table highlights material climate and nature-related opportunities and risks that our businesses have identified.

The impacts of these challenges on our businesses differ. They are also likely to shift over time, and we have assessed levels of impact as well as a time horizon to try to illustrate this.

While the risks from climate change and nature loss are increasingly clear, the transition to net zero, and the reallocation of capital to nature-positive outcomes, also creates opportunities. This page highlights the material climate and nature-related opportunities and risks that our businesses have identified.

- High impact
- Medium impact
- Low impact

Opportunities

Strategic pillar	Potential opportunities	Business area most impacted	Horizon term		
			Short	Med	Long
Asset owner	Directing our investments to support a low-carbon transition while investing in corporate, infrastructure and real estate climate and nature-based solutions.	Institutional Retirement Asset Management Retail	●	●	●
Asset manager	Attracting and retaining clients by supporting them to decarbonise their investment portfolios, for example through net zero-aligned investment products and the provision of data and analytical tools.	Asset Management	●	●	●
	Managing funds that provide clients with access to financing opportunities in transition technologies and infrastructure and nature-positive outcomes.		●	●	●
Our operations	Enhanced returns from investing in homes and commercial properties by enabling them to operate with net zero carbon emissions and helping to protect and restore nature.	Institutional Retirement Asset Management Retail	●	●	●
	Increasing our market differentiation through investment in low-carbon real estate, including reduced embodied carbon.		●	●	●
	Protecting our returns by developing real assets with high levels of climate resilience.		●	●	●

Risks

Strategic pillar	Potential risks	Business area most impacted	Horizon term		
			Short	Med	Long
Asset owner	Investments in sectors or companies which are adversely exposed to a transitioning economy lose value or are downgraded, and investments prove ineffective resulting in loss.	Institutional Retirement Asset Management Retail	●	●	●
	Disruptive technology, including AI, impacting the value of investments.		●	●	●
	Increased frequency and severity of extreme weather events or increased nature loss, impacting on the value of physical assets or the value of companies with high exposures to these risks.		●	●	●
Asset manager	Loss of market share if investment solutions are perceived as not meeting evolving client needs.	Institutional Retirement Asset Management Retail	●	●	●
	A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand.		●	●	●
	Reputational risk from not meeting our own commitments, or if activities across the Group are not aligned.		●	●	●
Our operations	High delivery costs of low-carbon or nature-positive solutions for residential and commercial properties impacting viability.	Institutional Retirement Asset Management Retail	●	●	●
	High delivery costs due to changing climate and nature-related disruptions to our supply chain, leading to increased costs and material shortages.		●	●	●
	Property values fall due to increased risk of extreme weather impacts, higher insurance costs or poor energy efficiency.		●	●	●
	Not having the right skills for the future, or weakness in processes or systems, leads to customer detriment or reputational damage.		●	●	●

Our approach to climate change and our targets

Asset owner

We have incorporated climate and nature considerations into how we invest our £108.3 billion of proprietary assets¹.

Asset manager

Contributing to a net zero aligned transition as an asset manager with £1.2 trillion of AUM

Our operations

We are changing the way we operate to decarbonise our business.

We are doing this through...

- Reducing the intensity of our financed emissions.
- Investing in the transition where it creates long term value.

- Work with industry and clients to develop the approach to climate investing and net zero targets.
- Drive greater action to address financially material climate and nature risks in the real economy consistent with our fiduciary duty.

- Decarbonising our operations.
- Decarbonising our supply chain
- Enhancing the efficiency of new homes brought to the market and engaging with occupiers of real estate assets.

Strategic commitments

Net zero

asset portfolio aligned with a 1.5°C 'Paris' objective, with a 50% reduction in GHG emission intensity by 2030 from a 2019 base year.

100%

of AUM in alignment with net zero by 2050, working in partnership with clients to reach net zero alignment across 70% of AUM by 2030².

Net zero

scope 1 and 2 GHG emissions by 2050, with an absolute reduction of 42% by 2030 from our 2021 science-based target base year³.

Governance of environmental risks

The Board is ultimately accountable for the long-term stewardship of the Group. Responding to climate change and addressing nature loss, and the opportunities and risks associated with these issues, are of key significance to the Board. The Board has collective responsibility for the oversight of environmental matters, with Nilufer Kheraj, OBE, a Non-Executive Director on the Board, having a responsibility to give specific focus to climate change and nature loss in her role. This ensures climate and nature-related risks and opportunities across the Group are raised on all relevant topics discussed by the Board.

The Board has delegated oversight of the management of environmental risks to the Group Environment Committee (GEC), through the GMC, Group Risk Committee and Executive Risk Committee. The GEC is responsible for providing strategic direction on the Group's environmental response, including to climate change, with reference to the Group's broader sustainability strategy.

Our Group Climate Director holds responsibility for coordinating the Group's response to climate change and incorporating nature-related opportunities and risks. The role has the senior manager responsibility of ensuring an appropriate strategy is in place to understand, identify, measure, monitor, control and report the opportunities and risks from climate change in line with the risk strategy and risk appetite parameters set by the Board. The Group Climate Director also supports management in the development of both strategic opportunities, and the appropriate processes to monitor and report exposures to the risks arising from climate change.

The GEC met five times in 2025 in accordance with its annual plan. The GEC is chaired by the Group Climate Director with membership including: the Group CFO, Group CRO, Institutional Retirement CEO, Retail CEO and Asset Management Chief Investment Officer (CIO). The level of seniority in its membership helps ensure that there is a single forum to provide oversight on our response to environmental issues, ensures consistency, encourages debate and demonstrates the importance we place on our response to these issues.

1. We define proprietary assets as total investments to which shareholders are directly exposed, minus derivative assets, loans and cash and cash equivalents.

2. Excludes sovereigns and derivative securities until such time as agreed methodologies exist.

3. In line with SBTi guidance our scope 1 & 2 target baseline is annually reviewed to reflect business & portfolio changes.

Climate continued

Climate risk management

Our risk management approach to the financial risks arising from climate change and nature loss reflects our climate strategy, the materiality of the exposures we have. When assessing materiality, we consider both how the Group is affected by climate change, as well as the Group's own impact on the climate.

The risks arising from climate change to which we are exposed, fall into three broad categories: transition risks, physical risks, and corporate risks. The risks from climate change and nature loss are far-reaching, uncertain and broad-ranging. As much of our balance sheet is based on assumptions and expectations of future experience, risks can materialise through both actual change in experienced profits or losses, as well as changes in those future expectations.

Climate risk management is integrated into our existing risk and governance framework (see pages 41 to 46), and we have carried out a detailed assessment of how we could expect climate risk to emerge across our business model. Given our business model (see page 4), we assess the most material financial risks from the potential impact of climate change on the value and credit rating of our assets.

Climate transition risks are primarily measured in relation to our carbon exposures. We are committed to reducing our carbon footprint of both our operations (scope 1 and 2), and of our investment portfolio GHG emissions intensity to align with the 'Paris' objective. We deploy a range of management actions to control our exposures to climate-related risks associated with our investments and operations, to meet our risk management objectives, including: our established framework of climate commitments; application of exclusions and environment-related escalation; physical risks controls; review of our existing tolerance framework to incorporate climate considerations; and active engagement with investees.

Climate scenario analysis

Our scenario analysis enables us to assess how the impacts from climate change may emerge under a range of climate scenarios and time horizons. Our scenario analysis focuses on the financial risks from climate change, both physical and transitional risks, across our major risk categories of credit, longevity and market risk. We leverage our in house scenario modelling capabilities across diverse use cases, applying tailored toolkits where appropriate, and partnering with external climate risk specialists to enhance and expand our modelling expertise.

We have developed four scenarios:

- High emissions – failure to act means emissions continue to grow at historical rates.
- Below 2°C – immediate ambitious policy and investment actions to address climate change.
- Net zero – immediate, highly ambitious actions to address climate change reduces emissions to net zero by 2050.
- Delayed Below 2°C ('Delayed') – policy and investment action to limit warming to well-below 2°C is delayed to 2035 resulting in much more disruptive change.

A further benchmark "Inaction" scenario, where governments do not implement further climate policies but low carbon technology is built where it is cheaper than the alternatives, is used as comparison to provide portfolio scenario results for the three pathways which are based on transition risks (Below 2°C, net zero and Delayed). These three scenarios are also considered in valuation uncertainty analysis.

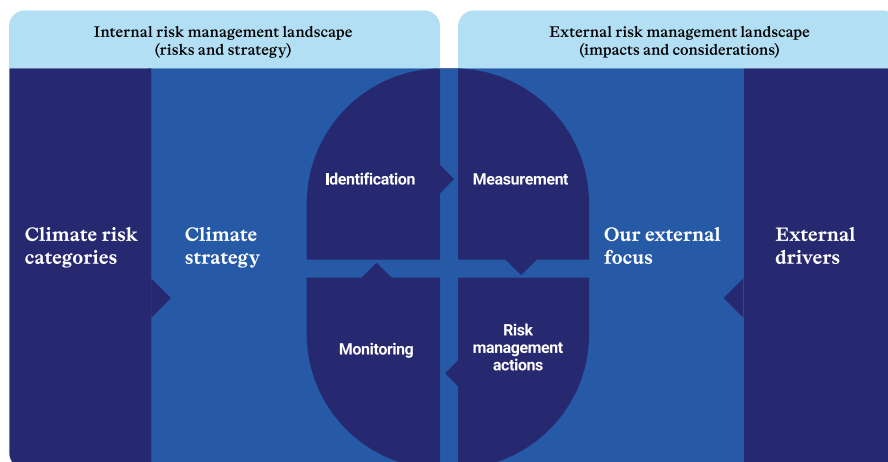
We do not calculate aggregate portfolio impacts on the High emissions or Inaction scenarios. We expect most of the associated impact to be driven by physical risks, which tend to be highly localised and manifest further into the future and are hence more uncertain.

However, more broadly on physical risks, our modelling capabilities allow us to assess how acute events, such as floods and storms in the High emissions scenario, may affect asset values, operations, and long-term resilience, as considered in our investment due diligence and valuation uncertainty analysis.

As part of our assessment of viability, we include the impact of the Group's net zero ambitions, and the Group's ability to adapt its operations and business strategy to address the financial risks arising from both the physical risk of climate change and the transition to a low-carbon economy. The Board regularly considers the potential financial and reputational impact of the Group's principal risks, which includes failure to respond to the emerging threats from climate change for our investment portfolios and wider businesses.

The nature of our business means we have identified four broad mitigations to our transition risk exposure.

1. Our exposure is largely through financial assets, many of which are listed, so we have significant flexibility to adapt by trading to the desired carbon position. This is the expected outcome should active engagement fail.
2. We hold mainly investment grade bonds, which are matched against liabilities such that we are not materially exposed to price risk compared to investors who regularly trade their bond portfolios or those holding greater exposures to equities.
3. We continue to carefully manage our balance sheet and our credit portfolio. We continuously analyse our credit exposures and, where appropriate, seek out opportunities to improve credit quality at attractive pricing levels. We have incorporated climate considerations within our credit and market risk management and expect these to develop over time. We manage our transition risk from climate change through setting our portfolio decarbonisation targets. These pre-emptive management actions are expected to reduce the credit risk of the portfolio and are expected to reduce the impact of the credit stresses presented in these scenarios. Our decarbonisation strategy also covers our equity portfolio.
4. The balance sheet is well diversified across different sectors of the economy. Our initial assessment of our implied portfolio temperature alignment indicates that we do not have an over-weight allocation to the highest carbon intensity names within the market sectors.



Discover more online
 See our 2025 Climate and nature report for additional information:
group.legalandgeneral.com/ClimateReport2025

Greenhouse Gas (GHG) disclosures

Global GHG emissions data¹

Emissions source (tCO ₂ e)	2024	2025
Scope 1²	9,665	5,398
UK	8,983	4,730
International	682	668
Scope 2³ (location based⁴)	17,753	14,523
UK	14,653	11,625
International	3,100	2,898
Scope 2 (market based⁵)	3,652	383
UK	1,264	383
International	2,388	–
Fugative emissions (included in scope 1)	664	572
Scope 3⁶	5,118,289	5,709,153
Category 3 ⁷ – Fuel and energy-related activities	7474	5,795
Category 5 ⁸ – Waste	308	3
Category 6 ⁹ – Business travel	7,799	4,617
Category 7 ¹⁰ – Homeworking	3,323	3,671
Category 8 ¹¹ – Upstream leased assets (serviced offices)	239	313
Category 13 ¹² – Downstream leased assets	266,219	208,981
Category 15 ¹³ – Investments	4,832,927	5,485,773
Intensity ratio emissions per employee (scope 1 and 2)	2.3	1.9
Energy (kwh)	2024	2025
Total Electricity	77,796,000	71,798,000
UK	69,551,000	63,542,000
International	8,245,000	8,256,000
District Heating	1,424,000	2,183,000
UK	1,424,000	2,183,000
Gas	41,525,000	26,095,000
UK	37,760,000	22,406,000
International	3,765,000	3,689,000
On-site fuel (UK)	9,123,000	238,000
Total Energy use	129,868,000	100,314,000

- Annual GHG emissions data is aligned with the Group's financial reporting year, 1 January to 31 December, unless otherwise stated. Scope 1, 2 and scope 3 category 13 & 15 data for Real Estate covers the period 1 January to 31 December noting that November and December data is estimated, based on prior year's November and December data, to account for utility company data lag periods. Our total scope 1, scope 2 (location) and scope 2 (market), scope 3 category 6 business travel, category 7 homeworking, category 8 upstream leased assets and category 15 investment emissions have been subject to independent limited assurance by Deloitte. The basis of preparation (or reporting criteria) for our Group carbon footprint is available within our Climate and nature report, and Deloitte's assurance report is available on pages 57 to 58 of our 2025 Climate and nature report. Data sources: carbon data is collected and aggregated to provide a group-wide footprint and is based on a combination of actual, extrapolated, estimated and benchmarked data. Data is sourced from meter readings, invoices, supplier reports, expenses and travel booking systems. Refer to our basis of preparation within our Climate and nature report for further details.
- Scope 1: All direct emissions from the activities under control.
- Scope 2: Emissions from purchased or acquired electricity, steam, heat and cooling.
- Location-based – reflects the average emissions intensity of grids on which energy consumption occurs.
- Market-based – reflects emissions from electricity purposefully chosen. It derives emission factors from contractual instruments.
- Scope 3: Indirect emissions from our value chain. Further details on L&G's assessment of materiality for all categories of Scope 3 emissions can be found within our basis of preparation in our Climate and nature report.
- Category 3 emissions related to energy purchased and consumed by L&G in the reporting year, that are not included in scope 1 and 2.
- Category 5 emissions from third-party disposal and treatment of waste generated in occupied properties and construction activities in the reporting year.
- Category 6 emissions from business mileage, flights and train journeys for UK and US operations.
- Category 7 emissions from homeworking only, calculated using Department for Business, Energy & Industrial Strategy (BEIS) conversion factors.
- Category 8 emissions from the operation of assets that are leased to L&G in the reporting year and not included in scope 1 or scope 2, calculated using Real Estate Environmental Benchmark (REEB).
- Category 13 emissions from tenant operations of L&G-owned assets.
- Category 15 emissions including equity and debt investments and project finance in the reporting year, not included in scope 1 or scope 2.
- Joint ventures are included in our footprint where we are the majority shareholder, or have operational control.
- Carbon Disclosure Project (CDP).

Methodology

We have reported on the emission sources required under the Companies Act 2006 Strategic report and Directors' report regulations 2013 and have followed the requirements of the SECR framework. GHG emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard 'operational control' method. Emissions factors for fuels and electricity are published here: gov.uk/government/organisations/departments-for-energy-security-and-net-zero.

Our emissions, shown in the table opposite, cover 100% of L&G's operational footprint. We report scope 1 and 2 emissions where we have operational control. Operational control is where we directly procure utilities for property we occupy, own and manage, including our subsidiary businesses and joint ventures¹⁴ or where we have significant control over energy use.

Please refer to the sustainable business section of this report, our 2025 Climate and nature report and CDP¹⁵ Disclosure for an overview of the management of climate risk through our governance processes and internal controls. The types of measures taken to manage and improve our management of energy can also be found within these documents.



Our Climate and nature report is available on our Group website. See: group.legalandgeneral.com/ClimateReport2025



Our Social impact report is available on our Group website. See: group.legalandgeneral.com/SocialImpactReport2025

People

Our people are not just our employees – they are the driving force behind our purpose, our sustainability goals, and our long-term commercial success. Whether based in London or Chicago, working as insurance specialists or investment analysts, in procurement or technology, all of our people contribute to meeting the needs of our customers and clients. Our commercial success is built on their skills, talent and commitment. Every individual plays a role in delivering our strategy and fulfilling our purpose of ‘Investing for the long term. Our futures depend on it’.

We began 2025 with a refreshed business strategy, purpose and new set of behaviours designed to strengthen performance and increase our impact: challenge positively, commit together and act decisively. They guide how we work with one another and how we engage with our stakeholders, shaping a workforce that performs in a way that reflects our values and supports our sustainability ambitions. By empowering our people to act with integrity, curiosity, and accountability, we create a workforce that drives sustainable, long-term progress.

Inclusion & wellbeing

In 2025 we began to evolve our approach to Diversity & Inclusion (D&I) to focus on all aspects of Inclusion & Wellbeing (I&W). These plans will be formally launched in 2026.

The evolution from D&I to I&W reflects a deliberate strengthening of our people strategy – not a retreat from our commitment to diversity. The revised framing recognises that sustainable inclusion is multidimensional and most effective when considered alongside employee wellbeing, capability and performance outcomes.

The diverse representation of our employees continues to be a strategic priority. We believe a workforce with a broad range of backgrounds and perspectives strengthens decision-making, has a greater understanding of our customers, and supports improved employee engagement and wellbeing. All of these have the potential to contribute to stronger business performance.

Inclusion and wellbeing are deeply interdependent. Inclusive cultures support wellbeing by reducing exclusion, bias and stress while positive wellbeing directly influences engagement, productivity, absenteeism and retention. By integrating wellbeing into our inclusion agenda, we will be better able to build long-term organisational resilience which will ultimately prove to benefit our clients, customers and shareholders.

Overall, this holistic, future-focused framework reinforces our commitments to supporting the broad representation of our workforce while better supporting employee experience, organisational performance and sustainable growth.



A healthy organisation starts with a healthy workforce and that means recognising that people’s mental and emotional needs evolve over time – across generations, life stages and personal circumstances. Many of our people will experience periods of stress or anxiety, others may be living with long-term conditions or balancing caring responsibilities. These can all affect mental health and as leaders, we have a responsibility not only to look after our own mental health, but to notice when others may need support, and to create a working environment that genuinely promotes psychological safety, inclusion and a healthier experience for everyone.



António Simões
Group CEO

Measurement

We continue to track our progress on diverse workforce representation through established goals focused on gender and ethnicity. In the UK, we also publish our gender and ethnicity pay gap data, as outlined on pages 55 to 58 of our 2025 Social impact report.

We remain aligned with the commitments set out in the Women in Finance Charter, FTSE Women Leaders Review, Parker Review and FCA Listing Rules, all of which aim to improve gender and ethnic diversity at both board and senior leadership levels.

We are pleased to have met all of our representation related goals by their target dates and continue our ongoing effort to narrow the gender pay gap.

Our performance: pay gap data (UK employees)

In 2025, we saw a widening of our gender pay gap from 28.0% to 30.2%. The overall reason for our gender pay gap remains that we currently have more men than women in senior roles. We remain committed to a progressive narrowing of the gap. We are publishing our ethnicity pay gap data for the third time. Our negative ethnicity median pay gap narrowed slightly to -23.4%, meaning that, overall, employees from ethnic minority backgrounds continue to have a higher median pay than white employees.



For more information on our pay gaps, including causes, commentary and our full statutory gender pay gap disclosure, please see the People section of our Social impact report. group.legalandgeneral.com/SocialImpactreport2025

Our goals

Goal	External Attestation	Scope	2024	2025
Gender parity (50:50 gender balanced workforce)	n/a	Global	48.8 %	50.0 %
40% senior female representation ¹	Women in Finance Charter FTSE Women Leaders Review	Global	38.5 %	40.3%
40% of women on Boards	FTSE Women Leaders Review FCA Listing Rules	Global	46.0 %	41.7 %
One woman in four key roles ²	FTSE Women Leaders Review FCA Listing Rules	Global	25.0 %	25.0 %
17% senior ethnic minority representation	Parker Review	UK	18.3 %	19.5 %
One ethnic minority director on the Board	Parker Review FCA Listing Review	Global	23.0 %	25.0 %

We no longer report against a previous goal of ‘17% of workforce to be from ethnic minorities’ as we met this goal in 2024. Further information about the representation of our workforce can be found in our 2025 Social impact report.

1. Senior roles’ means employees in our four most senior management grades.
2. The four key roles are of Chair, Senior Independent Director, CEO and Finance Director.

Our performance: pay gap data (UK employees)

Gender pay gap	2024 Mean	2024 Median	2025 Mean	2025 Median
Hourly pay	23.3 %	28.0 %	24.8 %	30.2 %
Bonus	45.6 %	33.4 %	43.4 %	50.0 %

Ethnicity pay gap	2024 Mean	2024 Median	2025 Mean	2025 Median
Hourly pay	-8.8%	-28.2%	-5.9%	-23.4%
Bonus	3.4%	-25.0%	-2.3%	-27.3%

Employee wellbeing

Creating a healthy and safe organisation that brings together healthy people and healthy work fosters a productive, positive and sustainable work culture, improves morale and benefits both our people and our Company.

As wellbeing can be influenced by both personal and professional issues, we encourage our people to take control of their wellbeing where possible, but as their employer we strive to understand the collective health of our organisation so we can make better decisions about how best to support our people.

We use insights from sources including employee surveys and data on sickness to inform our strategies and policies on health, safety and wellbeing.

Our then Group CFO, Jeff Davies, was the executive sponsor for wellbeing and mental health for the majority of 2025. The Group Health & Safety Committee has governance oversight of health and safety. The day-to-day management of our wellbeing programme, including mental health, sits with our Group Inclusion & Wellbeing team. As we move into 2026, our Group COO, Katie Worgan, will become the executive sponsor for the inclusion and wellbeing strategy.

Health and safety

In 2024, we laid the groundwork for our vision of 'protecting people and places, to promote safer and healthier lives', as set out in our Health and Safety policy. Refreshed in 2025, this policy applies globally and outlines our objectives and expectations across all L&G activities. Throughout 2025, we continued embedding our strategy to standardise practices and strengthen health and safety controls across all operations.

In 2025, we advanced our three-year workplace strategy towards ISO 45001 certification, strengthened safety controls, updated first aid and emergency procedures, and launched mandatory global training. Our Health & Safety teams continue to conduct horizon scanning to assess the impact of emerging legislative changes.

Engaging and developing our people

There are a range of ways via which we seek to meet our people's needs, build a culture where we understand them and involve them in shaping our Company. We use the insights we gain to inform the actions we take.

We ran our annual Voice survey – requesting feedback from our global permanent employees and fixed-term contractors. Voice measures employee sentiment on a range of issues, and the data gathered is an important indicator of organisational culture. The 2025 Voice survey had a response rate of 82%, down one percentage point year on year. Since 2024, we closely track an 'engagement index' – a combination of responses to multiple questions covering pride, satisfaction, recommendation and intent to stay. In 2025, this engagement index was 79% favourable, one percentage point down year-on-year.

2025 was a year of transformation at L&G with new behaviours and a new purpose launched at the beginning of the year, as well as change programmes designed to support delivery of our strategy implemented across the business. 68%¹ of people said they were confident about the strategic direction of the Company, which is seven percentage points above the industry benchmark.¹ The survey also indicated a successful first year embedding our new behaviours, with an 85% score for behaviours role-modelling.

Please see page 38 of our Social impact report for more information on how we engage our people, including information on collective bargaining arrangements, and more detail on the findings of our Voice surveys and other engagement mechanisms used in 2025. Please see pages 62 and 63 of this report for a report from our Global Designated Workforce Director, Carolyn Johnson on employee engagement.

Development

Providing access to learning and development opportunities helps ensure our people have the skills, knowledge and behaviours needed to deliver strategic priorities and adapt to change. It also benefits them personally by building skills and confidence, improving career progression and employability and increasing job satisfaction.

It is our ethos that learning should be relevant and tied directly to people and business needs. In 2025, we focused on developing our people in three main ways

- Linking learning to business strategy: we put more emphasis on practical, performance-focused learning that helps people build critical skills and capabilities.
- Building a more connected learning culture: creating more opportunities for cross-functional teams to learn from each other, helping to form a better connected L&G.
- Making learning easier to access: we made learning more accessible by consolidating our existing learning platforms and offering targeted, high-quality content libraries.

In 2025, we invested £6.2 million in people development through a blend of external and in-house people development.

We continue to train our employees on mandatory and technical subjects, including data privacy, financial crime, health and safety, whistleblowing, conduct rules, and other matters. Please see page 44 of our Social impact report for more information on our approach to learning and development.



Supporting employees mental health at L&G

As an employer, we are committed to creating a culture where all employees can access the support they need for their mental health. In 2025, our wellbeing-focused Voice Pulse survey highlighted the need to better promote available resources and strengthen baseline mental health awareness, particularly by improving support and capability among line managers.

Discover more online on page 43 of our Social impact report group.legalandgeneral.com/SocialImpactReport2025

1. External benchmark data provided by Ipsos Karian & Box, demonstrating comparison with other UK FS firms.

Our stakeholders

How we engage with our stakeholders

The impact of our business is wide-reaching and affects different stakeholder groups. We place great importance on considering the needs of all our stakeholders in our decision making, and actively encourage their participation.

In shaping our strategy, we consider the impact on our stakeholder groups. Below, we provide just a few examples of how stakeholder engagement influences our business and the associated strategic priorities.

Shareholders

Our shareholders are institutional and individual investors, and we provide them with transparent information on our strategy, outlook and business performance. We generate value through share price appreciation and a combination of progressive dividends and share buybacks.

- We completed our series of three deep dives on our core businesses, where we addressed our strategy to seize the growing market opportunities and conviction in our near-term targets. We remain committed to deploying capital at required hurdle rates under our disciplined allocation framework.
- We executed the largest transaction in our history and established new strategic partnerships to enhance our growth ambitions, while deepening and broadening our expertise to deliver sophisticated solutions at scale. Our synergistic businesses continue to work together, with Asset Management supporting DB schemes on the path to PRT, and Retail workplace savings producing a reliable flow of new assets into Asset Management.
- We have delivered core operating EPS at the top end of our targeted range of 6-9%, dividend per share up 2% in line with our guidance and completed a £500 million buyback.

Customers

We support our customers throughout their financial lifetimes, including retirement savers and retirees, insurance policyholders, mortgage holders, our housing residents, and investors.

- We deliver high-quality service. Our 20 million-plus annual customer interactions drive a +54 NPS and 82.6% satisfaction¹.
- Technology simplifies experience and action. Half of our pension app users return monthly and almost one in four use planning tools. Our Guided Retirement Planner, now expanded for younger savers, reached 160,000+ members, reducing projected pension shortfalls by 50%.
- We empower lifelong financial confidence. Our Pension Tax calculator helped thousands understand the tax implications of lump sum withdrawals. Our social channels and A Little Bit Richer podcast educated younger audiences, with 4.9 million views, listens and downloads in 2025. Our Protection business also helps customers through hard times.


1. Institute of Customer Service.

Employees

Our employees are based in the UK and the US, alongside other countries and jurisdictions in Europe and Asia. We are committed to building a dynamic, multifaceted and thriving workforce and fostering an inclusive workplace, where care is taken to prioritise the wellbeing of employees.

- We conduct an annual Voice survey to measure employee engagement. In 2025, 82% of our employees participated, providing feedback on our strengths and areas for improvement. 83% of employees are proud to work for L&G. They also reported a clear understanding of the most critical tasks and projects for L&G's success.
- For our future talent needs, we align hiring, workforce planning and critical future skills. We offered structured programmes for students, graduates, and apprentices. For the 2025 academic intake, we hired 54% female and 44% minority ethnicity candidates.
- In the UK, we continue to enjoy a productive partnership with Unite, our employee union. They represent employees individually and for collective bargaining, alongside our in-house Management Consultative Forum.

This section should be read in conjunction with the ensuing pages, and also our Board activities disclosure, including our section 172(1) statement.

 Read more on pages 64 to 68

Regulators

As a leading financial services group, we are subject to financial services regulation and approvals in the markets in which we operate.


- We maintain an open and constructive relationship with all our regulators through a programme of regular meetings with our executive and non-executive directors on key topics including our strategy and supervisory priorities.
- Discussions in 2025 included how supervisory priorities and objectives may affect our business, and how we are executing our strategic focus to meet the needs of all stakeholders.
- We actively engage with regulatory consultations and calls for evidence across key areas of regulatory policy and reform. In 2025, this included Senior Managers and Certification Regime reform, Liquidity Reporting, Targeted Support and the FCA's Pure Protection Market Study.
- We liaise with our regulators to ensure timely notification of changes to the Group's regulated population¹ and accuracy of the Financial Services Register.

1. In relation to the Senior Managers and Certification Regime to include individuals who hold significant roles within the organisation.

Communities

Our community engagement is guided by our purpose, commercial activities, and long-term investment approach.

- We continued to apply our social impact toolkit to identify local needs and shape real estate investments that deliver economic, environmental, and social benefits.
- Our £3 million Health Equity Fund was fully realised, awarding grants to 43 projects.
- Our flagship educational partnership with RedSTART continued into its third year, while commitments to charities including Age UK, Trussell and Royal Botanic Gardens Kew were delivered throughout the year.
- We laid the foundation for the next generation of non-profit impact partnerships through a new purpose programme.
- We funded 95 apprenticeships, matched £202,670 in employee charitable fundraising and volunteering and donated £6 million to UK civil society organisations and \$62,949 to US non-profits.

 Further details for all of these initiatives can be found in our **2025 Social impact report**.

Suppliers

We work with a broad range of suppliers to procure goods and services across several categories. We strive to work with like-minded businesses who comply with our Supplier Code of Conduct and business principles.

- In addition to working with suppliers to deliver value for money, enhanced efficiency and fostering innovation, we strive to work with like-minded businesses. Those who operate ethically, with environmental responsibility and who treat workers with respect and dignity as set out in our Supplier Code of Conduct (The Code).
- Throughout 2025, we have taken progressive steps to further roll out and embed The Code and introduce more granular compliance questionnaires.
- In support of our commitment to protecting the environment, our Sustainability programme has driven an increase in the proportion of our suppliers (by spend) with science-based carbon reduction targets or equivalent from 68% to 76%. We are on track to achieve our target of 80% by the end of 2026.

Managing risk



“ The risk team enables the safe, efficient and effective delivery of L&G’s strategy.

”
Chris Knight
 Group Chief Risk Officer

Identifying the risks we face and implementing strategies to keep residual exposures within acceptable limits is fundamental to our business.

Our risk management approach enables informed risk-taking across our businesses by clearly defining the rewarded risks we are prepared to accept, alongside the risk limits and internal control standards required to ensure exposures remain within our overall risk appetite.

Beyond managing financial and non-financial risks, our framework incorporates broader considerations, safeguarding the interests of our customers and clients, while addressing systemic challenges such as climate change and loss of nature. By extending our focus beyond purely financial measures of risk, we empower our businesses to deliver on their purpose.

We are committed to embedding the capabilities necessary to assess and appropriately price risks that offer sustainable returns within each of our operating businesses, while ensuring the expertise to manage those risks that could otherwise result in unintended outcomes.

Our culture and behaviours underpin the effective operation of this framework, fostering openness and transparency in decision-making and risk management.

A key milestone in how we manage risk is unifying the Group and divisional risk teams into one cohesive function. This consolidation supports independent and consistent operation of the risk function, further enabling constructive challenge and overall risk oversight across our operations.

Our risk section is organised into the following subsections:

Our risk landscape

The risks that are inherent in our business arising from:

- the products we write
- the investments we hold to meet our obligations
- the business environment in which we operate

Risk appetite

Our risk appetite sets the ranges and limits of acceptable risk taking. We have risk appetites and tolerances for different types of risks. Our risk landscape comprises of financial, non-financial and strategic risks.

Our largest risk exposures, measured by undiversified solvency capital, are to credit and longevity.


Risk management framework

Our risk management framework, underpinned by the defined risk appetite, establishes a structured approach to informed risk-taking and decision-making. It ensures that potential risk exposures are properly identified and managed, while minimising the likelihood of significant financial loss, negative impacts on our customers and clients, or harm to our reputation.



Finding what you need online

Detailed information can be found in our Risk management supplement:

 Discover more online
[group.legalandgeneral.com/
 Riskmanagementsupplement2025](https://group.legalandgeneral.com/Riskmanagementsupplement2025)

Our risk landscape

Financial risks

Asset risks

Market, credit and counterparty risks arise from holding portfolios of assets, including property, to meet our obligations to our customers and clients and to deliver returns to shareholders. Liquidity risks also arise from holding illiquid assets and meeting collateral requirements. Interest rates, foreign exchange rates and inflation are also risk factors.

Credit risk largely arises in our portfolio of corporate bonds and within our direct investment portfolio. As an investor for the long-term, assessing and managing credit risk is a core competency and alongside setting a range of tolerances to diversify our portfolios, we seek to continuously track a variety of risk factors that could adversely impact credit markets.

Insurance risks

Longevity, mortality and other insurance risks are transferred to us by the customers of our PRT, individual annuities and protection businesses. The period that customers continue their policies is also important for profitability, as is our ability to control expenses in line with pricing assumptions.

Longevity risks arise in our PRT and retail annuity businesses. Over the years we have built significant expertise in understanding and pricing for longevity, with a range of disciplines including actuarial, medical, public health, statistical analysis and modelling. Mortality, morbidity and policy lapse are inherent risks to our protection businesses, which we assess and price for.

Non-financial risks

Non-financial risks arise in respect of our business processes and IT systems, as well as broader regulatory and legislative risks that can arise in the environments in which we operate. All our businesses have inherent exposure to non-financial risk. We have no appetite for failing to meet our legislative and regulatory responsibilities.

Our risk management and internal control framework seeks to identify areas of potential weakness that could otherwise lead to customer or client detriment, reputational damage or financial loss and ensure that appropriate measures are in place to mitigate adverse outcomes.

Where our businesses invest and at times directly engage in property development and construction projects, we are exposed to risks associated with these activities, including health and safety risks. Alongside construction-related risks, wider safety risks arise in the operation of our occupied assets including our residential businesses.

The management of health and safety and the broader risks of building safety are an integral part of our wider risk framework, with expertise in risk management embedded across our business operating model.

Strategic risks

Strategic risks relate to inherent factors that affect the delivery of our strategy and are assessed in terms of their financial, customer and client and reputational impact.

Emerging risks

Emerging enterprise risks that are not fully recognised or understood by organisations have the potential to significantly impact their operations, often in unexpected ways. We maintain an emerging risks dashboard that captures views and inputs from across L&G and helps to monitor the likelihood and impact of emerging risks on the Group's strategy.

Our principal risks and uncertainties

Our principal risks and uncertainties reflect those factors that may threaten the Group's business model, future performance, solvency and/or liquidity.

Our risk landscape	Principal risks and uncertainties
Asset risks	Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital.
	In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss.
	We fail to respond to the emerging threats from climate change and nature loss for our investment portfolios and wider businesses.
Insurance risks	Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our reserves.
	Changes in capital requirements, including Insurance Capital Standards (ICS), could impact our reported solvency position and our dividend and capital return policy.
Non-financial and strategic risks	Failure to effectively implement financial services regulatory or legislative change in a timely manner could lead to regulatory censure, reputational damage and deteriorating customer and client outcomes.
	New entrants and/or new technology may disrupt the markets in which we operate.
	A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage.
	The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities.

Managing risk continued

Risk appetite

Our risk appetite sets the ranges and limits of acceptable risk taking for the Group as a whole. We express our overall attitude to risk using the statements and measures in the table opposite.

Beneath this, we set further risk tolerances covering our specific exposures to financial and non-financial risks including, where appropriate, limits on concentrations and significant aggregation of risks. Our risk appetite is used to govern the nature and quantity of risks that we are exposed to.

Whether we are making a direct property investment or pricing a PRT deal, we use our risk management framework to assess the risk profile and potential rewards to ensure we continue to operate within the ranges of acceptable risk taking that we have set.

Financial risk appetite

		Monitoring metric
Strategy	External targets We expect to meet or exceed the return expectations communicated to our investors.	Operating ROE; operational surplus generation and core operating EPS growth over the planning cycle.
	Return on capital We accept risk in the normal course of business and aim to deliver attractive returns on capital deployed.	Return on new capital deployed; and return on own funds over the planning cycle.
	Risk accumulation We have an appetite for risks that are consistent with our strategic objectives that we can measure and hold appropriate capital against.	Capital coverage over the planning cycle.
Capital	We aim to maintain an appropriate buffer of capital resources over the minimum regulatory capital requirements.	Capital coverage ratio.
Liquidity	We expect to be able to meet our payment and collateral obligations under extreme, but plausible, liquidity scenarios.	Coverage of liquidity requirements.
Counterparty	We have an appetite for losses on failure of counterparties up to clearly defined limits that take into account the likelihood of default and do not lead to excessive concentration or contagion risks.	Impact of reinsurer and banking counterparty defaults. Single name limits.
Climate and nature	We manage our businesses to align with the mitigation of climate change and to be resilient to the risk of different climate outcomes alongside integrating consideration of nature-related impacts and dependencies.	Investment portfolio decarbonisation and operational footprint decarbonisation.

Non-financial risk appetite

Technology	We have low appetite for poor customer and client outcomes and damage to our reputation as a consequence of disruption to business operations.
Information security	We have low appetite for poor customer and client outcomes, financial losses and reputational damage resulting from the leakage, theft or corruption of confidential or highly confidential data, or disruption to important business operations.
Business disruption	We have low appetite for business disruption that could result in adverse impacts to customers and clients, financial losses and reputational damage.
Third parties	We have low appetite for relying on third parties where services could result in poor customer and client outcomes, financial losses and reputational damage.
Data	We have low appetite for poor customer and client outcomes, financial losses and reputational damage because of poor data management practices.
Financial crime	We have low appetite for action that is likely to result in poor customer and client outcomes, financial losses and reputational damage with respect to managing financial crime risk.
Compliance and conduct	We have low appetite for action that is likely to result in poor customer outcomes, financial losses and reputational damage with respect to managing compliance and conduct risk or failing to meet its legislative and regulatory responsibilities.
People	We have low appetite for poor customer and client outcomes, financial losses and reputational damage with respect to managing people risk.
Change	We have low appetite for change causing poor customer and client outcomes; not delivering on time and to budget; not delivering expected requirements and benefits; and/or adversely impacting 'business as usual' control environments.
Operational risk	We have low appetite for action that is likely to result in poor customer and client outcomes, financial losses and reputational damage with respect to managing operational risk.
Reputational	We have low appetite for action that is likely to result in a sustained loss of stakeholder trust or confidence over the long-term.

Risk management framework

Our risk management framework is summarised below.

We operate a three lines of defence risk governance model:

- First, our operating businesses are responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with risk policies. The skills to assess and price for risk form part of our first-line business management activity.

- Second, our risk oversight function under the direction of our Chief Risk Officer. The team of risk professionals provides our businesses with expert advice and guidance on risk and capital management, alongside ensuring risk taking remains within acceptable parameters.
- Third, our Group Internal Audit function provides independent assurance on the effectiveness of business risk management and the overall operation of our risk management and internal control framework.

Our risk management framework has been reinforced by the new risk operating model, which sets out the following functional areas to enhance effectiveness of the risk function:

- **Group Oversight:** Setting policy and risk appetite. Oversight of group-wide exposure and providing advice to the Board.
- **Risk Business Partner teams:** Overseeing risk management and compliance in divisions and corporate functions. Providing advice and independent opinions.
- **Centres of Excellence (COE):** Providing advice and oversight on specialist risk areas.
- **Risk Operations:** Providing operational support to other risk teams, including reporting, change and internal systems, team planning and budgeting, and risk communications.

Our risk management framework

Risk appetite	Risk taking authorities	Risk policies	Risk identification & assessment	Risk management information	Risk oversight	Risk committees	Culture & reward
Sets out the Group's overall attitude to risk and defines the ranges and limits of acceptable risk taking.	Establishes the formal cascade of our risk appetite to managers, empowering them to make decisions within clearly defined parameters.	Defines the required approaches to managing specific risks so that residual exposures remain within appetite.	Provides tools and resources that help managers identify, assess, and evaluate the risks to which we may be exposed.	Explains how we report and review ongoing and emerging risks, and how we assess actual risk positions relative to the risk targets and limits that we set.	Provides oversight of risk management by L&G's risk teams.	Defines how Group-level Committees oversee risk management and monitor how the risk framework is working. The role of the Group Risk Committee is set out on page 82.	Sets out the performance measures that drive effective risk management, business strategy, customer and client strategy, and culture.

Own risk and solvency assessment (ORSA)

Our ORSA process is an ongoing analysis of the Group's risk profile and the sufficiency of capital resources to sustain our business strategy over the plan horizon. The process, which covers the whole Group, considers how the financial and broader business risks to which we are exposed may evolve over the planning cycle. Stress and scenario testing is an essential element of the ORSA process.

It is used to show us how key risk exposures respond to different risk factors, together with the sensitivity and the resilience of capital and liquidity to a range of extreme but plausible events. The stress testing component of our framework assesses the effect of a move in one or more risk factors at a point in time. The scenario element considers group-wide multi-year projections of capital and liquidity across a range of downside conditions in financial markets, demographics, and the broader economy. The ORSA process is integrated into our business risk and capital management activities and aligned with the strategic planning process to inform forward-looking decision making. As such, it is a key business management tool.

Capital management

Our risk-based capital model seeks to provide a quantitative assessment of the Group's risk exposures. It forms part of the suite of tools we use to evaluate our strategic plans, set risk appetite, allocate capital, and evaluate product pricing. Our model is also used to assess significant transactions, including large PRT deals, new asset classes, and M&A activities.

Principal risks and uncertainties

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

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

Risks and uncertainties	Risk management
<p>Investment market performance and conditions in the broader economy may adversely impact earnings, profitability or surplus capital.</p> <p>Risk Category S F N Financial</p> <p>Risk Priority ● ● ● High</p> <p>Risk Climate/ Perception ↑ ↔ ↓ Deteriorated</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Outlook The global economy remains vulnerable to external shocks, posing ongoing risks to stability, fiscal policy and financial markets.</p> <p>Our businesses are primarily exposed to economic conditions in the UK and US, where governments are balancing increased spending requirements with taxation and debt-to-GDP levels, maintaining consumer and business confidence amidst international trade tensions and managing employment while pursuing AI-driven productivity gains.</p> <p>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.</p> <p>Asset values, across commercial and residential property, remain susceptible to downward reappraisal due to deteriorating macroeconomic conditions and heightened geopolitical risk. While commercial property markets appear broadly stable, transaction volumes remain low and the office sector continues to face pressure. For property assets under construction, supply chain pressures and input cost inflation appear to be moderating, though we remain vigilant over cost inflation being absorbed by the supply chain. Labour shortages also continue to present risk.</p>
<p>In dealing with issuers of debt and other types of counterparty, the Group is exposed to the risk of financial loss.</p> <p>Risk Category S F N Financial</p> <p>Risk Priority ● ● ● High</p> <p>Risk Climate/ Perception ↑ ↔ ↓ Stable</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>UK GDP growth remains modest and the evolving impact of US tariffs and immigration policy remains a significant source of uncertainty and continue to pose downside risks.</p> <p>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.</p> <p>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.</p>

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.

We recognise that our scale brings a responsibility to act decisively in positioning our balance sheet in the context of the threats from climate change and nature loss. Our latest climate scenario analysis highlights that transition risks may arise under a wide range of plausible pathways, including those where there is no further policy action. We continue to embed the assessment of climate risks in our investment process, including in the management of real assets. We measure the carbon intensity of our investment portfolios. Along with specific investment exclusions for carbon intensive sectors, we have set overall reduction targets aligned with the Paris objective. This includes science-based targets to support our emission reduction goals in line with our climate and nature transition plan.

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 and is targeted to safeguard and drive long-term value for our clients, customers and shareholders. As we change how we invest, the products and services we offer and how we operate, we are also mindful of the need to ensure that we have the right skills for the future.


We are diligent in seeking to ensure that any statement we make about the climate/nature/ sustainability characteristics of our business, our portfolios and our products is backed up with solid evidence and reasoning to avoid accusations of greenwashing.

Outlook

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

While many national governments are setting policy action to support transition to low carbon economies, climate ambition has diverged across jurisdictions, reflecting differing economic priorities and political pressure. This creates the risk of delays in some countries, leading to sudden, late action and, potentially, large and unanticipated asset valuation shifts in the industries and sectors impacted. Delayed or disruptive policy action could materially increase transition risk, as deeper and more rapid decarbonisation would then be required to meet climate goals. Our transition strategies aim to limit these risks, however, their effectiveness depends on meaningful decarbonisation progress by both companies and governments.

Global progress has been too slow to place the world firmly on a pathway consistent with limiting global warming to 1.5°C, the threshold identified by climate science to minimise risks. We remain committed to our current ambition, though acknowledge this tightening trajectory may challenge our ability to meet our own targets.



@ Discover more online
Climate and nature transition plan

Principal risks and uncertainties continued

Risks and uncertainties	Risk management
<p>Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our pricing and reserving bases.</p> <p>Changes in capital requirements, including UK and ICS, could impact our reported solvency position and our dividend and capital return policy.</p>	<p>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.</p> <p>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.</p> <p>We actively engage with government and regulatory bodies to assist in the evaluation of regulatory and tax change to promote outcomes that meet the needs of all stakeholders. To influence policy, our interactions with the government and policy teams at regulators include face-to-face and virtual meetings, written responses to discussion papers and consultations, ad-hoc communications and attendance at roundtables with industry peers. With our experience in various sectors, we can explain how proposed policy translates into practice and identify potential issues or unintended consequences that might arise.</p> <p>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.</p> <p>Outlook</p> <p>In the years following the Covid-19 pandemic, both the UK and US experienced elevated mortality levels. While uncertainty remains, UK population-level mortality in 2025 has fallen below pre-pandemic levels.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We have adapted our risk framework to meet or exceed evolving regulatory expectations, particularly in funded reinsurance, Matching Adjustment and liquidity risk management and reporting. Insurance Capital Standard (ICS) have been in force since December 2024, however, Solvency UK serves as the local implementation of ICS, with no dual reporting requirement. We will continue to engage with the PRA as ICS evolves, though no significant near-term actions are expected.</p> <p>The UK has enacted the OECD global minimum tax rules with effect from January 2024 applicable across the Group's global businesses. In January 2026 updates to these rules were published by the OECD including an exemption for US groups, new permanent safe harbours and some simplification. The UK has confirmed that these will be enacted into UK law and are expected to take effect from 1 January 2026 (for the US exemption) or potentially a later date (for wider measures). Legislation is expected in a Finance Bill later in 2026. Further guidance and details are expected over the course of the year and we will continue to monitor and comply with emerging applicable requirements. There is an increasing trend for governments and tax authorities globally to act unilaterally to change legislation or interpretation at short notice with a potential impact on the value of our investments (e.g. US tax proposals that were ultimately not enacted in 2025) and we continue to monitor and assess changes as they emerge.</p>
<p>Risk Category  Financial</p>	
<p>Risk Priority  Medium</p>	
<p>Risk Climate/ Perception  Stable</p>	
<p>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.</p> <p>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.</p> <p>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.</p> <p>Changes in these areas can affect our reported solvency position and our dividend and capital return policy.</p>	

Risks and uncertainties

Risk management

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	⬆️ ⬇️ ⬇️ Improved

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

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

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

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

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

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

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

Outlook

The Key forthcoming developments in our risk areas include:

Regulatory Environment:

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

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

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

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

Conduct Regulation:

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

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

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

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




Climate and nature risk:




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




Health and Safety:

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

Principal risks and uncertainties continued

Risks and uncertainties	Risk management
<p>New entrants and/or new technology may disrupt the markets in which we operate.</p>	<p>We continuously monitor the factors that may impact the markets in which we operate.</p>
<p>Risk Category  Strategic</p>	<p>We have responded to rapid advancement in AI capabilities, developed both in-house and provided by third parties, through the development of a Central AI Inventory and intake process that triages AI Use Cases according to their AI Risk level, facilitating proportionate second line AI Risk oversight. This is facilitated by ongoing work from the AI Governance Program, who are responsible for maturing our overall AI Risk and Governance posture as well as the delivery of a secure environment for internal experimentation.</p>
<p>Risk Priority  Medium</p>	<p>Our regulatory developments remains apprised of the AI landscape across all our jurisdictions. We have been actively engaged in numerous consultations in relation to AI and generative AI, including the FCA's recent 'Mills Review'.</p>
<p>Risk Climate/ Perception  Stable</p>	<p>Outlook</p> <p>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.</p> <p>We remain actively engaged with the UK Government on developments such as the Pensions Bill and are well-positioned to respond to pensions reforms.</p> <p>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%.</p> <p>As the first major pension provider to successfully complete integration testing, we view the upcoming pension dashboards initiative as a significant and positive advancement.</p> <p>Regarding 'collective' defined contribution reform, while the market appetite remains limited, it retains the potential to reshape both workplace saving and retirement income ecosystems.</p>
<p>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.</p> <p>We are also mindful of competitors who may have lower return on capital requirements or be unconstrained by Solvency UK.</p> <p>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.</p>	

Risks and uncertainties	Risk management
<p>A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage.</p>	<p>Our risk governance model seeks to ensure that business management are actively engaged in maintaining an appropriate control environment, supported by risk functions led by the Chief Risk Officer, with independent assurance from Group Internal Audit.</p>
<p>Risk Category  Non-Financial</p>	<p>We continue to evolve our risk management approach for change, IT, security, operational resilience and data access and privacy.</p>
<p>Risk Priority  High</p>	<p>Whilst we seek to maintain a control environment commensurate with our risk profile, we recognise that residual risk will always remain across the spectrum of our business operations and we aim to develop response plans so that when adverse events occur, appropriate actions are deployed.</p>
<p>Risk Climate/ Perception  Stable</p>	<p>Outlook</p> <p>We remain vigilant to evolving operational risks and continue to invest in system capabilities, particularly in cyber risk management, to ensure the resilience of our critical business processes. As we transition to a new global operating model and IT platform for Asset Management, we are managing associated risks through a carefully phased migration approach.</p> <p>We are closely monitoring the rapid growth of AI given its potential to significantly influence business outcomes both positively and adversely. While AI offers opportunities to enhance customer experience and streamline operations, it also introduces additional risk. We have approached AI Risk through a bifurcated taxonomy strategy, wherein a dedicated new 'AI Risk' NFR category captures those risks that are truly unique to AI is joined by the identification of those existing risk categories and controls, across our other risk categories, that are relevant to the articulation and management of AI Risk.</p> <p>Our increasing reliance on accurate, secure and well governed 'Data' reinforces the importance of ongoing enhancements to the L&G Data Management Framework, which is a critical enabler of safe and effective AI use, development, and deployment.</p>
<p>We have constructed our framework of internal control to minimise the risk of unanticipated financial loss or damage to our reputation. However, no system of internal control can completely eliminate the risk of error, financial loss, fraudulent actions, or reputational damage. We are also inherently exposed to cyber threats including the risks of data theft and fraud and more generally it is imperative that we maintain the privacy of our customers' and clients' personal data. There is also strong stakeholder expectation that our core business services are resilient to operational disruption.</p>	

Risks and uncertainties	Risk management
<p>The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities.</p>	<p>Our processes include the active identification and development of talent within our workforce and by highlighting our values and social purpose, promoting L&G as a great place to work. As well as investing in our people, we are also transforming how we develop capabilities, with new technologies and tools to support our different businesses, increase productivity and provide an exceptional employee experience.</p>
<p>Risk Category  Non-Financial</p>	<p>We seek to ensure that key personnel dependencies do not arise through employee training, talent development programmes, succession planning and remuneration and retention strategies.</p>
<p>Risk Priority  Medium</p>	<p>Outlook</p> <p>Despite continued caution across the financial services sector, driven by an uncertain macroeconomic environment and an evolving regulatory landscape, competition for top talent remains robust. Whilst salary inflation has moderated compared to previous years; this trend is expected to persist as hiring demand cools yet remains resilient among private sector employers.</p> <p>We remain steadfast in our commitment to attract, develop and retain exceptional talent by continuously evolving our strategies to stay aligned with dynamic market conditions.</p>
<p>Risk Climate/ Perception  Stable</p>	
<p>We aim to attract, recruit, develop and retain high-quality individuals. Failure to do so exposes us to the risk that key personnel or teams and their associated expertise may leave the Company, with an adverse effect on our businesses. As we increasingly focus on the digitalisation of our businesses, we are also competing for technology and digital skill sets with other business sectors as well as our peers.</p>	

Group Board viability statement

Group Board viability statement

The Group's strategy is developed, and economic decisions are made, around meeting the long-term protection and savings needs of its customers, and around creating long-term value for customers, clients and shareholders over a period of many years. This reflects the Group's business and investment models which combine managing credit, longevity and market risks over long-term relationships.

The Group's long-term prospects

The Group's prospects are primarily assessed through our strategic and planning processes. Performance against our annual strategic planning process is continuously monitored, and it underpins our business planning model. We consider the sustainability and resilience of our business model over the long-term, including our defined strategic priorities detailed on page 5, and longer-term trends in areas such as technology, climate change and nature loss, as our investment and insurance products and customer and client relationships are long-standing ones.

The Group is also subject to regulation and supervision, which requires us to manage and monitor solvency, liquidity and longer-term risks, to ensure that we can continue to meet our policyholder obligations.

This long-term prospect assessment is over a longer period than that over which the Board has assessed the Group's viability.

Period of viability assessment

While the Board has considered adopting a longer period, it believes that five years is the most appropriate time frame over which it should assess the long-term viability of the Group, as required within provision 31 of the UK Corporate Governance Code. The following factors have been taken into account in making this decision:

- We have reasonable clarity over a five-year period, allowing an appropriate assessment of our principal risks to be made.
- The assessment is underpinned by our business planning process, and so aligns to the period over which major strategic actions are typically delivered, and takes account of the economic environment and evolving political and regulatory landscape during the relevant period.

Our business planning process is an annual process and culminates in the production and review of the Group's business plan. Our plan is built up from divisional submissions, and considers the profitability, liquidity, cash generation and capital position of the Group. This projection process involves setting a number of key assumptions, which are inherently volatile over a much longer reporting period, such as foreign exchange rates, interest rates, economic growth rates, the continued optimisation of capital strategies for Solvency UK, and the impact on the business environment of changes in regulation or similar events.

The Board carries out a detailed review of the draft plan during the Group Board's annual strategy assessment, and amendments are made accordingly. Part of the Board's role is to consider the appropriateness of any key assumptions made. The latest annual plan was approved in December 2025, resulting in our current five-year business plan.

How we assessed our viability

In making its assessment of viability, the Board has considered a number of factors, including but not limited to:

- A robust and detailed assessment of the Group's risk profile and both principal and emerging risks (see below for further detail), in particular those risks which could have a material impact on the Group's future operations, financial condition or regulatory expectations.
- The impact of various stress scenarios on both the Group's viability (see further detail below) and operational resilience.
- The stability of major markets in which the Group operates and material known regulatory changes.
- The sustainability of any future capital distributions.
- The impact of the Group's net zero ambitions, and the Group's ability to adapt its operations and business strategy to address the financial risks arising from both the physical risk of climate change and nature loss, and the transition to a low-carbon economy.

The Board regularly considers the potential financial and reputational impact of the Group's principal risks (as set out on pages 42 to 46) on our ability to deliver the business plan, and we regularly review and refresh our principal risks to reflect current market conditions and changes in our risk profile. In its assessment of viability, the Board has taken into consideration all of the Group's principal risks, as any significant change in the risk profile or outlook of those principal risks, or inadequate mitigation, could have a significant impact on the Group's viability over the assessment time frame.

Quantitative stress and scenario testing is undertaken to enable the Board to consider the Group's ability to respond to a number of plausible individual and combined shocks, both financial and non-financial, which could adversely impact the profits, capital and liquidity projections in the Group plan. During 2025, the Board continued to consider the impacts of a severe market event, which was set with reference to the Bank of England's latest 'Annual Cyclical Scenario', modified to reflect the Group's underlying risk profile. The scenario is broadly based on the Global Financial Crisis of 2008 for market risks exposures, and 2002 experience for rating transitions (downgrades and spreads).

The scenarios tested showed that the Group would continue to have sufficient headroom to maintain viability over the five-year planning period, after taking into account mitigating actions to manage the impacts on capital and liquidity. The Group maintains buffers and a suite of management actions to maintain resilience to adverse scenarios and preserve the Group's viability. It is clearly possible that shocks could be more severe, occur sooner and/or last longer than we have currently considered plausible.

Additionally, reverse stress testing and contingency planning gives the Board a solid understanding of the Group's resilience to extreme severe scenarios which could threaten the Group's business model and viability. This analysis assists in identifying any mitigating actions that could be taken now, or triggers to put in place for future actions. Potential scenarios that were explored included severe capital market stresses, adverse regulatory changes, reputational and internal or external events causing falls in business volumes, and severely adverse claims experience. The results confirmed that the Group remains resilient to extreme stresses as a result of the risk management system in place and the diverse range of mitigating actions available, including raising of capital or reduction in the level of dividends and other capital returns.

Our conclusion on viability

Following this assessment, taking into account the Group's current position and principal risks, the Board can confirm that it has a reasonable expectation that the Group will continue in operation and meet its liabilities, as they fall due, over a viability horizon of five years. The Board's five-year viability and longer-term prospects assessment is based upon information known today.

Governance

Inside this section

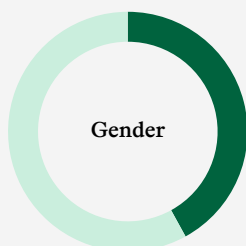
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Pictured below: In 2025, Board members visited 10 Coleman Street, our new London office, opening in 2027. The space will provide our people with a modern, enhanced working environment and support our ambition to create a better-connected L&G.



Governance at a glance

Board composition as at 31 December 2025



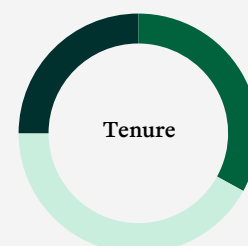
The Board comprised:

42%	Women
58%	Men



The Board comprised individuals from the following ethnic groups:

8%	Black
17%	Asian/Asian British
75%	White



The length of tenure of the Board varied:

33%	Under 3 years
42%	Between 3 and 6 years
25%	Over 6 years

Reporting against the 2024 UK Corporate Governance Code (the ‘Code’)

Details of how we have applied the principles and complied with the provisions of the Code are set out within this Annual report and accounts. For more information on our compliance, please visit the relevant sections as outlined below. Our Code compliance statement can be found on page 55 of this report.

(1) Board leadership and company purpose

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(3) Composition, succession and evaluation

Appointments to the Board and succession planning	56 to 57, 77 to 79
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(5) Remuneration

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(2) Division of responsibilities

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(4) Audit, risk and internal control

Internal and external audit	70 to 72
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Risk management and internal control framework	69 to 71, 82 to 83

Induction programme for Group Chair Designate, Scott Wheway

In October 2025, the Board announced the appointment of Scott Wheway as Group Chair Designate, succeeding Sir John Kingman on 21 May 2026. Upon joining the Board as a Non-Executive Director in January, and in advance of becoming Chair later this year, a tailored and comprehensive induction plan was devised with input from Scott, John, the Group Chief Executive Officer and the Group General Counsel and Company Secretary. Scott’s induction has also been supported by an ongoing and thorough handover with John.

The induction plan was tailored to Scott, recognising his extensive experience across a number of industries and regulatory regimes, and provided a comprehensive overview of the Group, the individual businesses, the Group’s strategy and financial plan and the markets in which we operate. Scott’s induction plan prioritised early engagement with key internal stakeholders, including but not limited to, Group Board and Group Management Committee members, as well as external stakeholders such as our brokers, external auditors, investors, and visits to our offices to engage with employees and experience our culture. Scott’s induction programme remains ongoing and will continue to be tailored to him until he takes over as Chair later in the year.



Pictured left to right: António Simões (Group CEO), Scott Wheway (Group Chair Designate) and Sir John Kingman (Group Chair)

Scott’s biography can be found on page 52.

Letter from the Chair



“ As our business evolves, our strong governance framework keeps decision-making sharp, accountable, and aligned with long-term goals and stakeholder interests.

”
 Sir John Kingman
 Chair

Dear shareholders,

In this, my final letter to shareholders as Chair of L&G, I am struck by the resilience of the business and the strength of its business model. L&G is an outstanding company that has navigated significant economic and political volatility over the years, including the effects of Brexit, Covid-19 and the Liability Driven Investment (LDI) crisis. It was recognised as Britain's 'Most Admired Company' in Financial Services for 2025, building on our overall wins as Britain's 'Most Admired Company' in 2022 and 2023. More recently, we have substantially refreshed and further clarified our strategy, ensuring at all times that our customers, clients, shareholders and employees remain at the front of our decision-making.

Shareholder meetings

The 2026 Annual General Meeting (AGM) and General Meeting (GM) will be held on Thursday 21 May 2026 at the British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, once again in a hybrid format, with facilities for shareholders to join and vote electronically.

Full details of the business to be considered at the meetings will be included in the Notice of AGM and the Circular and Notice of GM that will be sent to shareholders by their chosen communication method and published on our website:



Discover more online:
group.legalandgeneral.com/AGM

Having the financial resilience to continue to pay the Company's planned dividends during Covid-19, which provided much-needed income to our shareholders during that difficult time, underlined the financial strength of L&G as well as our focus on our societal purpose and the long-term interests of our stakeholders.

L&G is grounded in a history of strong social purpose, improving the lives of customers, building a better society for the long-term and creating long-term value for shareholders. We continue to lead with purpose, investing and contributing to national and regional growth across the UK.

Throughout the year, the Board has been focused on overseeing the delivery of our refreshed strategy, designed to drive enhanced long-term returns to shareholders through focused capital allocation and rigour in execution. Our vision is for a growing, simpler, better-connected L&G, focused on three core businesses, seizing the opportunity in Institutional Retirement while investing to scale and deepening our capabilities in Asset Management and Retail.

We are making significant progress. We have had substantial successes throughout the year as we build momentum and deliver on our strategy. In Institutional Retirement we have written £11.8 billion of PRT volumes in the year, including £10.4 billion of UK transactions. In Asset Management, we have reached £75 billion of private markets AUM and delivered ANNR of £34 million. In Retail, we have written £1.8 billion of annuities and continue to see growing workplace DC with net flows of £6.2 billion.

We have good momentum in winning workplace DC schemes: £3 billion of new scheme assets are due to transition to L&G in the next 18 months. Our Corporate Investments unit (established to manage non-strategic assets with the goal of maximising shareholder value ahead of potential divestment) has made excellent progress: assets now stand at c.£500 million (originally c.£2 billion), following a total of 18 disposals since the unit was established in June 2024. We have delivered FY25 Group core operating EPS growth at the higher end of our 6-9% range and growth in operational surplus generation of greater than 3%.

Robust corporate governance has remained fundamental to our ability to deliver sustainable, long-term success. As stewards of the Group, the Board leads with purpose and oversees governance with rigour, ensuring our practices are not only aligned with our values and culture, but also set the right "tone from the top". In doing so, we foster a framework of integrity, accountability and transparency that supports the Group's strategic ambitions and decision-making. We have welcomed recent revisions to the UK Corporate Governance Code, which reflect our own priorities around transparency, accountability and effective oversight.

Leadership appointments

L&G continues to benefit from an excellent Board with a diverse range and depth of expertise and skills. Throughout the year, we have further strengthened the Board and the Group Management Committee (GMC) as the Company continues to pursue its ambitious growth strategy as a simpler and better-connected business. Over the year, this has included the appointment of Henrietta Baldock as Senior Independent Director, the appointment of Mark Jordy to the Board as Independent Non-Executive Director (succeeding Lesley Knox) and the appointments of Carolyn Johnson as the Board's Global Designated Workforce Director and Clare Bousfield as our Speak Up Champion (formerly referred to as Whistleblowing Champion). Most importantly, the Nominations and Corporate Governance Committee, led by Henrietta Baldock, undertook the search process for my own successor. Scott Whewey is an outstanding candidate to succeed me and the Board is already benefiting from his leadership and experience. Scott and I have been working closely together since his appointment to the Board in January to ensure a smooth transition when I step down from the Board on 21 May 2026.

The Nominations and Corporate Governance Committee has also spent considerable time overseeing succession planning for the GMC and the future talent pipeline. We have made a number of strategic appointments throughout the year; these have benefited from effective succession planning, highlighting the strength of the Company's talent pipeline. At the end of last year, Jeff Davies informed the Board of his intention to move to a new role after eight years as CFO; I would particularly like to thank him for his contribution to L&G. He has been fundamental to our success and leaves a strong legacy. In December, the Board appointed Andrew Kail as the Group's next CFO and as an Executive Director on the Board. Andrew has already made a huge impact at L&G over the last four years, driving the growth of our PRT business and playing a central role in the development of the Group's wider strategy. The Nominations and Corporate Governance Committee then focused on the succession plans for Andrew's roles as CEO of Institutional Retirement and CEO of Legal and General Assurance Society Limited (LGAS). The Board was delighted with the appointments of Gareth Mee as CEO of Institutional Retirement and Laura Mason as CEO of LGAS.

We have also welcomed Emma Holden as our Chief People Officer (CPO), and Andy Sinclair to the newly created role of Chief Strategy and Investor Relations Officer. Emma will lead on people strategy, ensuring the Company has the right capabilities and culture to support its future growth. She brings deep experience in people leadership, with a particular focus on talent, culture and inclusion. Andy's appointment builds on the strong foundations already in place, further enhancing L&G's strategic and investor relations capabilities and helping to sustain momentum and focus on long-term performance. I should like to thank Emma Hardaker-Jones for her eight years of service as CPO, and also Alex Clayton for acting as interim CPO in advance of Emma Holden joining us.

And finally, after 35 years of service to L&G, Geoffrey Timms, Group General Counsel and Company Secretary, has decided to step down from his role on 21 May 2026. Geoffrey joined L&G in 1991 and became Group General Counsel in 1999. He has been central to the building of the business as we know it today. Throughout Geoffrey's tenure, he has supported four different Group CEOs, five Group Chairs and, numerous iterations of the Board, to forge some of the Company's most important partnerships, drive strategic M&A activity, and lay the foundations for our robust corporate governance framework. Geoffrey has been a key trusted advisor to me and my fellow Board members and I would like to thank him for his continued wise counsel and congratulate him on an outstanding career at L&G spanning more than three decades.

The Board is delighted to appoint Maria Alvarez-Scott to succeed Geoffrey as General Counsel and Company Secretary. Maria joined L&G in 2009 and was previously the Deputy Group General Counsel and General Counsel of L&G's insurance businesses. Maria is an exceptional legal practitioner and leader, with deep knowledge of L&G's business, strategic context and culture. She will be a fantastic partner to the management team and the Board as the Group drives its next phase of growth.

Stakeholder engagement

The Board continues to ensure that the views and interests of our stakeholders inform its decision-making, through a combination of extensive direct and indirect engagement. This includes engaging directly with colleagues through town halls and visits to our offices in different locations. We were able to conduct a number of face-to-face interactions this year, including visits to our offices in Bermuda, Cardiff and Hove.

I am always impressed during our visits how our people really live our purpose and values, ensuring we are doing the right thing for our customers. We view this engagement as an essential way to experience L&G's culture first-hand. Feedback from colleagues is critical to the Board and we continue to monitor our culture through rigorous employee engagement surveys. Details on the Board's consideration of stakeholders in its decision-making throughout 2025 are outlined in our section 172(1) statement on pages 64 to 68. Examples of how we engage with our different stakeholders can be found on page 68.

Board performance

Strong corporate governance starts with accountability at the highest level, and a key part of that is the Board's commitment to reviewing its own performance regularly. In 2025, we carried out an internal performance review of the Board and its Committees, externally facilitated by Clare Chalmers Limited. The review concluded that the Board and its Committees continued to perform well and operate effectively. Full details of the review process and outcomes are available on page 80.

Looking forward

As I hand over to Scott Whewey later this year, I should like to thank everyone at L&G for their extraordinary work and commitment to the business and our customers. It has been a huge pleasure to work alongside all our valued colleagues over the years. I should also like to thank our shareholders for their continued support. My fellow Board members and I feel confident and optimistic about the future of L&G as we execute our defined strategy and continue to build on our strong performance track record to drive further growth and deliver long-term shareholder value.

I hope to see many of you at our AGM in May.



Sir John Kingman
Chair

Board of directors

Committee membership key

<p>A Audit</p> <p>E Enterprise Transformation</p>	<p>N Nominations and Corporate Governance</p> <p>R Remuneration</p> <p>Ri Risk</p>
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Sir John Kingman KCB FRS Group Chair

Appointed October 2016

Contribution to the Board:

Financial sector, government and regulatory experience.

Experience:

John previously served as Second Permanent Secretary to HM Treasury, where he was closely involved in the UK response to the 2007 – 2008 financial crisis. He was the first Chief Executive of UK Financial Investments Ltd; and, from 2010 to 2012, John was Global Co-Head of the Financial Institutions Group at Rothschild. From 2016 to 2021, he was the first Chair of UK Research & Innovation, which oversees government science funding of around £8 billion a year. In 2018, John undertook a highly critical independent review for the UK Government of the Financial Reporting Council.

Other appointments:

- National Gallery (Deputy Chair and Trustee)
- Barclays Bank UK PLC (Chair)
- Barclays PLC (Non-Executive Director)
- Rothschild Foundation (Trustee)



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Scott Wheway Independent Non-Executive Director and Chair Designate

Appointed January 2026

Contribution to the Board:

Financial services, customer, insurance and regulatory experience.

Experience:

Scott brings a wealth of executive and non-executive leadership experience in financial services and retail businesses, including a strong understanding of operating within highly regulated, customer-centric industries. He also has deep knowledge and experience of large-scale banking and insurance businesses. Scott served as Chair of Scottish Widows Group and was a Non-Executive Director of Lloyds Banking Group from 2022-2025. Prior to that, he was a Non-Executive Director of Centrica plc between 2016 and 2020 and served as Chair of Centrica plc between 2020 and 2024. He was formerly Chair of AXA UK plc, Chair of Aviva Insurance Limited, a Non-Executive Director of Aviva plc and Senior Independent Director of Santander UK plc. Before his non-executive career, Scott was an executive in the retail sector for over 25 years, both in the UK and internationally, where he held positions including CEO of Best Buy Europe, Managing Director of Boots the Chemist plc and a number of senior executive positions at Tesco plc, including CEO, Japan.



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António Simões Group Chief Executive Officer

Appointed January 2024

Contribution to the Board:

Financial services, customer, international and technology experience.

Experience:

António has extensive financial services experience spanning over 25 years. Prior to his appointment, António was CEO of Banco Santander Spain and Regional Head of Europe. Before joining Santander, António spent 13 years at HSBC in various executive positions in London and Hong Kong, starting with strategy and M&A before leading different businesses as UK and European CEO and, finally, global CEO of private banking. Prior to that, he was a partner at McKinsey & Company. António studied in Lisbon (Nova School of Business and Economics), Milan (Bocconi) and New York (MBA from Columbia University). In 2009, he was appointed a Young Global Leader of the World Economic Forum. António was previously a member and Chair of the Practitioner Panel of the FCA. He was also a member of the Practitioner Panel of the PRA.

Other appointments:

- King's Trust International (Trustee)



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Henrietta Baldock Senior Independent Director (from May 2025)

Appointed October 2018

Contribution to the Board:

Financial services, insurance and investment banking experience.

Experience:

Henrietta has extensive knowledge of the financial services and insurance sector through her 25 years' experience in investment banking, including as Chair of European Financial Institutions at Bank of America Merrill Lynch, where she advised many boards on a number of significant transactions.

Other appointments:

- Legal and General Assurance Society Limited (Chair)
- Investec plc (Senior Independent Director)
- Investec Limited (Non-Executive Director)
- Investec Bank plc (Non-Executive Director)
- Hydro Industries Limited (Non-Executive Director)
- Rathbones Group Plc (Non-Executive Director)



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Andrew Kail Group Chief Financial Officer

Appointed December 2025

Contribution to the Board:

Financial services, accounting, customer and insurance experience.

Experience:

Andrew has previously held the role of CEO for two of L&G's businesses, L&G Institutional Retirement and L&G Retail Retirement, after joining L&G from PricewaterhouseCoopers (PwC) in March 2021. Over his 30 years with PwC, he built deep financial sector experience and wide regulation, risk and technology expertise and, prior to leaving to join L&G, held the role of Head of Financial Services where he led a 6,000 strong team in asset & wealth management, banking, insurance and real estate. Andrew graduated in Economics from the University of Manchester and is a Chartered Accountant (ICAEW).

Other appointments:

- TheCityUK (Non-Executive Director)



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Clare Bousfield Independent Non-Executive Director

Appointed December 2024

Contribution to the Board:

Financial services, insurance, customer and digital experience.

Experience:

Clare's previous executive roles include positions at M&G Plc, where she served as both Group CFO and latterly CEO, Retail & Savings and as CEO, Insurance for Prudential UK & Europe. She started her career at PwC and has previously served as a Non-Executive Director and Audit Committee Chair of RSA Insurance Group plc. Clare has also previously held senior roles at Aegon and Swiss Re Group. Clare is the Board's Speak Up Champion.

Other appointments:

- Bupa Insurance Limited (Chair)
- Bupa Insurance Services Limited (Chair)
- IVC Evidensia (Non-Executive Director)
- Recipharm (Non-Executive Director)

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Carolyn Johnson
Independent Non-Executive
Director

Appointed June 2022

Contribution to the Board:
Insurance, financial services and US experience.

Experience:

Following a 30-year executive career in the US, Carolyn has deep experience in the life insurance market and is an accomplished business leader and experienced board member. She has previously held senior roles at AIG, Voya Financial and Protective Life Corporation. Carolyn is the Board's Global Designated Workforce Director.

Other appointments:

- Kuvare Holdings (Director)
- Beazley Plc (Non-Executive Director)
- Beazley Holdings Inc. (Chair)

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Mark Jordy
Independent Non-Executive
Director

Appointed July 2025

Contribution to the Board:
Financial services, asset management and international experience.

Experience:

Mark has significant experience in asset management through his executive and non-executive career. Previously, Mark was CEO and equity partner of Wellington Management's London-based affiliate, leading its EMEA business and serving as a member of the global leadership team. As an equity partner, Mark played a key role in expanding Wellington's international presence, including opening offices and leading teams in China, Frankfurt, Hong Kong, Singapore, Sydney, Tokyo and Zurich. Earlier in his career, Mark worked as an investment consultant and held senior roles at a global custodian bank.

Other appointments:

- L&G – Asset Management Limited (Chair)

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Nilufer Kheraj OBE
Independent Non-Executive
Director

Appointed May 2021

Contribution to the Board:
Financial services, legal and regulatory and digital experience.

Experience:

Nilufer has considerable experience across a range of industries and sectors, including financial services, real estate, green infrastructure and fintech. She was previously the Head of the Financial Institutions Group and the Equity Capital Markets practice at Slaughter and May and has spent a large part of her 34-year career working with major international financial institutions. Nilufer is the designated Non-Executive Director for Climate.

Other appointments:

- Games Workshop Group Plc (Non-Executive Director)
- IntoUniversity (Trustee)
- Oxford University Law Faculty (Visiting Professor)

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George Lewis
Independent Non-Executive
Director

Appointed November 2018

Contribution to the Board:
Financial services, asset management and international experience.

Experience:

George joined the Royal Bank of Canada (RBC) in 1986, serving in various financial and wealth management roles across Asia, Canada, the UK and the US. He was a member of RBC's Group Executive Board from 2007 – 2015, with responsibility for RBC's wealth, asset management and insurance segments.

Other appointments:

- Legal and General Assurance (Pensions Management) Limited (Chair)
- Ontario Teachers' Pension Plan (Non-Executive Director)
- AOG Group (Non-Executive Director)
- South Bow Corporation (Non-Executive Director)
- James Richardson & Sons, Limited (Director)

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Ric Lewis
Independent Non-Executive
Director

Appointed June 2020

Contribution to the Board:
Asset management, real estate and US experience.

Experience:

Ric has more than 25 years of experience in the real estate sector, including as the Founder and Executive Chair of Tristan Capital Partners, an investment manager specialising in real estate investment strategies across the UK and continental Europe.

Other appointments:

- Tristan Equity Pool Partners (GP) Limited and Tristan Equity Partners (GP) Limited (Director)
- The Crown Estate (Chair)
- Dartmouth College (Trustee)
- Royal National Children's SpringBoard Foundation (Trustee)
- Black Heart Foundation (UK) Limited (Trustee, Chair and Founder)
- Black Equity Organisation (BEO) (Trustee)

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Tushar Morzaria
Independent Non-Executive
Director

Appointed May 2022

Contribution to the Board:
Financial services, investment banking and accounting experience.

Experience:

Tushar has extensive experience in strategic financial management and risk management, as well as experience in the US. He is a Chartered Accountant and was previously Group Finance Director at Barclays PLC and, prior to that, he was the Chief Financial Officer of Global Investment Banking at JP Morgan Chase & Co.

Other appointments:

- BP Plc (Non-Executive Director)
- BT Group Plc (Non-Executive Director)

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Laura Wade-Gery
Independent Non-Executive
Director

Appointed January 2022

Contribution to the Board:
Digital, strategic transformation and customer experience.

Experience:

Laura's previous executive roles include her position as Director of Multi-Channel, a main board member at Marks and Spencer Group Plc and as Chief Executive Officer of Tesco.com. Laura served as Chair of NHS Digital and Moorfields Foundation and has served as a Non-Executive Director of NHS England. She was previously a Non-Executive Director of the John Lewis Partnership and British Land Company Plc. Laura is the Board's Consumer Duty Champion.

Other appointments:

- Britten Pears Arts (Trustee and Chair of Trading Subsidiary)



Geoffrey Timms
Group General Counsel and
Company Secretary

Geoffrey has been the Group General Counsel since 1999 and, in addition, the Group Company Secretary since 2008.

Other Board members during the year were:

Lesley Knox (resigned May 2025), Philip Broadley (resigned August 2025) and Jeff Davies (resigned December 2025).

Group Management Committee

Our Group Management Committee has the appropriate balance of skills, knowledge and experience to successfully lead the execution of the Group’s strategy.



António Simões
Group Chief Executive Officer



Andrew Kail
Group Chief Financial Officer
(from December 2025)



Eric Adler
Chief Executive Officer,
Asset Management



Emma Holden
Chief People Officer
(from February 2026)



Chris Knight
Group Chief Risk Officer



Laura Mason
Chief Executive Officer, Retail



Gareth Mee
Chief Executive Officer,
Institutional Retirement
(from December 2025)



Maria Alvarez-Scott
Group General Counsel and
Company Secretary Designate
(from February 2026)



Katie Worgan
Group Chief Operating Officer
(from March 2025)

Group Management Committee changes throughout the year

A number of changes were made to the Group Management Committee this year to ensure our leadership team, operating model and structure continue to be set up for success to deliver our strategic vision of a simpler and better-connected L&G.

Katie Worgan: appointed as Group Chief Operating Officer in March 2025. This newly created role will ensure we have joined-up, sharply focused business operations that enable us to work together with ease and deliver for our customers and clients.

Andrew Kail: appointed as the Group Chief Financial Officer in December 2025. Andrew was previously the CEO of Institutional Retirement and LGAS. Prior to that, he was the CEO of the Retail Retirement business.

Gareth Mee: appointed as CEO of Institutional Retirement in December 2025. Gareth was previously the Chief Investment Officer for Institutional Retirement and joined L&G in 2022 as CFO of L&G Capital.

Emma Holden: appointed as Chief People Officer in February 2026. Emma will lead on people strategy, ensuring the Company has the right capabilities and culture to support its future growth.

Maria Alvarez-Scott: appointed as Group General Counsel and Company Secretary Designate in February 2026. Maria joined L&G in 2009 and was previously the Deputy Group General Counsel and General Counsel for LGAS.

Our executive governance framework

Our refreshed executive governance framework was implemented in 2024 to best optimise executive decision-making across the Group and enhance collaboration across executive management, while simultaneously promoting appropriate divisional and functional accountability and autonomy.

Group Chief Executive Officer (Group CEO)

Group Management Committee (GMC)

The GMC is a formal committee of the Group CEO. Its purpose is to support the Group CEO in the discharge of those things within his authority as delegated to him by the Group Board, in particular in relation to group-wide strategic and material matters, and to identify matters required for escalation to the Board. The GMC delegates certain responsibilities to its sub-committees.

Cost and Investment Forum
Oversees the Group-wide cost plan and monitors cost performance.

Disclosure Committee
Oversees the management of inside information and manages the content and requirements of material announcements to the market.

Enterprise Change Committee
Provides oversight of group-wide change activity.

Executive Data and Technology Committee
Oversees technology and data management and provides strategic guidance to ensure alignment with business goals.

Executive Risk Committee
Provides oversight of the management of key risks, sets risk appetites and mandates and identifies matters which require escalation to the Group Risk Committee.

Investment Committee
Provides oversight and, where appropriate, approval of Group transactions.

Speak Up Committee
Oversees the Group’s Speak Up arrangements and culture, and effectiveness of mechanisms dealing with non-financial misconduct.

Governance report

The 2024 UK Corporate Governance Code (the ‘Code’) – Compliance Statement

The Code emphasises the role of good corporate governance in achieving long-term sustainable success. The principles of the Code are the standards against which we are required to measure ourselves. Each year, the Board reviews the Group’s governance framework and compliance with the Code. We are pleased to report that we have applied the principles and complied with each of the provisions of the Code for the year ended 31 December 2025, with the exception of Provision 29 which is not applicable until the next financial year. A Code compliance reference table can be found on page 49. The revised UK Corporate Governance Code was published in January 2024, and most of its provisions apply from the financial year beginning on 1 January 2025. The Board has overseen the work required to comply with the new requirements from the relevant effective dates.

Our governance framework

Our governance framework supports robust decision making by providing a clear framework of delegations and responsibilities within which decisions can be made to deliver our strategy. Our framework also ensures that decisions remain within the risk appetite set by the Board and are undertaken with appropriate Board oversight.






Board of Legal & General Group Plc

The Board is collectively responsible for the long-term sustainable success of the Company.

<p>Chair</p> <p>Leads the Board and, in consultation with the Group CEO, sets the agenda for Board meetings for overall Board and individual director effectiveness.</p> <p> Read more on page 57</p>	<p>Senior Independent Director (SID)</p> <p>Acts as a sounding board for the Chair, as well as being available to shareholders and independent directors if they have concerns which cannot be resolved through the normal channels.</p> <p> Read more on page 57</p>	<p>Independent Non-Executive Directors</p> <p>Scrutinise and hold to account the performance of the executive against agreed goals and objectives. Constructively challenge and contribute to the development of strategy.</p> <p> Read more on page 57</p>	<p>Group Chief Executive Officer (Group CEO)</p> <p>Responsible for the day-to-day management of the Company and the successful execution of the strategy.</p>	<p>Group Chief Financial Officer (Group CFO)</p> <p>Responsible for supporting the Group CEO in establishing group-wide financial and strategic objectives and supporting successful execution against those objectives.</p>
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Committees of the Board

Each Committee Chair reports to the Board on key discussion topics and decisions taken after each meeting.

<p>Audit Committee</p> <p>Responsible for oversight of the Group’s financial statements and reporting and the adequacy and effectiveness of the internal control environment, including financial control. Oversees the relationship with the external auditor and the activities of the Internal Audit function.</p> <p> Read more on pages 69 to 74</p>	<p>Enterprise Transformation Committee</p> <p>Responsible for oversight of all aspects of Enterprise Transformation, including the Group’s major change programmes, and the Enterprise Technology Strategy, including data and AI.</p> <p> Read more on pages 75 to 76</p>	<p>Nominations and Corporate Governance Committee</p> <p>Responsible for the overall composition of the Board and its Committees. Oversees Board and executive succession planning. Responsible for overseeing the Group’s governance framework.</p> <p> Read more on pages 77 to 81</p>	<p>Remuneration Committee</p> <p>Responsible for overseeing the remuneration of executive directors and other designated individuals, as well as the Group’s remuneration policy.</p> <p> Read more on pages 84 to 113</p>	<p>Risk Committee</p> <p>Responsible for the oversight of the Group’s risk appetite and providing guidance and advice on what constitutes acceptable risk taking and oversight of the Group’s risk management policies and procedures.</p> <p> Read more on pages 82 to 83</p>
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2024 UK Corporate Governance Code

A full version of the Code can be found on the Financial Reporting Council’s website:

 [Discover more online frc.org.uk](https://www.frc.org.uk)

Governance report continued

Role and leadership

The Board is responsible for the overall leadership of the Group; it is charged with setting the Group's values and standards. The role of the Board is to promote the long-term sustainable success of the Company, while simultaneously generating value for shareholders and contributing to wider society. Our section 172(1) statement on pages 64 to 68 sets out in detail how the Board has achieved this throughout 2025. The Board is committed to maintaining the highest standards of corporate governance across the Group to support the delivery of our strategy, fostering positive stakeholder relationships and the creation of long-term sustainable value for shareholders.

The specific parameters of the Board's role and responsibilities are set out in the Matters Reserved for the Board, which are separated into eight broad categories: strategy and management; structure and capital; financial reporting, dividends and capital returns; risk and internal control; corporate governance; key personnel and remuneration; product distribution and pricing; and, brand.

The Matters Reserved for the Board outline the decision-making powers reserved for the Board and form the foundation of the Group's governance framework. It is reviewed and approved as part of an annual corporate governance review, and otherwise as required, to ensure the role and responsibilities of the Board remain appropriate and up to date.

The Board is supported by the Group General Counsel and Company Secretary and the Company Secretariat team to ensure accurate and timely information is disseminated to the Board. All directors have access to the advice of the Group General Counsel and Company Secretary, as well as independent professional advice at the Company's expense.

The Board, and the Boards of the Group's principal operating subsidiaries, operate within a clearly defined, and fully embedded, delegated authority framework. This ensures an appropriate level of Board oversight of, and contribution to, key decisions, while enabling effective day-to-day business management. It also fosters an appropriate level of constructive debate, challenge and support throughout the decision-making process.

Responsibilities not reserved for the Board's consideration are delegated by the Board to Group level Committees and the Group CEO. The Board has delegated the day-to-day management of the Company, and the responsibility of the successful execution of the strategy, to the Group CEO. The executive governance framework, which can be found on page 54, is designed to optimise decision making and enhance collaboration at an executive level, while simultaneously promoting appropriate divisional and functional accountability and autonomy. The GMC periodically reviews the executive governance framework to ensure that it remains fit for purpose and continues to provide the right level of centralised oversight and control over material group-wide matters. The GMC supports the Group CEO in discharging that which is in his authority, as delegated to him by the Board, in particular in relation to group-wide strategic and material matters. The Group CEO delegates further decision making onwards to the Cost and Investment Forum, Disclosure, Enterprise Change, Executive Data and Technology, Executive Risk, Investment, and Speak Up Committees, as well as to his direct reports.

Although the Board delegates the day-to-day management of the Company to the Group CEO, the Board remains accountable for the Company's long-term sustainable success and therefore continues to oversee the Group's strategic objectives and monitor performance against those objectives. The Board meets formally on a regular basis and at each meeting considers business performance, strategic proposals and execution, material transactions and critical projects in the context of the Group's strategy, risk appetite, the interests of the Group's stakeholders and wider social purpose.

The Board is supported in its work by its Committees, each of which is governed by its own terms of reference, that clearly define its remit and decision-making powers. The Committees of the Board, and their core responsibilities, are set out in the governance framework which can be found on page 55 and each of the respective Committee reports.

Composition, independence, and performance

As at the date of this report, the Board is comprised of the non-executive Chair, two executive directors and ten independent non-executive directors. At least half of the Board, excluding the Chair, are independent non-executive directors, in accordance with provision 11 of the Code. Upon appointment, the Chair was identified by the directors as being independent in accordance with provisions 9 and 10 of the Code.

When considering the appointment of new directors, the Board is mindful of the contribution and skill set that each new appointee will bring to the Board. The Board has an established skills matrix which supports Board succession planning and, each year, the Board reviews its own composition to ensure it maintains a well-balanced and diversified Board, with the right mix of individuals who can apply their wider business knowledge and experiences to the setting and oversight of delivery of the Group's strategy.

Following an extensive search and selection process, Scott Wheway was appointed as independent Non-Executive Director and Chair Designate of the Company with effect from 2 January 2026. Prior to joining us, Scott was Chair of Scottish Widows Group and a Non-Executive Director at Lloyds Banking Group Plc. He brings a wealth of executive and non-executive leadership experience in financial services and retail businesses, including a strong understanding of operating within highly regulated, customer-facing industries. Before his non-executive career, Scott was an executive in the retail sector for over 25 years, both in the UK and internationally, where he held positions including CEO of Best Buy Europe, Managing Director of Boots the Chemist plc, and a number of senior executive positions at Tesco plc, including CEO, Japan. Scott has been working closely with Sir John Kingman since his appointment in January to support the transition.

Sir John Kingman will step down as Chair and as a director of the Board on 21 May 2026, after nine years of service, and at that point, Scott will take over as Chair.

Furthermore, in September 2025, we announced that Andrew Kail had been appointed as the new Group Chief Financial Officer with effect from 1 December 2025. Prior to this appointment, Andrew had been CEO of our Institutional Retirement business and one of our principal operating subsidiaries, LGAS. Andrew has a deep knowledge of the different L&G businesses and the key drivers of its performance and has played a pivotal role in developing and driving the Group's growth strategy. Prior to joining L&G, Andrew spent 30 years at PricewaterhouseCoopers (PwC) in senior roles including the Head of Financial Services, where he led a 6,000 strong team in asset & wealth management, banking, insurance and real estate. Andrew is an ICAEW chartered accountant and sits on the Board of TheCityUK.

A Board performance review is conducted on an annual basis. In line with the requirements of the Code and our review cycle, this year's review was conducted internally, with external facilitation provided by Clare Chalmers Limited. As part of this review, the Board and its Committees are assessed on, among other things, composition and expertise, culture and employees, dynamics and decision making, agendas and Board support.

Further information relating to the composition of the Board, including the Board's Inclusion and Wellbeing Policy, the non-executive director appointment process and the Board performance review can be found in the Nominations and Corporate Governance Committee report on pages 77 to 81.

Committee terms of reference


All Committee terms of reference can be found on our website:

 Discover more online group.legalandgeneral.com/groupboardcommittees


Division of responsibilities

In line with the principles and provisions of the Code, there is a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business, as illustrated in the table to the right. The role and responsibility statements for each of the Chair, Group CEO and Senior Independent Director are reviewed annually to ensure they remain relevant and accurately reflect the requirements of the prevailing Code, other law and regulation and industry best practice.

You can read more about the skills and experience of the Board in their biographies:

 Read more on [pages 52 to 53](#)

The Board roles and responsibilities document can be viewed on our website:

 Discover more online group.legalandgeneral.com/corporategovernance

Conflicts of interest and time commitment

The identification and management of Board members' conflicts of interest is defined and governed by the Company's Articles of Association, law and regulation, best practice and a number of internal policies which are reviewed and approved annually by the Board. The Company maintains a record of each Board member's disclosed directorships and appointments to facilitate identification and management of potential conflicts of interest. In line with our directors' conflict of interest policy, any actual or potential conflict of interest must be declared by the relevant director, considered by the Board and, if authorised, maintained in a formal record. Each Board member is required on an annual basis to formally approve and sign their conflicts of interest register, confirming that all directorships and appointments contained within are accurate and up to date.

All non-executive directors' letters of appointment outline the time commitment expected of them throughout their tenure on the Board, and non-executive directors' time commitments are considered annually by the Nominations and Corporate Governance Committee (the 'Committee') as part of its ongoing assessment of the Board's composition. The Committee also assesses time commitments in detail ahead of approving any external director appointments. In 2025, the Committee was satisfied for all external appointments of its directors that they did not give rise to a conflict of interest and would not impact the directors' time commitment to the Company. The significant commitments of each director are detailed in their biographies on pages 52 to 53.

The Board, on the recommendation of the Committee, is satisfied that each non-executive director serving at the end of the year remains independent, effective and continues to have sufficient time to discharge their responsibilities to the Company.

Role on the Board

Sir John Kingman Chair

Responsibilities

As Chair, Sir John Kingman is responsible for:

- Establishing a close relationship of trust with the Group CEO and providing support and advice.
- Upholding the highest standards of integrity and probity and setting clear expectations concerning the style and tone of Board discussions.
- Ensuring the Board has effective decision-making processes and applying sufficient challenge to major proposals with the support of the Group General Counsel and Company Secretary, ensuring the Board receives accurate, timely, high-quality and clear information.
- Ensuring effective communication with shareholders and stakeholders, as well as ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders.
- Promoting a culture of openness and debate.
- Promoting effective relationships and open communications between directors.
- Promoting the highest standards of corporate governance and ensuring that all directors are aware of their responsibilities.
- Ensuring a clear structure for the effective running of the Board's Committees.

António Simões Group CEO

Responsibilities

As Group CEO, António Simões is responsible for:

- Proposing the Group strategy and delivering the strategy as endorsed by the Board.
- Upholding the highest standards of integrity and probity and thereby setting the style and tone for the GMC and the rest of the Company.
- Embodying the Group's behaviours and promoting an inclusive culture across the Group.
- Promoting the highest standards of corporate governance and managing a clear legal and operating structure that reports to the Group Board and its Committees.
- Ensuring that the Group maintains high standards of adherence to, and alignment with, regulatory requirements and standards.
- Developing and retaining the confidence of the Board, the executive and all other stakeholders.

Henrietta Baldock Senior Independent Director

Responsibilities

As Senior Independent Director, Henrietta Baldock is responsible for:

- Providing support to the Chair in the delivery of his objectives and being a trusted channel of communication to the Chair for the other directors.
- Being available to shareholders and other non-executive directors for any concerns which cannot be resolved through the normal channels.
- Attending meetings with major shareholders to listen to their views and develop a balanced understanding of issues and concerns and ensure that they are being considered by the Chair.
- Leading the Group Chair succession process.
- Leading the annual performance review of the Chair.

Governance report continued

Purpose and culture

Following the announcement, and ongoing implementation, of our new group-wide strategy in June 2024, a review of the Group's purpose was conducted to ensure it remained appropriate. Our refreshed purpose – 'Investing for the long term. Our futures depend on it' – seeks to reflect the feedback received from employees across the Group, as well as customers and clients across all three of our businesses, and helps shape how we think, how we act, and how we create lasting impact for our clients, customers, shareholders and society. A group-wide campaign to increase awareness, understanding and engagement with our purpose was undertaken in the first half of 2025.

As well as refreshing our purpose, 2025 saw the launch of our new group-wide behaviours: Challenge positively; Commit together; and, Act decisively. These behaviours have been designed to guide how we work together, creating a culture of accountability, effectiveness, and pace to deliver our strategy, whilst remaining true to our purpose. The Group has supported the embedding of these behaviours into the everyday culture of the Company, with the intention that living these behaviours will be the cornerstone of our success.

The Board continues to monitor how our purpose and behaviours are being embedded across the organisation through bi-annual Speak Up updates (including whistleblowing) and regular culture updates included in the Group CEO reports to the Board. The Board also receives updates on the Voice survey which is an anonymous employee survey which provides insights into employee sentiment, including questions on purpose, culture and wellbeing. The results from this year's Voice survey indicate that the vast majority of our employees feel proud to work at L&G and would recommend the Company as a great place to work.

In 2025, the Voice survey was updated to include questions about how L&G's behaviours are being role-modelled by leaders, as well as specific questions about how each of the three new behaviours are being consistently demonstrated across the organisation. We have also developed the 'Behaviours Index' which presents an average score across all behaviour-related questions, to see in aggregate how well our behaviours are understood and embedded within our culture. The new metrics are reported to the Group Board and the GMC and reporting of the Voice survey results has been further enhanced using AI-generated personas derived from employee comments, to deep dive into specific themes. These personas add depth to the quantitative data and analysis included in Board reports.

Over the last few years, we have taken steps to enhance our culture. In 2023, we assessed our performance culture and reinforced a balance between the 'what' in terms of our achievements, and the 'how' in terms of demonstrating our core behaviours while achieving our goals. We have made several improvements to our employee benefits, designed with the different needs of a diverse workforce in mind, demonstrating our continued commitment to supporting our employees' health and wellbeing and fostering an inclusive culture. Inclusion is a central part of this focus, and our annual Inclusion Week helps bring these principles to life. The theme for the 2025 event, "Now is the Time", gave us an opportunity to reflect, learn, and commit to making inclusion a core part of our culture and everyday practice.

In addition, a culture review is conducted on an annual basis to assess the impact made by the Group CEO's direct reports in positively evolving L&G's culture across a number of areas, including shared vision and leadership, ownership and accountability, and execution capability. We broadened the scope of the culture review in 2025, by including refreshed Voice metrics and focusing on three areas – behaviours and mindset, greater performance edge and building capability – aimed to bring together a rich set of qualitative and quantitative data from across the organisation. We extended the review beyond just the divisional CEOs and Group CFO, to include all direct reports of the Group CEO, a deliberate signal that all of our leaders, whether in functions or businesses, will be held to account for L&G's culture. The outcome of the culture review is shared with the Group Remuneration Committee annually.

In 2025, we defined a clear set of business focus areas, bringing greater clarity for our employees about what their performance will be measured against, as well as incentivising and rewarding outstanding performance. We also introduced a new long-term incentive award opportunity for a wider range of employees, to recognise the highest performers across the Company.

In 2025, we made progress in defining how we expect all senior management to lead in L&G, in light of our ambition to positively evolve L&G's culture. We've developed specific 'dialled up' behavioural guidance for leaders to help them embed L&G's behaviours in the way they lead, and we have been clear that these will be assessed through the annual performance review process. We've also invested in assets like the 'People Change Playbook' which gives greater specificity to leaders about how they need to show up and lead change. Whilst these initiatives are important enablers to support leaders in proactively shifting culture, Voice scores, as well as feedback from leaders, are used to monitor take-up and efficacy of these solutions. More information on the Company's culture and purpose can be found on pages 9 to 11.

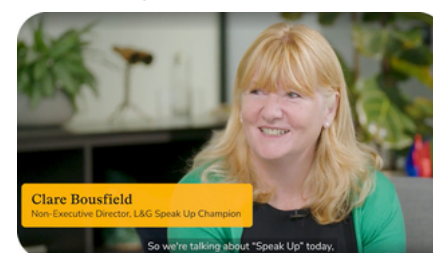


Governance in action: Our behaviours

To help embed our new behaviours, articles demonstrating how our new behaviours were being brought to life across the Group were published on the employee intranet to support employee engagement and understanding.

In addition to online toolkits, employees have been given the opportunity to attend focused sessions on each behaviour with their teams.

The Board receives bi-annual updates on the Group's Speak Up arrangements and the whistleblowing policy is available to all employees on our intranet, which details the process for employees to confidentially raise matters of concern. As the Board's Speak Up Champion, Clare Bousfield acts as a critical supporter to the teams involved in managing L&G's speak up arrangements, having oversight of the integrity, independence and effectiveness of the arrangements, as well as ensuring the fair treatment of colleagues in every instance. In 2025, the Company launched a Speak Up campaign, which aimed to raise awareness of the various Speak Up channels available to colleagues. As part of this, the Speak Up policy and employee communications and guidance were refreshed, a new Computer Based Training module was launched, and members of our GMC were interviewed and provided their thoughts on what speaking up meant to them personally.




Pictured: Clare Bousfield taking part in a group-wide employee communication in 2025, where she was interviewed by our Group CEO on Speak Up.

In addition, the Speak Up Committee, a sub-committee of the GMC, was established and is responsible for overseeing the effectiveness of the Group's Speak Up arrangements and the robustness and effectiveness of our processes dealing with non-financial misconduct such as conduct breaches, grievances and disciplinary processes. Further information on our Speak Up and whistleblowing arrangements and other employee policies can be found in our Social impact report.

Throughout the year, Board members attended various offices which enabled our directors to meet with employees and gain insights into our culture and behaviours in action. In addition, Carolyn Johnson succeeded Nilufer Kheraj as our Global Designated Workforce Director from 1 April 2025. As part of this role, Carolyn, as well as other Board members, meet regularly with smaller groups of employees to speak directly with them, both with and without senior management present, and hold events to answer questions from employees. GMC members also held numerous town hall events at various locations throughout the year to update the workforce on topical issues. Employees are offered the chance to ask the management team questions throughout these sessions. These events are run as hybrid events to maximise engagement. Over 4,000 employees virtually attended our half year results town hall in August 2025, over 1,000 attended our Asset Management Deep Dive town hall in June 2025 and 900 attended our Retail Deep Dive town hall in October 2025.

For more information on our workforce, please refer to our Social impact report:

 Discover more online
[group.legalandgeneral.com/
SocialImpactReport2025](https://group.legalandgeneral.com/SocialImpactReport2025)

Induction, training and development

The Board places great value on training and development, and all new executive and non-executive directors are invited to participate in a comprehensive, formal and tailored induction programme upon joining the Board. Induction programmes provide new directors with the knowledge and understanding of the Company and its business to enable them to provide effective contribution to Board discussions, challenge the executive and properly fulfil their statutory duties.

All Board members receive regular training throughout the year; the Board believes that continual director training and development is important to maximise the effectiveness of the Board. The training programme is generated on an annual basis, based on the needs of the Board, and internal and/or external circumstances, including any recommendations from the annual performance review of the Board and its Committees. It is the responsibility of the Chair to help ensure that directors continually update their skills, knowledge and familiarity with the Group, and the Chair does so with input from the Board and the Group General Counsel and Company Secretary. In 2025, Board members received specific training and/or deep-dive sessions on various topics, including the L&G App, longevity assumptions and emerging longevity risks.

In addition, Board and Committee meetings are used to update Directors on developments in the areas in which the Group operates. As part of their ongoing training and development, Board members are invited to attend visits to the Group's various offices, developments and investments, with the aim of widening Board members' knowledge of the business and providing them with the opportunity to meet with employees and experience the culture across the Group first-hand. This year, Board members visited our offices in Bermuda, Cardiff, Dublin, Frankfurt, Hong Kong, Hove, Solihull, Stamford and Tokyo.

Subsidiary boards

At L&G we have benefited from a strong governance framework operating at a subsidiary level for many years now. A number of our directors continue to Chair the boards of three of our principle operating subsidiaries: Henrietta Baldock for LGAS, Mark Jordy for L&G – Asset Management Limited and George Lewis for Legal and General Assurance (Pensions Management) Limited. This crossover of directors on our Group Board and principal operating subsidiaries allows greater interactions, information flows and promotes enhanced collaboration throughout the Group.



Governance in action: Customer focus

In May 2025, the Retail business hosted 'CustomerFest 2025' the first ever customer focused event for employees across the Group, designed to deepen understanding of L&G customers through a series of informative sessions.

Over 3,000 employees joined this three-day event and were invited to attend a range of sessions, both virtually and from four UK locations.

A customer roadshow was attended by Laura Wade-Gery, the Board's Consumer Duty Champion (pictured above), and the event concluded with a "Start with the Customer" keynote presentation, delivered by a consumer expert.



Governance in action: Investor Deep Dives

In preparation for the Asset Management and Retail Investor Deep Dives, the Board reviewed the market messaging and materials for analysts and investors. Following each event, the Board was provided with a summary of media and analyst reactions and discussed the success of both events.

Employees were also invited to join the event virtually. This completed a series of investor and analyst events to explore each of our three businesses in depth.

Governance report continued

How the Board spent its time in 2025

The Board meets regularly to oversee the delivery of the Group's strategic objectives to ensure it continues to promote the long-term sustainable success of the Company. Throughout 2025, the Board held 13 Board meetings, including one strategy event, and one office visit. Board Sub-Committees were also constituted on a number of occasions to deal with particular matters arising outside of the formal schedule of meetings. The non-executive directors have private meetings without the executives present before and after each Board meeting, and otherwise as required.


Board members meet informally with the executive directors and GMC members on a regular basis outside of the formal meeting schedule. Members of the GMC and, as appropriate, individuals from the relevant business areas are also invited to attend Board meetings in relation to key items, allowing the Board the opportunity to debate and challenge initiatives directly with the senior management team. The Board informs itself of the views of shareholders on a regular basis through updates at each Board meeting from the Group CEO and Group CFO, as well as periodic updates from the Investor Relations team.

Several institutional investors were also invited to attend a session with the Board and GMC at the Board strategy event in June.

The Board has established the Company's purpose, behaviours and strategy, and has satisfied itself that these and its culture are aligned. The regular Board agendas are set by the Chair, with input from the Board, Group CEO and the Group General Counsel and Company Secretary, and consist of regular reports on the following:

- Progress on the execution of the strategy and business performance updates.
- Insights into the views of our shareholders, people, customers, clients and other key stakeholders.
- Material matters from each business, including business performance and progress against strategy, key business initiatives, customers, clients, employee and regulatory engagement, the control environment and culture.
- Group-wide strategic ambitions, material transactions and other material initiatives.
- Consumer Duty and, more broadly, customer outcomes, including updates from the Consumer Duty Champion on discussions from the Customer Outcomes Forum.

- Updates from the Group Chief Operating Officer on group-wide major change projects.
- Risk and compliance matters, including a report from the Chair of the Risk Committee.
- Financial and audit matters, including a report from the Chair of the Audit Committee.
- Business of the Remuneration and Enterprise Transformation Committees from the Committee Chairs.
- Legal and governance matters from the Group General Counsel and Company Secretary.
- People, culture, and employee engagement matters, including updates from the Global Designated Workforce Director and updates on the results of the employee Voice survey.
- The Group's relationship with various stakeholder groups.

 For more information on the Board's stakeholder engagement throughout the year, see pages 64 to 68.

Board meeting attendance during 2025

Director	Scheduled	Ad hoc
Sir John Kingman (Group Chair)	9/9	4/4
António Simões (Group CEO)	9/9	4/4
Andrew Kail (Group CFO) ¹	1/1	1/1
Henrietta Baldock (SID)	9/9	4/4
Clare Bousfield ²	8/9	4/4
Carolyn Johnson	9/9	4/4
Mark Jordy ³	4/4	4/4
Nilufer Kheraj OBE	9/9	4/4
George Lewis	9/9	4/4
Ric Lewis ²	9/9	3/4
Tushar Morzaria ²	8/9	4/4
Laura Wade-Gery ²	9/9	3/4
Philip Broadley ⁴	5/6	0/1
Jeff Davies ⁵	9/9	3/3
Lesley Knox ⁶	4/4	0/0

1. Appointed to the Board with effect from 1 December 2025.

2. Unable to attend a Board meeting due to a prior commitment.


3. Appointed to the Board with effect from 1 July 2025.

4. Unable to attend Board meetings due to prior commitments and retired from the Board with effect from 31 August 2025.


5. Resigned from the Board with effect from 10 December 2025.

6. Retired from the Board with effect from 21 May 2025.


Link to strategic priorities



Sustainable Growth



Sharper Focus



Enhanced Returns

Jan – Feb

Approved the sale of the US protection business to Meiji Yasuda, and the creation of a long-term strategic partnership



Mar

Approved the full-year financial results, Annual report and accounts and final dividend

Approved and commenced a £500 million share buyback programme



Apr

Eric Adler presented to the Board his early reflections as Asset Management CEO



May

Hosted the Group's Annual General Meeting

Received a presentation from the FCA on the 2025 Firm Evaluation Letter

Announced the expansion of the Private Markets platform with the acquisition of a 75% stake in real estate investor, Proprium, to accelerate growth into new markets



Aug

Approved the half-year financial results and interim dividend



Jul

Received a presentation from the PRA on the 2025 Periodic Summary Meeting Letter

Approved the Company's Consumer Duty Annual Board report, in compliance with the FCA's Consumer Duty requirements

Announced a long-term strategic partnership with Blackstone to accelerate growth ambitions



Jun

Held an off-site strategy event with the GMC to discuss the future Group strategy



Sept

Approved the appointments of Scott Wheway as Group Chair Designate and Andrew Kail as Group Chief Financial Officer

Completed the £500 million share buyback programme



Oct

Attended a site visit at the Sky Studios in Elstree, a site which L&G developed and helped finance

Hosted a 'talent dinner' with colleagues who have demonstrated potential to progress into senior roles within the business

Approved the appointment of Laura Mason as CEO of LGAS and supported the appointment of Gareth Mee to the GMC as CEO of Institutional Retirement

Announced a £4.6 billion pension risk transfer buy-in with Ford pension schemes



Nov

Held an offsite event in our office in Hove, and Board members hosted a town hall event for colleagues

Attended the annual employee awards in Brighton

Dec

Approved the Group Financial Plan for years 2026 – 2030



Employee engagement



Pictured: Carolyn with employees at L&G's Bermuda office

“ I have thoroughly enjoyed having the opportunity to engage directly with our people and sharing insights with my board colleagues in my role as Global Designated Workforce Director. I look forward to the year ahead and my continued engagement with our people – undoubtedly our most valuable asset.

”
Carolyn Johnson
 Global Designated Workforce Director

Our people are our most valuable asset and the key to the success of our refreshed strategy is fundamentally driven by them and, as such, ensuring their wellbeing is a priority for the Board.

In my role as Global Designated Workforce Director, I will seek to gain meaningful insights into wellbeing and culture, and utilise my position to inform the Board's decision-making by identifying key themes and ensuring these are brought to the forefront as we strive to achieve our strategic goals.

My role is to provide a voice for our people in the boardroom, by listening and gaining insights through active engagement, and allowing the perspectives of our people to be incorporated into the Board's strategic discussions and decision-making.

I assumed the role in April 2025, succeeding Nilufer Kheraj. I would like to express my gratitude to Nilufer for paving the way with her significant contributions over the past three years in strengthening employee engagement and deepening our understanding of our organisation's culture.

2025 was an exciting year. We introduced refreshed behaviours to our employees:

- Challenge positively
- Commit together
- Act decisively

It was encouraging in my role to see employees embracing these behaviours. I was able to see the impacts and share them directly with the Board.

We appointed a Head of Inclusion and Wellbeing, who I will work with as we align with L&G's purpose, behaviours and priorities.

Much of my focus this year has been on the areas of key strategic growth for the Company. I have been able to witness new leadership engaging employees and finding new ways to collaborate across the organisation for better results, employee satisfaction and accountability.

Key responsibilities

My responsibilities include:

- Active participation in a programme of workforce engagement to enhance meaningful two-way dialogue.
- Regular review of the methods and outcomes of workforce engagement activities to assess their effectiveness.
- Review of insights from activities and other data sources that monitor the Group's culture.
- Ensuring the Board, through the GMC and senior management, has effective methods of receiving feedback from employees.
- Reporting to the Board on workforce engagement activities, including any key insights or observations gained, and any areas of workforce concern.

Engagement throughout 2025

I have had the opportunity to engage directly with colleagues globally, through visits to our business locations in Bermuda, Frederick, Hove, London and Stamford, enabling me to focus on issues specific to: business areas, locations and material transactions. Alongside my fellow Group Board members, I have visited 10 Coleman Street, which is set to become L&G's new headquarters from 2027. The site visit was a great opportunity to understand the design approach to the facilities, which seeks to offer our people a dynamic, sustainable and inclusive space for them to thrive, enhancing connections and breaking down silos, helping to further our vision for a growing, simpler, better-connected L&G.

Whilst in role, I have received updates on diversity, inclusion and wellbeing, as well as the Voice survey results and the actions being taken in response. I have met many people including, the Interim Chief People Officer, HR Chief Operating Officer, CEO of the US Institutional Retirement business, our Group Chief Operating Officer, the HR Directors, and the new CEO of our DC and workplace business, to understand these topics from a divisional and Group leadership perspective and to discuss strategic people issues, while sharing key updates from the Board to foster two-way dialogue.

I recognise that maintaining strong relationships with Unite and the Management Consultative Forum are critical to my role. In 2025, I met regularly with representatives from both organisations and attended a bi-annual Unite Conference. I have enjoyed these engagements and they have provided valuable opportunities to gather views and concerns from employees and L&G representatives at various levels across the Group. I have shared these insights with senior management and the Board, with the aim of identifying and pursuing suitable solutions or outcomes where relevant.

Strengthening the employee voice

I provide the Board with a report on my activities as Global Designated Workforce Director at each Board meeting and share relevant feedback and updates. This includes workforce perspectives on major partnerships or transactions, such as the sale of L&G's US protection business and the establishment of a long-term partnership with Meiji Yasuda.

Where appropriate, issues are escalated to senior management and any responsive action taken is then reported to the Board. The key focus is always to ensure that what matters most to our people is communicated to the Board and, where appropriate, addressed, while providing our people with transparency of relevant Board activities.



Pictured: Carolyn at the Hove office during the Board's visit.

Voice

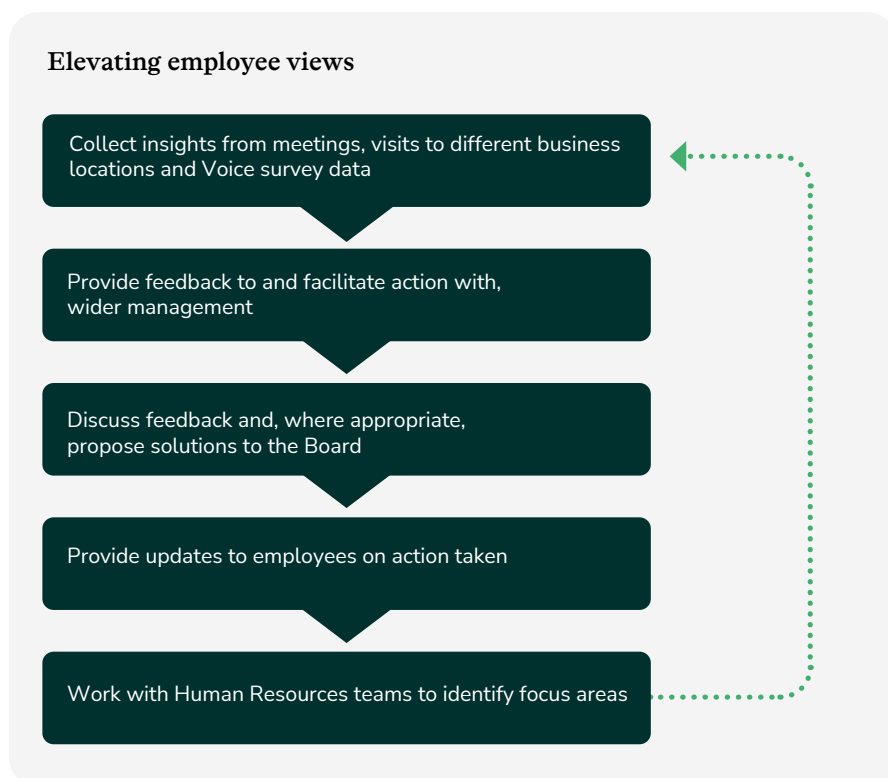
I review and reflect on the Voice survey data to understand how our people feel. In September 2025, we reported an employee engagement score of 79%. I subsequently discussed the results of the 2025 Voice survey findings with the Board, highlighting areas of focus for the Board to remain mindful of as we progress into 2026. The Board and senior management remain committed to prioritising employee wellbeing and supporting colleagues through ongoing change, as we continue to deliver L&G's refreshed strategy, to build on our shared purpose, to benefit our people, customers, society and shareholders, and continue to support our vision for a growing, simpler, better-connected L&G.

2026

In 2026, I will continue to foster open, two-way communication between the workforce and the Board, with a focus on three priorities: culture, wellbeing, and embedding our purpose throughout the organisation.

“ Carolyn demonstrates her dedication to constructive employee relations, actively supporting Unite and our unique partnership, a relationship built on authenticity and trust. The role she plays has a real and positive impact on our colleagues, every day.

” Pam Edwards
Head of Unite



Section 172(1) statement and stakeholder engagement

Statement on Section 172(1) of the Companies Act 2006 (the 'Act')

Section 172(1) of the Act requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard to a non-exhaustive list of factors to ensure that the broader implications and interests of stakeholders are considered in their decision making.

The Board recognises the importance of nurturing its positive relationships with its key stakeholders and is committed to maintaining strong engagement with them. The Board believes that this engagement provides meaningful insights into the views, priorities and issues facing its key stakeholders which can then be considered as part of the Board's strategic decision making and planning.

The Board has reflected on its engagement mechanisms throughout 2025 and concluded that they remain effective and have provided the Board with a comprehensive understanding of the interests of its key stakeholders.

A summary of the Board's major decisions and activities during 2025 can be found in this section. This, combined with our key engagement activities on page 68, makes up our section 172(1) statement. Further information on our key stakeholders and their importance is set out on pages 36 and 37.

Major decisions and activities during 2025

The following examples of major activities and decisions during the year illustrate how the Board considers different stakeholders' interests in its decision making and how the outcomes of these decisions support the implementation of the Group's long-term strategy and its strategic priorities (as set out on page 5).

We believe that major decisions are those that are both material to the Group and to its key stakeholders. While not all decisions affect every stakeholder group, the Board and its delegated decision-making forums endeavour to balance the sometimes conflicting needs of our stakeholders to ensure that all are treated consistently and fairly.



In November 2025, Non-Executive Director, Ric Lewis, spoke at a mentoring event focused on the "Power of Authentic Leadership" at L&G's London office, which was attended by around 100 participants.

Major decisions

Appointment of our new Group Chair Designate and Group Chief Financial Officer



During the year, the Board approved the appointment of Scott Wheway as a Non-Executive Director with effect from 2 January 2026 and Chair of the Company with effect from 21 May 2026. The Board also approved the appointment of Andrew Kail as an Executive Director and Group Chief Financial Officer, with effect from 1 December 2025.

The Board considered Scott Wheway's significant executive and non-executive leadership experience in financial services and retail businesses, including his strong understanding of operating within highly regulated, customer-facing industries. Following a rigorous, comprehensive and global search, the Board concluded that, as well as being a great fit for L&G's culture and values, Scott's depth of commercial success in both executive and non-executive roles across a range of industries, including in markets that are central to our growth strategy, was considered to be highly beneficial to L&G and that he would provide effective leadership of the Company.

The Board considered Andrew Kail's impressive track record in his career to date, both at L&G and, prior to that, at PricewaterhouseCoopers (PwC), and his pivotal role in developing and driving the Group's growth strategy over the last four years, particularly in leading the growth and evolution of the pension risk transfer (PRT) business. Andrew holds deep knowledge of the different businesses of L&G and the key drivers of its performance from his roles as the former CEO of L&G's largest business, Institutional Retirement, and CEO of Legal and General Assurance Society Limited (LGAS). His appointment reflects the Board's confidence in his leadership and his ability to drive the Group's strategy forward.

To ensure successful and orderly transitions into each role, Scott and Andrew have received fulsome and robust handovers and reasonable steps have been taken to ensure that they each had access to all relevant information and material to enable them to perform their roles and discharge their associated responsibilities. For more information about Scott's induction plan, see page 49.

For further details on these appointments, see the Nominations and Corporate Governance Committee Report on pages 77 to 81. Scott and Andrew's biographies can be found on page 52.

Key stakeholder considerations

In making these appointments, the Board carefully considered the interests of investors and the long-term success of the Company. Scott's strong ties within the UK investor community and both Scott and Andrew's proven ability to build strong relationships with the regulators were key considerations. Throughout the Chair search process, the Senior Independent Director and the Group General Counsel and Company Secretary ensured that major investors and regulators were kept informed of progress.

The Board concluded that both appointments would serve the best interests of L&G and its stakeholders.

Major decisions continued

L&G completes £4.6 billion buy-in with Ford pension schemes



Sustainable Growth



Sharper Focus



Enhanced Returns

In July 2025, the Board approved two buy-ins totalling £4.6 billion with pension schemes sponsored by Ford Motor Company Limited (the 'Sponsor'). This includes the Ford Hourly Paid Contributory Pension Fund and the Ford Salaried Contributory Pension Fund (the 'Funds'). Completed in October 2025 and executed concurrently, this combined deal secured the retirement benefits of over 35,000 pension scheme members. The Funds are long standing clients of L&G Asset Management. This combined buy-in represents the largest PRT transaction announced in the UK in 2025 and is L&G's second-largest buy-in by premium size to date.

The transaction was completed efficiently through close engagement with the Funds' Trustees and their advisers. The Board discussed the transaction in detail and considered the pricing metrics. L&G provided a price lock linked to the Funds' assets, ensuring price certainty during contractual finalisation. Premiums were paid through in-specie asset transfers to minimise transaction costs. These features reflect the synergies between L&G's Asset Management and Institutional Retirement businesses. L&G's integrated model is a key differentiator in the market, reinforcing our position as a trusted partner across every stage of the de-risking journey. For more information on our Institutional Retirement business, please visit pages 18 to 19.

Key stakeholder considerations

Shareholders: In 2025, Institutional Retirement wrote global PRT volumes of £11.8 billion contributing towards the business's target adjusted operating profit CAGR of 5–7% (2023 – 2028). This transaction reflects L&G's continued momentum in seizing opportunities in the field of PRT. L&G has completed almost half of the 20 largest UK buy-ins and buy-outs announced since 2007 securing more than £30 billion across these transactions, which demonstrates the Group's continued intention to deliver reliable capital flows for the Group for years to come and consequently protect long-term shareholder value.

Clients: This strategically important transaction with a long-standing Asset Management client further strengthens our client relationship and delivers a meaningful outcome, securing benefits for Ford's pension scheme members. The buy-in was executed through a smooth and collaborative process, with seamless engagement between L&G, the Funds' Trustees and their advisers. The Board recognises the importance of our long-standing client relationships, typically created and fostered by Asset Management, which remain a critical element of our ability to understand pension plan needs and help achieve our clients' de-risking goals.

Regulators: We regularly update the Prudential Regulation Authority (PRA) on large-scale transactions, such as this buy-in with Ford, through our periodic pipeline reporting of PRT transactions. This proactive approach promotes transparency and reinforces our strong and positive regulatory engagement with the PRA.

Customers: This transaction secured the retirement benefits of over 35,000 pension scheme members across the Funds. At the heart of our approach is a strong focus on customer service and member experience, providing first class service to the scheme members during their retirement.

Approval of £500 million share buyback programme



Sustainable Growth



Sharper Focus



Enhanced Returns

In 2024, as part of the Capital Markets Event, we announced the Board's intention to return more to shareholders over 2024 – 2027, through a combination of dividends and share buybacks. Further to a £200 million share buyback programme carried out in 2024, the Board approved an additional buyback programme (the 'Programme') of £500 million in 2025.

The Programme was announced to the market in March 2025 and completed in September 2025. During the Programme, the Company acquired 203,406,356 ordinary shares at an average price of 245.81 pence per share.

Key stakeholder considerations

Shareholders: The Programme reflects the Board's commitment to deliver enhanced shareholder returns over the long-term through a balanced approach to capital allocation, combining dividends and share buybacks.

Regulators: Approval was received from the PRA in advance of commencing the Programme and regular progress updates were provided to both the PRA and FCA throughout the Programme.



António Simões, Group CEO, at our inaugural Supplier Sustainability Summit, which brought together L&G's top suppliers to share expertise and strengthen partnerships. Further information about engagement with suppliers can be found on page 68.

Section 172(1) statement and stakeholder engagement continued

Major decisions continued

L&G expands Private Markets platform with 75% stake in real estate investor Proprium



Sustainable
Growth



Sharper
Focus



Enhanced
Returns

In April 2025, the Board approved the acquisition of a 75% stake in the global real estate investor, Proprium Capital Partners (Proprium), marking a significant step in accelerating our private markets growth ambitions. This strategic investment broadens L&G's real estate capabilities and unlocks access to new geographies, directly supporting our ambition to scale and diversify our Private Markets platform.

The Board considered Proprium's active presence across residential, student accommodation, hospitality and logistics sectors. These assets, alongside Proprium's footprint in the US, continental Europe and select APAC markets, align with L&G's key strategic growth areas for L&G's Private Markets platform, offering diversification for clients as well as expanding the investment opportunities in subsectors benefiting from structural trends such as demographic change.

The acquisition strengthens L&G's ability to deliver higher risk/return strategies for clients through value-add strategies centred on active management and operational excellence.

Proprium's management team will maintain its leadership structure and investment process, preserving independence of its investment management operations.

In January 2026 we announced the appointments of Tim Morris and Philipp Westermann, Co-Managing Partners of Proprium, as Global Co-Heads of Real Assets, further strengthening L&G's Asset Management leadership and deepening the partnership between the businesses.

Key stakeholder considerations

Shareholders: With a \$3.5 billion¹ AUM global real estate portfolio, the strategic acquisition of Proprium heavily supports the Group's ambition to grow its Private Market platform to £85 billion AUM by 2028, whilst simultaneously expanding our geographical footprint and deepening our capabilities. The Board recognises the importance of maximising the opportunities across real estate, infrastructure, private credit and venture capital, in order to diversify growth and consequently create potential long-term value for shareholders.

Customers and clients: The acquisition represents a significant milestone in delivering on an international scale, broadening investment strategies for our clients. Benefiting from Proprium's expertise and entrepreneurial approach, combined with L&G's scale and balance sheet capital to catalyse opportunities, the partnership is designed to unlock substantial growth in new markets and drive significant value for clients.

Regulators: This transaction was subject to regulatory and anti-trust approvals. Throughout the regulatory application, we maintained strong and positive regulatory engagement with the Financial Conduct Authority (FCA), Hong Kong's Securities and Futures Commission (SFC) and anti-trust authorities.

1. As of 31 December 2024.

Key changes for employees throughout the year

Throughout the year, the Board received updates from the Global Designated Workforce Engagement Director, providing insight into key topics of interest across our workforce. These updates kept the Board informed and supported its understanding of employee priorities. In 2025, we enhanced our employee benefits, some of which are outlined below:

1. Accreditation as a Living Pension Employer

In April 2025, L&G secured its accreditation as a Living Pension Employer which means that all L&G UK employees participating in the pension plan will receive a minimum company contribution of 7% to their pension; this will increase by 1% every year until it has reached 10% by 2028. This is part of our commitment to invest for the long-term success of our people, ensuring that all employees have the opportunity to achieve better outcomes in retirement.

2. Change of Share Plan Services Provider

In 2025, we transitioned the administration of our employee share plans provider, which offers multiple improvements for employees, including access to a share plans mobile app and reduced share dealing costs. The workforce and the Board were updated at relevant points throughout the migration. Our employee representative bodies, Unite and the Management Consultancy Forum, were consulted on the transition and expressed support for the change. The change in share plans provider is expected to deliver a more streamlined and user-friendly experience for employees.

3. Long-Term Incentive Awards

As part of our purpose to invest in the long-term, the Board committed to investing further in our people by approving a new long-term incentive award for a wider range of employees. This award is designed to empower our talent at all pay grades and strengthen our performance culture, and demonstrates how we are investing in talent and future performance for the longer term.



In January 2025, Group Chair, Sir John Kingman and several Non-Executive Directors visited colleagues at our Bermuda office. The visit featured an office-wide town hall and deep dive sessions focused on people and culture. To further strengthen L&G's relationship with the Bermuda Monetary Authority, Sir John Kingman also met with the local regulator during the visit.

Major Activities

Strategic partnership with Blackstone to accelerate growth ambitions



Sustainable Growth



Sharper Focus



Enhanced Returns

In July 2025, L&G announced a long-term strategic partnership with Blackstone which seeks to complement L&G's existing capabilities and enhance its competitive advantage in annuities by strengthening its asset management proposition across key geographies and distribution channels. By combining the scale and expertise of both firms' credit platforms, the partnership delivers tangible benefits across investment performance, product innovation and global reach.

L&G's annuities business will leverage Blackstone's private credit origination capabilities to access a diversified pipeline of investment-grade assets, predominantly from the US. This directly supports L&G's growth ambitions by improving portfolio returns and reinforcing its competitive positioning in the PRT market. In addition, our Asset Management business will develop hybrid public and private credit solutions, integrating Blackstone's private credit platform with L&G's best-in-class active fixed income capabilities. This partnership will accelerate L&G's expansion into global wealth and wholesale channels, enhancing its ability to deliver differentiated investment solutions tailored to evolving client needs. The partnership brings together L&G's leadership in PRT and asset management – with a £93 billion annuities book and £1.2 trillion in AUM – and Blackstone credit platform, creating a powerful foundation for long-term value creation.

Board members were invited to attend a meeting of the LGAS Board to consider the proposed partnership, including key risks and governance arrangements. LGAS approval was sought as the primary beneficiary of the investment grade assets to be generated by Blackstone to support PRT, given it was to provide the majority of the capital commitment pursuant to the partnership for the Institutional Retirement business, making this a reserved matter for the LGAS Board. Group Board members attended, given the Group's role as a signatory to the non-binding term sheet and the group-wide strategic nature of the alliance across both the Institutional Retirement and Asset Management businesses. The Board were also updated on media and investor responses following the announcement, reflecting its commitment to understand the views of external stakeholders.

Key stakeholder considerations

Shareholders: This partnership marks an important step in delivering our strategy for focused, sustainable growth, and enhanced shareholder returns. The partnership seeks to complement L&G's existing capabilities to gain competitive advantage and enhanced returns and support our growth ambitions. The partnership supports capital diversification and provides access to highly attractive and diversified matching adjustment assets, particularly in US private

credit and infrastructure and collectively these initiatives are designed to drive sustainable growth and subsequently deliver value for shareholders.

Clients: The partnership with Blackstone strengthens L&G's proposition in global wealth and wholesale channels, expanding its breadth of capabilities available to support institutional clients and deliver long-term value.

Our Infrastructure business successfully completed the final close of the L&G NTR Clean Power (Europe) III Fund (the 'Fund')



Sustainable Growth



Sharper Focus



Enhanced Returns

In March 2025, L&G and NTR secured total commitments of over €600 million to advance Europe's decarbonisation and energy security agenda. The Fund attracted participation from 13 institutional investors from Europe and Japan, including pension funds, insurers, sovereign wealth funds, banks, fund managers, endowments and foundations, demonstrating strong international confidence in the strategy.

The Fund invests in clean power infrastructure assets across various lifestyle stages in Europe; as at March 2025, the portfolio had the potential to generate 1,631 GWh of clean energy annually, equivalent to powering over 295,000 homes.

The Board noted the supportive policy backdrop and scale of the European energy transition, which represents a €1 trillion+ annual investment opportunity over the next five years. The Fund is well-positioned to expand its portfolio in Europe, deploying capital in new investments across its target sectors.

During the year, the Board was updated on the momentum behind the establishment of this Fund. The Group CEO also engaged with NTR's leadership team.

Key stakeholder considerations

Customers: The Fund provides L&G's 5.5 million UK defined contribution (DC) members with access to the European energy transition through the L&G Private Markets Access Fund. This initiative supports the Group's commitment to delivering diversified private markets exposure to DC members, recognising the growing investor demand for long-term growth and enhanced diversification through strategies that are not typically available via public markets.

Communities and environment: As an Article 9 fund under the European Union's Sustainable Finance Disclosure Regulation (SFDR), the Fund is designed to deliver attractive returns for members while promoting the transition to a low carbon and more sustainable future.

Key stakeholder engagement during the year


Stakeholder	Key engagement activities throughout the year
Shareholders	<ul style="list-style-type: none"> The Chair, Group CEO and Group CFO attended numerous investor roadshows throughout the year with our key institutional investors to understand their views on areas such as our strategy, financial performance, AGM voting and the macroeconomic environment. Following the release of our full and half year financial results, the Group CEO, Group CFO and divisional CEOs meet with investors and analysts. In addition, a webcast of each results presentation was made available online to enable accessibility for our shareholders. The Group CEO, Group CFO and relevant divisional CEO met with investors to present the strategy for our Asset Management and Retail business areas, as part of a series of deep dives for investors to find out more about our business. Live presentation webcasts were also made available. Institutional investors were invited to attend a session with the Board and Group Management Committee members at the Group Board strategy event in June 2025. The Chair of the Remuneration Committee met with major shareholders to discuss proposed changes to the Remuneration policy. The AGM continued to provide an important opportunity to engage with all shareholders, particularly our retail shareholders. As at January 2026, L&G's shareholder tracing programme had reunited shareholders with over 1.5 million shares, which led to the reissue of over £2.5 million of outstanding dividend payments.
Suppliers	<ul style="list-style-type: none"> The Group CFO and members of the senior management team met with key suppliers during the year to discuss performance and strategy. The L&G Resources Limited board, our main contracting entity for suppliers, was responsible for reviewing and monitoring the Group's key supplier relationships and received an update at each board meeting on our relationships with suppliers and their performance. The Risk Committee, Enterprise Transformation Committee and Executive Risk Committee receive reports relating to suppliers' operational resilience and cyber security. The Group Environment Committee also received updates on suppliers in the context of setting environmental targets aligned with our net zero ambitions. More information on the sustainability of our suppliers can be found in the Social impact report and the Climate and nature report. We hosted a Supplier Sustainability Summit, which brought together L&G's top 50 suppliers to share expertise and strengthen partnerships.
Regulators	<ul style="list-style-type: none"> Board members regularly engaged with our regulators (for example, the FCA and PRA), in an open and transparent manner, including discussion on supervisory priorities. Regular meetings took place between senior management and our regulators, the outcomes of which are reported to the Board and relevant Board Committees. Regulators were engaged throughout the Group Chair succession process. Board members received presentations from the PRA on the 2025 Periodic Summary Meeting letter and the FCA on the 2025 Firm Evaluation Letter. Periodic meetings continue to take place between senior management, Trustees of the L&G Mastertrust pension scheme and The Pensions Regulator, the outcomes of which are reported to relevant subsidiary boards, as appropriate.
Communities and environment	<ul style="list-style-type: none"> Through organised site visits, Board members were able to see first-hand how the Group's direct investments in infrastructure positively impacted local communities by delivering socially and environmentally positive housing and workplaces at scale. Our Group Sustainability function was responsible for developing areas of focus for sustainability activity, as well as forming charitable partnerships and enabling our employees' fundraising and volunteering endeavours. Our Group Environment Committee was responsible for overseeing and monitoring progress of the Group's environmental commitments. In 2025, L&G published its Climate and nature report, providing stakeholders with a clear and comprehensive assessment of the Group's exposure to climate-related risks, its strategic resilience and the opportunities arising from the transition to a low-carbon economy. By embedding climate and nature considerations into our investment and operational decision-making, we are strengthening our ability to manage risk, capture emerging opportunities and deliver sustainable outcomes for our clients, shareholders, and wider society. For information on the Group's climate commitments, see pages 33 and 34 in the 2025 Climate and nature report.
Customers	<ul style="list-style-type: none"> Laura Wade-Gery, in her role as Consumer Duty Champion, continued to lead on providing Board oversight of the implementation of the Consumer Duty regulation across the Group to ensure that we continue to deliver good outcomes for retail customers. Laura chairs the Customer Outcomes Forum, which was established to oversee the implementation and subsequent embedding of the Consumer Duty across the Group and updates Directors on progress at each Board meeting. In May 2025, the Retail business hosted 'CustomerFest', the first ever customer focused event for employees across the Group. Over 3,000 employees joined this three-day event and attended a range of sessions, both virtually and from four UK locations. Laura Wade-Gery also attended the event. The Board received detailed customer management information at its meetings to ensure that customer outcomes are robustly monitored. Thousands of members of our pension schemes attended our annual member forums, which allowed members to ask questions in a live Q&A environment. We launched the L&G App at the end of 2024, providing our workplace members with easy access to pension, savings and retirement tools in one user-friendly platform. The App now has over 400,000 users and is the highest-rated workplace pension app in the UK. The App has also been recognised with BehindLogin's 2025 Experience Award for Engagement. We were the first provider to connect a pension scheme with the Pensions Dashboard Programme. When it launches at the end of 2026, the dashboard will provide a comprehensive view of all pension pots, including State Pensions – helping members better connect with their long-term financial planning.
Employees	<ul style="list-style-type: none"> Carolyn Johnson succeeded Nilufer Kheraj as our Global Designated Workforce Director. Further details of Carolyn's engagement following her appointment can be found on page 62. Members of the Board hosted numerous employee town halls throughout the year at our various office locations, including following the announcement of full year and half year results, which provide an opportunity for the Board to increase employee awareness of the factors affecting the performance of the Company, as well as supporting direct engagement through live Q&A sessions. In July 2025, the Board visited 10 Coleman Street, L&G's new London headquarters from 2027, which will offer our people a modern and enhanced working environment. In November 2025, the Board visited L&G's Hove office, where they participated in sessions with employees which focused on cyber security and AI. Employees were also invited to attend a panel discussion featuring strategic partners, as well as a town hall event with the Group CEO and Group Chair.

Other considerations in the Act

Likely consequences of decisions in the long-term

When setting the Group's strategy, the Board aims to drive the ongoing and sustained success of the Group's businesses, while also considering the long-term impacts of its decisions and actions on its stakeholders.


For more information on our strategic priorities:

 Read more on [pages 4 and 5](#)

Maintenance of a reputation for high standards of business conduct

The Board is cognisant of maintaining the Company's reputation and maintaining high standards of business conduct throughout the Group.

For more information on the sustainability of our business and our risk management framework:

 Read more on [pages 24 to 28 and 38 to 46](#)

Audit Committee report



Tushar Morzaria
Chair of the Audit Committee

I am pleased to present my report as Chair of the Audit Committee for the year ended 31 December 2025. The Committee continued to assist the Board in fulfilling its core responsibilities this year, including monitoring the integrity of the Group's financial reporting, the adequacy and effectiveness of the internal control environment and the performance and objectivity of both the internal and external audit functions.

During the year, the Committee continued to oversee, scrutinise and challenge key issues and management judgements as part of its monitoring and assessment of the integrity of the Group's financial and non-financial reporting. This was particularly pertinent as the Committee oversaw the accounting implications of a number of material transactions that occurred both during the year and post year-end, as well as the results of various asset valuation reviews within our Private Markets business.

The Committee continued to receive regular updates and assurance reports from management on the effectiveness of controls in place for financial and non-financial reporting and scrutinised and monitored the progress of remediation for any deficiencies identified. The Committee also received regular updates on the changing legislative and regulatory environment and the implications of this in respect of reporting. The Committee continued to oversee enhancements to the Group's internal control framework as well as preparations in readiness for the additional requirements of Provision 29 in the UK Corporate Governance Code, which came into effect for accounting periods beginning on or after 1 January 2026 and will provide increased transparency for stakeholders in terms of how the Board fulfils its responsibilities in respect of overseeing and monitoring the Group's risk management and internal control systems.

Finally, in consideration of the UK requirements for the Group to tender the external auditor every 10 years, the Committee initiated a tendering process for both the financial audit and sustainability assurance to enable the selection of an auditor in 2026 for the financial year ending 31 December 2028.

Committee membership and skills

The Board considers that the Committee, as a whole, has a balance of skills and experience to deliver its responsibilities and has competence relevant to the sector and broader financial services industry. In addition, the Board considers that I, as Chair of the Committee, have recent and relevant financial experience and am competent in accounting and auditing.

Committee overview

Committee meetings and membership

The Committee met seven times during the year. The Committee comprises only independent non-executive directors and fulfils the experience and expertise criteria required by the UK Corporate Governance Code and the FCA's Disclosure and Transparency Rules.

Meeting attendance

Member	Scheduled	Ad hoc
Tushar Morzaria (Chair)	5/5	2/2
Philip Broadley ¹	2/3	1/1
Clare Bousfield ²	2/2	1/1
Carolyn Johnson	5/5	2/2
Nilufer Kheraj OBE	5/5	2/2
George Lewis	4/5	2/2

1. Retired from the Committee with effect from 31 August 2025.
2. Appointed to the Committee with effect from 1 September 2025.

The role of the Committee

The Committee monitors the integrity of the Group's financial reporting (including climate and other ESG-related disclosures) and provides oversight of the control environment. In addition, the Committee monitors the adequacy and effectiveness of the Group's system of internal control and risk management framework as well as the Group's internal and external audit processes.

Key responsibilities

- Consider the integrity of the Group's financial and non-financial reporting, formal announcements and regulatory information in relation to the Group's financial performance.
- Assess the going concern assumption and the longer-term viability statement.
- Advise the Board on whether the Annual report and accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Review the Group's accounting policies, including any proposed changes and review the appropriateness of significant accounting policies and judgements.
- Review and make a recommendation to the Board on the adequacy and effectiveness of the Group's system of internal control over financial reporting and external disclosures related to internal controls and risk management.
- Oversee the appointment, reappointment, remuneration, independence and effectiveness of the external auditor.
- Oversee the work of Group Internal Audit (GIA) including the independence and effectiveness of the function.
- Oversee the audit committees of the Company's principal operating subsidiaries.

Terms of Reference

The Committee's terms of reference can be viewed on our website:

 Discover more online
group.legalandgeneral.com/groupboardcommittees

Audit Committee report continued

All members of the Committee are also members of the Risk Committee, which ensures that there is appropriate identification and management of any issues that are relevant to both committees. The Committee's membership was further strengthened during the year through the appointment of Clare Bousfield, who brings deep financial services expertise from her previous non-executive and executive roles. The full biographies of all Committee members can be found on pages 52 and 53. I meet regularly with senior management across Group Finance, Risk, Actuarial and Internal Audit functions, the Audit Committee Chairs of our Insurance and Asset Management subsidiaries, as well as with the lead external audit partner and their team.

Financial and non-financial disclosures

The Committee reviewed the half year and annual financial statements, which focused on the integrity, accuracy and clarity of disclosure, application of accounting policies and judgements and compliance with legal and relevant reporting standards. As part of its review, the Committee received regular updates from management and the external auditor and was able to place reliance on the updates provided by management throughout the year on internal controls in relation to financial and non-financial reporting. For more information relating to the application of accounting policies, please refer to Note 1 of the financial statements on page 136.

As part of its review of financial disclosures, the Committee also considered whether the Annual report and accounts was fair, balanced and understandable (FBU) and whether it provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy, as well as its exposure to the risks facing the business. The Committee reviewed the FBU assessment taking into consideration the impact of market volatility and the changing macroeconomic and geopolitical threat environment and giving due attention to the use of Alternative Performance Measures (APMs) in increasing the level of information available to investors on the Company's underlying performance and the effects of one-off financial events. In conjunction with verification processes, management assurance and a report from the external auditor, the Committee recommended to the Board that the Annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Audit Committee, together with the Risk Committee, reviewed the key assumptions and methodologies of the risk-based capital model, Solvency UK disclosures and disclosures made in relation to internal control and risk management, as well as the principal risks and uncertainties the Group faces. The Committee can confirm that the key judgements and significant matters considered in relation to the 2025 financial statements are consistent with the disclosures of key estimation uncertainties and critical judgements as detailed in Note 1 of the financial statements. The statement is underpinned by the Committee's belief that all important information has been disclosed and that the descriptions and reviews of the Group's business and performance as set out in the Strategic report are consistent with the financial reporting in the Group's financial statements.

The Committee monitored the effectiveness of the systems of internal control over financial and non-financial reporting that support the integrity of the Group's financial and non-financial disclosures, in accordance with the requirements of the guidance on risk management, internal control and related financial and business reporting published by the FRC. During this review, the Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes and accountabilities are in place to ensure that the necessary actions are taken, and progress is monitored by the Committee.

Internal control

The Committee has the primary responsibility for the oversight of the Group's system of internal controls, including controls over financial reporting, and the work of the GIA function. The Committee, in collaboration with the Risk Committee, seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risks to be identified, assessed and managed. The Committee has received regular updates on the Group's overall control environment throughout the year from GIA and first line financial reporting teams, as well as further in-depth updates from the Group's businesses and functions where areas for improvement in the control environment were identified.

Policies and manuals in relation to International Financial Reporting Standards (IFRS) and Solvency UK reporting requirements and a Financial Control Framework (FCF) are in place across the Group. FCF is a first line framework that supports the Committee in enabling it to understand and assess the design and operating effectiveness of controls over financial reporting (covering IFRS, APMs, and Solvency UK) and climate and other non-financial reporting. FCF is a risk-based approach with management identification, documentation, testing, remediation (as required), reporting and certification over key reporting-related controls.

Against the backdrop of the Group's new strategic objectives, a complex and evolving regulatory landscape and a challenging external environment, the Committee recognises the importance of a robust internal control framework underpinned by a culture that supports ongoing investment in strengthening the overall control environment.

Throughout the year, the Committee has overseen enhancements to the Group's model risk management framework to better align with best practice and the PRA's Model Risk Management Principals for Banks (SS1/23). This has included enhancements to the Group's model identification, risk assessment, life cycle management and validation policies and approaches. In addition, the Committee has had particular focus in 2025 on work being undertaken to strengthen controls relating to change management, customer operations and processes in relation to statutory and regulatory reporting.

In anticipation of the changes to Provision 29 of the Code, the Committee spent time considering management's proposals for the identification of material controls for these purposes, the framework of assurance that the Group has in place across its three lines of defence to provide evidence of the effectiveness of those material controls, and a 'dry run' of various control ineffectiveness scenarios and the associated Provision 29 disclosures. The Committee is comfortable with the direction of management's proposals, which will be implemented during 2026 ahead of the new reporting requirements in next year's Annual report and accounts.

Audit quality

It remains an important aspect of the Committee's work to keep under review the independence and effectiveness of the internal and external audit process.

Internal audit

The Committee continued to oversee and support the work of GIA during the year. The Group Chief Internal Auditor presents a report at each scheduled Committee meeting to update the Committee on the findings of audits since the previous meeting. The report also includes: GIA's assessment of the overall control environment for each of the Group's businesses; details of any significant audit reports issued; insights on significant control weaknesses and root causes; insights on areas where governance, risk management and controls are effective; updates on the status of open and overdue issues to address audit findings; and analysis of themes and trends emerging from GIA's work.

Key areas of GIA's work reported to the Committee during the year included: the Group's capacity and ability to deliver change; data, cyber and security resilience; delivering fairness and value to customers; ESG and financial crime; processes and controls supporting financial reporting; insurance risk management; processes and controls supporting liquidity, capital management and reserving; market risk management; operational risk management; model risk management; and third-party risk management. GIA also reported to the Committee on key corporate events including the disposal of the Group's US protection business, major IT change programmes and large PRT transactions.

GIA continued to evaluate the risk and control culture across the Group, as well as wider aspects of organisational culture and behaviour, and included specific reporting to the Committee on the results of this work. The Committee approved GIA's risk-based audit plan for the year and monitored the delivery of the plan throughout the year, as well as the associated key performance metrics. In addition, each year GIA conducts a mid-year review of the audit plan to ensure it remains appropriate and continues to reflect the risk profile of the Group, the results of which are presented to the Committee to review and approve. GIA retained EY as a strategic co-source partner and Deloitte for the provision of independent quality assurance (QA) over a sample of audits completed during the year. The results of the independent QA activity were reported to the Committee.

An external quality assessment (EQA) of GIA was undertaken by Deloitte in the last quarter of 2025, as required under Global Internal Audit Standards issued by the Institute of Internal Auditors. The previous EQA was undertaken in 2022, also by Deloitte. In their latest assessment, Deloitte's report concluded that GIA is at the "upper end of Mature" within their maturity assessment and at the top end of the peer benchmark. Deloitte also concluded that GIA fully conforms with the Institute of Internal Auditor's Global Internal Audit Standards; generally aligns with the UK Chartered Institute of Internal Auditors' Code on Effective Internal Audit (the highest rating); and is a highly respected function, focused on continuous improvement and delivering valuable and insightful assurance.

The Committee continued to meet with the Group Chief Internal Auditor in private throughout the year. In accordance with the Chartered Institute of Internal Auditors' Code of Practice, the Committee conducted its annual review of the independence and objectivity of the Group Chief Internal Auditor and concluded that independence and objectivity had been maintained throughout the year. In addition, the Committee undertook its annual review of, and approved, the GIA Charter, which includes GIA's mandate and its role in the organisation, which was to support the Board and executive management in strengthening L&G's ability to create, protect and sustain value by providing them with risk-based, independent and objective assurance, advice, insight and foresight. The Committee also undertook a regular review of key performance indicators, including: audit plan delivery progress; resourcing and skill levels; and progress by GIA in completion of its strategic development actions.

Based on regular internal audit reporting, private sessions with the Group Chief Internal Auditor, and taking into consideration the independent QA activities over GIA's audits and the results of the latest EQA, the Committee is satisfied with the independence of the Group Chief Internal Auditor during 2025, the effectiveness of the GIA function, its positive impact upon the effectiveness of governance, risk management and controls across the organisation; and the appropriateness of its resources.

External audit

The Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations for their appointment, reappointment, removal and approval of remuneration. The Committee reviews and approves the terms of engagement of the external auditor and monitors its compliance with the independence criteria in the Code.

The Committee meets regularly and privately with the external auditor. These meetings allow for regular and open dialogue of any issues relevant to the Committee's work. Audit Committee members also meet regularly with management outside of formal Committee meetings to discuss the relationship with the external auditor and the efficiency of the audit process. Throughout the year, the Committee received updates on the quality of the external audit process and continued to work with, and challenge, management and KPMG on efficiency gains and ensuring that audit fees are fair and proportionate to the audit work required for the Group.

Appointment

The Company confirms that it has complied with requirements governing the appointment of an external auditor, notably the requirements of the Competition & Markets Authority contained in the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, including requirements for mandatory audit firm rotation. Following a competitive tender carried out in 2016, KPMG was appointed as the Group's external auditor with effect from the financial year ended 31 December 2018. In May 2025, KPMG was reappointed as the Group's external auditor for the financial year ended 31 December 2025, which is their eighth year as the Group's external auditor.

The Committee considers the quality and effectiveness of the external audit and recommends to the Board, on an annual basis, whether to recommend the reappointment of the external auditor for shareholder approval. On the basis that KPMG continue to maintain their independence and objectivity, and the Committee continues to remain satisfied with their performance, there are no plans as at the date of this report to conduct a tender exercise for external audit services in relation to reporting periods before the end of the current required period of 10 years.

Audit Committee report continued

Following UK regulatory requirements, the Company is obliged to retender the audit every 10 years and the incumbent auditors cannot be reappointed beyond 20 years. Therefore, in late 2025, the Committee initiated the tender process for the financial year ending 31 December 2028. This will ensure sufficient time to carry out the process and, in the event that a new auditor is appointed, clear any conflicts and ensure a smooth and well-governed transition. The tender process agreed by the Committee has been designed to uphold transparency, independence, and alignment with the Group's scale and complexity and, as required by the Audit Committees and the External Audit: Minimum Standard, the process will be led by the Committee with facilitation from senior management. KPMG is eligible to re-tender for the audit and has indicated its willingness to be one of the firms included in the tender. Further detail on the process will be included in next year's Annual report and accounts and the outcome of the tender will be recommended for shareholder approval at the 2027 AGM.

Assessment of independence and effectiveness

The Committee is responsible for assessing the effectiveness, objectivity and independence of the external auditor. This assessment is ongoing throughout the year and concludes with a formal, internal effectiveness review, which was conducted in December 2025. The 2025 audit effectiveness review was undertaken to assist the Committee in assessing the quality of external auditor services provided to the Group through completion of a questionnaire by the Committee, senior management, and members of the Group's Finance teams. As part of the ongoing assessment and effectiveness review, the Committee assesses the external auditor against a number of criteria, including but not limited to: delivery of an efficient and effective audit; the quality of judgements and audit findings; the ability to meet objectives within agreed time frames; provision of timely and accurate industry-specific and technical knowledge; and maintaining a professional and open dialogue with the Audit Committee Chair and members at all times. In advance of finalising the effectiveness review questionnaire, a mapping exercise was conducted to ensure that the areas of consideration specified in the Audit Committees and the External Audit: Minimum Standard had been appropriately captured.

The Committee holds regular private meetings with the external auditor to discuss the audit process and relationship with management, and the Committee and management have a regular and open dialogue with KPMG.

The audit partner regularly attends Committee meetings and the Committee also receives reports from the external auditor on the progress of its audit activities and updates on its risk assessment. The Committee reviews the content of these reports and the level of professional scepticism and challenge of management assumptions demonstrated by the external auditor and, where appropriate, requests that management respond to that challenge and tracks management responses to ensure a satisfactory outcome to the challenges raised.

The Committee was provided with the findings of the FRC's Audit Quality Review (AQR) inspection of KPMG and other large firms which largely covered the years ending between August 2023 and March 2024. No specific actions were required as a result of the AQR. The AQR provided further external evidence to the Committee of the robustness and quality of the external audit process.

Overall, the assessment of KPMG remains positive and, where opportunities for improvement were identified through the effectiveness review, KPMG were asked to consider that feedback in future audit cycles. Taking into account the result of the formal effectiveness review and the ongoing assessment throughout the year, the Committee concluded that KPMG maintained its independence and objectivity and that the audit process was effective. Upon the Committee's recommendation, the Board has recommended that KPMG be reappointed as the Company's auditor for the next financial year, by shareholders, at the 2026 AGM.

Non-audit services

In order to safeguard the auditor's independence and objectivity, the Group has in place a policy setting out the circumstances in which the external auditor may be engaged to provide services other than those covered by the audit. The policy applies to all L&G subsidiaries and other material entities over which the Group has significant influence. The core principle of the policy is that non-audit services (other than those legally required to be carried out by the Group's auditor) should be performed by the auditor only in certain controlled circumstances. The policy sets out those types of services that are permitted (permitted services) and those types of services which are not permitted. The policy pre-approves a number of the permitted services, provided the fee is below a certain threshold; all other permitted services must be specifically approved in advance by the Committee.

The policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines. The policy is aligned with the FRC's requirements and includes the requirement to consider the self-review test under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics, applicable for periods beginning on or after 15 December 2022, before a proposed engagement is assigned. It is also aligned with KPMG's own internal policy on non-audit services for FTSE 350 companies, which broadly restricts non-audit work to services that are 'closely related' to the audit. Any changes to the policy are required to be approved by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK, such as LGAS, can rely on the approval of non-audit services by the ultimate parent board's Audit Committee.

Audit fees

The Committee assesses the external auditor's fee structure, resources and terms of engagement annually. Total fees paid to the auditor for the year were £21 million (2024: £19.8 million), of which £2.5 million (2024: £2.3 million) was spent on other audit-related and non-audit other assurance services. £1.9 million (2024: £1.8 million) was spent on audit-related services required by legislation, which is excluded from any calculation of the ratio of non-audit to audit fees in accordance with the UK FRC Revised Ethical Standard for Auditors (2019). Further details can be found in Note 32 to the consolidated financial statements. The non-audit fee represents 5% of the total audit fee for 2025. The Committee continues to work with KPMG to ensure costs remain appropriate and proportionate to the services provided.

	2025 £m	2024 £m	2023 £m
Audit	16.6	15.7	19.6
Audit-related required by legislation	1.9	1.8	1.6
Other audit-related	1.5	1.2	1.0
Non-audit other assurance	1.0	1.1	0.9
Total	21.0	19.8	23.1



Tushar Morzaria
Chair of the Audit Committee

Key accounting and reporting judgements

Throughout the year, the Committee was briefed at each meeting on the Group's key accounting and reporting judgements by management and KPMG. The Committee's response to each issue can be found below, and the Committee is satisfied that the financial statements appropriately address the key accounting judgements and estimates in respect of both the amounts reported and disclosures made.

Issue	Committee's response
<p>Valuation of insurance contract liabilities – retirement: The insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.</p>	<p>The Committee evaluated the significant judgements that have an impact on the valuation of insurance liabilities for retirement products. This included considering:</p> <p>Longevity assumptions – which estimate how long policyholders receiving annuity payments will live. The challenge around the setting of longevity assumptions was a particularly significant area for review as the judgements made could be expected to have a material impact on the Group's results. The Committee considered the effectiveness of the controls over the accuracy and completeness of the data used in determining the longevity assumption and the validity of independent industry data supporting those assumptions. The Committee also reviewed available data illustrating recent trends in mortality experience in the UK population and the mortality experience on different blocks of our business, focusing on the mortality assumptions for individuals purchasing annuities. The Committee reviewed judgements applied in the parameterisation of the model used for estimating future changes in mortality rates.</p> <p>Valuation interest rates – which are used to discount the liabilities. These are sensitive to judgements made, for example, on credit default of the backing assets, as well as the investment data used to calculate the internal rate of return. The Committee considered the ongoing appropriateness of management's approach to setting assumptions.</p> <p>Directly attributable expense assumptions – which determine the specific future expenses that are incorporated in the calculation of the IFRS insurance liabilities. The Committee considered the modelling refinements to the determination and application of the assumptions.</p> <p>The Committee concluded that the retirement insurance contract liabilities are appropriate for including in the financial statements, reflecting the asset risks and the available data on policyholder longevity.</p>
<p>Valuation of complex investments: Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes.</p> <p>Mark to model valuations inherently include assumptions that lead to the existence of a range of plausible valuations for financial instruments (known as valuation uncertainty). Certain assets are subject to a higher degree of valuation uncertainty, particularly where valuations are modelled using no market inputs or the valuations are affected by other factors such as the illiquidity of the asset.</p>	<p>The Group balance sheet carries exposure to complex investments (typically classified as Level 3 in the fair value hierarchy), in line with the Group's strategy and risk appetite. The valuation of these investments, including property assets, lifetime mortgages and private credit, requires the use of complex models and management judgement. The Committee seeks to ensure that the valuation process for these investments is robust.</p> <p>Whilst 2025 has seen less market volatility, these harder to value assets remain a key area of focus, in particular those being held in the Corporate Investment Unit and Asset Management business. The valuation of a number of asset classes within these portfolios are sensitive to varying interest rates and inflation, as well as market sentiment and these have therefore remained areas of challenge and review by the Committee. A number of assets have been subject to valuation impairments during the year.</p> <p>The Committee has continued to review the processes and controls over investment valuations and in particular the valuation uncertainty policies and governance which include management's assessment of valuation uncertainty by asset type. While we do not currently see any material impact on the valuation of our asset portfolio arising from climate change, this continues to be an area of consideration in both internal and third-party valuations.</p> <p>The Committee concluded that there are appropriate controls surrounding the valuation of complex assets and that they are valued appropriately for inclusion in the financial statements.</p>
<p>Valuation of insurance liabilities – protection: The insurance liabilities for protection contracts are an important driver of the profitability for this line of business and require judgements to be made regarding the assumed rates of mortality and persistency. The Company makes extensive use of reinsurance to reduce mortality risk.</p>	<p>The Committee has reviewed the methodology for calculating reserves including the allowance made for payments to and from reinsurance counterparties. The assumptions for the rate of future mortality and morbidity (how many customers will die or become ill during the policy term) and persistency (how many customers will discontinue cover) are based on the Company's internal experience and use judgement about how experience may vary in the future. During 2025, the Committee considered the experience and judgements used to set more granular mortality assumptions and how these mortality rates are expected to change over time, focusing on the industry standard tables and tools used for expressing mortality assumptions and future mortality improvements.</p> <p>The Committee reviewed the judgements underlying the insurance liabilities and considered the effectiveness of controls in place over valuation models.</p> <p>The Committee concluded that the insurance liabilities of the Group's insurance businesses are appropriate for inclusion in the financial statements.</p>

Audit Committee report continued

Issue	Committee's response
<p>Acquisitions and disposals: Acquisitions and disposals can involve judgements in relation to classification of assets and liabilities and the recognition of deferred consideration.</p> <p>Acquisitions and disposals can involve judgements in relation to classification of assets and liabilities and the recognition of deferred consideration.</p>	<p>The Committee received reports on all material transactions undertaken across the Group and considered the relevant accounting treatments.</p> <p>In particular, the Committee considered the implications of the disposal of Legal & General America Inc. to Meiji Yasuda. This included the classification of the business as both held for sale and discontinued operations, the treatment of the retained economic exposure to the US pension risk transfer business, the hedge accounting applied to the expected proceeds and the disclosure of the post balance sheet event. The Committee also considered the presentation of the business in the Group's APMs.</p> <p>The Committee concluded that all material transactions had been appropriately presented in the Group's financial statements.</p>
<p>Alternative performance measures (APMs): 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.</p>	<p>As part of its consideration of whether the Annual report and accounts is fair, balanced and understandable, the Committee has paid particular attention to the use of APMs in reporting the Group's performance.</p> <p>In particular, the Committee has scrutinised the methodology and assumptions underlying the Group's adjusted operating profit metric and, where appropriate, the Committee has reviewed additional disclosures provided to enhance transparency in respect of the Group's APMs.</p> <p>The Committee concluded that the use and disclosure of APMs, including the clarity of labelling the prominence of APMs versus statutory measures, are appropriate for inclusion in the Annual report and accounts.</p>
<p>Tax: The Committee considers the Group's tax matters, including the Group's tax strategy, judgements relating to tax risk and the recognition and measurement of deferred tax assets.</p>	<p>The Committee received reports from the Group Chief Tax Officer on developments in tax matters during the year.</p> <p>The Committee monitored the Group's interaction with tax authorities, developments in tax litigation matters and material tax risks. The Committee also monitored the potential impact of US legislative changes in relation to tax on the Group.</p> <p>The Committee approved the Group's tax strategy for publication.</p> <p>The Committee considered the judgements around the recognition and valuation of deferred tax assets and in particular they concluded it appropriate to maintain the recognition of the £306 million deferred tax asset under Bermudan corporate income tax.</p>

Enterprise Transformation Committee report



Laura Wade-Gery
Chair of the Enterprise Transformation Committee

I am pleased to present my report as the Chair of the Enterprise Transformation Committee, formerly the Data and Technology Committee.

At the start of 2026, the Committee evolved into a more forward-looking and strategically focused forum. Its remit was broadened to encompass transformational oversight across L&G, enabling it to play a more active role in guiding and supporting major change initiatives. This broader remit positions the Committee to play an important role in enabling the Group to harness opportunities for growth, foster innovation, and drive operational excellence.

Throughout 2025, the Committee continued to have oversight of a wide-ranging portfolio of strategic technology, data, cyber, and transformation initiatives.

Committee overview

Committee meetings and membership

The Committee met five times during the year. The Committee is comprised entirely of independent non-executive directors. The Committee is advised by independent Cyber Security and Information Technology advisers, who also attend each meeting.

Meeting attendance

Member	Scheduled	Ad hoc
Laura Wade-Gery (Chair)	4/4	1/1
Clare Bousfield	4/4	1/1
Carolyn Johnson	4/4	1/1
Nilufer Kheraj OBE ¹	4/4	0/1
Philip Broadley ²	2/2	1/1

1. Unable to attend due to prior commitment.
2. Retired from the Committee with effect from 31 August 2025.

The role of the Committee

The role of the Committee is to provide oversight of and assurance to the Board on the management of data and technology, enterprise transformation and the associated change programmes, and to ensure that the Group is operating within its targeted information security and cyber risk appetite.

Key responsibilities

- Provide oversight of, and guidance to, the Board on all aspects of enterprise transformation, with a focus on the Group's Major Change Programmes and the Enterprise Technology Strategy, including Data and AI.
- Review and endorse the Enterprise Technology Strategy, including Data and AI and their respective implementation plans.
- Review and endorse the operating model in place for technology and enterprise change and consider its ongoing suitability.
- Review and approve any proposed technology projects and contracts within its remit of responsibility.
- Consider current capabilities relating to technology, data, AI and digital skills and plans to address any gaps.
- Consider the adequacy, resilience and performance of suppliers and supply chains for IT and cyber.

Enterprise Technology Strategy

The Committee welcomed the development of the Group's Enterprise Technology Strategy, designed to support the Group's strategic ambition to build a simpler, better-connected L&G. The strategy aims to deliver seamless digital experiences, simplify operations, and ensure that technology is effectively exploited across the Group to drive efficiencies, foster innovation, and support the execution of the Group's long-term strategic ambitions. The Committee recognised the collaborative approach taken to shape the strategy, including engagement with divisional Chief Technology Officers and Gartner (an external research and advisory firm) and endorsed the creation of a multi-year roadmap to support long-term planning.

The strategy is being embedded into divisional planning and delivery frameworks, resulting in aligned technology roadmaps and clearer prioritisation of transformation initiatives. This will enable more consistent execution across the Group, demonstrating governance in action and delivering strategic clarity in support of long-term sustainable success.

Terms of Reference

The Committee's terms of reference can be viewed on our website:

 Discover more online
group.legalandgeneral.com/groupboardcommittees

Enterprise Transformation Committee report continued

Transformation Oversight

The Committee continued to oversee the mobilisation of a group-wide transformation framework aimed at simplifying the technology estate, strengthening operating models, and improving strategic sourcing. The Committee endorsed a unified structure to guide future technology and change initiatives. The transformation framework is now actively shaping delivery across the Group, with operating models realigned, strategic sourcing restructured, and control frameworks embedded to support consistent execution. These developments reflect the Committee's role in driving clarity, discipline and accountability. A clear demonstration of governance in action.

Cyber Risk and Resilience

In light of the evolving external threat landscape and high-profile cyber incidents across the UK market, cyber resilience remained a key area of scrutiny for the Committee throughout 2025. The Committee endorsed the Group's multi-year Cyber Security Strategy and monitored enhancements to access controls and supplier oversight. The Committee also reviewed the Group's alignment with the Cyber Governance Code of Practice, which sets expectations for Board-level oversight of cyber risk. L&G demonstrated strong compliance across core areas, with targeted improvements underway in emerging technology risk and cyber risk appetite alignment. The Committee will continue to oversee progress as part of its broader remit to strengthen cyber resilience and governance.

Risk Management

The Committee provides oversight of the adequacy of the Group's technology, data and cyber control environment, ensuring it remains aligned to the Group's strategy, supports operational resilience and underpins major change activity. During the year, the control framework was strengthened across governance, data integrity and cyber resilience, ensuring transformation initiatives are delivered within a robust governance environment that balances innovation with resilience.

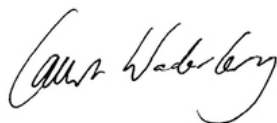
AI Developments

The Committee maintained oversight of AI developments throughout 2025, in line with its remit to review and endorse the Group's technology and data strategies. It received updates on divisional AI initiatives, discussed their strategic alignment, and reviewed benchmarking against industry peers. The Committee welcomed the planned rollout of AI-powered features across customer-facing platforms, including the L&G App and Agent Desktop. These enhancements will improve customer experience through personalised interactions, faster servicing, and more intuitive digital journeys.

In addition to the above, the Committee continued to receive updates from each of the Group's businesses on their respective transformational IT and major change portfolios. This has provided rich insight into the maturity of the divisions' innovation and use of data and technology to drive strategic growth and improve efficiencies. The Committee continues to work with the three businesses and Group functions to ensure that they thoroughly consider the full potential of the Group's technological capabilities.

Looking ahead, the Committee will continue to closely monitor and oversee the development and execution of the Enterprise Technology Strategy, the continued simplification of the technology estate and AI developments to ensure alignment with L&G's broader strategy. We continue to benefit from our external advisors' support in each of these areas.

I would like to thank my fellow Committee members and the GMC for their continued engagement and insight throughout the year. The Committee remains committed to supporting the Group's strategic ambitions through robust oversight and forward-looking guidance.



Laura Wade-Gery
Chair of the Enterprise Transformation
Committee

Nominations and Corporate Governance Committee report



Sir John Kingman
Chair of the Nominations and Corporate Governance Committee

Committee overview

Committee meetings and membership

The Committee met seven times during the year. The composition of the Committee remains in compliance with the Code, the requirements of its terms of reference and comprises only independent non-executive directors.

Meeting attendance

Member	Scheduled	Ad hoc
Sir John Kingman (Chair) ¹	3/3	1/1
Henrietta Baldock	3/3	4/4
Clare Bousfield	3/3	4/4
Carolyn Johnson	3/3	4/4
Mark Jordy ²	2/2	2/2
Nilufer Kheraj OBE	3/3	4/4
George Lewis ³	3/3	3/4
Ric Lewis ³	2/3	3/4
Tushar Morzaria	3/3	4/4
Laura Wade-Gery	3/3	4/4
Philip Broadley ⁴	1/1	2/2
Lesley Knox ⁵	1/1	1/1

1. Sir John Kingman was recused from all ad hoc Committee meetings relating to Chair succession.
2. Appointed to the Committee with effect from 1 July 2025.
3. Unable to attend due to prior commitment.
4. Retired from the Committee with effect from 31 August 2025.
5. Retired from the Committee with effect from 21 May 2025.

Terms of Reference

The Committee's terms of reference can be viewed on our website:

 Discover more online
group.legalandgeneral.com/groupboardcommittees

The role of the Committee

The role of the Committee is to ensure that the Board's composition, and that of its Committees, is appropriate to discharge its duties effectively, and to oversee the Company's corporate governance framework and commitments to diversity and inclusion.

Key responsibilities

- Regularly review the structure, size and composition of the Board.
- Lead the process for new appointments to the Board, ensuring appointments bring the required skills, knowledge, background and experience to the Board to support the development and oversight of the Group's strategy, and taking into account the promotion of diversity, inclusion and equal opportunity.
- Give consideration to succession planning for directors and senior executives.
- Oversee and monitor the Company's corporate governance framework, including its compliance with the UK Corporate Governance Code.
- Oversee and monitor the Company's commitment to inclusion and wellbeing across the Group.
- Oversee the process by which the Board, each Committee and individual directors assess their performance.
- Review non-executive directors' time commitments and consider additional external appointments.

I am pleased to present my report as Chair of the Nominations and Corporate Governance Committee. Throughout the year, the Committee has spent considerable time overseeing succession planning at both an executive and non-executive level and we have made a number of strategic appointments throughout the year. L&G continues to benefit from an excellent Board with a diverse range and depth of expertise and skills. We have further strengthened the Board during the year with the appointment of Mark Jordy as an independent non-executive director (succeeding Lesley Knox). In addition, we made a number of changes to key Board roles which included appointing: Henrietta Baldock as Senior Independent Director (SID), Carolyn Johnson as the Board's Global Designated Workforce Director and Clare Bousfield as our Speak Up Champion. Importantly, as I approach the end of my tenure of Chairing L&G, the Committee, led by Henrietta Baldock in her capacity as SID, undertook the search process for my successor. Scott Wheway is an outstanding candidate, and the Board is already benefiting from his leadership and experience. You can read more about the Chair succession process on pages 49 and 81.

The Committee also enacted our internal succession plans at an executive level and appointed Andrew Kail as the Group's new CFO and Executive Director of the Board. Gareth Mee was appointed as CEO of Institutional Retirement and Laura Mason as the CEO of Legal and General Assurance Society Limited (LGAS). In addition, earlier this year we welcomed Emma Holden as our Chief People Officer and Andy Sinclair to the newly created role of Chief Strategy and Investor Relations Officer. Emma will lead on people strategy, ensuring the Company has the right capabilities and culture to support its future growth. Andy's appointment builds on the strong foundations already in place, further enhancing L&G's strategic and investor relations capabilities and helping to sustain momentum and focus on long-term performance. In addition, Maria Alvarez-Scott has been appointed as Group General Counsel and Company Secretary Designate and will succeed Geoffrey Timms later this year. Maria joined L&G in 2009 and is an exceptional legal practitioner and leader, with deep knowledge of L&G's business, strategic context and culture. As a Committee, we have also spent time reviewing the longer term succession plans across the Group, ensuring our talent pipeline remains robust to support the Company's future growth ambitions, as well as our approach to diversity and inclusion resulting in a refresh of our strategy to a more progressive approach of inclusion and wellbeing.

Sir John Kingman
Chair of the Nominations and Corporate Governance Committee

Nominations and Corporate Governance Committee report continued

Key activities during 2025

- Enacted internal succession plans for the Group CFO, CEO of Institutional Retirement, CEO of LGAS, and Group General Counsel and Company Secretary.
- A Sub-Committee, led by Henrietta Baldock, conducted the search that led to the appointment of Scott Wheway as the next Group Chair.
- Oversaw the pipeline of talent across the organisation ensuring there were sufficient stretch initiatives and development opportunities provided for this cohort of people.
- Considered director reappointments, external appointments and changes to the composition of the Boards of our principal operating subsidiaries.
- Oversaw the refresh of, and progress against, the Group's inclusion and wellbeing strategy, including its annual review and approval of the Board's Inclusion and Wellbeing Policy.

Corporate governance

The Committee is responsible for overseeing and monitoring the Company's corporate governance framework and compliance with the Code. The Company has complied with all applicable provisions of the 2024 UK Corporate Governance Code throughout the year. Further details of the Group's corporate governance framework, including compliance with the Code, can be found on page 55.

Board composition

The Committee undertakes a rigorous annual review of the Board's composition to support discussions on succession planning. This includes a self-assessment analysis undertaken by each individual director, which forms part of an overall Board skills matrix. The skills matrix reflects the results of the assessment and is reviewed by the Committee on an annual basis to support discussions on composition and succession in the context of the Company's short and medium-term strategy. The Committee also considers other factors such as the tenure of the Board as a whole, independence and diversity. The view of the Committee is that the Board remains of an appropriate size and composition, with due regard to diversity, and has relevant and deep levels of expertise, skills and experience in the sectors in which the Company operates.

The Committee also considered reappointments of directors to the Board, and directors' external appointments to the boards of other companies. Where the Committee approved new external appointments throughout the year, it was satisfied that the appointments did not give rise to a conflict of interest and would not impact the directors' time commitment to the Company.

Subsidiary Board composition and succession

The Company benefits from a strong governance framework operating at the subsidiary level. The continued strength of the boards of the Group's subsidiaries is important for ensuring the Group's high standards are maintained and there is sufficient oversight of activity further down the Group, particularly in our principal operating subsidiaries. While succession planning remains the responsibility of each subsidiary board, it is nevertheless very important for the Committee to have continued oversight of this. The Committee spent time this year considering the appointments of new non-executive directors to both the Boards of L&G – Asset Management and LGAS, as well as the appointment of Laura Mason as the LGAS CEO, following Andrew Kail's appointment as Group CFO.

Inclusion and Wellbeing (I&W)

Our purpose as a Company is 'Investing for the long term. Our futures depend on it'. This purpose helps to shape how we think, how we act, and how we create lasting impact for our clients, customers, shareholders and society. We're committed to running our business in a responsible way and this in turn influences our inclusion and wellbeing strategy, which is about fostering a dynamic, multi-faceted and thriving workforce. Bringing together colleagues from different lived experience and with different ways of thinking enables us to build an inclusive culture, strengthen our teams, and enrich our insights into client needs and investment strategies. As a Company, we believe that diverse representation and inclusion should be considered with a broad lens, including from an intersectional perspective and by integrating wellbeing considerations, and thereby facilitating greater employee engagement. It also supports good decision making and reduces the risk of groupthink by providing different viewpoints, ideas and challenge. As part of this, we believe that it is important for our Board to have a broader range of insights and perspectives to help us make better decisions as a business and create an inclusive culture for our people. For more information on our group-wide I&W activity during 2025, including our progress on achieving our goals, please see page 34 of this report.

As a Committee, we reviewed and approved the group-wide refresh of our I&W strategy and, aligned to this, we also updated our Board policy which sets out the approach to inclusion and wellbeing of the Board of Directors, in compliance with the FCA's Disclosure Guidance and Transparency Rules (DTR 7.2.8AR(1)). A link to the policy can be found on the next page.

Building a diverse and inclusive Board

We have a responsibility to develop and sustain a panel of Board members that are diverse and reflective of our people as well as the businesses and communities that we operate in. All appointments to the Board are based on the impartial evaluation of knowledge, skills, experience and representation gaps across the membership. Both appointments and succession plans should be based on merit and objective criteria and should promote diverse representation, inclusion and equal opportunity.

The Board continues to support the FTSE Women Leaders Review voluntary recommendation for FTSE 350 companies that 40% of the Board should be women and to have at least one woman in the four key roles of Chair, SID, CEO and Finance Director by the end of 2025. The Board supports the equivalent FCA Rules for Listed Companies recommendations for Board representation and senior Board positions. We also continue to support the Parker Review recommendations for FTSE 350 companies to have at least one ethnic minority director on the Board by December 2027. As at 31 December 2025, we have delivered against these goals.

Building a diverse and inclusive senior leadership team

Achieving inclusive ways of working across the Group's senior leadership requires policies, processes, and practices that seek to reduce barriers and bias to performance, particularly in areas of hiring, promotion and development. It is an important function of the Board to routinely sense check and challenge these ways of working to ensure they remain fit for purpose and to hold members of the executive to account in their ongoing application, and to enable a company culture that promotes integrity and openness, values inclusion, and is responsive to the views of shareholders and wider stakeholders. Developing a diverse executive pipeline increases diversity at senior levels of the company and greater transparency about the make-up of the workforce also supports this, as outlined in the UK Corporate Governance Code. The Board continues to support the FTSE Women Leaders Review voluntary recommendation for FTSE 350 companies that 40% of leadership positions be held by women by the end of 2025. As at 31 December 2025, our Group Management Committee comprised 43% women¹ and representation at the senior level was 40.3% women (2024: 38.5%). We also continue to support the Parker Review recommendations for FTSE 350 companies to set a percentage goal for senior management positions to be held by those from an ethnic minority background by December 2027. As at the date of this report, we have set the goal at 17% and have delivered against this.

1. Exclusive of the Group CEO and Group CFO who are included in the number of Board members.

Driving inclusion and wellbeing across our organisation

The Board is responsible for overseeing the implementation of our group-wide 'I&W Policy'. The I&W Policy applies to all people employed within the L&G Group and forms the basis of our engagement with our clients, suppliers and other third-party providers. This I&W Policy supports us in achieving our aspirations to foster a dynamic, multi-faceted and thriving workforce, including achieving gender parity and increasing ethnic representation, and other minority representation, in our workforce. As per the expectations set out in the UK Corporate Governance Code, the Committee reviews the I&W Policy and any initiatives, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives.

Listing Rule disclosure on diversity (as at 31 December 2025)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management ¹	Percentage of executive management ¹
Men	7	58%	3	4	57%
Women	5	42%	1	3	43%
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management ¹	Percentage of executive management ¹
White British or other White (including minority-white groups)	9	75%	4	7	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	17%	–	–	–
Black/African/Caribbean/Black British	1	8%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. Exclusive of the Group CEO and Group CFO who are included in the number of Board members.

The information in this table was collected on a confidential and voluntary self-reporting basis and is accurate as at 31 December 2025. For the purpose of this disclosure, 'executive management' means the Group Management Committee.



Social impact report

More information on the diversity of our workforce can be found in our Social impact report:



Discover more online
group.legalandgeneral.com/SocialImpactReport2025

Board and Committee Performance Review

Another role of the Committee is to oversee the annual performance review of the Board and each of its Committees. In line with best practice, a formal and rigorous review of the effectiveness of the Board and its Committees is conducted each year. The Board and its Committees undergo a full, independent external review every three years in line with the requirements of the Code, and an internal review is carried out in other years.

This year was an internal performance review which was externally facilitated by Clare Chalmers Limited. Clare undertook the full independent external performance review for the Board in 2024 and was chosen to facilitate the 2025 review to support with effective tracking and analysis of the evolution of the performance of the Board and Committees. Clare Chalmers Limited has no other connection with the Company or any individual director and is accredited as a member of The International Register of Board Reviewers.

The scope and aim of the 2025 performance review was to assess the performance and effectiveness of the Board, both as a collective unitary Board and at a Committee level, in the context of the Company continuing to execute against the strategic aims set out at the Capital Markets Event in 2024, and the appointment of Scott Wheway as Chair Designate ahead of the end of Sir John Kingman's tenure in May 2026. As part of the review, Clare met with each of the Board members, and certain executives including the Group General Counsel and Company Secretary, Group Chief Risk Officer and the Chief Executive Officer of Asset Management. The review focused on, amongst other things, the usual themes of the Board's composition and expertise,

board dynamics, execution of strategy, risk and culture. It also probed deeper into some themes identified in the previous year's review, including change and transformation, enhancing and streamlining reporting, and certain themes relevant to 2025, including the process to select the next Group Chair.

Following these meetings, Clare produced a draft report on her independent review findings, which she discussed with the Chair, Chair Designate and Group General Counsel and Company Secretary in the first instance. The final written report was shared with the Committee for discussion and an action plan was agreed for the coming year. Progress of these actions is monitored by the Group General Counsel and Company Secretary and will be reported to the Board at each meeting.

The review concluded that the Board and its Committees continued to perform well and operate effectively. Strengths included the good mix of skills and experience the non-executives contributed to both Board and Committee remits, and more efficient use of the Committees and support from subsidiary boards to share workloads and reduce duplication, where possible and appropriate. It was observed that the Board had a strong focus on strategic matters, supported by structured agenda-planning with a good balance between strategy and performance. The Board felt that the Chair succession process was well-run, with regular updates provided to the Board, along with one-to-one engagement with the SID, allowing the Board to contribute actively to the process.

Areas for continued focus included amplifying oversight and focus on pace and execution of change and transformation, continuing to focus on the Asset Management business to further align with the Company's strategic

growth ambitions, including considering bolstering the Asset Management experience on the Board, and considering setting Board objectives to support framing forward agendas and assessing the Board's progress and impact. Looking forward to 2026, Board members expressed enthusiasm for the new Chair's fresh and objective view of the organisation and focus on performance and constructive challenge.

The Board discussed the findings of the 2025 performance review and subsequently agreed an action plan for the coming year. The key actions included (i) amplifying oversight and focus on change and transformation; (ii) bolstering the Board's focus on, and experience in, Asset Management; and (iii) setting annual Board objectives.

The Company's usual practice is for the SID to meet formally with the non-executives on an annual basis without the Chair present to lead the appraisal of the Chair's performance. Given that Sir John Kingman will retire at the end of the Company's AGM in May 2026, no formal appraisal meeting was held in 2025. Notwithstanding this, Board members provided feedback on the Chair's performance throughout the year as part of the performance review process, which was fed back to the Chair.

The Chair meets with Board members throughout the year to assess their individual performance. Board members provided feedback on individual directors as part of the performance review process, which were fed back to the Chair to input into the regular individual performance conversations.

Update on previous Board reviews

An overview of the recommendations from the 2024 review and progress against them is provided below.

Recommendations from 2024 review	Progress against recommendations
Continue with the Board's current momentum of strategic discussions with strategic teach-ins and reporting on competitors	Board deep dives on Asset Management and Retail were held in advance of the Investor Deep Dive Events for those businesses. A dedicated deep dive session outside of the usual Board cycle took place in December 2025 to discuss the Financial Plan. At the October 2025 Board meeting, the Board received a presentation on L&G's competitive landscape. A strategy offsite event was held in June 2025 which included a number of discussions on current strategic momentum as well as future strategic opportunities.
Continue to enhance the Board's oversight of the Company's culture	An annual private meeting between the Interim Chief People Officer and the Nominations and Corporate Governance Committee took place in December 2025. The employee survey was updated to include questions on role-modelling our refreshed behaviours and a new 'Behaviours Index' was introduced, with the results reported to and discussed by the Group Board. The annual culture review was broadened to include all senior leaders and focused on embedding behaviours, accountability and succession planning.
Enhancing and streamlining reporting to the Board and its Committees	Refreshed Board and Committee paper templates and guidance were introduced for Group Board and Committee meetings, which were well-received. In addition, changes were made to streamline regular Board reporting, including rotating the presentation of divisional CEO business updates.

Appointment of Group Chair

Scott Wheway's appointment followed a rigorous, comprehensive and global selection process managed by a Sub-Committee of the Nominations and Corporate Governance Committee, led by Henrietta Baldock. A summary of the process is outlined below.

2025

January

A Sub-Committee of the Nominations and Corporate Governance Committee was formed consisting of Henrietta Baldock (Chair) and the three Group Board Committee Chairs.

The Committee met initially to discuss considerations and preferences for the skills and experience required for the next Chair. There was consensus that strong prior financial services experience and proven Chair experience would be very important attributes. In addition, cultural fit and alignment to the Group's purpose and values would be key. The Committee also agreed that it was important to ensure any search firm was focused on producing diverse long and short candidate lists.

March – April

Russell Reynolds Associates¹ (RRA) were appointed to support the search process. RRA were selected due to their significant depth in insurance and financial services, and track record of focusing on diversity.

Briefings were held with RRA to provide additional perspective on the business, future strategy and requirements of a future Chair.

May – July

The Sub-Committee agreed a final candidate specification, which set out the skills, experience and personal attributes required from the preferred candidate and RRA began their search based on that specification.

RRA produced a diverse long list of candidates which was reviewed, thoroughly discussed and refined by the Sub-Committee. After detailed discussion, the Sub-Committee agreed a long list of prioritised candidates and updated the full Committee on its progress.

In reviewing the long list, the Sub-Committee remained mindful of diversity, including diversity of background and experience, as well as the desired skills and attributes for the role as set out in the role specification.

The Chair of the Sub-Committee began meeting with potential high priority candidates from the long list.

The Sub-Committee, after due consideration and discussion, agreed on the long list candidates that should be put forward for formal interview.

August – October

All candidates from the long list were interviewed by the Sub-Committee members as well as the Group General Counsel and Company Secretary and Chief People Officer. The Group CEO also met with a number of the long list candidates.

Candidates were assessed on alignment with the candidate specification and on merit with due regard to diversity.

Following these interviews, the Sub-Committee agreed on the candidates that should be shortlisted and put forward for the Committee's consideration.

All Committee members interviewed the shortlisted candidates and recommended to the Board the appointment of Scott Wheway as the next Group Chair.

1. Russel Reynolds Associates is a signatory to the 'Voluntary Code of Conduct for Executive Search Firms' and periodically undertakes executive search assignments for the Company. RRA has no other connection with L&G or its individual directors.

Risk Committee report



George Lewis
Chair of the Risk Committee

Committee overview

Committee meetings and membership

The Committee met five times during the year. The composition of the Committee remains in compliance with the requirements set out in its terms of reference and comprises only independent non-executive directors.

Meeting attendance

Member	Scheduled
George Lewis (Chair)	5/5
Henrietta Baldock	5/5
Clare Bousfield	5/5
Carolyn Johnson	5/5
Mark Jordy ¹	3/3
Nilufer Kheraj OBE	5/5
Tushar Morzaria	5/5
Laura Wade-Gery	5/5
Philip Broadley ²	3/3
Lesley Knox ³	1/2

1. Appointed to the Committee with effect from 1 July 2025.
2. Retired from the Committee with effect from 31 August 2025.
3. Unable to attend due to prior commitment and resigned with effect from 21 May 2025.

Terms of Reference

The Committee's terms of reference can be viewed on our website:

 Discover more online
group.legalandgeneral.com/groupboardcommittees

The role of the Committee

The Committee assists the Board in its oversight of risk by assessing the effectiveness of the Group's risk management framework, risk strategy, risk appetite and tolerance for the categories of enterprise, emerging and principal risk to which the Group may be exposed and providing advice on what constitutes acceptable risk taking.

Key responsibilities

- Review the Group's risk profile and overall appetite for risk and assess the effectiveness of the Group's risk management framework.
- Oversee and advise the Board on the current risk exposures of the Group and oversee the management by the executive of those categories of risk.
- Oversee and advise the Board on the governance, operation and performance of the Group's internal model, and provide advice to the Audit Committee on Internal Model assumptions for regulatory and public disclosures upon request.
- Review and approve the Group's own risk and solvency assessment (ORSA) policy, and oversee the performance of the ORSA, which is designed to measure, aggregate and monitor risks in accordance with strategy, policy and principles.
- Provide advice to the Remuneration Committee on any risk adjustments to be applied to performance objectives, and other issues, as requested by the Remuneration Committee.

During 2025, the Committee focused on supporting the Group in the navigation of ongoing financial and operational challenges, and remained well positioned to advise the Board on the Group's current and emerging risk exposures and profile, through proactive oversight and robust challenge, with particular focus on those arising from macroeconomic uncertainty, inflationary pressures, geopolitical and trade risks, and the increased risk of cyberwarfare.

Following the announcement of the Group's new strategy in June 2024, and the shifted focus to three core businesses, for a growing, simpler, better-connected L&G, the Committee has received detailed business risk deep dives throughout the year, to appropriately aid the Board's understanding of each business' risk profile as the Group continues to grow in both scale and complexity, and to complement the successful execution of the new strategy.

2025 activity

There remains ongoing uncertainty within the geopolitical environment and market volatility, and the Committee has spent a significant amount of time during the year hearing directly from the business, alongside risk and compliance colleagues, about how the associated risks are being managed and appropriately mitigated against. The Committee receives an update from the Group Chief Risk Officer at each meeting which covers an in-depth overview of the risk profile, outlook and landscape.

The Committee remains focused on emerging risks as we look to future-proof the execution of the strategy whilst navigating in tandem a somewhat volatile external macro environment. The emerging risk framework, which was refreshed in 2024, is used as an aid for the Committee's discussion when assessing the impact on and likelihood of emerging risks on the Group's strategy. Within this context, the Committee has received a number of updates which facilitate the sufficient oversight and monitoring of emerging risks across the Group, and debated at length key emerging risk themes, such as the potential impact of weight loss drugs on longevity, evolving pension policy within the UK and the associated impact on the business and wider strategy.

Throughout the year, the Committee has continued to have oversight of the Group's market exposures. Against the backdrop of an evolving political, social and economic landscape in the US, there was particular focus on the Group's balance sheet exposure to US assets. The Committee will continue to have regular and close oversight of the Group's US exposure, particularly sovereign and corporate bond markets, and our holdings therein, to ensure the Group's portfolio remains appropriately positioned, whilst maintaining focus on genuine diversification.

Following the Group Board's approval of the use of gilt-based strategies for PRT investments, the Committee has remained informed as to the continued use of such strategies and the associated operational and liquidity risk management processes that have been implemented.

Since the deployment of these strategies, there has been significant volatility in many markets, however these strategies have continued to remain attractive, and as such, the Committee has had continued oversight throughout the year to ensure that the potential liquidity risks of these strategies are effectively monitored and managed. The Committee has been pleased by the significant effort gone into supporting operational readiness and the establishment of a suitably robust risk framework for managing and monitoring these exposures.

Throughout 2024 and the first half of 2025, the Committee has paid close attention to overseeing the Group's operational resilience in readiness for the implementation of the PRA and FCA's new rules, which required compliance by 31 March 2025. On behalf of the Committee, I am pleased to report that compliance with the rules, as measured against the Severe but Plausible disruption scenarios, was satisfied and the Committee approved the Group Self-Assessment to attest to this fact.

In addition to the geopolitical and macroeconomic climate, the Committee has continued to focus on the management of the Group's non-financial risks. The Committee received regular updates, and challenged the progress made by management, on IT and data, health and safety, and climate and nature risk management.

Alongside the Group Chief Risk Officer's report, the Committee is provided with management information on risk appetite, comparing actual positions relative to the Group's risk appetite statement and quantitative analysis of the Group's exposures to financial and operational risks, including risk-based capital requirements in relation to the core risks implicit in the Group's businesses. The Committee also receives an assessment of the overall profile of conduct risks for the Group; analysis and trends in complaints data; and a suite of customer service metrics designed to enable the Committee to assess the management of the customer journey and ultimately the good outcomes we deliver to our customers.

Annual review of Group risk appetite: financial and non-financial risk

In October 2025, the Committee considered the risk profile of the Group's Financial Plan and its alignment with the Group's risk appetite. The Committee undertook a detailed review of the Group's strategic risk appetite statements.

These are differentiated between financial and non-financial risk. This enabled a fulsome review of the respective appetite statements, metrics and tolerances used to determine acceptable risk taking. The differentiation of the risk appetite statements continues to ensure a more reliable and accurate measure of the Group's performance against risk appetite.

Following the detailed review of both the financial and non-financial risk metrics in 2024, to support consistency with the statements that were made at the Group's Capital Markets Event in June 2024 and the application of the taxonomy across the Group, the review in 2025 focused more so on ensuring the metrics continued to reflect the evolving nature of the business as well as the macro-environment. As such, in a world where AI has begun to transform technology, and have a profound impact on every aspect of our lives, offering both significant opportunities and a complex risk landscape for the Group (and businesses more generally), work has commenced to suitably articulate the Group's AI risk appetite, and the development of an AI Risk taxonomy. The Committee will have continued oversight of the development of this new risk appetite throughout 2026, with a view to it being incorporated within the wider Group risk appetite.

Risk-based capital model

The Group's risk-based capital model (internal model) is used to determine the capital requirements for the Group and forms the calculation engine for the Solvency UK internal model. In October 2025, the Committee reviewed and approved the internal model development plan and validation report. As part of this review, the Committee takes into consideration:

- key assumptions, methodologies and areas of expert judgement used within the model
- activities undertaken to validate the outputs of the model
- development of the model to ensure that it reflects the business lines and risk profile of the Group
- processes to ensure that changes applied in the model are undertaken in a controlled manner, and in line with model development plans

In addition, the Committee also reviewed and approved the 2025 ORSA policy and scenarios, which are an ongoing assessment of the risks to which the Group is exposed and an assessment of the capital resources available to ensure that the Group is able to sustain its business over the plan horizon.

Climate risk

It is widely recognised that actions taken today can influence the likelihood of different climate outcomes, and impact on future risk exposures.

This, alongside climate scenario analysis, informs our risk management framework.

During the year, the Committee considered the Group's climate risk management approach, how we will continue to evolve our approach to ensure our risk management remains reflective of the underlying risks, and how we are approaching our management of broader nature-related risks.

Working collaboratively

Throughout the year, the Committee has continued to support the Audit Committee on risk and control matters, as well as the Remuneration Committee so that risk management and risk culture are properly considered when setting the remuneration policy and determining remuneration outcomes. In addition, the Committee also works closely with the Enterprise Transformation Committee to consider technology risk. The Committee also considered data risk management and governance during the year, in addition to the increasing risk of operational disruption from cyber-attacks.

L&G has a strong subsidiary governance framework in place to support the Board in discharging its responsibilities for the Group. The Committee also operates as the Risk Committee for LGAS and the Chairs of the Group's principal operating subsidiaries (LGAS and L&G – Asset Management Limited) are also members of the Risk Committee; this brings valuable insight, oversight and challenge to the Committee's discussions on specific aspects of the Group's operations. An overview of the Company's risk appetite and risk management approach, as well as our principal and emerging risks, can be found on pages 38 to 46.

2026 priorities

The Committee has an important role in supporting the Board in the oversight and management of the risk framework. During 2026, the Committee will continue to focus on:

- the continued execution of the new Group strategy and the Plan as approved by the Board at the end of 2025
- impacts and associated risks arising from the macroeconomic and geopolitical environment, and regulatory landscape including global climate change, with continued consideration of emerging risks, including but not limited to AI and cyber attacks
- management of capital and liquidity risks



George Lewis
Chair of the Risk Committee

Directors' report on remuneration



Laura Wade-Gery
Chair of the Remuneration Committee

Committee overview

Committee meetings and membership

The Committee met six times during the year. The Committee comprises only independent non-executive directors, fulfilling the requirements of the UK Corporate Governance Code. The Board is satisfied that the members of the Remuneration Committee have the relevant expertise and experience to deliver its responsibilities. The majority of members of the Committee are also members of the Risk Committee, ensuring appropriate identification and consideration of any issues that are relevant to both committees.

Meeting attendance

Member	Scheduled	Ad hoc
Laura Wade-Gery (Chair)	5/5	1/1
Henrietta Baldock	5/5	1/1
Philip Broadley ¹	3/3	1/1
Lesley Knox ²	0/2	0/0
George Lewis	5/5	1/1
Ric Lewis ³	3/5	1/1
Tushar Morzaria ³	4/5	1/1
Mark Jordy ⁴	3/3	0/0

1. Retired from the Committee with effect from 31 August 2025.
2. Unable to attend due to prior commitments and retired from the Committee with effect from 21 May 2025.
3. Unable to attend due to prior commitment.
4. Appointed to the Committee with effect from 1 July 2025.

Terms of Reference

The Committee's terms of reference can be viewed on our website:

 Discover more online
group.legalandgeneral.com/groupboardcommittees

Key responsibilities

- Determine and make a recommendation to the Board on the Group's remuneration policy.
- Determine the contractual terms and remuneration of the Chair, executive directors and designated senior managers, including base salary, policy and scope for pension arrangements, share and other incentive plans, bonus arrangements and shareholding requirements.
- Determine the framework for the remuneration policy for all other employees of the Group.
- Design of, or amendment to, any share- or cash-based performance-related pay plans operated by the Company.
- Exercise the powers of the employer in relation to the operation of the Group ShareSave Plan, Employee Share Plan and share incentive plans.
- Review the ongoing appropriateness and relevance of the Group's various remuneration policies and compliance with all regulatory requirements.

I am pleased to present the Directors' report on remuneration for 2025, as the Chair of the Remuneration Committee.

2025 has been a busy year for the Committee. A key area of focus has been the development of our new directors' remuneration policy (the policy), including consulting with investors on our proposals. This report contains our proposed policy which shareholders will be asked to approve at our 2026 AGM. I would like to thank all those we have consulted with for your time and guidance as we refined these proposals.

In addition to our proposed policy, this report also sets out the remuneration decisions we made, under the existing policy. A key item in 2025 was determining the appropriate remuneration as a result of the change in Group CFO. All of the decisions taken were fully in line with our policy.

Link between pay and performance

2025 was a strong year for L&G, with excellent progress in each of our three businesses. As the implementation of our strategy evolves we are continuing to benefit from further synergies between our three businesses. Institutional Retirement reinforced its position as leader in global pension risk transfer writing over £11.8 billion of PRT, including a £4.6 billion PRT transaction with Ford. We have seen material progress in Asset Management, with a strong £34 million in ANNR highlighting our shift to higher margins in income flows. In Retail, our customer base has grown to c.12.1 million, and DC AUM across the Group have surpassed £200 billion.

Progress on our strategy is encouraging. We have sharpened our strategic focus with the agreed sale of our US protection business and partnership with Meiji Yasuda for \$2.6 billion. We have progressed the disposal of assets in our Corporate Investments unit, unlocking value to support our ambition of enhancing shareholder returns.

We believe that the performance of the Group is appropriately reflected in our executive pay outcomes, as outlined here and in the sections that follow.

Annual Variable Pay (AVP)

For executive directors, 70% of the bonus opportunity is determined by Group financial performance, measured against pre-determined targets. This scorecard contains a number of financial metrics which assess both our in-year profitability and performance, as well as growth metrics assessing the extent to which new business is written in the year which will generate profits for shareholders in future years. Targets and outcomes are summarised in the 'Quick read' section on page 88.

The overall outcome across all financial measures is 52% of maximum (vs 50% in 2024).

As set out above, the Board believes the management team have delivered a strong year. This has also generated good outcomes for shareholders with a total shareholder return of 18.5% in calendar year 2025.

The overall outcome of 52% on our financial measures is a combination of the Committee setting genuinely stretching targets and headwinds in a number of areas that made it challenging to exceed our ambitious plan.

In year performance was strong, with our adjusted operating profit up 2.6% and core operating EPS up 9%, resulting in outcomes between target and maximum.

Our growth metrics generally performed well. However the PRT market was materially more subdued, with significantly lower market volumes than envisaged at the start of the year. Whilst we have written strong business in a subdued market, both from a market share and profitability perspective, these overall market conditions have been a drag on a number of our measures, most notably CSM.

Strategic objectives determine the other 30% of bonus opportunity, including strategy, customer and culture, and risk, with climate measures operating as an underpin. In line with previous years, customer and culture and risk measures are assessed taking into account a very wide range of quantitative and qualitative measures.

For 2025, the strategic measure was primarily assessed against the execution of our new strategy. This measure scored highly, and initial progress has been very strong, including building strategic partnerships with Meiji Yasuda and Blackstone. This has been supported by the delivery of our new behaviours helping to drive improvements in pace, execution and accountability across the Group.

The overall non-financial measures were scored at 23.2/30%, resulting in a total bonus opportunity of 59.3% of maximum. As noted further in this report, Jeff Davies who resigned as CFO in the year is not receiving an annual bonus. As Andrew Kail commenced in the role as CFO effective 1 December, the Committee determined that it was appropriate to award Andrew the same non-financial scores as the CEO for this one month period.

The Committee is comfortable that these formulaic outcomes are appropriate and consistent with performance, and therefore no discretion was applied.

Performance Share Plan (PSP)

The 2023 long-term incentive (PSP) award was made in April 2023, with vesting subject to earnings per share (EPS) growth and total shareholder return (TSR) growth metrics over a three-year period ended 31 December 2025. Performance was below threshold on all measures and therefore this PSP is lapsing in full.

As a reminder, the CEO was appointed at the start of 2024, part way through this performance period. He announced a new strategy shortly after his appointment. Whilst the PSP will lapse in full, the Committee is confident that L&G is performing well, progress against our strategy is on track and we are delivering strong outcomes for shareholders. In particular, the share price has recovered from a low point shortly before the CEOs appointment and TSR performance over the full three-year period was only slightly below median, with absolute TSR at 30%.

Executive director changes in 2025

As announced on 30 September 2025, Jeff Davies stood down from the Board on 10 December, with Andrew Kail joining the Board and commencing the role as Group CFO and executive director from 1 December. Jeff continued his employment with L&G until 28 February 2026 to ensure a smooth transition and received his contractual payments during this period.

On the basis that Jeff has left the Group by reason of his resignation, all unvested awards under the Share Bonus Plan (SBP) and PSP will lapse and Jeff is not eligible to receive a bonus in respect of 2025 performance.

Following Jeff's resignation, the Board enacted its Group executive succession plan and Andrew Kail, on the basis of his extensive knowledge and understanding of the business, his relevant financial and audit background and his excellent leadership credentials, was considered to be the standout candidate for this role.

Since joining L&G in 2021, Andrew has been CEO of the Retail Retirement business and more recently CEO of Institutional Retirement. In these roles, he has overseen the development of the integrated savings and retirement strategy and successfully developed and executed the strategy in our PRT business, with notable wins including NatWest, BP and Ford in 2025.

He also served as LGAS CEO from January 2024 and has previously held a number of director roles across L&G.

In determining the appropriate remuneration arrangements for Andrew, we took into account a number of factors including Andrew's calibre and experience, the competitive market for talent and desire to align performance closely to the delivery of our new strategy. We are comfortable that the remuneration arrangements are comparable with levels awarded at our peers. In line with the current shareholder approved policy, Andrew will receive:

- salary of £800,000 p.a.
- pension of 13% of salary (from 1 April 2026), benefits and car allowance
- AVP opportunity of 200% of salary for 2026
- PSP opportunity of 300% of salary for 2026

Revised remuneration policy for executive directors

The current directors' remuneration policy was approved by 95.5% of shareholders at the May 2023 AGM.

As a part of the three-year renewal cycle, the Committee conducted a comprehensive review of the policy in 2025 to ensure that it continues to support L&G's strategy and the attraction, retention, and motivation of key executive talent in a competitive market, while remaining responsive to investor expectations, corporate governance developments and evolving best practice.

Since the current policy was introduced, L&G has undergone significant changes, including the appointment of a new CEO in January 2024, who is now established in their role with a clearly communicated strategy to deliver sustainable growth and enhanced returns. These factors were taken into account during the review to ensure that incentives remain appropriately structured to motivate management to deliver our strategy.

Directors' report on remuneration continued

We carefully assessed the most appropriate form of the policy going forward, and consulted with our largest shareholders (over 40% of the register) and relevant representative bodies to seek feedback on our initial proposals. We are grateful for the time shareholders invested in reviewing our proposals and sharing their views. Their feedback, which covered a range of areas, was taken into account when refining our proposals.

The Committee concluded that the overall structure of the current policy – comprising a market standard bonus, AVP, and a PSP – remains fit for purpose. However, we are proposing limited amendments to quantum and to PSP measures to ensure that the policy is focused on the delivery of our strategy (including retention of our GMC and other senior management) and to strengthen further the link with shareholder experience.

The key changes and accompanying rationale, are as follows:

Increasing policy maximum for PSP:

The Committee recognises that under the current policy, the CEO's total remuneration is below market levels (below median of FTSE 100 Financial Services firms and specific peers of similar or smaller size and complexity). Further, the Committee also notes that the current CEO, António Simões, accepted a significant reduction in total remuneration upon appointment to his current role in January 2024.

We are proposing to increase the maximum PSP opportunity from 300% to 400% of base pay to ensure that total compensation remains competitive and that the Committee has sufficient headroom to respond to changing circumstances over the three-year life of the policy.

For 2026, the PSP grants will be 350% of base pay for the CEO and 300% of base pay for the CFO. We would engage with investors if any further increase in award levels were to be considered.

The Committee knows that António's skills and experience could attract higher levels of pay outside of the UK. While this review was not intended to address the gap with international peers, the proposed increase would align more closely with L&G's UK peers and the resultant level remains at/below the levels observed at our major UK listed peers.

Whilst the PSP quantum is being increased, this will only equate to an increase in actual pay if L&G delivers strong and sustained performance over a three-year period. Alongside this, we highlight that we are not making changes to other aspects of our PSP where our terms are more stretching than market norms. In particular, the payment for achievement of threshold performance will remain at 15% of maximum opportunity (below the market norm of 25%) and maximum pay under the TSR measures required performance at or above the 80th percentile (more stretching than the market norm of 75th percentile).

Increasing shareholding requirement:

The shareholding requirement will be increased from 325% to 350% of salary for the CEO, to align with the level of PSP awarded in 2026 and provide further alignment to shareholder interests. This requirement will apply both in role and for two years post-employment. The shareholding requirement will be reviewed should the Committee decide to award a higher PSP award in future years.

Changes to PSP measures

The current and proposed policy provides flexibility to determine the most appropriate measures annually. Whilst the choice of measures is an implementation matter, the 2026 measures have been a key focus of our review.

The key changes we are proposing are to:

1. Expand the current climate measure (20%) into a wider assessment of strategic progress (including climate) with an increase in weighting to 30% weighting.
2. Reduce the weighting of EPS measure from 40% to 30%.
3. Amend the peer group for our relative TSR measure to be assessed against a bespoke group. The revised group includes fewer general insurance peers and more asset management / diversified financial services groups, especially those in the retirement solutions space.

Our strategy and investment case includes a wide range of quantitative targets, including those for each business. The introduction of a strategic progress measure is intended to allow us to assess the successful delivery against these wide ranging ambitions. The overall assessment will be conducted in a holistic manner, underpinned by a clear framework for assessing these quantitative targets. In order to achieve a maximum outcome we will need to outperform the targets that have been communicated to shareholders in our strategy presentation.

In aggregate, our proposed measures ensure that outcomes will be driven by the successful execution of strategy, a sustainable increase in earnings and delivery of long-term returns to shareholders. Full details can be found on page 101.

Implementation of remuneration policy for 2026

Base pay and pension

There will be no increase in executive director salaries as part of our 2026 salary review process. This compares to an average salary increase across the Group of 2.4%.

Effective 1 April 2026, employer pension contributions for the wider workforce have increased to 13% of base pay. As such, and in line with our current policy, executive director pension levels have also increased to 13%.

AVP

In line with the current policy, maximum AVP opportunities for 2026 will be 200% of salary for both executive directors.

While no changes were proposed to the policy on AVP measures, the Committee undertook a detailed review of AVP measures and weightings for 2026 to simplify our current approach.

The changes made as a part of this review, in consultation with shareholders, are as follows:

- Reduce the number of financial metrics. We now have five metrics (vs 8 in 2024). Two metrics are core group-wide 'output' metrics with three input metrics representing the key measures of growth in each of the businesses.
- Replace the risk measure (10% weighting), with a risk underpin / modifier which will be used to reduce bonus outcomes in the case of poor risk performance.
- Separate Customer and Culture into standalone measures with 10% weighting for each (previously combined as a single measure).

A summary of all measures is included on page 88.

PSP

As noted above, PSP grants for 2026 will be at 350% of salary for the CEO and 300% of salary for the CFO. The measures are as summarised above and included in full on page 101.

Consideration of the wider workforce

The Committee has regard for the remuneration of all employees across the Group. The policies and practices applying to executive directors are the same as for the wider workforce in most instances, although quantum and participation by location and grade may vary. Following the review of the reward strategy for the wider workforce in 2024, the Committee has monitored the implementation of the new strategy during 2025. The Committee also approved a further increase to the employer pension contribution of 1% of base salary for UK employees below senior management, effective from 1 April 2026, following on from the 1% increases in 2024 and 2025. This is with a view to align employer pension contributions with those for senior management and underpins our commitment to the importance of decent pensions to long-term living standards.

The average annual base pay increase for UK employees was 3.6% in 2025 with base pay increases stratified so that higher base-salary increases applied to employees in lower-paid roles, reflecting their proportionally greater exposure to price inflation. A similar approach has also been adopted for 2026 with those in more junior roles receiving a base pay increase of 2.9%. Most employees are eligible to be considered for a bonus payment based on Group, divisional, individual and/or other specific performance metrics, with bonuses for performance during 2025 paid shortly after the year end, at the same time as bonuses for executive directors.

The Committee continues to maintain an oversight of progress on continuing work on diversity and inclusion and achieving a further narrowing of the gender pay gap. Further details on this can be found on page 34 and in our Social impact report.

2026 and beyond

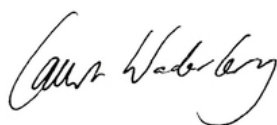
As we move into 2026, the Committee maintains its commitment to rewarding sustainable performance. We welcomed Emma Holden, our new Group CPO, as a member of the Group Management Committee on 2 February 2026. Emma brings deep experience in people leadership, with a particular focus on talent, culture and inclusion and has previously held CPO and senior leadership roles at Man Group and Schroders respectively. We look forward to her attendance at future Committee meetings.

We will continue to engage with our shareholders and other stakeholders on pay. In particular, we will be available to meet with shareholders and institutional bodies, to discuss our proposed new policy and pay outcomes for 2025, ahead of the 2026 AGM. It is very important to me that any proposals we bring forward have the support of our shareholders and that we take on board their views and expertise and I greatly look forward to engaging with them later this year.

Conclusion

I hope that you find the information in this letter, and the sections of the remuneration report that follow, to be clear and useful and I would welcome any feedback you may have.

I look forward to receiving your support for the renewal of our directors' remuneration policy and for our 2025 remuneration report at our 2026 AGM.



Laura Wade-Gery
Chair of the Remuneration Committee

Quick read summary

Overview of proposed changes to the directors' remuneration policy

The table below summarises our proposed changes to the directors' remuneration policy, subject to approval at the 2026 AGM. Full details of the policy can be found on page 90.

Policy element	Summary of proposed change	Rationale for change
PSP opportunity	Increase maximum opportunity from 300% to 400% of base pay. Note, the full headroom has not been utilised for 2026 PSP awards (see below).	To ensure that total compensation remains competitive and that the Committee has sufficient headroom to respond to changing circumstances over the three-year life of the policy.
Shareholding requirement	Increase CEO's role and post-employment shareholding requirement from 325% to 350% of base pay.	To recognise the increase in CEO's PSP opportunity.
PSP measures	Removed limit that strategic measures should have maximum weighting of 20%.	To allow us to set the most strategically aligned measures and targets.

Summary of implementation of directors' remuneration policy for 2026

Policy element	2026 implementation
Base pay	António Simões: £1,210,300 – 0% increase Andrew Kail: £800,000 – 0% increase Wider employee increase: 2.4%
Benefits	Generally in line with benefits provided to other employees and senior managers in the UK.
Pension contributions	Executive Directors: 13% of base pay (in line with wider workforce)
Annual Variable Pay (AVP)	Maximum opportunity (António Simões & Andrew Kail): 200% of base pay <div style="display: flex; align-items: center;"> <div style="margin-left: 20px;"> <ul style="list-style-type: none"> ■ Adjusted core operating EPS ■ Solvency II operational surplus generation ■ Combined Insurance New Business Value Add ■ Workplace net flows ■ Asset Management ANNR ■ Strategic progress ■ Customer ■ Culture </div> </div>
Performance share plan (PSP)	António Simões grant – 350% of base pay Andrew Kail grant – 300% of base pay
Performance measures	<div style="display: flex; align-items: center;"> <div style="margin-left: 20px;"> <ul style="list-style-type: none"> ■ EPS growth ■ TSR performance relative to FTSE 100 ■ TSR relative to a refined bespoke group ■ Strategic progress (including climate) <p>Further details on targets and consequent vesting levels are set out on page 101.</p> </div> </div>
Shareholding requirement	António Simões: 350% of base pay Andrew Kail: 325% of base pay Applies in role and for two years post-employment.

2025 performance outcomes

The performance measures for AVP and PSP awards are aligned to the key elements of the business strategy. This includes measures aligned to the Group's key financial performance indicators as well as non-financial measures, focused on effective risk management, customer and culture outcomes and progress against our Climate transition plan.

Details of performance against the 2025 AVP and 2023 PSP targets are provided below with further details on page 98 - 101.

Annual Variable Pay

Performance measures	Weightings	Actual	Maximum
Adjusted operating profit (£m)	15.0 %	15.0	15.0
Core operating EPS (p)	10.0 %	5.2	10.0
New business CSM (£m)	12.5 %	0.0	12.5
Solvency II operational surplus generation (£m)	12.5 %	8.9	12.5
Solvency II new business value add (NBVA) (%)			
Institutional Retirement SII NBVA (%)	5.0 %	0.0	5.0
Retail Annuities SII NBVA (%)	1.5 %	0.0	1.5
Protection SII NBVA (%)	1.5 %	1.5	
Asset Management ANNR	12.0 %	5.5	12.0
Strategic priorities	10.0 %	8.0	10.0
Risk management	10.0 %	7.2	10.0
Customer culture	10.0 %	8.0	10.0

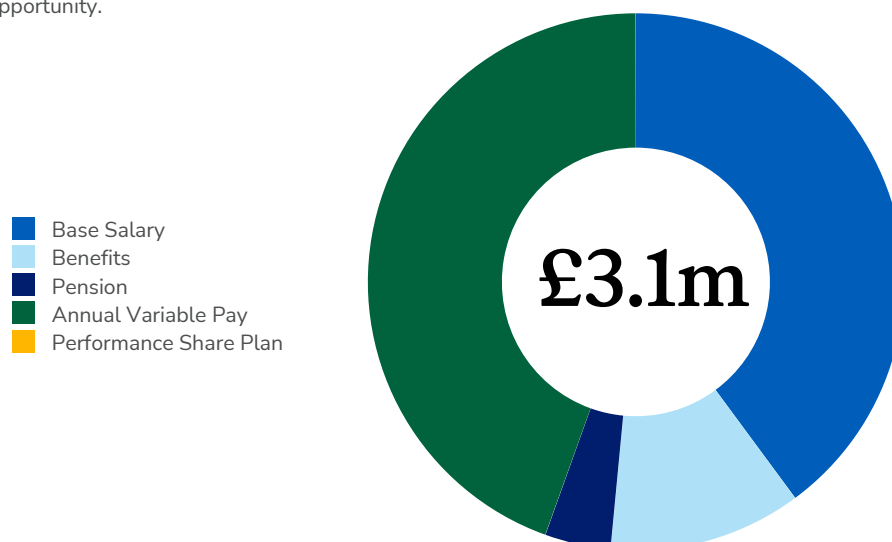
Performance Share Plan

Performance measures	Weightings	Actual	Maximum
EPS Growth	50.0 %	0.0	50.0
TSR vs FTSE 100	25.0 %	0.0	25.0
TSR vs comparator group	25.0 %	0.0	25.0

Total remuneration received

The charts below provide a breakdown of the total remuneration received by the Group CEO and their maximum remuneration opportunity.

António Simões
Actual remuneration



Remuneration policy

The following sections set out our directors' remuneration policy, which is subject to shareholder approval by way of a binding vote at the AGM on 21 May 2026 and which will take effect from the conclusion of the AGM if approved.

	Base Pay	Pension Contributions	Benefits	Annual Variable Pay (AVP)
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the market and requirements of the role.	Provides a basis for savings to provide an income in retirement.	Provides benefits and allowances that are market competitive and cost effective packages to assist executive directors in efficiently carrying out their duties.	Incentivises and rewards the achievement of annual financial performance and delivery of strategic priorities. 50% of any AVP award is deferred into shares, reinforcing retention and alignment with shareholders by encouraging long-term focus and risk alignment.
Operations	<p>Normally reviewed annually with effect from 1 March, taking into account:</p> <ul style="list-style-type: none"> the individual's skills, experience and performance scope of the role external market data, including other FTSE 100 companies and other financial and non-financial institutions pay and conditions elsewhere in the Group overall business performance <p>There is no obligation to increase base pay upon any such review and any decision to increase base pay will take into account the associated impact on overall quantum.</p>	<p>In line with other employees in the UK, executive directors may:</p> <ul style="list-style-type: none"> participate in a DC pension plan receive a cash allowance in lieu receive some combination thereof <p>Non-UK national executives may be permitted to participate in home-country pension plans where relevant.</p> <p>Base pay is the only element of pensionable remuneration.</p>	<p>Executive directors are eligible to receive a range of benefits, appropriate for their role. Current benefits, generally in line with other employees in the UK, include:</p> <ul style="list-style-type: none"> private medical insurance life insurance income protection all-employee (ShareSave and Share Purchase) share plans <p>Other benefits may be offered from time to time.</p> <p>Executive directors may participate in voluntary benefits and choose to acquire L&G products which they fund themselves, sometimes through salary sacrifice.</p> <p>In line with other senior managers in the UK, executive directors receive a non-pensionable cash allowance in lieu of a company car.</p> <p>Where an executive director is required to relocate, or perform duties outside their home country, additional benefits may be provided (including healthcare and assistance for housing, school fees, home travel, relocation costs and tax compliance advice) for a period not exceeding two years.</p>	<p>In normal circumstances:</p> <ul style="list-style-type: none"> Performance is assessed over a one-year period. Performance measures and weightings are set annually to ensure they are appropriately stretching and aligned with the Group's strategic priorities. Performance targets take into account internal forecasts, market expectations and prior year performance. Target normally equates to the forecast in the strategic plan, with maximum set at an appropriate stretch above plan, but still within the Company's risk appetite. AVP awards are determined after the year end, taking into consideration performance against targets, individual performance and overall business performance. 50% of any AVP award is paid in cash, after the year end, with 50% deferred into restricted shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements) over three years. Dividends or dividend equivalents may accrue during the deferral period and vest and are paid in shares upon vesting. Malus and clawback apply to both cash awards and deferred awards.
Maximum opportunity & performance metrics	<p>Maximum opportunity There is no set maximum base pay, but any increases will normally be in line with the range of increases for other UK employees. In specific circumstances, the Committee may award increases above this level, for example where:</p> <ul style="list-style-type: none"> Base pay for a recently appointed executive director has been set with a view to allowing progression in the role over time. There has been a significant increase in the size or scope of an executive director's role or responsibilities. There is a significant change in the regulatory environment. <p>Performance metrics Personal performance will be taken into consideration in determining any base pay increase.</p>	<p>Maximum opportunity Pension contributions for executive directors will be aligned to that available to the majority of the UK workforce (currently up to 13% of base pay).</p> <p>Performance metrics There are no performance conditions.</p>	<p>Maximum opportunity The maximum amount paid in respect of benefits will be the actual cost of providing those benefits which, particularly in the case of insured benefits, may vary from year to year, although the Committee is mindful of achieving the best value from benefit providers.</p> <p>The maximum opportunity for participation in the all-employee share plans is the same for all employees and takes into account prevailing HMRC rules.</p> <p>Performance metrics There are no performance conditions.</p>	<p>Maximum opportunity The maximum opportunity in respect of any financial year is up to 200% of base pay for any executive director.</p> <p>Normally, no bonus is payable for threshold performance or below, with up to 50% of maximum for target performance.</p> <p>The Committee will consider the calculated outcome in the context of a range of factors (not just the specific performance measures) including risk management, behaviours, culture, capital generation, Solvency II coverage ratio, sustainable financial performance and progress against environmental goals and may apply a 'modifier' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction.</p> <p>Performance metrics A combination of:</p> <ul style="list-style-type: none"> Financial performance (primary measure with at least 70% weighting) – to ensure growth and return to shareholders. Strategic and personal performance – to safeguard the future, with the development of future income streams and focus on key metrics including customers, culture and ESG.

Performance Share Plans (PSP)	Non-executive directors' fees	Shareholding requirements
<p>Provides a direct and transparent link between executive pay and the delivery of L&G's strategy over the longer term.</p>	<p>Compensates non-executive directors for their responsibilities and time commitment.</p>	<p>Provides alignment with shareholder returns and ensures the impact on directors' shareholdings moves in line with L&G's share price.</p>
<p>A conditional award of shares (or nil-cost options, or phantom equivalent, or other forms dependent upon business or regulatory requirements). In normal circumstances:</p> <ul style="list-style-type: none"> • Subject to a performance period of no less than three years and a further holding period of no less than two years following the end of the performance period. • Performance measures and targets are set annually by the Committee to ensure they are relevant and appropriately stretching and aligned with the delivery of shareholder returns. • The longer term performance targets take into account internal forecasts, any guidance provided to the market, market expectations, prior performance and the Company's risk appetite. • Dividends or dividend equivalents may accrue during the performance period based on the number of shares that vest but not those that have lapsed. • Malus and clawback apply. <p>Exceptionally, the Committee may adjust and amend the PSP awards in accordance with the rules, including:</p> <ul style="list-style-type: none"> • Lengthening the performance period and/or the holding period for future awards. • Reducing (but not increasing) the level of vesting dependent upon the performance of the Group. 	<p>Fees for the Chair and non-executive directors are set at an appropriate level to reflect:</p> <ul style="list-style-type: none"> • Time commitment required to fulfil the role. • Responsibilities and duties of the positions. • Typical competitor practice in the FTSE 100 and other financial services institutions. <p>Fees comprise a base fee for membership of the Board, plus (where applicable) additional fees for:</p> <ul style="list-style-type: none"> • Senior Independent Director (SID) • Committee Chairship • Committee membership (not including the Nominations and Corporate Governance Committee) • Designated Workforce Director • Consumer Duty Champion • Climate Director • Speak Up Champion <p>Additional fees for membership of Committee, or Chairship or membership of subsidiary boards, or other fixed fees may apply if justified by responsibilities or time commitment.</p> <p>The Chair receives an inclusive fee for the role. The Chair's fee is reviewed annually by the Committee and the non-executive directors' fees are reviewed by the executive directors. There is no obligation to increase fees upon any such review.</p>	<p>Executive directors are expected to retain any after-tax vested share awards until their shareholding requirements are met and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment with the Group.</p> <p>The Committee retains the discretion to withhold future PSP grants if executive directors are not making sufficient progress towards their shareholding requirement.</p> <p>Shares that count towards the minimum shareholding requirement include shares owned outright, any unvested awards not subject to performance conditions and any vested but unexercised options (on a notional net of tax basis if required). Shares subject to performance conditions do not count towards the shareholding requirement.</p> <p>Non-executive directors may elect to receive a proportion of their fees in L&G shares until their shareholding requirement is met.</p> <p>The sale of shares prior to the shareholding requirements being met may be permitted in extenuating situations, for example, a change to personal circumstances, ill-health, etc.</p>
<p>Maximum opportunity The maximum opportunity for an executive director in respect of any financial year is 400% of base pay.</p> <ul style="list-style-type: none"> • 15% of the award vests for threshold performance. • 100% of the award vests for achievement of maximum. <p>The Committee assesses the formulaic vesting outcome and may amend the vesting downwards (but not increase the level of vesting) considering a range of factors including overall performance, risk management, capital generation, Solvency II coverage ratio and ESG.</p> <p>Performance metrics An appropriate mix of:</p> <ul style="list-style-type: none"> • Earnings performance – to incentivise growth in earnings. • Shareholder return – to deliver a competitive return for shareholders. • Strategic performance including ESG – to incentivise the delivery of broader aspects of the Company's strategy. 	<p>Maximum opportunity Fees are subject to the aggregate limit in the Company's Articles of Association or any subsequent shareholder resolution. Any changes in this limit would be subject to shareholder approval.</p> <p>The Chair and non-executive directors are not eligible to participate in any benefit, pension or incentive plan. However, additional benefits may be provided if the Board feels this is justified, such as tax compliance advice, work permits or similar. Expenses incurred in carrying out duties (and any associated tax liability) may be reimbursed or paid directly by the Company.</p> <p>Performance metrics No performance conditions.</p>	<p>Minimum shareholding requirement</p> <ul style="list-style-type: none"> • 350% of base pay for the Group CEO • 325% of base pay for other executive directors • 100% of base fee for non-executive directors

Remuneration policy continued

Notes to Table

Decision making process

In determining the new remuneration policy (the policy), the Remuneration Committee discussed the detail of the policy over a series of meetings in 2025. The Committee considered the strategic priorities of the business and evolving market practice. Input was sought from the management team, while ensuring that conflicts of interests were suitably mitigated. An external perspective was provided by our major shareholders and independent advisors.

Deferred share element

The deferred share element of the AVP and the PSP shall be operated in accordance with the rules of the respective plans.

Prior arrangements

The Committee reserves the right to make any remuneration payments and/ or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report, where the terms of the payment were agreed:

- before 21 May 2014 when the Group's first approved policy came into effect;
- before the policy above came into effect, provided that the terms of such payment were consistent with the shareholder approved policy at the time the payments were agreed; or
- at a time when the relevant individual was not a director of Legal & General and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of Legal & General.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to deferred awards, the terms of the payment are 'agreed' at the time the award is granted.

Minor amendments

The Committee will follow any statutory requirements when operating the policy and may make minor amendments to the policy for regulatory, exchange control, or administrative purposes without obtaining shareholder approval for that minor amendment.

Malus/clawback

The Committee may apply malus and clawback (i.e. reduce the number of shares in respect of which an award vests, or delay such vesting, or impose additional vesting conditions) in the event of financial misstatement, personal misconduct, failure of risk management, reputational damage, factual error in calculating payment/ vesting, material downturn in performance or other exceptional circumstances identified by the Committee. The Committee may also, in exceptional circumstances, clawback share awards which have already been released to individuals, if it considers it appropriate to do so having regard to such factors as it deems relevant – such as the likelihood of recovery, any loss suffered and the link between the award and the event. Clawback will normally only apply within four years of the end of the relevant performance period. A four year period has been chosen as it is sufficient to allow us to identify if any events have occurred which would require the enforcement of clawback. Malus and Clawback has not been applied in relation to director's remuneration in 2025.

Discretion in relation to future operation of the policy

In the event of a variation of the company share capital or a demerger, special dividend or any other event that may affect the Company's share price, the number of shares subject to an award and/ or any exercise price applicable to the award, may be adjusted. The Committee may amend any performance conditions applicable to PSP awards if any event occurs which causes the Committee to consider that an amended performance condition would be more appropriate and not materially less difficult to satisfy.

Performance measures and targets

The performance conditions for the AVP and the PSP have been chosen by the Committee to align with the Group's strategic priorities and are the key performance indicators in relation to the operation of the business. AVP financial measures support company growth and return to shareholders. AVP strategic and personal measures have been set to safeguard the future of the company, by for instance, focusing on the development of future income streams and to ensure performance related to key metrics such as risk management, customer strategy and culture is taken into consideration. For the PSP, earnings measures are chosen to incentivise growth in earnings and shareholder return measures are chosen to deliver a good return on equity for shareholders.

Remuneration policy for other employees

The remuneration policy for other employees does not differ significantly from the executive remuneration policy.

Recruitment Remuneration

The Committee will pay no more than it considers necessary to attract appropriate candidates and it is not contemplated that remuneration will need to be different from the structure or exceed the limits set out in the remuneration policy table. The maximum variable remuneration will be in line with that set out in the remuneration policy table, that is 600% of base pay, excluding any compensation for awards forfeited on appointment.

As a result of regulations around the globe in the financial services sector, executives are likely to have accrued deferred remuneration which may be lost upon a change of employment. Accordingly, to aid the recruitment of a new executive director, the Committee may grant deferred cash and share awards to compensate for awards forfeited upon leaving a previous employer, taking into consideration relevant factors including:

- the form of the award
- any performance conditions
- the vesting profile and likelihood of vesting
- relevant regulatory requirements and guidance

Any awards will reflect the terms and the value of the arrangements forgone and any such compensation will be subject to forfeiture and clawback if the executive leaves the Company voluntarily within a fixed time period determined by the Committee, being not less than three years. Where possible the Committee will use existing share-based plans. However, in the event these are not appropriate, the Committee retains the discretion to use the Listing Rules exemption (LR 9.4.2) for the purpose of making an award to compensate for amounts forfeited upon leaving a previous employer.

For internal appointments, the Committee may continue to honour prior commitments made before joining the Board.

Where a new executive director has to relocate to take up the appointment, either within the UK or from overseas, practical and/ or financial support may be provided in relation to relocation or mobility including the cost of any tax incurred for a period not exceeding two years. For appointments from overseas, certain home country benefits may continue to apply. Relocation and mobility support may also apply to the recruitment of a non-executive director.

The Committee will normally align the remuneration arrangements for new non-executive directors with those outlined within the policy table.

Service contracts and appointment letters

All executive directors are subject to annual re-election. The contracts for executive directors are rolling service contracts.

When determining the leaving arrangements for an executive director, the Committee will take into account any pre-established agreements, including the rules of any incentive plans, statutory and contractual obligations, the performance and conduct of the individual and the commercial justification for any payments.

Standard notice policy is:

- 12 months' notice from the company
- 12 months' notice from the executive director

Executive directors may be required to work during their notice period, or take a period of 'garden leave', or may be provided with payments in lieu of notice if not required to work their full notice period.

Termination and payments for loss of office

Any termination payments in lieu of notice would consist solely of base pay and the cost of providing benefits for the outstanding notice period. Any statutory requirements will be observed. Our standard practice is to include within executive directors' contractual terms mitigation provisions as regards to payments in lieu of notice.

Eligibility for annual variable pay, deferred annual variable pay awards and performance share awards are governed by their respective plan rules, as summarised below:

- AVP – there is no automatic entitlement to an annual bonus in the year of cessation of employment. However, for a 'Good Leaver', the Committee may determine that an executive director will receive a bonus pro-rated for the period through to leaving based on targets and performance for the full year and an assessment of overall business and personal performance.
- Deferred AVP awards – in the event that a participant is a 'good leaver' any outstanding unvested deferred awards will normally be released in accordance with the ordinary timescale. Exceptionally, the Committee reserves the right to accelerate any vesting or payment, for example in the case of terminal illness.
- PSP – unless the Committee determines otherwise, in the event that a participant is a 'good leaver' any unvested PSP awards will be pro-rated for the period through to leaving and vest based on targets and performance to the end of the performance period, with awards released at the normal times. Exceptionally, the Committee reserves the right to accelerate vesting or payment due, for example, in the case of terminal illness.

'Good leaver' circumstances are leaving due to death, disability, ill-health or injury, redundancy, retirement with company agreement, the individual's employing company/ business ceasing to be part of the group, or other circumstances at the Committee's discretion. For all other leavers, unvested awards lapse.

Awards will generally vest early upon a takeover of the company, merger or other corporate reorganisation. Alternatively, participants may be allowed or required to exchange their awards for new awards. If there is a demerger, delisting or special dividend or other transaction which may affect the share price, the Committee may allow awards to vest on the same basis as for a takeover.

The Committee reserves the right to make any other payments in connection with a director's cessation of office/ employment where the payments are made in good faith in the discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement of any claim arising in connection with the cessation of the director's office/ employment, or for any fees for outplacement assistance and/ or director's legal and/ or professional advice fees in connection with his/ her cessation of office/ employment.

Consideration of employment conditions elsewhere in the Group

The remuneration policy for other UK employees is similar to that for executive directors in accordance with our philosophy that remuneration should be appropriate to the local competitive market and reward high performance in a framework of appropriate risk management.

The balance between fixed and variable pay is shifted toward fixed pay for employees in more-junior roles and towards variable pay for those in more-senior roles. A large proportion of variable pay for senior employees or executive directors is delivered in shares over multiple years – aligning their interests more closely with those of shareholders. Other components of remuneration may be paid at different levels based on grade or length of service (for example, pension participation and some benefit entitlements and allowances). There are other variances depending on geographic location and local market practice. However, the general approach is consistent across the group. Further details are provided on page 108.

Remuneration policy continued

The Committee receives information regarding base pay, benefits, variable pay and terms and conditions of employees throughout the Group. This includes relevant background information that allows the Committee to consider not only the highest paid, but the lowest paid and all pay levels across the Group and ensure a consistency of approach when determining the remuneration arrangements for executive directors. The Committee also has oversight of all long-term incentive awards across the company.

The Company does not invite employees to comment specifically on the directors' remuneration policy, but regular employee surveys include questions about pay and benefits and the responses are used to inform remuneration policy across the group.

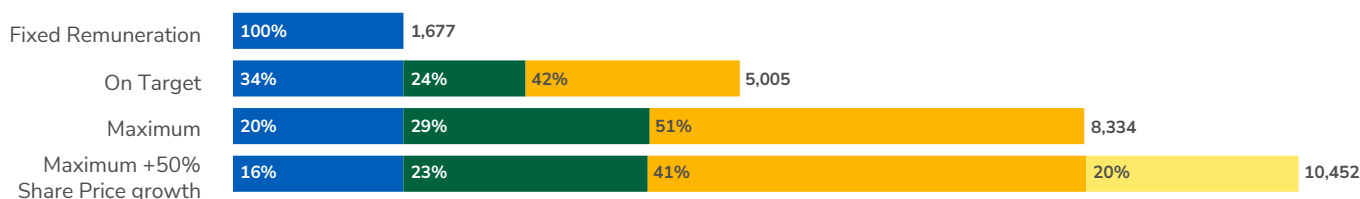
Statement of consideration of shareholder views

The Committee seeks to maintain an active dialogue with investors regarding remuneration and corporate governance more generally. During 2025, the Committee sought feedback from its 20 largest shareholders and representative bodies regarding the directors' remuneration policy, so that shareholders could enter into further discussions with the Chair of the Committee and express their views in advance of the Committee making any final proposals. The responses helped shape the Committee's thinking in formulating the changes to the remuneration policy. The Committee is grateful to shareholders for their feedback and continues to appreciate all feedback.

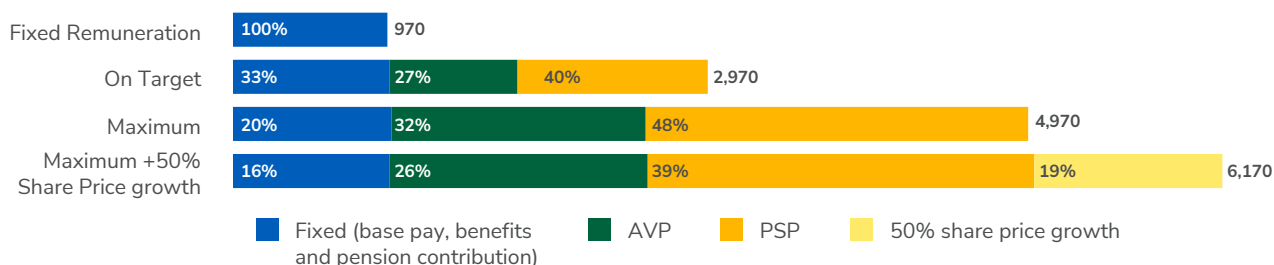
Illustration of the application of the remuneration policy

Remuneration Scenario (£'000)

António Simões



Andrew Kail



In developing the scenarios, the following assumptions have been made:

- Fixed Remuneration – Consists of 2026 base pay, pension allowance of 13% of base pay and benefits of private medical insurance, income protection and all-employee share plans.
- On Target – In addition to fixed remuneration:
 - annual variable element pays out at 50% of maximum and includes the potential value that each executive director could receive for target performance
 - PSP is shown at threshold (15% of maximum).
- Maximum – In addition to fixed remuneration, includes the potential value that each executive director could receive for maximum performance under the annual variable element and the PSP.
- Maximum + 50% share price growth- In addition to the maximum scenario, includes a 50% share price increase assumption on the PSP award.

How our approach to remuneration aligns with strategy

Our remuneration approach is designed to support our purpose and strategic priorities and reward the achievement of long-term sustainable performance. Financial and non-financial KPIs are set for AVP and PSP to ensure this alignment:

Strategic priority	Alignment with strategic priorities through setting KPIs that	2026 AVP	2026 PSP
 Sustainable growth	Reward the delivery of sustainable growth across our three core businesses and the delivery of: <ul style="list-style-type: none"> future growth in shareholder returns positive customer outcomes progress against stated climate commitments. 	Combined insurance NBVA 15% Asset management ANNR 10% Workplace net flows 5%	Assessment of strategic progress (incl. climate) 30%
 Sharper focus	Reward a focus on the implementation of the strategy, focused on the priorities for our core businesses.	Personal objectives linked to: Strategic Priorities, Customer, and Culture 30%	
 Enhanced returns	Reward the delivery of enhanced shareholder returns linked to: <ul style="list-style-type: none"> achievement of target against key financial metrics investment in the business for long-term growth. 	Adjusted core operating EPS 20% SII operational surplus generation 20%	EPS 30% TSR v FTSE 100 20% TSR v bespoke comparator group 20%

Annual report on remuneration

Audited information

Content contained within a grey outline box indicates that all the information in the panel is audited.

Planned implementation for 2026

Content contained within a blue box indicates that all the information in the panel is planned for implementation in 2026.

'Single figure' of remuneration – executive directors

The following table shows a single total figure of remuneration for each executive director in respect of qualifying services for the 2025 financial year, together with a comparative figure for 2024.

Single figure table

£'000	António Simões		Jeff Davies		Andrew Kail
	2025	2024	Qualifying service as Executive Director - 1 Jan 25 - 10 Dec 25	2024	Qualifying service as Executive Director 1 Dec 25 - 31 Dec 25
Base pay	1,204	1,171	736	684	67
Benefits	353	439	24	24	7
Pensions	120	117	74	68	7
Total Fixed Pay	1,677	1,727	834	776	81
AVP	1,436	1,419	–	583	79
Replacement Award	–	7,421	–	–	–
PSP	–	0	–	–	–
Total Variable Pay	1,436	8,840	–	583	79
Total Remuneration	3,113	10,567	834	1,359	160

Base pay

Executive director	Annual base salary as at 1 January 2025	Annual base salary effective 1 March 2025	Total base salary paid in 2025	Annual base salary effective 1 March 2026	% Increase
António Simões	1,175,000	1,210,300	1,204,417	1,210,300	–
Jeff Davies ¹	689,000	800,000	736,339	–	–
Executive director			Annual base salary as at 1 December 2025	Annual base salary effective 1 March 2026	% Increase
Andrew Kail ²			800,000	800,000	–

1. Jeff Davies salary will remain unchanged until he leaves employment on 28 February 2026.

2. Andrew Kail's salary is effective from 1 December 2025.

Benefits

Benefits include the elements shown in the table below.

Executive Director	Car allowance and insurances £'000	Relocation £'000	Dividends £'000	Discount SAYE and SIP matching shares £'000	Total benefits £'000
2025					
António Simões	49	304	–	–	353
Jeff Davies	20	0	2	2	24
Andrew Kail	2	0	1	4	7
2024					
António Simões	46	393	–	–	439
Jeff Davies	20	0	2	2	24

The Employee Share Purchase (ESP), matching shares and dividends relate to the all-employee share purchase plan. No dividends are payable on outstanding Share Bonus Plan (SBP) or PSP awards. ShareSave is calculated based on the value of the discount on ShareSave share options exercised in the year.

António Simões was formally appointed as Group CEO from 1 January 2024. The appointment required António to relocate from Spain, to the UK. In line with our policy on recruitment remuneration, António has been provided with practical and financial support, in preparation for and during his relocation.

Relocation expenses until the end of 2025 have been £303,662 in total relating to travel expenses. In line with the remuneration policy, no further relocation support has been provided after 31 December 2025.

Benefits for 2026

Benefits for 2026 remain in line with policy.

Pension

António Simões, Jeff Davies and Andrew Kail received a cash allowance in lieu of pension contributions equal to 10% of base pay, aligned with the employer pension contributions for the majority of the UK workforce. No executive director has a prospective entitlement under a defined benefit plan. All cash allowances are subject to normal payroll deductions for income tax and national insurance.

Pension for 2026

Effective from 1 April 2026, António Simões and Andrew Kail will receive a cash allowance of 13% of base pay, aligned with employer pension contributions for the majority of the UK workforce.

Annual report on remuneration continued

2025 AVP awards

The 2025 AVP awards are based on performance for the year ended 31 December 2025. 70% of the bonus opportunity is determined by financial performance and 30% is based upon the achievement of strategic objectives. As Andrew Kail commenced in the role as CFO effective 1 December 2025 the Committee determined that it was appropriate to award Andrew the same non-financial scores as the CEO for this one month period.

The figures below represent the total 2025 AVP awards to be paid, incorporating the amount payable in cash in 2026 (50%) and the amount deferred into restricted shares for a further three years to be released in 2029 (50%) subject to continued employment with malus and clawback provisions.

Performance Measures	2025 performance targets and outcome				Outcome (% of max)	Weighting	Payout % of maximum
	Threshold	Target	Maximum	Actual			
Adjusted operating profit (£m)	1,560	1,660	1,743	1,756	100.0 %	15.0 %	15.0 %
Core operating EPS (p)	19.3	20.9	21.9	20.9	51.7 %	10.0 %	5.2 %
New business CSM (£m)	721	869	973	573	–	12.5 %	–
Solvency II operating surplus generation (£m) ¹	1,469	1,512	1,555	1,530	70.9 %	12.5 %	8.9 %
Solvency II new business value add (NBVA) (%)							
Institutional Retirement SII NBVA (%)	4.4	4.5	4.9	4.3	–	5.0 %	–
Retail Annuities SII NBVA (%)	4.3	5.0	5.8	3.1	–	1.5 %	–
Protection SII NBVA (%)	3.3	3.5	3.8	4.9	100.0 %	1.5 %	1.5 %
Asset Management ANNR (£m)	20.5	35.0	50.0	34.0	46.6 %	12.0 %	5.5 %
Strategic priorities ²					77.3 %	30.0 %	23.2 %
					Total	100.0 %	59.3 %
Maximum bonus opportunity (% of base pay)							200 %
Base pay - António Simões							1,210,300
Base pay - Andrew Kail ³							66,667
António Simões							1,435,900
Andrew Kail							79,000

1. The methodology for calculating Solvency II operational surplus generation has been updated such that TMTP amortisation is now reflected as an operating variance. See further information on APMs on page 250.

2. See page 99 for further details.

3. Andrew Kail's base salary has been pro-rated for the period 1 December to 31 December, reflecting time served as CFO during 2025.

Strategic objectives comprise a qualitative assessment by the Remuneration Committee of operational performance and risk management, customer and culture metrics and other strategic objectives set by the Committee, including ESG objectives. A qualitative assessment, rather than an outcome based only on pre-determined numerical targets, is considered more appropriate for the assessment of strategic objectives, as this enables the Committee to consider performance in the context of a range of factors and changing situations during the year.

Key focus areas are identified at the beginning of each year and strategic objectives may be set individually for each executive director or assessed as their individual contribution to joint objectives. Normally, 10% of the total bonus opportunity is allocated to each category, encompassing:

- strategy: focus on safeguarding the future of the Company and developing future income streams
- culture & customer: based on a range of metrics which reflect the impact of culture on employees and customers, including customer performance scores and feedback, employee engagement scores and progress against gender and other diversity goals
- risk: supported by analysis from the Group Chief Risk Officer, using quantitative and qualitative metrics, including divisional and Group operational performance, capital management, prudential risk, IT and cyber risk and internal audit
- environmental (modifier): progress against key environmental commitments as referenced in our 2025 Climate and nature report and increase in the prominence of sustainability considerations in commercial decisions taken during the year (including operational, investment and product development decisions).
- other non-environmental ESG metrics are incorporated into the existing strategic and personal performance measures, rather than a separate or additional component. AVP may be reduced if insufficient progress is made against ESG metrics.

Outcomes
(out of 10)

CEO and CFO

Performance measure and focus areas	Commentary	Outcomes (out of 10)
<p>Strategy (10% weighting)</p> <p>Development, communication and roll out of the new strategy.</p>	<ul style="list-style-type: none"> • Engaging closely with the senior team and Board, driving the implementation of the new strategy including delivery of the Asset Management and Retail deep dives. • Strengthening investor engagement through the deep dives and senior-level meetings, including welcoming Meiji Yasuda as a new long term strategic investor. • Executed the sale of US Protection and formed a strategic partnership with Meiji Yasuda, creating a platform for growth in US PRT, Asset Management and future international optionality. • Completed the Proprium acquisition and advanced strategic partnerships across the Group (e.g. Blackstone), expanding private markets, real estate, and international distribution capabilities. • Strengthened Workplace leadership, strategic direction and delivery capability contributing to an improved new business win rate (c.65% vs c.19% in 2024). • Simplified the Group portfolio and strengthened capital discipline through the disposal of non strategic assets – IVG, Bracknell, and Surveying Services. 	8.0
<p>Culture & customer (10% weighting):</p> <p>Alignment of culture with delivery of the new strategy.</p>	<ul style="list-style-type: none"> • Strong performance embedding behaviours in line with L&G strategy, including high level of employee confidence in demonstrating the new behaviours (85%). • Employee engagement remains strong (79%) amid transformation activity and strongly favourable to external benchmarks (Pride +10%, eSat +9%, Recommend L&G as place to work +4%, Intent to Stay +1%). • In 2025, made Group Management Committee changes including new Group CFO, Institutional Retirement CEO, and Chief Operating Officer and continued to invest in wider Group Senior Leadership Team community. • Fully engaged on the Consumer Duty programme ensuring progress on key areas, including improved management information to ensure continued delivery of high quality service to customers. • Strong 'tone from the top' on Speak Up, delivering high level of employee awareness (86%) indicating positive cultural traction. 	8.0
<p>Risk management (10% weighting)</p> <p>Successful delivery of performance within the Group's risk appetite.</p>	<ul style="list-style-type: none"> • Demonstrated consistent and positive engagement with the risk agenda through his Chairing of the Executive Risk Committee focused on driving outcomes and a tangible focus on the root cause of risk events through proactively commissioning read across and lessons learned exercises within the Divisions. • Been a vocal advocate on initiatives to strengthen the company's risk management framework. • Maintained a strong focus on risk/reward trade-offs through committee discussions helping to maintain the strong discipline we have established across the Group. • Open and proactive approach to engaging with our Supervisors at the FCA and PRA helping to build awareness of the Group's strategic direction through constructive dialogue enhancing the trust we have and enabling continued enhancement of our approach. • Provided a continued and ongoing focus on strengthening our controls to keep pace with growing business complexity. 	7.2
Environmental measures (modifier)		
<p>Investment portfolio carbon emission intensity reduction</p>	<ul style="list-style-type: none"> • Investment portfolio carbon emission intensity reduced to 51 tCO₂e/£ million in line with pathway to achieve 50% reduction by end 2030 (from a 2019 baseline). 	
<p>Progress in delivery of operational emissions science-based target (SBT)</p>	<ul style="list-style-type: none"> • Good progress against operational emissions SBT with operational footprint reduced to 19,921 tCO₂e (2024: 27,418 tCO₂e), in line with our SBT and net zero ambition. 	Progress on or exceeding targets
<p>Increase prominence of sustainability considerations in commercial decisions</p>	<ul style="list-style-type: none"> • Group and Asset Management continue to play active roles in industry climate forums, government lobbying and shaping of the regulatory framework for sustainability. 	

In addition, the Committee considers the Solvency II coverage ratio (2025: 203%) and sustainable financial performance and may apply a 'modifier' to reduce (but not increase) an AVP award if there are factors that warrant such a reduction. For 2025, it was determined that no adjustment was necessary to the calculated AVP award.

Annual report on remuneration continued

Risk consideration

The Committee reviewed a comprehensive report from the Group Chief Risk Officer to ascertain that the executive directors' objectives had been fulfilled within the risk appetite of the Group. In addition, the Committee received feedback from the Group Regulatory Risk and Compliance function that there were no issues to consider relating to regulatory breaches or customer outcomes that would prevent payment of any AVP award or trigger a recommendation that malus should be applied. The Committee was satisfied that the AVP awards should be paid.

Deferral policy

In line with the remuneration policy, 50% of all 2025 AVP awards have been deferred for three years into restricted shares, subject to continued employment and with malus and clawback provisions.

AVP potential 2026

In line with the remuneration policy, for 2026 the target and maximum AVP opportunities for our executive directors will be:

Executive Director	Target opportunity (% of base pay)	Maximum opportunity (% of base pay)
António Simões	100 %	200 %
Andrew Kail	100 %	200 %
Financial measures		Weighting (%)
Output	Core operating EPS (p)	20 %
	SII operational surplus generation (£m)	20 %
Input	Combined Insurance New Business Value Add (%)	15 %
	Asset Management ANNR (£m)	10 %
	Workplace net flows (£bn)	5 %
Non-financial measures		Weighting (%)
	Strategic priorities	10 %
	Customer	10 %
	Culture	10 %
Total		100 %

Environmental & risk (modifiers): assessed based on progress against key environmental commitments as referenced in our 2025 Climate and nature report and achievement of objectives within the risk appetite of the Group.

Group financial targets will be disclosed in the 2026 Annual report and accounts. Some strategic and personal targets are considered confidential and will not be disclosed in any future report.

In line with the remuneration policy, 50% of all 2026 AVP awards will be deferred for three years into restricted shares, subject to continued employment, with malus and clawback provisions.

Details of how the 2023 PSP award vested

Outcomes against both the total shareholder return (TSR) performance (50%) and EPS growth (50%) over the three-year performance period ended 31 December 2025 did not achieve the threshold level required for any shares to vest from the 2023 PSP award. A summary of the outcome per measure is shown below, with further detail provided on page 101.

	Weighting	Outcome (% of maximum)
TSR vs FTSE 100	25 %	–
TSR vs bespoke comparator group	25 %	–
EPS growth (% p.a.)	50 %	–
Overall	100 %	–

The bespoke comparator group comprises:

Abrdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, Gjensidige Forsikring, Hannover Rueck, Lincoln National, Mapfre, M&G, Metlife, Muenchener Ruck, NN Group, Phoenix Group, Principal Financial, Prudential, Prudential Financial, Sampo A, Swiss Re, Talanx, Zurich Insurance Group.

The results are shown below:

Grant date	Performance Period	Comparator group	Legal & General's TSR ¹	Comparator group median rank	Comparator group 80th percentile TSR performance	Legal & General's notional rank	% of award vesting against comparator group
06 April 2023	1 January 2023 - 31 December 2025	FTSE 100	30.1 %	34.1 %	118.1 %	53.1	–
		Bespoke		73.9 %	123.7 %	18.3	–

1. TSR is calculated in accordance with the Performance Share Plan rules using the three-month average prior to the start of the performance period.

Performance was below the threshold level for all performance conditions. No shares will vest from the 2023 PSP award.

Performance Share Plan (PSP) awards for 2026

For 2026 the PSP award will be assessed against the following measures and targets:

Measure	Weightings	Threshold (15% vesting)	Maximum (100% vesting)
EPS	30%	24.00p	30.71p
TSR vs FTSE100	20%	Median	80th percentile
TSR vs bespoke group ¹	20%	Median	80th percentile
Strategic progress (including climate)	30%	Holistic assessment, underpinned by a range of quantitative KPIs – see details below.	

1. Peer group is: Aberdeen, Aegon, Allianz, Amundi, Aviva, AXA, DWS, Generali, ICG, M&G, MetLife, NN Group, Phoenix Group, Principal Financial, Prudential, Prudential Financial, Schroders, Sun Life, Swiss Life, Zurich Insurance Group

Overview of strategic progress measure

The Committee will assess the extent of L&G's progress against its strategic priorities over the performance period. The Committee will consider progress separately in each of the three businesses, as well as Group-wide progress against our climate goals.

The Committee's assessment will be primarily informed by progress against a number of quantitative measures, with the final assessment determined by the Committee holistically. This holistic assessment enables the Committee to take into account the full extent of our strategic progress.

Strategic progress KPIs

The quantitative measures of success are based on the divisional targets disclosed to investors since our Capital Markets Event in 2024 and the climate targets included in our Social impact report.

Successfully delivering the top end of our publicly stated goals would result in a strong performance outcome, however in order to achieve a maximum outcome, management will need to outperform these publicly stated goals (as set out below).

Measure	Targets
Institutional Retirement	
Adjusted operating profit CAGR	5%-7%
Capital strain UK PRT	<4%
UK New Business CSM	See note 1
Asset Management	
Adjusted operating profit	£500-600m
Cumulative ANNR	£100-150m
Private Markets AUM	>£85bn
Retail²	
Adjusted operating profit CAGR	4-6%
Workplace Savings net flows	£40-50bn

1. We have stated an ambition to generate PRT volumes of £50-65 billion. However, as management are prioritising pricing discipline over volume, UK new business CSM will be used as part of the quantitative measures as a proxy to the UK PRT volume ambition disclosed at our Capital Markets Event in June 2024. As this is a commercially sensitive measure we will not be publishing a target at this time but will provide details retrospectively at the end of the 3 year performance period.

2. For the retail business the Committee will also take into account customer outcomes over this period (and, in particular, net promoter score) as it is critical we deliver a strong outcome for customers alongside our broader strategic ambitions.

Annual report on remuneration continued

Climate

The quantitative measures of success in relation to our climate goals are outlined below. Similarly to the above, performance is in line with the progress required to achieve our long-term goals which would result in a strong performance outcome, however in order to achieve a maximum outcome, management will need to make quicker progress towards our long-term ambitions.

Progress against Climate Transition Plan	Threshold	Maximum
Portfolio GHG emission intensity reduction, from a YE19 baseline, (aligned with the pathway to achieving 50% reduction by 2030)	41 %	47 %
Progress on operational emissions SBT, from a YE21 baseline, (aligned with the pathway to achieving a 42% reduction in our absolute scope 1 and 2 GHG emissions by 2030)	33 %	40 %

Other remuneration information

Total shareholder return (TSR)

The chart shows the value, as at 31 December 2025, of £100 invested in L&G shares on 31 December 2015, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the comparator because the Company is a member of this index.

As at 31 December 2025
150%



■ L&G ■ FTSE 100

Source: Datastream

Group Chief Executive – historical remuneration information

The table below shows the remuneration of the Group Chief Executive in place at the time over the same period:

Year	Year	Single Figure Total Remuneration	Annual variable element against max opportunity	PSP vesting rates against max opportunity
2025	António Simões	3,113	59.3 %	– %
2024	António Simões ¹	10,567	60.4 %	– %
2023	Nigel Wilson	3,336	53.8 %	61.1 %
2022	Nigel Wilson	4,016	91.4 %	52.3 %
2021	Nigel Wilson	4,311	94.5 %	82.9 %
2020	Nigel Wilson	2,092	23.5 %	24.2 %
2019	Nigel Wilson	4,592	91.1 %	86.9 %
2018	Nigel Wilson	3,398	80.4 %	48.7 %
2017	Nigel Wilson	3,439	85.3 %	59.9 %
2016	Nigel Wilson	5,417	87.8 %	76.6 %

1. António's 2024 single figure total remuneration reflects the buy-out award he received upon joining Legal & General.

Due to the timing of the vesting of PSP awards, initially PSP figures within the single figure of remuneration are calculated based on the average share price for the three months ended 31 December in the respective year. For 2024, the 2022 PSP, for which the performance period ended on 31 December 2024, did not vest; therefore, there was no requirement to restate the figures. The figures in the table above have been restated to reflect the actual share price on vesting for the years 2016 – 2023.

Scheme interests awarded during the financial year

The following table sets out details of share awards granted in 2025.

Executive Director	Award type	Reason for award	Awards granted in 2025	Grant price	Face value at grant price
António Simões	PSP	Nil-cost option	1,559,932	2.328	3,630,900
	Deferred bonus assurance	Restricted shares	315,355	2.250	709,550
Jeff Davies	PSP	Nil-cost option	859,254	2.328	2,000,300
	Deferred bonus	Restricted shares	129,511	2.250	291,400

Performance conditions for PSP awards granted in 2025

	Weighting	Threshold	Maximum
Vesting		15 %	100 %
TSR vs FTSE 100	20 %	Median	80th percentile
TSR vs bespoke comparator group ¹	20 %	Median	80th percentile
EPS growth	40 %	19.54p	25.01p
Progress against Climate transition plan	20 %		
Investment portfolio GHG emission intensity reduction, from a YE19 baseline (aligned with the pathway to achieving 50% reduction by 2030)	5 %	40 %	45 %
Investment portfolio temperature rating (SBTi metric) to achieve 2.1 degree portfolio alignment on listed equities and bonds	5 %	2.2 degrees	2.1 degrees
Progress on operational emissions SBT, from a YE21 baseline (aligned with the pathway to achieving a 42% reduction in our absolute scope 1 and 2 GHG emissions by 2030)	10 %	35 %	39 %

1. TSR performance relative to a bespoke peer group (comprising Abrdn, Aegon, Ageas, Allianz, Assicurazioni Generali, Aviva, AXA, Gjensidige Forsikring, Hannover Rueck, Lincoln National, M&G, Mapfre, Metlife, Muenchener Ruck, NN Group, Phoenix Group, Principal Financial, Prudential Financial, Prudential, Sampo A, Swiss Re, Talanx and Zurich Insurance Group)

In determining the final outcome for the Climate transition measures, the Remuneration Committee may make a downwards adjustment if they are not satisfied that positive and sufficient progress has been made against our target of 70% of eligible AUM to be managed in alignment with net zero by 2030.

The Remuneration Committee will also consider material market movements and business composition changes when assessing the final outcome and may make adjustments to the outcome as a result.

Annual report on remuneration continued

Statement of directors' shareholding and share interests

Total shareholding of executive directors as at 31 December 2025:

Name	Type	Own outright/ vested shares	Unvested deferred awards	Subject to deferral/ holding period	Total vested and unvested shares (excludes any shares with performance conditions)	Shares sold or acquired during the period 1 January 2026 and 2 March 2026		
						Owned outright	Subject to holding period	Owned outright/ vested shares
António Simões	Shares	367,161	–	1,510,830	1,877,991	–	–	–
	ESP	–	–	–	–	–	–	–
	Options	–	2,956,303	–	–	–	–	–
Jeff Davies	Shares	1,179,068	–	416,187	1,595,255	–	–	–
	ESP	7,563	–	1,060	8,623	–	–	–
	Options	–	2,234,941	306,330	306,330	–	–	–
Andrew Kail	Shares	–	–	647,643	647,643	–	–	–
	ESP	1,318	–	749	2,067	169	82	251
	Options	–	2,023,885	290,754	290,754	–	–	–

Shareholding requirement – executive directors

The shareholding requirement for all executive directors is 325% of base pay.

Name	Actual share ownership as % of 2025 base salary: vested shares	Guideline met	Shares owned at 1 January 2025	Shares owned at 31 December 2025	Shares sold or acquired during the period 1 January 2026 and 2 March 2026	
					January 2026 and 2 March 2026	2026
António Simões	253 %	No	932,177	1,167,900	–	–
Jeff Davies	388 %	Yes	1,032,821	1,186,631	–	–
Andrew Kail	163 %	No	481,264	499,065	–	251

1. Closing share price as at 31 December 2025: 2.619 pence.

Notes

Shares used for the calculations above exclude those with performance conditions and any shares held in a private trust where the executive director is not a trustee. They include vested shares where the executive director has beneficial ownership, shares independently acquired in the market, those held by a spouse or civil partner or dependant child under the age of 18 years and unvested shares not subject to performance conditions (discounted for any anticipated tax liabilities).

Although the shareholding requirement is not contractually binding, executive directors are expected to retain any after-tax vested share awards until their shareholding requirements are met and maintain that shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years after leaving employment. The Committee retains the discretion to withhold future grants under the PSP if executives are not making sufficient progress towards their shareholding requirement. Once shareholding requirements have been met, executive directors may sell shares in excess of the shareholding requirement if they wish. The Committee has discretion to allow executive directors to sell shares prior to the shareholding requirement being met in extenuating situations, for example, a change to personal circumstances or ill-health, etc.

Share options exercised during 2025

PSP awards may be granted in the form of nil-cost options with an exercise date no earlier than the normal vesting date. Executive directors may also participate in the Company's ShareSave Plan. Where such share awards have been exercised during 2025, they are shown below:

Executive Director	Date of Grant	No. of shares exercised	Exercise date	Share price at date of exercise (£)	Gain (£)
Jeff Davies	12 August 2020	397,311	12/08/2025	2.520	1,001,224
Jeff Davies	08 April 2022	2,107	02/06/2025	2.541	1,035

Payments to past directors and for loss of office

As announced on 30 September 2025, Jeff Davies stood down as Group CFO on 1 December 2025 with Andrew Kail taking over the role from that date.

Jeff remained employed by L&G until 28 February 2026 in order to ensure a smooth transition and continued to receive his current base salary, pension and benefits until that date.

As a result of his resignation, Jeff did not receive an AVP award in respect of 2025 and he will not be eligible for an AVP award in respect of the period of 2026 for which he is employed by the Company. Consistent with the remuneration policy and the rules of the SBP and PSP, Jeff will be deemed a 'bad leaver' and as such his outstanding share awards will lapse in full. Jeff will need to comply with his post cessation shareholding requirement of 325% of base salary for two years post departure.

Details of payments to Jeff Davies as a past director are shown in the table below.

	Base Salary £000	Benefits £000	Pension £000	Total Remuneration £000
10 December 2025 - 31 December 2025	45	1	4	50

Non-executive directors' remuneration – 2025

Non-executive directors' fees

The fees for the Chair and non-executive directors were reviewed during 2025 and with effect from 1 August 2025 the fee for the Chair was increased from £617,000 to £625,000. From 1 August 2025, the fees for the membership of the Audit, Enterprise Transformation, Remuneration and Risk Committees were increased from £16,500 to £18,000. Fees were introduced for the Climate Director and Speak Up Champion from 1 April 2025 and 1 August 2025, respectively, which are aligned with the committee membership fee.

All other non-executive director fees remained unchanged from 1 August 2024. The table below sets out the current fees.

Annual fees	Current fee £
Chair	625,000
Base fee	80,500
Additional fees:	
Senior Independent Director	31,500
Committee Chair	50,000
Committee membership	18,000
Designated Workforce Director	31,500
Consumer Duty Champion	31,500
Climate Director	18,000
Speak Up Champion	18,000

The current limit for base fees for non-executive directors is an aggregate of £3,000,000. This limit was approved by shareholders at the 2023 AGM.

Annual report on remuneration continued

The table below shows the actual fees paid to our non-executive directors in 2025 and 2024.

Non-executive director		Fees for 2025	Benefits for 2025 ⁷	Total remuneration for 2025	Fees for 2024	Benefits for 2024	Total remuneration for 2024
Sir John Kingman	Chair N	620,333	803	621,136	609,125	2,419	611,544
Henrietta Baldock ¹	N R Ri	334,079	1,459	335,538	222,479	2,774	225,253
Clare Bousfield ²	A E N Ri	181,700	502	182,202	9,458	–	9,458
Philip Broadley ³	A E N R Ri	98,167	1,696	99,863	145,479	3,335	148,814
Carolyn Johnson	A E N Ri	155,500	19,336	174,836	117,979	52,453	170,432
Mark Jordy ⁴	N R Ri	307,615	103	307,718	–	–	–
Nilufer Kheraj	A E N Ri	152,750	719	153,469	160,479	–	160,479
Lesley Knox ⁵	N R Ri	176,023	2,364	178,387	278,229	4,547	282,776
George Lewis ⁶	A N R Ri	254,750	24,962	279,712	233,527	48,223	281,750
Ric Lewis	N R	97,625	217	97,842	98,729	–	98,729
Tushar Morzaria	A N R Ri	164,750	294	165,044	157,813	430	158,243
Laura Wade-Gery	E N R Ri	229,125	2,376	231,501	188,051	2,333	190,384

Key:

NED Committee membership: A = Audit E = Enterprise Transformation N = Nominations and Corporate Governance R = Remuneration Ri = Risk

- Henrietta Baldock is also Chair of the Legal and General Assurance Society (LGAS) Board for which she receives a separate fee to that paid to her as a Non-Executive Director of the Company. The actual fees in the table above include her total fees for both roles. The fee as Chair of LGAS increased from 1 January 2025, the first increase since Henrietta's appointment to the role.
- Clare Bousfield is also a Non-Executive Director of the LGAS Board (appointed March 2025) and serves as the Speak Up Champion (appointed August 2025). She receives separate fees for these additional roles, to that paid to her as a Non-Executive Director of the Company. The actual fees in the table above include the fees for all three roles.
- Philip Broadley resigned from the Board with effect from 31 August 2025.
- Mark Jordy is also the Chair of the L&G - Asset Management Limited Board for which he receives a separate fee to that paid to him as a Non-Executive Director of the Company. The actual fees in the table include his fees for both roles.
- During the year, Lesley Knox was also a Non-Executive Director of the L&G - Asset Management Limited Board for which she received a separate fee to that paid to her as a Non-Executive Director of the Company. The actual fees in the table above include her fees for both roles. She resigned from the Group Board on 21 May 2025 and from the Asset Management Board on 31 December 2025.
- George Lewis is also Chair of Legal and General Assurance (Pensions Management) Limited Board for which he receives a separate fee to that paid to him as a Non-Executive Director of the Company. The actual fees in the table above include his fees for both roles.
- The Chair and non-executive directors are not eligible to participate in any benefits, pension or incentive plan. The amounts disclosed in the benefits section above relate to taxable travel and accommodation expenses incurred, during the tax year ending in 2025, while undertaking their roles as non-executive directors of the Company.

Shareholding requirements – non-executive directors¹

Non-executive directors are required to build up a shareholding equivalent to 100% of base fee, typically within three years of appointment. Non-executive directors may elect to receive a proportion of their fees (normally 50%) in shares until their shareholding requirement is met. The table below shows their shareholding as at 31 December 2025.

Name	Shareholding as at 31 December 2025	Holding as a % of base fee	Met criteria of 1 x base fee	Shares purchased from 1 January 2026 to 2 March 2026
Sir John Kingman - Chair	425,266	178 %	Met	1,862
Henrietta Baldock	76,334	248 %	Met	–
Clare Bousfield ²	21,610	70 %	On track	–
Philip Broadley	92,260	300 %	Met	–
Carolyn Johnson ³	10,500	171 %	Met	–
Mark Jordy ⁴	27,606	90 %	On track	2,985
Nilufer Kheraj	53,810	175 %	Met	–
Lesley Knox	37,600	122 %	Met	–
George Lewis	69,373	226 %	Met	–
Ric Lewis	77,901	253 %	Met	2,575
Tushar Morzaria	80,000	260 %	Met	–
Laura Wade-Gery	54,081	176 %	Met	2,839

1. Shareholding for non-executive directors includes connected persons.
2. Clare Bousfield was appointed on 1 December 2024 and is expected to meet the shareholding requirement within three years of appointment.
3. Carolyn Johnson holds 10,500 L&G Group American Depositary Receipts.
4. Mark Jordy was appointed on 1 July 2025 and is expected to meet the requirement within three years of appointment.

Non-executive directors' terms of employment

NED	Initial appointment date	Current letter of appointment end date
Sir John Kingman	24 October, 2016	21 May, 2026
Henrietta Baldock	4 October, 2018	4 October, 2027
Clare Bousfield	1 December, 2024	1 December, 2027
Carolyn Johnson	17 June, 2022	17 June, 2028
Mark Jordy	1 July, 2025	1 July, 2028
Nilufer Kheraj	1 May, 2021	1 May, 2027
George Lewis	1 November, 2018	1 November, 2027
Ric Lewis	18 June, 2020	18 June, 2026
Tushar Morzaria	27 May, 2022	27 May, 2028
Laura Wade-Gery	3 January, 2022	3 January, 2028
Scott Wheway	2 January, 2026	2 January, 2029

The standard term for non-executive directors is three years and for the Chair is five years. All non-executive directors are subject to annual re-election by shareholders.

Annual report on remuneration continued

Remuneration for the wider workforce

General remuneration policy

The Group's remuneration policy is designed to reward, motivate and retain high performers in line with the risk appetite of the Group. Remuneration is considered within the overall context of the Group's sector and the markets in which it operates. The policy for the majority of employees is to pay at a market-competitive level with a competitive package designed to align the interests of employees with those of shareholders and with an appropriate proportion of total remuneration dependent upon performance.

The core remuneration elements are base pay, annual bonus and other benefits such as pension. Key employees are also eligible to participate in a long-term incentive plan, typically either the Share Bonus Plan (SBP) for the majority of employees, or the Performance Share Plan (PSP) for the most senior management.

Summary of the remuneration structure for the wider workforce

Element	Policy
Fixed	
Base pay	<p>We aim to attract and retain key employees by paying base pay which delivers competitive total remuneration. Factors taken into account when determining salaries include:</p> <ul style="list-style-type: none"> the individual's skills, experience and performance scope of the role external market data pay and conditions elsewhere in the Group overall business performance. <p>As a member of the Living Wage Foundation, base pay is also set with reference to the Foundation's UK and London living wage levels. During 2025, the average increase was 3.6% but with increases applied on a stratified basis with the more junior employees receiving, on average, the highest increases (generally 3.8%). For 2026, the average increase was 2.4%, applied again on a stratified basis with more junior employees receiving increases, on average, of 2.9%.</p>
Benefits	All UK employees have access to private medical insurance, life insurance and a range of family-friendly policies (maternity, paternity, adoption and shared parental leave). In addition, there are several wellbeing support packages, including Unmind (a mental health app), childcare and elderly care support. Employees of non-UK businesses are provided with benefits in line with the local market.
Pension	All employees are given the opportunity to participate in a Group pension scheme. The pension opportunity offered to the majority of the UK workforce in 2025 was 12% of base pay. With effect from 1 April 2026, the pension opportunity for the majority of the UK workforce will increase to 13%, with further adjustments planned over the next two years to complete the alignment of pension contribution rates across the wider workforce and senior managers. Employees of non-UK businesses may be provided with pension provision, in line with the local market practice and applicable legislative requirements.
Variable	
Annual bonus	<p>The majority of employees participate in a discretionary bonus plan, unless an alternative plan applies based on role. An employee will be considered for a discretionary bonus award based on achievement against objectives, conduct and behaviours, the role performed during that year and internal relativities.</p> <p>The Group operates bespoke bonus plans where business-appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans.</p> <p>Bonuses above a certain threshold are subject to deferral. Deferred awards are normally held in shares for three years and are subject to malus and clawback.</p> <p>The Company reserves the right to adjust deferral levels for Material Risk Takers and Code staff, as deemed necessary to comply with regulatory requirements.</p>
Share Bonus Plan (SBP)	<p>Key employees, including senior managers, high-performing and high-potential individuals and those with critical skills may receive SBP awards, typically in the form of restricted shares vesting three years from the grant date.</p> <p>The SBP is also used as the vehicle for deferral of annual bonuses in the majority of cases.</p>
Performance Share Plan (PSP)	<p>Participation in the PSP is offered to the most senior management each year in recognition of the strategic and influential role that they hold in terms of driving Company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years.</p> <p>PSP awards were made to around 320 employees during 2025.</p> <p>Where appropriate, grants under the PSP may also be made for new employees who join the Company during the year in key roles.</p>
Other	
Employee share plans	All employees are given the opportunity to participate in a ShareSave plan and an Employee Share Purchase plan. These are both HMRC-approved plans which offer all employees the opportunity to share in the success of the business.

Annual equal pay review

The Group seeks to ensure that our pay policies and practices are free from unfair bias. Part of the pay review process is an annual equal pay review that reviews pay and bonus decisions by gender, ethnicity, age and full-time versus part-time working. In addition, it considers the application of the pay policy more widely, in particular looking at decisions made in the annual pay review across grades, functions and businesses.

Gender pay reporting

The Group has published a new Social impact report, which contains the statutory disclosure of our gender pay gap for 2025.

Pay ratio in relation to the Group Chief Executive Officer

Since 2016, we have voluntarily disclosed details of the pay ratio in relation to the Group Chief Executive Officer and the wider UK employee population. From 2018, we made some amendments to how we report the information in order to align with the reporting requirements set out by the Department for Business, Energy and Industrial Strategy (BEIS), which came into effect for financial years starting 1 January 2019.

The tables below provide the ratio between the base pay and single figure total remuneration of the Group Chief Executive Officer and the base pay and total remuneration of UK employees at the upper quartile (75th percentile), median (50th percentile) and lower quartile (25th percentile).

Total remuneration

Year	Method	Pay Ratio			All UK Employees (£)		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2025	B	30	43	81	103,055	72,803	38,457
2024	A (incl. replacement award)	110	194	324	95,704	54,380	32,575
2024	A (excl. replacement award)	33	58	97			
2023	A	30	61	91	111,017	55,108	36,780
2022	A	46	77	135	87,152	51,834	29,804
2021	A	52	88	146	82,475	49,226	29,531
2020	A	26	48	81	78,989	43,726	25,839
2019	A	61	105	167	70,892	40,982	25,814
2018	A	49	83	132	69,923	40,814	25,730
2017	A	52	89	137	66,572	38,802	25,023

Base pay

Year	Method	Pay Ratio			All UK Employees (£)		
		75th percentile	Median	25th percentile	75th percentile	Median	25th percentile
2025	B	16	23	39	75,165	51,750	31,085
2024	A	15	24	39	80,000	49,400	30,328
2023	A	13	21	33	84,981	51,800	32,229
2022	A	14	23	38	72,530	44,549	26,875
2021	A	14	23	38	68,675	42,444	26,000
2020	A	15	26	42	65,101	37,677	23,232
2019	A	16	27	42	60,000	35,000	22,550
2018	A	16	27	41	57,853	34,475	22,781
2017	A	16	27	42	58,020	33,649	22,148

Pay ratio commentary

Between 2024 and 2025 the ratio of total remuneration for the Group CEO compared to median UK employees has decreased when considered both with and without the one-off replacement award received in 2024. The decrease is principally the result of the increase in the median total remuneration for the UK workforce.

Methodology

The Companies (Miscellaneous Reporting) Regulations 2018 permit different options for calculating the pay ratio. We have chosen option B as our method for calculating the pay ratio for 2025, consistent with the methodology for gender pay reporting. The total remuneration figures for the UK employees are based on salaries during 2025. Bonus amounts for 2025 are not able to be determined for some eligible employees until after publication of this report and therefore it is not possible to determine the exact 2025 total remuneration for all UK employees, as is required for option A within this timescale.

For completeness and transparency, we have included the pay ratios based on the option A method for previous years.

Annual report on remuneration continued

Percentage change in directors' 2025 remuneration compared with all UK employees

As required by the Companies (directors' remuneration policy and directors' remuneration report) Regulations 2019, the analysis covers all executive directors and non-executive directors.

		Executive directors		UK Group
		António Simões	Jeff Davies	
Year ended 31 December 2025	Base pay/fees (% change)	3.0 %	16.1 %	3.8 %
	Benefits (% change)	(19.7)%	(2.0)%	4.5 %
	AVP (% change)	1.2 %	n/a	4.5 %
Year ended 31 December 2024	Base pay/fees (% change)	n/a	4.3%	4.7 %
	Benefits (% change)	n/a	(2.6)%	5.4 %
	AVP (% change)	n/a	11.6%	5.8 %
Year ended 31 December 2023	Base pay/fees (% change)	n/a	4.9%	5.7 %
	Benefits (% change)	n/a	(13.7)%	5.7 %
	AVP (% change)	n/a	(39.8%)	5.2 %
Year ended 31 December 2022	Base pay/fees (% change)	n/a	5.9%	4.7 %
	Benefits (% change)	n/a	4.0%	4.7 %
	AVP (% change)	n/a	6.3%	(0.3)%
Year ended 31 December 2021	Base pay/fees (% change)	n/a	0.0%	2.4 %
	Benefits (% change)	n/a	0.7%	2.4 %
	AVP (% change)	n/a	282.2%	19.6 %
Year ended 31 December 2020	Base pay/fees (% change)	n/a	6.6%	3.5 %
	Benefits (% change)	n/a	6.3%	3.5 %
	AVP (% change)	n/a	(72.1)%	2.7 %

Chair and non-executive directors¹

		Sir John Kingman	Henrietta Baldock ²	Clare Bousfield ³	Philip Broadley ⁴	Carolyn Johnson ⁵	Nilufer Kheraj ⁶	Lesley Knox ⁷	George Lewis	Ric Lewis	Tushar Morzaria	Laura Wade-Gery ⁸	UK Group
Year ended 31 December 2025	Base pay/fees (% change)	1.8 %	50.2 %	60.1 %	(32.5)%	31.8 %	(4.8)%	(36.7)%	9.1 %	(1.1)%	4.4 %	21.8 %	3.8 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.5 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.5 %
Year ended 31 December 2024	Base pay/fees (% change)	3.5 %	(9.2)%	n/a	(7.6)%	6.4 %	7.5 %	10.8 %	6.8 %	(11.0)%	3.2 %	28.1 %	4.7 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.4 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.8 %
Year ended 31 December 2023	Base pay/fees (% change)	4.8 %	18.0 %	n/a	(3.7)%	2.0 %	(8.0)%	8.0 %	25.1 %	3.4 %	2.3 %	50.4 %	5.7 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.7 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.2 %
Year ended 31 December 2022	Base pay/fees (% change)	5.1 %	3.4 %	n/a	5.0 %	n/a	59.7 %	3.5 %	69.9 %	8.1 %	n/a	n/a	4.7 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.7 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(0.3)%
Year ended 31 December 2021	Base pay/fees (% change)	4.2 %	0.8 %	n/a	28.7 %	n/a	n/a	2.8 %	11.0 %	7.8 %	n/a	n/a	2.4 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.4 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19.6 %
Year ended 31 December 2020	Base pay/fees (% change)	3.3 %	4.5 %	n/a	3.6 %	n/a	n/a	1.9 %	4.9 %	n/a	n/a	n/a	3.5 %
	Benefits (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.5 %
	AVP (% change)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.7 %

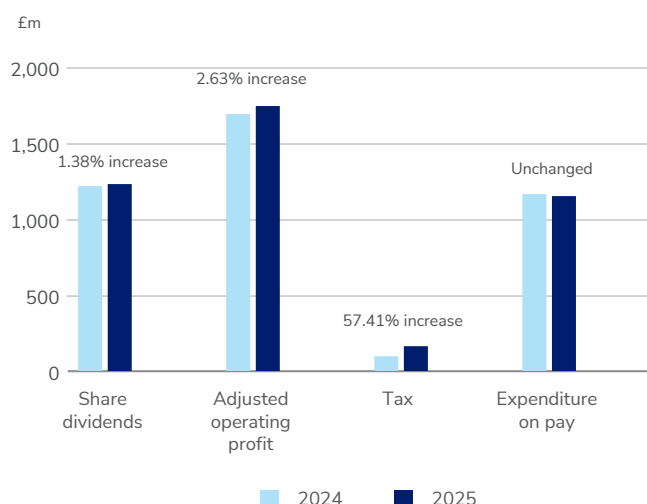
1. The increase in fees for non-executive directors of the Company reflects the increases in Committee membership fees as well as changes in the membership of the Committees.
2. Henrietta Baldock had a change in fees reflecting an increase to her Chair of the LGAS Board fee and her appointment as Senior Independent Director in May 2025.
3. Clare Bousfield was appointed to the Board on 1 December 2024. The percentage increase reflects the change in her annualised fees from 2024 to 2025, including additional fees relating to her appointments to the LGAS Board (from March 2025) and as Speak Up Champion (from September 2025).
4. Philip Broadley resigned from the Board with effect 31 August 2025.
5. Carolyn Johnson had a change in fees due to her appointment as Designated Workforce Director in April 2025.
6. Nilufer Kheraj's fees changed in April 2025 to reflect remuneration for her climate role.
7. Lesley Knox resigned from the Board with effect 21 May 2025 and from the L&G Asset Management Board with effect 31 December 2025.
8. Laura Wade-Gery's fees changed in August 2025 to reflect remuneration for her Consumer Duty Champion role.

Mark Jordy has not been included in the above table as he was appointed on 1 July 2025 and so does not have any prior year fees for comparison. As with prior years, the whole UK employee population has been selected as the comparator group. This group was chosen because it includes a wider cross-section of the Group's employees. The increase in benefits for the employee comparator group relates to the impact of increases in base salaries and employer pension contributions for the wider UK workforce.

Annual report on remuneration continued

Relative importance of spend on pay

The chart opposite shows the relative importance of expenditure on pay compared to share dividends, adjusted operating profit and tax for the year. Adjusted operating profit has been shown because it is a key performance indicator of the business.



Remuneration Committee

The table below shows the key items covered by the Remuneration Committee during 2025.

Committee undertakings

Quarter	Governance	Performance	Remuneration policy	Regulatory
First	<ul style="list-style-type: none"> Reviewed the 2024 gender & ethnicity pay gap report. Reviewed findings of board effectiveness review. 	<ul style="list-style-type: none"> Reviewed findings of the 2024 CRO report, climate report and group-wide culture and customer review. Approved the 2024/25 annual pay review and executive pay awards. Approved vesting outcome of the 2022 PSP. 	<ul style="list-style-type: none"> Reviewed proposals for the 2025 AVP performance measures. Approved the 2025 PSP award performance conditions. Approved 2025 ShareSave invitation. 	<ul style="list-style-type: none"> Approved 2025 variable pay awards for Material Risk Takers.
Second			<ul style="list-style-type: none"> Review of executive director remuneration policy & proposals for updates. 	
Third	<ul style="list-style-type: none"> Reviewed outcomes of AGM. Project specific incentive structures. 	<ul style="list-style-type: none"> Financial update and indicative variable remuneration update for the GMC. Reviewed PSP vesting forecasts. 	<ul style="list-style-type: none"> Shareholder consultation on updates to the executive director remuneration policy. 	
Fourth	<ul style="list-style-type: none"> Reviewed and approved the Committee's terms of reference. Reviewed report on the activities of the Group Reward Steering Committee. 	<ul style="list-style-type: none"> Consideration of forecasted AVP out-turns in respect of 2025. 2026 base salary increase budget. 	<ul style="list-style-type: none"> Review of feedback from shareholders on the executive director remuneration policy. Reviewed remuneration policy for the wider workforce. Reviewed AVP and PSP performance measure proposals for 2026. 	<ul style="list-style-type: none"> Reviewed Material Risk Taker lists and criteria for identification. Approved remuneration policy statements for PRA and FCA. Approved the 2026 maximum fixed to variable pay ratio for MiFIDPRU firms.

At the invitation of the Remuneration Committee, the Group Chair attends Committee meetings. Where appropriate, the Group Chief Executive Officer, the Group Chief People Officer, Group Reward Director, Director of Group Finance, Group Chief Risk Officer, Group Performance Director and Group Climate Director also attend meetings. No person is present during any discussion relating to that person's own remuneration.

At the invitation of the Remuneration Committee, a representative from PricewaterhouseCoopers (PwC) also attends Committee meetings. During 2025, PwC principally advised the Committee on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. PwC were appointed by the Committee. The Committee reflects on the quality of advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received from the PwC engagement team is objective and independent. PwC are signatories to the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. The total fees paid to PwC, in relation to Remuneration Committee work during 2025, were £228,675 (excluding VAT). While fee estimates are required for bespoke pieces of work, fees are generally charged based on time with hourly rates in line with the level of expertise and seniority of the advisor concerned. During the year, PwC also provided the Company with HR consulting services including advice to management on regulatory aspects of reward, as well as other professional services including tax, consulting, accounting, regulatory compliance and other advice to the Group.

Considering risk

The Reward Steering Committee (RSC) and the Group Regulatory Risk and Compliance function make a key contribution to the process of designing reward structures and evaluating whether achievement of objectives and any payment from plans have taken into account the overall risk profile of the Group.

Reward Steering Committee (RSC)

Reporting to the Remuneration Committee, the RSC helps set the framework within which incentive arrangements are normally reviewed and implemented, with a view to supporting business strategy, while acting within the Group's risk appetite. The members of the RSC include the Non-financial Risk Director, the Director of Group Finance, the Group Reward Director and the Head of Executive Remuneration.

Where a business unit tables a proposal for consideration, the relevant business manager is required to attend the RSC meeting to explain the background and to answer any questions from the RSC.

Group Regulatory Risk and Compliance function

The Remuneration Committee also works closely with the Group Regulatory Risk and Compliance function with respect to remuneration proposals.

In particular, the function reports to the Committee on an annual basis on whether any risks have been taken outside of pre-agreed parameters, whether there have been regulatory breaches, or whether they are aware of any other considerations that may lead the Committee to consider whether it should impact payments to employees (including in particular the executive directors and Code staff).

The Chief Risk Officer also specifically looks at the overall risk profile of the Group and whether executive directors have achieved objectives within the Group's accepted risk appetite and also reviews the executive directors' objectives for the forthcoming year to ensure they are in line with the risk parameters.

Since the implementation of a new Solvency II remuneration policy in 2016, the scope of the Chief Risk Officer's report has been extended to consider whether there are any risk considerations which may warrant adjustments to the overall level of corporate annual variable pay awards.

Statement of voting at the AGM

The table below shows the voting outcomes on the directors' remuneration policy, approved at the 2023 AGM and the directors' remuneration report, approved at the last AGM in May 2025.

Item	For	Against	Abstain number
Remuneration policy	95.46%	4.54%	
	3,646,065,245	173,407,374	1,515,264
Remuneration report	93.68 %	6.32 %	
	2,815,780,815	189,920,674	28,533,671

Dilution limits

The Company's CSOP and the now-closed ESOS operate within the ABI's dilution limit of 5% of issued capital in 10 years for executive schemes and its CSOP and SAYE will operate within the 10% of issued capital in ten years limit for all plans.

As at 31 December 2025, the Company had 4.95% of share capital available under the 5% in 10 years limit and 9.55% of share capital under the 10% in 10 years limit.

As at 31 December 2025, 67,219,365 shares were held by the Employee Benefit Trust to hedge 96,866,709 outstanding awards of shares for the PSP and SBP.

Other information relating to directors' remuneration

External appointments

During 2025, António Simões was a Trustee of the Kings Trust International, Jeff Davies was a Non-Executive Director of Ethniki Hellenic General Insurance Company S.A. and Andrew Kail was a Non-Executive Director of TheCityUK. External appointments are subject to annual agreement by the Board and must not be with competing companies. Fees may be retained by the individual subject to the Board's agreement.

Financial statements

Inside this section

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As a Health Claims Advisor, we are the first point of contact for customers looking to make either a Critical or Terminal Illness claim. The biggest reward is being part of the process to help someone not only have a stress free journey, but to make an impact on their future with the outcomes we deliver.

”

Mikki Dumbrill,
Claims Advisor L&G



Consolidated financial statements

The **Group consolidated financial statements** are divided into three sections:

- The **Primary statements and performance** section, which includes the Group primary statements and other notes which we believe are integral to understanding our financial performance.
- The **Balance sheet management** section, which provides further details on our financial position and approach to risk management.
- The **Additional financial information** section, which includes disclosures required to be compliant with accounting standards or the Companies Act. We view this information as important, but less significant in understanding our business and performance.

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KPMG LLP's Independent auditor's report



To the members of Legal & General Group Plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Legal & General Group Plc give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2025 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework
- the Group and parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and parent company financial statements of Legal & General Group Plc (the Company) for the year ended 31 December 2025 included in the Annual report and accounts, which comprise:

Group	Parent company (Legal & General Group Plc)
Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows. Notes 1 to 43 to the Group financial statements (including the accounting policies in Note 1) except the information being disclosed as unaudited.	Company Balance Sheet and Company Statement of Changes in Equity. Notes 1 to 14 to the parent company financial statements, including the accounting policies in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee (AC).

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

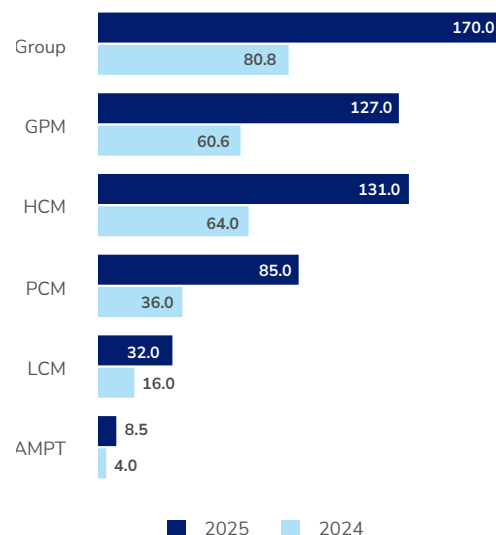
2. Overview of our audit

Factors driving our view of risks	Key Audit Matters	vs 2024	Item
<p>Following our 2024 audit, and considering developments affecting the Group since then, we have updated our audit risk assessment for Key Audit Matters (KAMs) previously identified.</p> <p>The risk associated with the valuation of UK annuity policyholder liabilities KAM (4.1) is predominantly driven by the inherent subjectivity associated with the longevity, expense and credit risk assumptions for UK annuity policyholder liabilities. We continue to consider the impact of external factors such as the current economic conditions and the long-term view on life expectancy affecting the measurement of annuity liabilities.</p> <p>The risk associated with the valuation of hard to value (Level 3) investments KAM (4.2) is predominantly driven by the significant estimation uncertainty associated with valuing Level 3 investments, specifically UK lifetime mortgages and private credit portfolios.</p> <p>The continuing financial significance of the parent company's investment in subsidiaries drives the identification of recoverability of the parent company's investment in subsidiaries as a key area of focus for the parent company's audit (4.3).</p>	Valuation of UK annuity policyholder liabilities	↔	4.1
	Valuation of hard to value (Level 3) investments	↔	4.2
	Parent company risk: Recoverability of parent company's investments in subsidiaries	↔	4.3
Audit Committee interaction	<p>During the year, the Audit Committee met 7 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each.</p> <p>The matters included in the Audit Committee report on page 73 are materially consistent with our observations of those meetings.</p>		

KPMG LLP's Independent auditor's report continued

Our independence	We have fulfilled our ethical responsibilities under and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.	Total audit fee	£16.6m
	We have not performed any non-audit services during 2025 or subsequently which are prohibited by the FRC Ethical Standard.	Audit related fees (including interim review)	£3.4m
	We were first appointed as auditor by the directors for the year ended 31 December 2018. The period of total uninterrupted engagement is for the 8 financial years ended 31 December 2025.	Other services	£1.0m
	The Group engagement partner is required to rotate every 5 years. As these are the third set of the Group's financial statements signed by Philip Smart, he will be required to rotate off after the 2027 audit.	Non-audit fee as a % of total audit and audit related fees %	4.9 %
	The average tenure of component engagement partners is 3 years, with the shortest being 1 and the longest being 4.	Date first appointed	17 May 2018
		Uninterrupted audit tenure	8 years
		Next financial period which requires a tender	2028
		Tenure of Group engagement partner	3 years
		Average tenure of component engagement partners	3 years

Materiality (Item 6 below)	The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.
	We have determined overall materiality for the Group financial statements as a whole to be £170.0 million (2024: £80.8 million) and for the parent company financial statements as a whole at £85.0 million (2024: £36.0 million).
	We have determined that adjusted shareholders' equity (IFRS equity adjusted to include the contractual service margin ('CSM') net of tax) as the most relevant benchmark for the Group in the current year, as it best reflects the users' of the financial statement focus on the strength of the Group's balance sheet and solvency. As such, we based our Group materiality on adjusted shareholders' equity, of which it represents 1.33% (2024: 4.72% of normalised PBTCO).
	We applied a higher materiality of £3.3 billion (2024: £3.3 billion) to certain balances relating to the unit linked assets and liabilities in the Consolidated Balance Sheet, Consolidated Income Statement and related notes, of which it represents 0.8% (2024: 0.9%) of total unit linked assets, in accordance with FRC Practice Note 20 'The Audit of Insurers in the United Kingdom'.
	Materiality for the parent company financial statements was determined with reference to a benchmark of parent company net assets of which it represents 1.48% (2024: 0.52%). The increase in the materiality for the parent company is a result of it being capped by the Group historically, as parent company is a reporting component of the Group financial statement audit. We have increased the parent company materiality in line with the increase of the materiality for the Group financial statements.

Materiality levels used in our audit

Group Group Materiality
GPM Group Performance Materiality
HCM Highest Component Materiality
PCM Parent Company Materiality
LCM Lowest Component Materiality
AMPT Audit Misstatement Posting Threshold

Group scope (Item 7 below)

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components, and the extent of involvement required from our component auditors around the world.

Of the Group's 9 in-scope reporting components, we identified 4 quantitatively significant components, 3 components requiring special audit attention and 2 other components included in the scope of our work for other reasons.

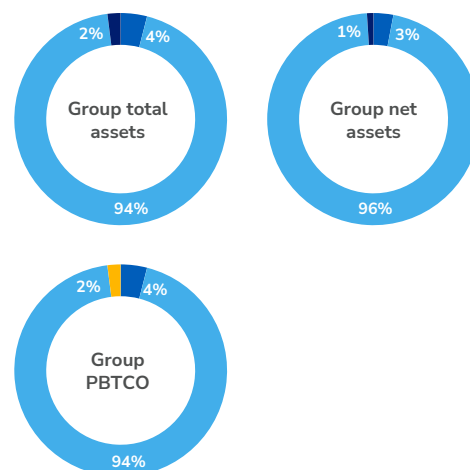
The reduction in in-scope reporting components is due to the sale of a component last year and a reassessment of risks across the Group.

We also have identified 1 shared service centre which performs expense work for components within the Group.

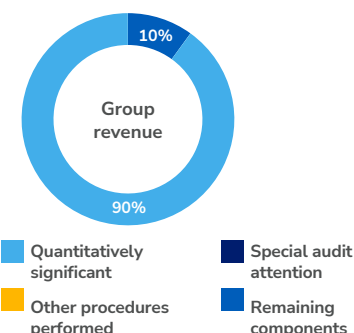
We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

We performed audit procedures in relation to components that accounted for the following



Our audit procedures covered the below percentages of the Group revenue:



The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

Climate change and the associated initiatives and commitments, impact the Group in a variety of ways including the potential financial risks which could arise from the associated physical and transition risks and the greater narrative and disclosure of the impact of climate change risk that is incorporated into the Annual report and accounts. The Group's exposure to climate change is primarily through climate-related transition risks which potentially impact the carrying amount of investments and potential reputational risk associated with the Group's delivery of its climate-related commitments. The Group has set out its commitments under the Paris objective to achieve net zero carbon emissions by 2050 in its Strategic report on page 31.

As a part of our audit, we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements, including how climate is considered as part of the investment making and monitoring processes and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit.

On the basis of the risk assessment procedures performed above, and taking into account the nature of the Group's assets and basis of the related valuations, we concluded that, while climate change may pose a risk to the determination of asset values, the risk was not significant in the current year. As a result, there was no significant impact from climate change on our KAMs.

We have also read the disclosures of climate-related information in the Strategic report as set out on pages 29-33 and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent company or to cease their operations and as they have concluded that the Group's and the parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

KPMG LLP's Independent auditor's report continued

Going concern

We used our knowledge of the Group and parent company, its industry and the general economic environment in which it operates to identify the inherent risks to its business model and analysed how those risks might affect the Group and parent company's financial resources or ability to continue operations over the going concern period. The risks that were considered most likely to adversely affect the Group's and parent company's available financial resources over this period were:

- adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, wider credit spreads and defaults which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of the Group's hard to value (Level 3) investments that require judgement and valuation of insurance contract liabilities
- severely adverse policyholder lapse or claims experience.

We also considered less predictable but realistic second order impacts, such as the failure of counterparties who have transactions with the Group (such as banks and reinsurers), which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the capital and liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources by the Group's financial forecasts.

We considered whether the going concern disclosure in Note 1 (ii) to the financial statements gives an accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and parent company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent company will continue in operation.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 47 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 and liquidity
- the risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 47 under the UK Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent company's longer-term viability.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for the going concern period.
- We have nothing material to add or draw attention to in relation to the directors' statement in Note 1 (ii) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent company's use of that basis for the going concern period, and we found the going concern disclosure in Note 1 (ii) to be acceptable.
- The related statement under the Listing Rules set out on page 244 is materially consistent with the financial statements and our audit knowledge.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.


4. Key Audit Matters

What we mean

- Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:
 - the overall audit strategy
 - the allocation of resources in the audit
 - directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Valuation of UK annuity policyholder liabilities (Group)

Financial statement elements	Our assessment of risk vs 2024		Our results
	2025	2024	
UK annuity policyholder liabilities included within insurance contract liabilities	£91.6bn	£91.1bn	 We have not identified any significant changes to our assessment of the level of risk relating to valuation of UK annuity policyholder liabilities compared to 2024.
			2025: Acceptable 2024: Acceptable

KPMG LLP's Independent auditor's report continued

Description of the Key Audit Matter	Our response to the risk
<p>The insurance contract liabilities balance consists of the present value of future cash flows, risk adjustment for non-financial risk and contractual service margin (CSM) components.</p> <p>Subjective valuation: The valuation of UK annuity policyholder liabilities within insurance contract liabilities is an inherently subjective area, requiring management judgement in the setting of key assumptions, including longevity, credit and expense risk. A small change in these assumptions can have a significant impact on the liabilities.</p> <p>Longevity assumptions Longevity assumptions have two main components: mortality base assumptions and the rate of mortality improvements. Changing trends in longevity and emerging medical trends means there is a high level of uncertainty in the assumptions. This uncertainty remains heightened in the current year due to the potential medium and long-term impacts of Covid-19 on trends in future mortality. There is also a high degree of reliance on Continuous Mortality Investigation (CMI) models, and industry convergence across the industry on its parameterisation. Hence there is a risk that other mortality and health data sources are not appropriately considered under the assumption setting methodology.</p> <p>Credit assumptions The Group discounts the fulfilment cash flows in order to calculate the present value of future cash flows (PVFCF) at the balance sheet date using current discount rates. The Group's current discount rate is derived by adjusting a reference asset portfolio for risks not present in the related insurance liabilities, in particular credit risk, such that the discount rate includes a yield above the risk-free rate that appropriately reflects the risks in the liabilities, in particular their illiquid nature. The credit risk deduction method is judgemental and small changes in this can have a significant impact on the PVFCF. The assumptions surrounding this deduction require significant judgement and there is a risk that changes in investment yields, market spreads, current actual default experience, and anticipated trends are not appropriately reflected.</p> <p>Expense assumptions Management judgement is required in setting the maintenance expense assumption which is based on management's long-term view of the expected future costs of administering the underlying policies, the allocation between cost centres, and determination of costs that are directly attributable to and non-directly attributable to the maintenance of insurance contracts.</p> <p>Data capture There is a risk that incomplete and inaccurate annuity data is used in the calculation of insurance liabilities resulting from inaccurate transfer or conversion of aggregate data from the policy administration systems into model point files used to value the liabilities in the actuarial models. In addition, there is a risk that inaccurate asset data, including projected cash flows, is used to calculate the default adjustment applied to the discount rate.</p> <p>Estimation uncertainty The effect of these matters is that, as part of our risk assessment, we determined that the valuation of insurance contract liabilities has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note 21) estimated by the Group.</p>	<p>We used our own actuarial specialists to assist us in performing selected procedures in this area. Our procedures to address the risk included:</p> <p>Methodology choice</p> <ul style="list-style-type: none"> assessing, with the assistance of our actuarial specialists, the appropriateness of the methodology for selecting assumptions by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of uncertain economic conditions on policyholder mortality and credit risk. Procedures over longevity assumptions, also require input from actuarial specialists and include assessing the cause of death modelling performed by management and other non-CMI sources alongside the CMI modelling used across the industry. With respect to credit assumptions, we further utilise actuarial support in assessing whether the Group's proposed credit risk deduction is consistent with the requirements of IFRS 17. For expense assumptions, this entails evaluating the appropriateness of management's run-off methodology for consistency with the requirements of IFRS 17, as well as assessing that economic trends are appropriately reflected within the methodology. <p>Benchmarking assumptions</p> <ul style="list-style-type: none"> assessing, with the assistance of our actuarial specialists, mortality improvement assumptions against industry data on expected future mortality rate improvements and industry historic mortality improvement rates. For credit risk assumptions, this includes our actuarial specialists assessing the appropriateness of the assumptions by comparing to industry practice and our expectations derived from market experience. <p>Historical comparisons</p> <ul style="list-style-type: none"> evaluating, with the assistance of our actuarial specialists, the mortality base assumptions used in the valuation of the annuity liabilities by comparing to the Group's historical mortality experience. Our approach on expense assumptions consists of evaluating whether the expense assumptions reflect the expected future costs of administering the underlying policies by considering the historical accuracy of management's forecast expenses and assessing the reasonableness of the allocations of the forecast 2026 costs to directly attributable maintenance expenses with reference to the historical allocations. <p>Control design and re-performance</p> <ul style="list-style-type: none"> with the assistance of our IT audit specialists, testing controls over user access of annuity policy administration systems. <p>Test of detail</p> <ul style="list-style-type: none"> testing the completeness of data used in the valuation of annuity liabilities by reconciling the data from the policy administration system to the data used in the actuarial models. with the assistance of data and analytics specialists, testing the accuracy of historical data input into the actuarial model, comparing the data used for reporting as at 31 December 2025 to the data used for reporting as at 31 December 2024 in relation to policies that were in force at that time. with the assistance of IT specialists, for a sample of policies, testing the accuracy of the policyholder data used in the valuation of the insurance contract liabilities. for a sample of assets, testing the accuracy of the asset data used to project the cash flows, from which is derived the yield that is applied in the calculation of the current discount rate and, with the assistance of our valuation specialists, re-projecting those cash flows. <p>Assessing transparency</p> <ul style="list-style-type: none"> considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of insurance contract liabilities are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs.

Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of UK annuity policyholder liabilities included within insurance contract liabilities, including details of our planned substantive procedures and the extent of our control reliance
- our conclusions on the appropriateness of the Group's methodology for setting assumptions and calculating annuity policyholder liabilities included within insurance contract liabilities and accounting policies
- our conclusions on the appropriateness of the longevity, credit and expense assumptions, including challenge of the assumptions using our sector experience and market knowledge
- our conclusions on the completeness and accuracy of the annuity policyholder data that is used in the valuation of insurance liabilities and accuracy of the asset cash flows used to derive the default adjustment applied to the discount rate
- the adequacy and appropriateness of the disclosures, particularly as they relate to the sensitivity of annuity policyholder liabilities included within insurance contract liabilities to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- the appropriateness of the assumptions, including longevity, credit and expense assumptions
- the approach and methods applied to determine the discount rates, including the credit default deduction.

Our results

We found the resulting estimate of the valuation of UK annuity policyholder liabilities within insurance contract liabilities to be acceptable (2024 result: acceptable).

Further information in the Annual report and accounts: See the Audit Committee report on page 73 for details on how the Audit Committee considered the valuation of UK annuity policyholder liabilities within insurance contract liabilities as an area of significant attention, page 141 for the accounting policy on insurance contract liabilities and Notes 19, 20, 21 and 22 for the financial disclosures.

4.2 Valuation of hard to value (Level 3) investments (Group)

Financial statement elements	Our assessment of risk vs 2024		Our results
	2025	2024	
UK lifetime mortgages	£5.1bn	£5.4bn	↔ We have not identified any significant changes to our assessment of the level of risk relating to valuation of hard to value (Level 3) investments compared to 2024.
Private credit portfolio	£17.1bn	£14.0bn	

Description of the Key Audit Matter	Our response to the risk
<p>7.7% of the investment portfolio as at 31 December 2025 (2024: 6.9%) was classified as Level 3 assets, of which we consider the valuation of UK lifetime mortgages and private credit investments (UK and US), involve the greatest level of subjectivity. We continue to consider the impact on the subjectivity of the asset valuations as a result of the uncertainty caused by economic conditions. For these positions a reliable third-party price from a recent market transaction is not readily available and therefore the application of expert judgement from management in the valuations adopted is required.</p> <p>The key assumptions underlying the valuations are:</p> <ul style="list-style-type: none"> • UK lifetime mortgages: property price at the valuation date, property price inflation, property price volatility, voluntary redemption rate and the illiquidity premium assumptions. • Private credit (UK) and US private placements (Private Credit): credit ratings derived from internal credit rating models. <p>Estimation uncertainty</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of hard to value (Level 3) investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note 13 (ii)) estimated by the Group.</p>	<p>Our procedures to address the risk included:</p> <p>Our valuation expertise</p> <ul style="list-style-type: none"> • using our own valuation specialists to assess the suitability of the valuation and credit rating methodologies used by the Group, independently revaluing a sample of the internally rated private credit investments. • using our own actuarial specialists to evaluate the appropriateness of the assumptions used in the valuation of UK lifetime mortgages with reference to market data and industry benchmarks. <p>Assessing valuers' credentials</p> <ul style="list-style-type: none"> • assessing the objectivity, professional qualifications and competence of external valuers of private credit investments and reconciling the valuations provided by them to the valuations recorded in the financial statements. <p>Methodology choice</p> <ul style="list-style-type: none"> • in the context of observed industry best practice, Group's own valuation methodology and relevant accounting standards, we challenged the appropriateness of selected credit rating methodologies for internally rated private credit investments and the valuation methodology adopted for UK lifetime mortgages. <p>Benchmarking assumptions</p> <ul style="list-style-type: none"> • evaluating and challenging the key assumptions upon which the valuations of lifetime mortgages and internally rated private credit investments were based, including consideration of the impacts of economic uncertainties, by making a comparison to our own understanding of the market, comparable evidence relied on by the valuers used by the Group and to industry benchmarks. <p>Assessing transparency</p> <ul style="list-style-type: none"> • assessing whether the disclosures in relation to the valuation of hard to value (Level 3) investments are compliant with the relevant financial reporting requirements and appropriately present the sensitivities of the valuation to alternative assumptions.

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Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of the valuation of the UK lifetime mortgages and internally rated private credit portfolios hard to value (Level 3) investments, including details of our planned substantive procedures and the extent of our control reliance
- our conclusions on the appropriateness of the methodology and assumptions adopted by the Group to the valuation of UK lifetime mortgages and internally rated private credit portfolio hard to value (Level 3) investments
- the adequacy of the disclosures, particularly as they relate to the sensitivity of Level 3 investments to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- determination of the valuation methodology where external pricing sources are not readily available or unreliable
- the appropriateness of the credit ratings and valuation of internally rated private credit investments
- the appropriateness of the UK lifetime mortgages' assumptions, including property price at valuation date, property price inflation, property price volatility, voluntary redemptions and the illiquidity premium.

Our results

We found the resulting estimate of the valuation of hard to value (Level 3) investments to be acceptable (2024 result: acceptable).

Further information in the Annual report and accounts: See the Audit Committee report on page 73 for details on how the Audit Committee considered the valuation of hard to value (Level 3) investments as an area of significant attention, page 145 for the accounting policy for Level 3 investments and Note 13 for the financial disclosures.

4.3 Recoverability of parent company's investment in subsidiaries (Parent)

Financial statement elements	Our assessment of risk vs 2024		Our results
	2025	2024	
Parent company risk: Recoverability of the parent company's investments in subsidiaries	£10.6bn	£11.1bn	↔ We have not identified any significant changes to our assessment of the level of risk relating to recoverability of the parent company's investment in subsidiaries compared to 2024. 2025: Acceptable 2024: Acceptable

Description of the Key Audit Matter	Our response to the risk
<p>Low risk, high value:</p> <p>The carrying amount of the parent company's investments in subsidiaries represents 93.0% (2024: 90.6%) of the parent company's total assets. The carrying amount is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.</p> <p>As at the year end, an impairment of £1,004m has been recognised. The impairment arose on the parent company's investment in two subsidiaries and was primarily driven by a change in management's strategic view and intent with respect to these underlying subsidiaries and certain investments which they contained. Post impairment, these subsidiaries account for 7.0% of the parent company's total investment in subsidiaries, and the valuation of the recoverable amounts of these subsidiaries is not highly complex or judgmental. Therefore, there is no significant estimation uncertainty over the remaining carrying amount of the investment in subsidiaries at the year end.</p>	<p>We performed the tests below rather than seeking to rely on any of the parent company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures to address the risk included:</p> <p>Test of detail</p> <ul style="list-style-type: none"> • comparing the carrying amount of 100% of the parent company's investments, with the subsidiaries' financial information to identify whether their net assets, being an approximation of their minimum recoverable amount, are in excess of their carrying amount. <p>Comparing valuations</p> <ul style="list-style-type: none"> • for the investments where the carrying amounts exceeded the net asset value and an impairment indicator existed, assessing the recoverable value of the underlying subsidiary to determine whether an impairment was required to be recognised and, if so, if the amount of that impairment was appropriate and accurately measured in line with IAS 36.

Communications with the Legal & General Group Plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- our approach to the audit of the recoverability of the parent company's investment in subsidiaries
- our conclusions on the appropriateness of the valuation of the parent company's investment in subsidiaries.

Our results

We found the balance of the parent company's investments in subsidiaries and the related impairment charge to be acceptable (2024: acceptable).

Further information in the Annual report and accounts: See page 238 for the accounting policy on investments in subsidiaries and Note 7 of the parent company financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	<p>To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud, or provide an opportunity to commit fraud. Our risk assessment procedures included:</p> <ul style="list-style-type: none"> enquiring of directors, the Audit Committee, internal audit and the Group Financial Crime Director as to whether they have knowledge of any actual, suspected or alleged fraud and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function and the Group's channel for "whistleblowing" reading Board, Audit Committee and Risk Committee meeting minutes considering remuneration incentive schemes and performance targets for management using analytical procedures to identify any unusual or unexpected relationships inspecting correspondence with regulators to identify instances or suspected instances of fraud reviewing the audit misstatements from prior period to identify fraud risk factors reading broker reports and other public information to identify third-party expectations and concerns.
Risk communications	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.</p>
Fraud risks	<p>As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. Accordingly, we identified fraud risks related to the valuation of insurance contract liabilities and valuation of hard to value (Level 3) assets that require management judgement (private credit and lifetime mortgages) given the impact on the Group's profit, the opportunity for management to manipulate assumptions due to the subjectivity involved and given the long-term nature of these assumptions which are more difficult to corroborate. We do not believe there is a fraud risk related to Group revenue recognition because there is limited management judgement involved in the recognition and measurement of the transaction price for all material revenue streams. The methodology for determination of the coverage units has remained consistent year-on-year and there have been no new products requiring alternative coverage unit methodologies.</p>
Link to KAMs	<p>We identified fraud risks related to the valuation of UK annuity policyholder liabilities and valuation of hard to value (Level 3) investments in response to possible pressures to meet profit targets.</p> <p>Further detail in respect of the valuation of UK annuity policyholder liabilities and valuation of hard to value (Level 3) investments is set out in the two KAM disclosures in Section 4 of this report.</p>
Procedures to address fraud risks	<p>We performed procedures including:</p> <ul style="list-style-type: none"> identifying journal entries and other adjustments to test at the Group level and instructing selected components to identify journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation. These included, but were not limited to, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures; evaluating the business purpose of significant unusual transactions; and assessing whether the judgements made making accounting estimates are indicative of a potential bias.

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Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence. We also discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to all component audit teams of relevant laws and regulations identified at the Group level and a request for all component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.
Direct laws context and link to audit	The potential effect of laws and regulations on the financial statements varies considerably. The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/regulation areas	The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such effect: <ul style="list-style-type: none"> • specific aspects of regulatory capital and liquidity • market abuse regulations • financial crime and customer conduct regulations • Consumer Duty • certain aspects of company legislation, recognising the financial and regulated nature of the Group's activities and certain regulated subsidiaries. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.
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6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£170.0m

(2024: £80.8m)

Materiality for the Group financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group financial statements as a whole was set at £170.0m (2024: £80.8m). This was determined with reference to a benchmark of Group adjusted shareholders' equity. The benchmark is calculated as the total of IFRS equity adjusted to include 'Contractual Service Margin' (CSM), net of tax as disclosed in Note 28 of the financial statements that represent the store of future profits that will eventually form a part of shareholders' equity.

We determined that Group adjusted shareholders' equity is the most relevant benchmark for the Group as it is the metric in the primary statements which best reflects the focus of the users of the financial statements. This measure most effectively reflects the Group's financial strength and solvency. The growth of the annuities business has diminished the relevance of underlying profit as an indicator of value, as profits are deferred over a longer period. Adjusted shareholders' equity, by capturing the ongoing value of business written to date and including future profits, provides a more accurate and representative benchmark. It also offers a stable and comparable basis for materiality, avoiding the volatility of alternative metrics while capturing the nature of the Group's operations across insurance and asset management.

Our Group materiality of £170.0m was determined by applying a percentage to the adjusted shareholders' equity. When using a benchmark of adjusted shareholders' equity to determine overall materiality, KPMG's approach for listed/public interest entities considers a guideline range of 0.5%-2% of the measure. In setting overall Group materiality, we applied a percentage of 1.33% (2024: 4.72% within the guideline range of 3%-5% for normalised PBTCO) to the benchmark.

We applied a higher materiality of £3.3bn (2024: £3.3bn) to certain balances related to the unit linked assets and liabilities in the Consolidated Balance Sheet, Consolidated Income Statement and related notes, which represents 0.8% (2024: 0.9%) of the total unit linked asset balance. This materiality was applied in accordance with FRC Practice Note 20 'The Audit of Insurers in the United Kingdom'.

Materiality for the parent company financial statements as a whole was set at £85.0m (2024: £36.0m), determined with reference to a benchmark of parent company net assets, of which it represents 1.48% (2024: 0.52%). The increase in the materiality for the parent company is a result of it being capped by the Group historically, as parent company is a reporting component of the Group financial statement audit. We have increased the parent company materiality in line with the increase of the materiality for the Group financial statements.

£127.0m

(2024: £60.6m)

Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 75% (2024: 75%) of materiality for the Group financial statements as a whole to be appropriate.

The parent company performance materiality was set at £63.7m (2024: £27.0m), which equates to 75% (2024: 75%) of materiality for the parent company financial statements.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£8.50m

(2024: £4.04m)

Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to the Legal & General Group Plc Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 5% (2024: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £170.0m (2024: £80.8m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Total Group Assets	
	2025	2024	2025	2024
Financial statement caption	£12,579m	£12,689m	£582,268m	£554,167m
Group materiality as % of caption	1.35 %	0.64 %	0.03 %	0.01 %

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7. The scope of our audit

Group scope	<p>What we mean How the Group auditor determined the procedures to be performed across the Group.</p> <hr/> <p>We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement (RMMs) to the Group financial statements and which procedures to perform at these components to address those risks.</p> <p>In total, we identified 9 components (2024: 12), having considered our evaluation of the existence of common risk profiles, business operations and reporting structures across the business units and our ability to perform audit procedures centrally.</p> <p>Of those, we identified 4 quantitatively significant components (2024: 5) which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.</p> <p>We also identified 3 components requiring special audit attention (2024: 4), owing to Group risks relating to valuation of insurance contract liabilities and/or valuation of hard to value (Level 3) investments residing in these components.</p> <p>Additionally, having considered qualitative and quantitative factors, we identified 2 (2024: 3) components with accounts and disclosures contributing to specific RMMs of the Group financial statements.</p> <p>Accordingly, we performed audit procedures on 9 (2024: 12) components, of which we involved component auditors in performing the audit work on 7 (2024: 10) components. We also performed the audit of the parent company.</p> <p>We set the component materialities, ranging from £32.0m to £131.0m (2024: £16.0 to £64.0m), having regard to the mix of size and risk profile of the Group across the components.</p> <p>Our audit procedures covered 90% (2024: 89%) of Group revenue.</p> <p>We performed audit procedures in relation to components that accounted for 96% (2024: 94%) of Group total assets, 97% (2024: 96%) of Group profit before tax from continuing operations and 97% (2024: 97%) of Group net assets (shareholders' equity).</p> <p>For the remaining components for which we performed no audit procedures, no component represented more than 3.49% (2024: 1.85%) of Group total revenue, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.</p> <p>The Group also operates a shared service centre that is relevant to our audit in United Kingdom. This service centre performs accounting and reporting activities alongside related controls. This service centre processes a substantial portion of the Group's transactions over staff costs, redundancy costs, auditor's remuneration, depreciation/amortisation and impairment of plant and equipment and intangible assets and other administrative expenses, the outputs of relate to financial information of the reporting components it services and therefore it is not a separate reporting component. We performed specified risk-focused audit procedures over this service centre, predominantly the testing of transaction processing and review controls.</p> <p>We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.</p> <p>As part of our risk assessment procedures, we determined the most effective balance between controls and substantive audit testing when determining our testing approach over the financial information. The scope of the audit work performed at the Group and components was predominantly substantive due to legacy systems and previous control deficiencies. We have used data analytics routines, with partial reliance placed upon the Group's internal controls over financial reporting.</p> <p>We identified key financial systems including over financial reporting, consolidation and other relevant business processes across the Group. For a number of legacy systems, which will ultimately be replaced, management has deemed it not cost efficient to update the control environment to the level required for us to be able to place reliance and therefore be able to test automated controls over these systems.</p> <p>Our IT auditors assisted us in evaluating the general IT controls over the key systems and associated IT utility tools, as well as evaluating automated controls and system generated reports relied upon by management. Our IT auditors tested controls over financial reporting systems, policy admin systems and fund management systems relating to financial investments, investment returns, derivatives and cash and cash equivalents at the asset management components. They also assisted us with data analytics routines to test premiums and claims.</p> <p>A number of control deficiencies relating to both manual and automated controls on other key financial systems, were identified across the Group. The observed deficiencies were mitigated through a combination of additional audit procedures allowing the component auditors to continue with the planned audit approach.</p>
Group auditor oversight	<p>What we mean The extent of the Group auditor's involvement in work performed by component auditors.</p> <hr/> <p>In working with component auditors, we:</p> <ul style="list-style-type: none"> • included the component auditors' engagement partners and managers in the Group planning discussion to facilitate inputs from component auditors in the identification of matters relevant to the Group audit • issued Group audit instructions to component auditors on the scope and nature of their work, including specifying all risks identified for the accounts in scope for each component, the procedures to perform over higher risk accounts, setting out the significant areas to be covered including the relevant Key Audit Matters and information to be reported back to the Group audit team • held risk assessment update discussions with all component audit teams at the commencement of the final phase of the audit led by the Group engagement partner and attended by the engagement quality control partner • visited 6 of 9 (2024: 9 of the 12) component auditors in the UK, Bermuda and US as the audit progressed to understand and evaluate their work and organised bi-weekly video conferences with the component auditors. At these visits and in video conferences, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditors • we inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed with a particular focus on the Key Audit Matters in respect of KAM 4.1, KAM 4.2 and KAM 4.3 and the significant risks over the valuation of insurance contract liabilities and the valuation of hard to value (Level 3) investments.

8. Other information in the Annual report and accounts

The directors are responsible for the other information presented in the Annual report and accounts together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' report on remuneration

Our responsibility

We are required to form an opinion as to whether the part of the Directors' report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge and:

- the directors' statement that they consider that the Annual report and accounts and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- the section of the Annual report and accounts describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements and how these issues were addressed
- the section of the Annual report and accounts that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review.

We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' report on remuneration to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 244, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

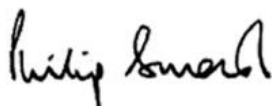
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Group is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Smart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London, E14 5GL

10 March 2026

Primary statements and performance

Consolidated Income Statement

For the year ended 31 December 2025	Notes	2025 £m	2024 ¹ £m
Insurance revenue	2(v)(b),22(i)	9,222	8,542
Insurance service expenses	5,22(i)	(7,191)	(7,235)
Insurance service result before reinsurance contracts held		2,031	1,307
Net expense from reinsurance contracts held	22(i)	(817)	(150)
Insurance service result	22(i)	1,214	1,157
Investment return ²	30	44,029	21,413
Finance (expense)/income from insurance contracts	30	(4,026)	1,309
Finance income/(expense) from reinsurance contracts	30	277	(60)
Change in investment contract liabilities	23	(39,327)	(22,192)
Insurance and investment result		2,167	1,627
Other operational income		381	1,204
Fees from fund management and investment contracts	2(v)(b)	908	864
Acquisition costs		(184)	(175)
Other finance costs	24	(282)	(273)
Other expenses	5	(2,166)	(2,799)
Total other income and expenses		(1,343)	(1,179)
Profit before tax from continuing operations		824	448
Tax expense attributable to policyholder returns	31	(134)	(210)
Profit before tax attributable to equity holders from continuing operations		690	238
Total tax expense from continuing operations	31	(304)	(318)
Tax expense attributable to policyholder returns	31	134	210
Tax expense attributable to equity holders from continuing operations	31	(170)	(108)
Profit for the year attributable to continuing operations		520	130
Profit for the year attributable to discontinued operations	4	96	65
Profit for the year		616	195
Attributable to:			
Non-controlling interests		24	4
Equity holders		592	191
Dividend distributions to equity holders during the year	6	1,247	1,230
Dividend distributions to equity holders proposed after the year end	6	880	902
		p	p
Total basic earnings per share³	7	9.99	2.89
Total diluted earnings per share³	7	9.74	2.86
Basic earnings per share attributable to continuing operations³	7	8.31	1.78
Diluted earnings per share attributable to continuing operations³	7	8.16	1.77

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

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

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

Primary statements and performance continued

Consolidated Statement of Comprehensive Income

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

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

Consolidated Balance Sheet

As at 31 December 2025	Notes	2025 £m	2024 £m
Assets			
Goodwill		54	30
Intangible assets	11	341	450
Investment in associates and joint ventures accounted for using the equity method		510	872
Property, plant and equipment	12	332	395
Investment property	13	11,636	9,822
Financial investments	13	521,777	495,551
Reinsurance contract assets	22	8,840	9,165
Deferred tax assets	31	1,588	1,741
Current tax assets	31	971	857
Receivables and other assets	15	6,221	8,627
Cash and cash equivalents	16	17,098	16,657
Assets of operations classified as held for sale	4	12,900	–
Total assets		582,268	544,167
Equity			
Share capital	35	142	147
Share premium	35	1,052	1,036
Employee scheme treasury shares	35	(163)	(163)
Capital redemption and other reserves		240	319
Retained earnings		517	1,714
Attributable to owners of the parent		1,788	3,053
Restricted Tier 1 convertible notes	36	495	495
Non-controlling interests		29	(37)
Total equity		2,312	3,511
Liabilities			
Insurance contract liabilities	22	93,946	95,648
Reinsurance contract liabilities	22	2	170
Investment contract liabilities	23	357,955	323,957
Core borrowings	24	4,297	4,308
Operational borrowings	24	601	3,391
Provisions	25	221	152
Deferred tax liabilities	31	89	197
Current tax liabilities	31	161	118
Payables and other financial liabilities	26	80,236	87,362
Other liabilities	37	853	950
Net asset value attributable to unit holders		29,233	24,403
Liabilities of operations classified as held for sale	4	12,362	–
Total liabilities		579,956	540,656
Total equity and liabilities		582,268	544,167

The notes on pages 136 to 234 form an integral part of these financial statements.

The financial statements on pages 131 to 234 were approved by the Board of directors on 10 March 2026 and were signed on their behalf by:



Sir John Kingman
Chair



António Simões
Group Chief Executive Officer



Andrew Kail
Group Chief Financial Officer

Primary statements and performance continued

Consolidated Statement of Changes in Equity

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

1. Capital redemption and other reserves as at 31 December 2025 include share-based payments £130m, foreign exchange £(2)m, capital redemption £24m, cash flow hedge £94m, cost of hedging £nil, insurance and reinsurance finance for contracts applying the OCI option £358m and financial assets at FVOCI £(268)m. It also includes £(96)m reflecting the Group's obligation under a put option contract.

2. On 12 March 2025, Legal & General Group Plc entered into an agreement to acquire £503m (including stamp duty) of ordinary shares for cancellation. The programme completed on 2 September 2025, with a total number of shares acquired and cancelled of 203,406,356.

3. Following the acquisition of Proprium, a financial liability has been recognised, representing the Group's obligation under a put option contract over Proprium's non-controlling interests, with a correspondent amount recognised directly in equity. Refer Note 29 for further information.

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

1. Capital redemption and other reserves as at 31 December 2024 include share-based payments £110m, foreign exchange £30m, capital redemption £19m, hedging £48m, insurance and reinsurance finance for contracts applying the OCI option £352m and financial assets at FVOCI £(240)m.

2. On 12 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £201m (including stamp duty) of ordinary shares for cancellation. The programme completed on 8 November 2024, with a total number of shares acquired and cancelled of 88,835,417.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Profit for the year		616	195
Adjustments for non-cash movements in net profit for the year			
Net gains on financial investments		(31,594)	(8,496)
Net gains on investment property		(142)	(42)
Investment income		(13,045)	(13,206)
Interest expense		387	372
Tax expense	31	325	347
Other adjustments		191	138
Net (increase)/decrease in operational assets			
Investments mandatorily measured at FVTPL		(11,136)	(900)
Investments measured at FVOCI		(307)	(102)
Investments measured at amortised cost		(633)	(1,032)
Other assets		2,233	(248)
Net increase/(decrease) in operational liabilities			
Insurance contracts and reinsurance contracts held		8,590	2,372
Investment contracts		34,116	7,083
Other liabilities		4,754	(3,001)
Cash utilised in operations		(5,645)	(16,520)
Interest paid		(343)	(365)
Interest received ¹		5,863	6,954
Rent received		520	446
Tax paid ²		(228)	(190)
Dividends received		4,381	5,229
Net cash flows from operating activities		4,548	(4,446)
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangibles and other assets		(51)	(95)
Acquisition of operations, net of cash acquired	29	(22)	–
Disposal of subsidiaries and other operations, net of cash transferred		80	455
Investment in joint ventures and associates		(17)	(121)
Disposal of joint ventures and associates		180	–
Net cash flows from investing activities		170	239
Cash flows from financing activities			
Dividend distributions to ordinary equity holders during the year	6	(1,247)	(1,230)
Coupon payment in respect of restricted Tier 1 convertible notes, gross of tax	36	(28)	(28)
Options exercised under share option schemes	35(i)	16	6
Treasury shares purchased for employee share schemes	35(ii)	(20)	(33)
Purchase of shares under share buyback programme	35(i)	(503)	(201)
Payment of lease liabilities	27	(30)	(35)
Proceeds from borrowings		1,816	2,325
Repayment of borrowings		(2,933)	(473)
Net cash flows from financing activities		(2,929)	331
Net increase/(decrease) in cash and cash equivalents		1,789	(3,876)
Exchange (losses)/gains on cash and cash equivalents		(108)	20
Cash and cash equivalents at 1 January		16,657	20,513
Total cash and cash equivalents		18,338	16,657
Less: cash and cash equivalents of operations classified as held for sale	4	(1,240)	–
Cash and cash equivalents at 31 December	16	17,098	16,657

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

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

Primary statements and performance continued

1. Basis of preparation and accounting policies

Legal & General Group Plc, a public limited company incorporated and domiciled in England and Wales, operates across three broad business areas of institutional retirement, asset management and retail (insurance and retirement), through its subsidiaries and associates in the United Kingdom (UK), the United States, Bermuda and other countries throughout the world.

(i) Basis of preparation

The Group financial statements, which comprise the information on pages 131 to 234, except the information disclosed as being unaudited, have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards and IFRS as issued by the International Accounting Standards Board (IASB) and related interpretations issued by the IFRS Interpretations Committee. Endorsement is granted by the UK Endorsement Board (UKEB). The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through other comprehensive income and certain assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

Financial assets and financial liabilities are disclosed gross in the Consolidated Balance Sheet unless a legally enforceable right of offset exists and there is an intention to settle recognised amounts on a net basis. Income and expenses are not offset in the Consolidated Income Statement unless required or permitted by any accounting standard or International Financial Reporting Interpretations Committee (IFRIC) interpretation, as detailed in the applicable accounting policies of the Group.

(ii) 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 Annual report and accounts. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in these consolidated financial statements. Principal risks and uncertainties are detailed on pages 42 to 46

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 these consolidated financial statements, using the information available up to the date of issue of this Annual report and accounts.

The Group manages and monitors its capital and liquidity and applies various stresses, including adverse inflation and interest rate scenarios, to those positions to understand potential impacts from market downturns. Our key sensitivities and the impacts on our capital position from a range of stresses are disclosed in Note 28 Management of capital resources (this note is unaudited). 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 42 to 46, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

(iii) Impact of the sale of the Group's US insurance entity on financial reporting

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

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

The transaction has had the following impacts on financial reporting:

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

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

The Group has applied Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates': 'Lack of Exchangeability' for the first time in the year commencing 1 January 2025, which did not have a material impact on its consolidated financial statements.

(v) Standards, interpretations and amendments to published standards which are not yet effective

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

These amendments, issued in May 2024, provide the following:

- clarification around the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system
- clarification and guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion
- new disclosure requirements for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets)
- an update to the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. These amendments are not expected to give rise to a material impact on the Group's consolidated financial statements.

Annual improvements to IFRS Accounting Standards – Volume 11

The IASB issued its annual improvements in July 2024, which include a collection of minor amendments to accounting standards, applicable for annual reporting periods beginning on or after 1 January 2026. These are not expected to give rise to a material impact on the Group's consolidated financial statements.

IFRS 18, 'Presentation and Disclosure in Financial Statements'

IFRS 18, issued in April 2024, will replace IAS 1, 'Presentation of Financial Statements'. IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals, which aim at increasing comparability of the financial performance of similar entities, as well as provide more relevant information and transparency to users.

The standard is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Group is currently assessing the impacts of the amendments on the consolidated and Company financial statements, in particular around the presentation of its results within the Consolidated Income Statement and the definition and disclosure of management-defined performance measures.

IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

IFRS 19, issued in May 2024, allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted, subject to UK endorsement. The Group is not eligible to apply IFRS 19.

(vi) Critical accounting judgements and the use of estimates

The preparation of the financial statements includes the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet and Consolidated Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, material adjustments could be made to the carrying amounts of assets and liabilities within the next financial year. The Audit Committee reviews the reasonableness of judgements associated with and the application of material accounting policies. The significant accounting matters considered by the Audit Committee in respect of the year ended 31 December 2025 are included within the Audit Committee report on page 69.

The major areas of critical accounting judgement on policy application are considered below:

Insurance and investment contract liabilities (Notes 22 and 23): Product classification and the assessment of the significance of insurance risk transferred to the Group in determining whether a contract should be accounted for as an insurance or investment contract

Contracts which transfer significant insurance risk to the Group are classified as insurance contracts. Contracts that transfer financial risk (e.g. change in interest rate or security price) to the Group but not significant insurance risk are classified as investment contracts.

Judgement is required in order to assess the significance of the transfer of insurance risk within a contract. This assessment is based on whether the occurrence of an insured event could cause the Group to make significant additional payments, i.e. if the occurrence of the event causes significantly higher cash out flows for the Group than its non-occurrence.

Certain contracts, which are both insurance and investment, can contain discretionary features representing the contractual right to receive additional benefits as a supplement to guaranteed benefits under certain conditions, being:

- that the additional benefits are a significant portion of the total contractual benefits
- the timing and amount of the additional benefits is at the discretion of the Group
- that the additional benefits are contractually dependent upon the performance of an entity, fund or specified pool of assets.

Insurance contracts and investment contracts with such discretionary participation features are accounted for under IFRS 17, while investment contracts without discretionary participation features are accounted for as financial instruments under IFRS 9.

Judgement is therefore required in order to establish whether any additional benefits in an insurance or investment contract meet the above requirements for being considered discretionary participation features.

Primary statements and performance continued

Consolidation (Notes 41-43): Assessment of whether the Group controls underlying entities and should therefore consolidate them.

The assessment takes account of various criteria, including decision-making ability, equity holding and the rights to a variable return from the entity.

Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For operating entities this generally accompanies a shareholding of 50% or more in the entity. Subsidiaries that are consolidated where the Group owns less than 50% of the ordinary share capital (structured entities), are consolidated based on an assessment of control normally arising from special rights attaching to the class of share owned, other contractual arrangements and factors such as the purpose of the investee, the nature of its relevant activities, voting rights (including potential voting rights) and substantive and protective rights.

The Group invests in various fund and unit trust entities where it also acts as the asset manager to those entities. In these instances, in determining whether the Group controls the entities, the assessment focuses on the aggregate economic interests of the Group (direct interest and expected management fees) and on whether the Group acts as a principal or agent. This includes an assessment of the removal rights of other investors (their practical ability to allow the Group not to control the fund). Additionally, holdings in such investments can fluctuate on a daily basis according to the participation of the Group and other investors in them. As a result, in determining control, we look at an assessment of these factors over a longer period to mitigate the impact of daily fluctuations which do not reflect the wider facts and circumstances of the Group's involvement. This is performed in line with the following principles:

- where the entity is managed by a Group asset manager and the Group's ownership holding in the entity exceeds 50%, the Group is judged to have control over the entity
- where the entity is managed by a Group asset manager and the Group's ownership holding in the entity is between 30% and 50%, the facts and circumstances of the Group's involvement in the entity are considered, including the rights to any fees earned by the asset manager from the entity, in forming a judgement as to whether the Group has control over the entity
- where the entity is managed by a Group asset manager and the Group's ownership holding in the entity is less than 30%, the Group is judged to not have control over the entity, but again the facts and circumstances of the Group's involvement in the entity are considered.

The following sets out information about the critical accounting assumptions made by the Group about the future and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Valuation of insurance contract liabilities (Notes 20-22)

The key judgements around the valuation of insurance contract liabilities relate to the following assumptions:

- determination of the longevity, mortality and morbidity assumptions used in the calculation of the insurance contract liabilities; the assumptions for the rate of future longevity, mortality and morbidity are based on the Group's internal experience and judgements about how experience may vary in the future. This assessment takes into account market benchmarking, internal experience studies and independent industry data. The long-term assumptions are adjusted to reflect the Group's view on the effects of the Covid-19 pandemic on claims experience in the medium to long-term, informed by emerging experience and industry studies
- determination of the directly attributable expense assumptions used in the calculation of the insurance liabilities. These represent the expected future costs that relate directly to the fulfilment of the underlying insurance policies and are based on management's best estimate of these future costs and on an appropriate allocation between servicing new and existing business
- determination of valuation interest rates used to discount the liabilities, which are sensitive to the assumptions made, for example, on credit default of the backing assets. These assumptions take into account consideration of market experience and historic internal data. The valuation interest rate is also sensitive to the selection of the reference portfolio of assets chosen to back the liabilities
- determination of the compensation required for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risks as insurance contracts are fulfilled, in the calculation of the risk adjustment
- determination of the weighting of the coverage units, used to calculate the CSM amortisation in the year, between the payment phase and the deferral phase for deferred annuities. Judgement is required to combine the different coverage units so that they fairly reflect the services provided
- determination of the transition date CSM under IFRS 17 incorporated judgement. In particular, judgements made in the calculation of the CSM for portfolios transitioned using the fair value approach at 1 January 2022 continue to be a component of the current valuation of the CSM until those portfolios expire.

Note 21 includes a sensitivity analysis on post-tax Group profit and Group equity to reasonable alternative assumptions.

Valuation of unquoted illiquid assets and investment property (Note 13)

Determination of fair value of unquoted and illiquid assets and investment property involves judgements in model valuations, through the incorporation of both observable and unobservable market inputs, which include assumptions that lead to the existence of a range of plausible valuations for financial assets.

In assessing asset valuation, in line with applicable standards and guidance, the Group has both projected the short-term impact on earnings and cash flows of the current market volatility, while continuing to review the assets' ability to deliver longer term returns aligned to their investment cases.

Note 21 includes a sensitivity analysis on the fair value of unquoted illiquid assets and investment property to reasonable alternative assumptions.

(vii) Consideration of climate change

The Group recognises emerging risks from both climate change and nature loss and the interrelationship between our climate and the natural world. Climate change is the Group's most material sustainability issue, but the Group continues to develop its understanding of its impacts and dependencies on nature, concurrently with its consideration of the impacts from climate change.

The Group is exposed to climate change through two broad categories: transition risks from the move to a low-carbon economy and the impact this has on asset valuation and the economy; and physical risks from the impact on asset holdings as a result of severe weather events and longer-term shifts in climate.

The Group has integrated climate risk management into its governance framework and has carried out a detailed assessment of how we could expect climate risk to emerge across our business model. The Group risk mitigation strategy includes setting portfolio carbon intensity targets, integrating carbon controls into the investment processes through stock exclusions and high carbon escalation, corporate engagement and implementing high energy efficiency standards into the Group's directly owned commercial property and housing businesses.

The Group is committed to net zero, promoting a 1.5°C 'Paris-aligned transition'. In order to meet its environmental goals, the Group has set for itself a number of targets and commitments, clearly linked with its business strategy and risk management controls. These are based on the three key areas of our Group-wide activity, as an asset owner, an asset manager and in our own operations. Metrics and targets have been defined around the Group's operational carbon footprint, investment portfolio economic carbon intensity and implied portfolio temperature alignment. These are being targeted through the decarbonisation of the Group's balance sheet, investing in the transition, development of climate friendly investment products and focus on own operations. The Group also continues to drive greater action as an asset manager to address financially material climate and nature risks in the real economy consistent with our fiduciary duty.

Scenario analysis is performed to help understand the strategic implications of possible climate pathways, including the key features of a transition to a net zero economy. Plausible scenarios have been developed based on estimations of how the energy system may evolve over the next 30 years, using the most recent carbon budgets from the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6) and incorporated latest data on technology costs. These include two different pathways to 'below 2°C' and a scenario assuming achievement of net zero. Given the Group's long-term climate risk relates to transition risk, a fourth scenario assuming global failure to act on climate change and emissions growth at historical rates has been modelled, but the impacts have not been applied to our portfolio. Such impacts are driven by physical risks which tend to be highly localised and manifest further into the future and are therefore more uncertain. However, more broadly on physical risks, our modelling capabilities allow us to assess how acute events, such as floods and storms in the High emissions scenario, may affect asset values, operations, and long-term resilience, as considered in our investment due diligence and valuation uncertainty analysis.

In preparing the consolidated financial statements, the Group has considered the impact of climate change and in particular the transition to a lower carbon economy, on the valuation of the Group's assets and liabilities. In the Strategic report, with additional information in the Group's Climate and nature report, we have set out in detail the various risks and opportunities that are created by this transition and how they may impact the Group across various time horizons. In line with the recommendations of the Task Force on Climate-related Financial Disclosures, we have further described the resilience of the Group's strategy, taking into consideration different climate-related scenarios, as described above. There is no one single scenario that underpins the financial statements. The scenarios help challenge the Group's perspectives on the future business and economic environment as a result of the transition to a lower carbon economy, including consideration of events that may be only remotely possible. As a result, the scenarios covered are not intended to be predictions of likely future events or outcomes and are not the basis on which the Group's consolidated financial statements have been prepared.

At the current time, the Group does not consider climate risk to represent a significant area of judgement or of estimation uncertainty. As at 31 December 2025, 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. In arriving at this determination, the Group has in particular taken into account the following areas of judgement, which we consider to be those most exposed to the potential impact of climate change in the preparation of the financial statements:

Going concern and viability

In preparing the consolidated financial statements, the directors are required to assess the Group's ability to continue as a going concern, by taking into account all available information related to at least 12 months from the date of their approval. Additionally, the preparation of the viability statement takes into consideration the Group's overall business model and strategy, forecast financial strength and resilience and the liquidity profile over the planning horizon. Climate-related matters have been considered as part of these assessments and have not been deemed to create material uncertainties as to their conclusions or to require specific disclosure.

Valuation of Level 3 financial investments and investment property

The valuation of unquoted illiquid assets and investment property has been separately identified as an area of significant estimation uncertainty. The assumptions used in the models underpinning these assets' valuations, such as cash flows forecasts, discount rates and multiples, are often unobservable. Due to the need to apply significant judgements, these assumptions can be impacted by transition risk, with climate-related inputs gaining more traction (e.g. construction methods and materials, EPC ratings, ESG credentials and climate resilience). This is particularly relevant for the Group's Private Markets portfolio, including alternative assets. Where possible, the Group's assets are valued using standard market pricing sources or appropriately qualified external valuers and therefore reflect current market sentiments around climate risk. In this respect market and investor expectations have also been evolving, with greater demand towards net zero-aligned assets and away from traditional carbon-intensive methods, impacting expected investor returns and therefore discount rates and multiples. Exposure to the risks of climate change is minimised through rigorous assessment of potential investments and active monitoring of the carbon intensity of the current portfolio. Additionally, investment properties are being reviewed by independent third parties, where applicable, with regards to potential retrofitting, to help reduce carbon emissions and make them more efficient and sustainable for the future.

Primary statements and performance continued

Asset impairment and residual economic life

The carrying value of goodwill, intangible and certain tangible assets on the Consolidated Balance Sheet which are subject to impairment testing could be affected by climate change risk. For example, inventory may become obsolete or restricted, causing selling prices to decline or their costs of completion to increase. If, as a result, the cost of inventories is not recoverable, they would need to be written down to their net realisable value.

Property, plant and equipment, right-of-use assets, goodwill and intangible assets may see their recoverable amount decrease in light of climate change and significant changes in the environment (including for example changes in regulation) in which the Group operates, where adverse effects can represent an indication of impairment. The estimation of recoverable amount as 'value in use' requires an assessment of future expected cash flows based on assumptions potentially affected by climate-related matters, particularly for goodwill and intangible assets, which are subject to a higher degree of judgement. Where assets are subject to amortisation or depreciation, consideration needs to be given to whether climate risk suggests that the residual economic life is shorter than anticipated, which would give rise to increased charges in the income statement. Due to the nature of the Group's assets, we do not anticipate any material additional impairments or increased amortisation and depreciation charges to arise from climate change. Risks will continue to be monitored against judgements and estimates used in the assessment of impairment.

Insurance contract liabilities

The Group's insurance contracts are valued using discount rates derived from the backing asset portfolios with deductions made to remove risks that are present in the assets but are not relevant to the insurance liability. Climate-related risks could impact on the Group's exposure to future credit losses which would impact on the appropriate yield deductions in the discount rate calculation and therefore the insurance contract valuations.

Provisions and contingent liabilities

The recognition, measurement and disclosure of provisions and contingent liabilities is subject to setting assumptions around future events and the probability of their occurrence. Climate-related matters could affect these elements, for example by requiring recognition or disclosure of a legal obligation (e.g. levies imposed for failing climate-related targets) or of a constructive obligation (e.g. requirements to remediate environmental damage caused by the Group's operations and investment portfolios).

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits, to the extent it is probable that future taxable profit will be available, against which those amounts can be utilised. Climate-related matters could affect the Group's estimate of future taxable profits and therefore it may be required to derecognise deferred tax assets previously on the balance sheet.

Share-based payments

The Group's performance share plans provide a direct and transparent link between executive pay and the delivery of shareholder returns over the longer term. They are a conditional award of shares subject to a performance period of at least three years. Performance metrics for the Group's share plans are now clearly linked to ESG metrics.

Financial instruments

Expected credit losses are required to be recognised on receivables and certain financial investments, representing the counterparty's probability of default over a certain time horizon. Climate-related matters may affect the Group's exposure to these losses, for example by negatively affecting the borrower's ability to meet their obligations, or by affecting assumptions used in the models adopted to estimate expected credit losses.

(viii) Material accounting policies

Consolidation principles

Subsidiary undertakings

The consolidated financial statements incorporate the assets, liabilities, equity, income, expenses and cash flows of the Company and of its subsidiary undertakings drawn up to 31 December each year. All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are those entities (including special purpose entities, mutual funds and unit trusts) over which the Group directly or indirectly has control (i.e. when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee) (Note 42).

Business combinations are accounted for by applying the acquisition method of accounting, which requires the Group to record the identifiable assets and liabilities of the acquired business at fair value on the date of acquisition. The excess of the fair value of acquisition consideration over the recorded value of the assets and liabilities of the acquired entity is recorded on the statement of financial position as goodwill. Profits or losses of subsidiary undertakings sold or acquired during the year are included in the consolidated results up to the date of disposal or from the date of gaining control.

Puttable instruments held by external parties in consolidated investment vehicles, such as unit trusts, are classified as liabilities and appear as Net asset value attributable to unit holders' in the Consolidated Balance Sheet.

Associates and joint ventures

Associates are entities over which the Group has significant influence but which it does not control. It is presumed that the Group has significant influence where it has between 20% and 50% of the voting rights in the investee unless indicated otherwise. Joint ventures are entities where the Group and other parties have joint control over their activities.

The Group has interests in associates and joint ventures (Note 41) which form part of an investment portfolio held through private equity vehicles, mutual funds, unit trusts and similar entities. In accordance with the choice permitted by IAS 28, 'Investments in Associates and Joint Ventures', these interests have been classified as fair value through profit or loss and measured at fair value within financial investments, with changes in fair value recognised in the Consolidated Income Statement.

Associates and joint ventures which do not form part of an investment portfolio are initially recognised in the Consolidated Balance Sheet at cost. Goodwill arising on the acquisition of these associates or joint ventures is included within the carrying value of those investments. Their carrying amount is increased or decreased to reflect the Group's share of total comprehensive income after the date of the acquisition. Where the carrying amount of an associate or joint venture is greater than its estimated recoverable amount, which is the higher of the assets fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount, with an impairment loss recognised in the Consolidated Income Statement.

Insurance contracts

Long term insurance contracts – initial measurement

Insurance contracts are contracts which transfer significant insurance risk to the insurer at the inception of the contract. This is the case if and only if, an insured event could cause an insurer to make significant additional payments in any scenario, other than a scenario which lacks commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

At inception, the Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument
- distinct investment components, i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts).

A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component and the Group provides a significant service of integrating the good or service with the insurance component.

Recognition and level of aggregation

An insurance contract is recognised at the earliest of the following:

- (a) the beginning of the coverage period
- (b) the date when the first payment from a policyholder becomes due
- (c) for onerous contracts, when the contract becomes onerous.

The level of aggregation determines the unit of account at which IFRS 17 calculations are performed. This is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of subsequently becoming onerous and the remainder. IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The insurance contract disclosures have been aggregated at the level of the major product lines of the business, annuities and protection. This disaggregation reflects their similar main characteristics and avoids the presentation of insignificant detail.

All of the Group's in scope insurance contracts are accounted for under the general measurement model which measures a group of insurance contracts as the total of:

- fulfilment cash flows
- CSM representing the unearned profit the Group will recognise as it provides services under the insurance contract.

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 a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary. The cash flows include:

- premiums and related cash flows
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- investment management costs incurred in the provision of an investment return service or to enhance the benefits of an insurance contract
- payments to policyholders resulting from embedded surrender value options
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- claims handling costs
- policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries for future services
- an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- transaction-based taxes.

Primary statements and performance continued

The Group incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- information about claims already reported by policyholders
- other information about the known or estimated characteristics of the insurance contracts
- historical data about the Group's own experience, supplemented when necessary, with data from other sources (historical data is adjusted to reflect current conditions)
- current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract.

Pre-recognition, insurance acquisition cash flow assets are recognised on the balance sheet prior to allocation to new insurance contracts and are considered for impairment at each reporting date.

Risk adjustment

The risk adjustment for non-financial risk for a group of insurance contracts 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. The Group's risk adjustment is calibrated 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.

Discounting

The insurance contract fulfilment cash flows are discounted at rates that reflect the characteristics of the insurance contract liabilities. These are determined by starting from an appropriate asset portfolio with deductions to remove risks in the assets that are not present in the insurance liabilities.

Contractual service margin (CSM)

The Group's CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. The Group measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- initial recognition of the fulfilment cash flows
- any cash flows arising from the contracts in the Group at that date
- the derecognition at the date of initial recognition of:
 - any asset for insurance acquisition cash flows
 - any other asset or liability previously recognised related to the group of insurance contracts.

Onerous contracts

For groups of contracts assessed as onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Group being equal to the fulfilment cash flows and the CSM of the Group being zero. A loss component is established by the Group for the liability for remaining coverage for an onerous group, which represents the losses recognised.

Reinsurance contracts – initial measurement

The initial measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- reinsurance contracts are recognised from the earlier of the following:
 - the beginning of the coverage period
 - the date the entity recognises an onerous group of underlying insurance contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.
- measurement of the cash flows includes an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- the Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- both day one gains and day one losses are not recognised at initial recognition in the statement of financial position but are deferred into the CSM and released to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition
- if the reinsurance contract is recognised prior to a loss-making underlying contract, the reinsurance CSM can be adjusted to offset a portion of the inception loss (the loss recovery component). This offsets a portion of the loss recognised on inception of the underlying onerous contract.

Long term insurance contracts – subsequent measurement

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the Group at that date and the CSM of the Group at that date
- (ii) the liability for incurred claims for the Group reflecting the fulfilment cash flows related to past service allocated to the Group at that date.

Contractual service margin – measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of that group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for:

- the effect of any new contracts added
- interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- changes in fulfilment cash flows relating to future service, except to the extent that:
 - such increases in the fulfilment cash flows exceed the current carrying amount of the CSM, giving rise to a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- the amount recognised as insurance revenue because of the transfer of services in the period, determined by allocation of the CSM at the end of the period over the current and remaining coverage period
- the effect of any currency exchange differences on the CSM.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise:

- experience adjustments that arise from the difference between the premium receipts (net of refunds) and any related cash flows such as insurance acquisition cash flows and insurance premium taxes and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) in respect of current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted in the CSM
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (which are instead recognised in the statement of profit or loss and other comprehensive income)
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
- changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition (i.e. the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period).

Onerous contracts

Groups of contracts that were not onerous at initial recognition can subsequently become onerous if assumptions and experience extinguish the CSM. In this case, the Group establishes a loss component for the future losses recognised. The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have materialised in the form of incurred claims). The loss component ensures that over the duration of the contract, the correct amounts are recognised as insurance revenue and insurance service expenses.

Contractual service margin (CSM) – recognition

The amount of CSM recognised in the income statement for a group of insurance contracts reflects the insurance contract services provided. The proportion of the CSM earned is calculated as the amount of coverage units provided in the period divided by the sum of all the future and current period coverage units. The Group has elected to discount the future coverage units in this calculation. The table below indicates the main insurance contracts services provided under the Group's insurance contracts and selected coverage unit(s) used to measure those services.

Insurance contract	Insurance service	Coverage unit(s)
Immediate annuity	Payment of insurance claims	Expected annual claims payments
Deferred annuity	Payment of insurance claims (payment phase)	Expected annual claims payments
	Investment return service (deferral phase)	Expected investment return on backing assets
	Lump sum death benefits (deferral phase)	Sum assured
Longevity swaps	Payment of floating leg of swap	Expected annual floating leg payments
Retail Protection	Potential mortality or morbidity claims	Sum assured
Group Protection	Potential mortality or morbidity claims	Sum assured

Where a specific unit of account contains a mixture of services and therefore coverage units, it is necessary to weight the coverage units so that the resulting profile of CSM release reflects the overall package of benefits provided. This is particularly pertinent to units of account incorporating a combination of immediate and deferred annuities. Under IFRS 17, deferred annuities usually provide multiple services, split between the two phases of benefit provision (the deferral phase and the payment phase). Judgement is therefore required to combine the different coverage units so that they fairly reflect the services provided. The weighting between the deferral phase and the payment phase coverage units is calculated so that the services provided in the deferral phase reflect the investment return provided and the probability weighted delivery of any lump sum death benefits, both adjusted so that all of the CSM is earned in the deferral phase for all contracts which do not enter the payment phase either through transfer out, withdrawal of funds or death.

Primary statements and performance continued

Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. Investment components are not included in insurance revenue and insurance service expenses.

Insurance finance income and expense

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. IFRS 17 requires an accounting policy decision as to whether to recognise all finance income or expense in profit or loss, or whether to disaggregate the income or expense that relates to changes in financial assumptions into other comprehensive income. Finance income and expense has been included in profit or loss for all insurance products except for the Group's protection business where it has been disaggregated between profit and loss and other comprehensive income. Where insurance finance income and expense has been disaggregated the amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts, using the discount rates determined on initial recognition.

Changes in the risk adjustment for non-financial risk have been disaggregated between insurance service result and insurance finance income and expenses.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued except that changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts are recognised in profit or loss.

Derecognition and contract modification of insurance contracts

The Group derecognises a contract when it is extinguished, i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

Measurement on transition to IFRS 17

On transition to IFRS 17, the insurance contract liabilities were restated, retrospectively applying the Group's accounting policies. In line with the provisions available in IFRS 17, the Group applied the full retrospective approach unless impracticable. The full retrospective approach required the Group to:

- identify, recognise and measure each group of insurance and reinsurance contracts as if IFRS 17 had always applied
- derecognise any existing balances that would not exist had IFRS 17 always applied
- recognise any resulting net difference in equity.

If it was impracticable to apply a full retrospective approach to a group of contracts then the Group selected an approach between the modified retrospective approach and the fair value approach. If the Group could not obtain reasonable and supportable information necessary to apply the modified retrospective approach, then the fair value approach was selected.

Full retrospective approach

For insurance and reinsurance contracts where the full retrospective approach was adopted, the best estimate and risk adjustment components of fulfilment cash flows were recognised and measured using the Group's accounting policies from the inception date of the contracts to the date of transition. The full retrospective approach was determined to be impracticable where: the effects of retrospective application were not determinable because information required was not collected (or not with sufficient granularity); application would require the application of hindsight; or information was unavailable because of system migrations, data retention requirements or other reasons.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. For insurance and reinsurance contracts where the modified retrospective approach has been adopted, the best estimate and risk adjustment components of fulfilment cash flows were recognised and measured using the Group's accounting policies at the date of transition except for the application of a permitted transition modification that, for some groups of contracts issued before 1 January 2021, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before that date. The expected release was determined with reference to the release of risk of similar contracts that the Group issued in 2022. This modification was used to avoid the application of hindsight to the calibration of the risk adjustment in prior periods.

Fair value approach

For insurance and reinsurance contracts where the fair value approach has been adopted, the best estimate and risk adjustment components of fulfilment cash flows were determined as at 1 January 2022. The Group determined the contractual service margin (CSM) of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Group applied the requirements of IFRS 13, 'Fair Value Measurement', except for the demand deposit floor requirement.

Financial instruments

Recognition and derecognition

Initial recognition of financial assets and liabilities is on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss
- in all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Group transfers substantially all the risks and rewards of ownership to another entity. This is the case for cash collateral pledged, where the counterparty has contractual rights to receive the cash flows generated and which is derecognised from the Consolidated Balance Sheet and a corresponding receivable recognised for its return.

The Group enters into transactions whereby it transfers assets recognised in its Consolidated Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are repurchase agreements and non-cash collateral pledged, unless the Group defaults on its obligations under the relevant agreement.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset or financial liability, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Modification

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Classification and measurement of financial assets

The Group classifies its financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification and measurement of financial assets depends on their contractual cash flow characteristics and how they are managed (the entity's business model). The contractual cash flow characteristics test aims to identify those assets with cash flows consistent with a basic lending arrangement, i.e. which are 'solely payments of principal and interest' (SPPI). The business model test refers to how an entity manages its financial assets with the objectives of generating cash flows. These factors determine whether the financial assets are measured at amortised cost, FVOCI or FVTPL. Assets are therefore typically characterised as follows:

- amortised cost: financial assets with contractual terms that give rise solely to interest and principal cash flows and which are held in a business model whose objective is to hold the assets to collect their cash flows. They are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss
- FVOCI: financial assets with contractual terms that give rise solely to interest and principal cash flows and which are held in a business model whose objective is achieved by holding the assets to collect their cash flows and selling them. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
- FVTPL: all other financial assets. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in cash flow or net investment hedges.

Notwithstanding the above, on initial recognition the Group may irrevocably designate to FVTPL a financial asset that would otherwise be measured at amortised cost or FVOCI if doing so eliminates or greatly reduces an accounting mismatch.

In making the SPPI assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). This includes evaluating whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. Examples of such contractual terms to be considered are contingent events that would change the amount or timing of cash flows, leverage features, prepayment and extension features, non-recourse asset arrangements and features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

Primary statements and performance continued

The business model reflects how the Group manages assets in order to generate cash flows, i.e. it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets are held for trading purposes), the business model is 'other' and the financial asset is measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

The objective of the Group's business model for certain debt instruments, in particular those instruments backing annuity or investment contract liabilities, including surplus assets, is to fund its liabilities. Consistent with the Group's investment strategy their performance is evaluated on a total return basis, as significant buying and selling activity is undertaken on a regular basis to rebalance its portfolio and to ensure that contractual cash flows from those assets are sufficient to settle the underlying liabilities. These investments do not follow a 'held to collect' or 'held to collect and sell' business model and are therefore accounted for at FVTPL. This business model is also applicable to reverse repurchase agreements and to derivatives. Equity instruments are accounted for at FVTPL.

Certain debt securities are held in separate portfolios for long-term yield. These include long-dated debt instruments backing annuities liabilities, but in surplus to the IFRS 17 best estimate liability and risk adjustment, used to manage interest and inflation rate exposure, as well as assets backing protection liabilities. These assets represent instruments consistent with the SPPI principles and are accounted for at amortised cost or FVOCI depending on the expected level of trading.

Receivables are accounted for at amortised cost.

Classification and measurement of financial liabilities

The Group classifies and subsequently measures financial liabilities at amortised cost or FVTPL.

Investment contract liabilities

Investment contract liabilities are measured at FVTPL. This is because these liabilities, as well as the related assets, are managed and their performance evaluated on a fair value basis. For unit linked liabilities, fair value is determined by reference to the value of the underlying net asset values of the Group's unithold investment funds at the balance sheet date.

Core and operational borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost. The difference between the net proceeds and the redemption value is recognised in the income statement over the borrowing period using the effective interest rate method.

Other financial liabilities

Other financial liabilities include derivative liabilities, repurchase agreements and trail commission, which are measured at FVTPL, while other payable balances are measured at amortised cost.

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into. The Group's derivatives, other than those designated as hedging instruments in cash flow or net investment hedges, are instruments held for trading and, are therefore accounted for at FVTPL.

Derivatives may be embedded in another contractual arrangement. If such a hybrid contract contains a host that is a financial asset, the Group assesses the entire contract for classification and measurement purposes. Otherwise, the Group accounts for an embedded derivative separately from the host contract when:

- its economic characteristics and risks are not closely related to those of the host contract
- the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract
- the hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at FVTPL, unless the Group chooses to designate the entire hybrid contract at FVTPL.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract.

Collateral

Collateral received in the form of cash, which is not legally segregated from the Group, is recognised as an asset in the Consolidated Balance Sheet with a corresponding liability for the repayment in Payables and other financial liabilities. However, where the Group has a currently enforceable legal right of set-off and the ability and intent to net settle, the collateral liability and associated derivative balances are shown net.

Non-cash collateral received is not recognised in the Consolidated Balance Sheet unless the transfer of the collateral meets the derecognition criteria from the perspective of the transferor. Such collateral is typically recognised when the Group either: (a) sells or repledges these assets in the absence of default, at which point the obligation to return this collateral is recognised as a liability; or (b) the counterparty to the arrangement defaults, at which point the collateral is seized and recognised as an asset.

Collateral pledged in the form of cash, which is legally segregated from the Group, is derecognised from the statement of financial position with a corresponding receivable recognised for its return. Non-cash collateral pledged is not derecognised from the statement of financial position unless the Group defaults on its obligations under the relevant agreement and therefore continues to be recognised in the Consolidated Balance Sheet within Financial investments.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its financial assets measured at amortised cost and FVOCI and recognises a loss allowance for such losses at each reporting date. Expected credit losses are defined as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive (i.e. the cash shortfall), weighted based on their probability of occurrence. The loss allowance recognised under IFRS 9 can be equal to an amount corresponding to a 12-month ECL or a lifetime ECL. A lifetime ECL is the ECL resulting from all possible default events over the expected life of the financial asset; a 12-month ECL is the portion of lifetime ECL resulting from default events on a financial asset that are possible within the 12 months after the reporting date. For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

The Group defines default on a financial asset as the inability to meet in full and on time an original promise of expected cash flows, the amount and timing of which are defined with certainty. Any breach of this promise, by any amount or time (in excess of any potential planned grace period), constitutes a default. This is consistent with the definition of default used for internal credit risk management purposes. An asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower
- a breach of contract, such as a default or past due event
- the restructure of a loan by the Group on terms which it would not otherwise consider
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The ECL model is run from the date of initial recognition of a financial asset and its output updated at every reporting period, even if no actual loss events have taken place. The impact of updating the inputs of the ECL model in the reporting period is recognised in profit or loss directly where it affects the carrying value of financial assets at amortised cost, while for assets at FVOCI an equal and opposite movement is recorded in other comprehensive income.

In order to determine whether the Group measures ECLs at an amount equal to 12-month ECL or lifetime ECL, at each reporting period the Group is required to assess which 'stage' a financial asset falls into. Stages reflect the general pattern of deterioration in credit risk of a financial instrument that ultimately defaults, as follows:

- Stage 1 includes financially healthy financial assets that are expected to perform in line with their contractual terms and which have no signs of increased credit risk
- Stage 2 includes financial assets for which a significant increase in credit risk has occurred since initial recognition, but which are not credit-impaired
- Stage 3 applies to credit-impaired financial instruments.

When financial assets are under Stage 1, 12-month ECLs are recognised. When financial assets are under Stage 2 or 3, lifetime ECLs are recognised. An instrument moves down (or up) the stages when a significant increase in credit risk (SICR) has happened (or has reversed).

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information, both qualitative and quantitative, that is relevant and is available without undue cost or effort, including forward-looking information at its disposal. Key indicators used in order to determine whether a SICR has occurred (either in isolation or in combination) are:

- deterioration in rating grade between origination date and reporting date. The level of deterioration required by an individual asset is determined using a relative rating matrix
- exposure is identified on the investment managers' 'watchlist'
- exposure is identified on internal 'credit watchlists'
- a manual shift of an exposure to Stage 2 on an exceptional basis (where required, using management judgement).

The provisions of IFRS 9 include a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, which is taken into account for this assessment.

The Group makes use of a practical expedient available in IFRS 9 whereby it can be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (e.g. investment grade as determined by the Group's asset managers). This allows recognition of 12-month ECLs as opposed to, potentially, lifetime ECLs. This is deemed to be the case where assets that have been downgraded remain of good credit quality (i.e. investment grade as determined by the Group's asset managers) as at the reporting date, to the extent that, where relevant, the Group's internal credit risk ratings are considered to be consistent with a globally understood definition of 'low credit risk'.

The Group estimates ECLs on its financial investments at amortised cost and debt instruments at FVOCI which are not credit-impaired by using the probability of default approach. Based on this method, the ECLs are a probability-weighted estimate of the present value of estimated cash shortfalls, i.e. the weighted average of credit losses, with the respective risks of a default occurring used as the weightings. For this purpose, the key elements to be calculated are the Probability of Default (PD), i.e. the estimate of the likelihood of default over a given time horizon (either 12 months or lifetime); the respective Loss Given Default (LGD); and the Exposure at Default (EAD).

Exposures that move into Stage 3 are able to transition back to Stage 2 if the asset no longer meets the definition of default. Similarly, exposures will re-transition from Stage 2 to Stage 1 where the SICR indicators no longer apply. No separate cure or probation periods are applied on the basis that assets will not be re-rated or moved out of default until there is evidence of stable and improved performance.

Primary statements and performance continued

In order to determine 12-month or lifetime PDs the Group's models utilise historical data obtained from S&P and Moody's in order to evaluate transitions (i.e. the probability that a security changes rating in a given year) and defaults, plus scenario-specific annual scaling factors which adjust the PDs for forward-looking information. The final PDs produced by the model are unconditional, i.e. they incorporate both the probability of not defaulting until the start of the period and the subsequent probability of default in that period, conditional on the position not having defaulted to that point. This allows them to be summed over 12 months to provide 12-month PD estimates, or over all remaining months to produce lifetime PD estimates.

LGD is the magnitude of the likely loss if there is a default, based on the history of recovery rates of claims against defaulted counterparties and taking into account collateral values where applicable.

EAD represents the expected exposure in the event of a default. The Group estimates LGD based on the history of recovery rates of claims against defaulted counterparties. Appropriate haircuts are applied to baseline unsecured LGDs and used in conjunction with forecast collateral values to estimate LGD for assets secured by collateral.

The Group has adopted a simplified approach for trade receivables, contract assets and finance and operating lease receivables. This allows measurement of lifetime ECLs only, thereby removing the need to identify SICRs. For these balances, the Group makes use of provision matrices in order to calculate such lifetime ECLs. This is a practical expedient allowed by IFRS 9 whereby historical credit loss experience and fixed loss rates are applied to the balances outstanding. Historical loss rates are adjusted to allow for forward-looking information.

Hedge accounting

The Group uses hedge accounting, provided the prescribed criteria are met, to recognise the offsetting effects of changes in the fair value or cash flow of the derivative instrument and the hedged item. Hedge accounting can be applied in order to:

- hedge the exposure to fair value movements of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect the Consolidated Income Statement
- hedge the exposure to variability in cash flows attributable to a particular risk associated with all, or a component of, a recognised asset or liability, or a highly probable forecast transaction, that could affect the Consolidated Income Statement
- hedge the exposure to the currency risk associated with a net investment in a foreign operation.

The relationship between the hedging instrument and the hedged item, together with the risk management objective and strategy for undertaking the hedge transaction, are documented formally at the inception of the transaction. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging items is recognised in the Consolidated Statement of Comprehensive Income and in a separate reserve within equity (cash flow hedge). The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The change in fair value of the hedging instrument related to the basis spread or forward points movements is recognised in a separate component of equity (cost of hedging reserve) to the extent that it relates to the hedged item (cost of hedging reserve) and expensed on a systematic and rational basis over the period of the hedge relationship.

Fair value measurement

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 best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. In certain circumstances, the fair value at initial recognition differs from the transaction price. If the fair value is evidenced by comparison by a quoted price in an active market for an identical instrument, or is based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss in the Consolidated Income Statement. In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred and recognised in the Consolidated Income Statement over the life of the instrument to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the instrument.

Revenue

Insurance revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts, reflecting the consideration the Group expects to be entitled to in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e. the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components).

The total consideration for a group of contracts covers amounts related to the provision of services and comprises:

- the release of the CSM
- changes in the risk adjustment for non-financial risk relating to current service
- claims and other insurance service expenses expected at the beginning of the period
- experience adjustments arising from premiums received in the period other than those that relate to future service
- insurance acquisition cost recovery determined by allocating the portion of premiums related to the recovery of those costs on the basis of insurance coverage provided
- other amounts, including any other pre-recognition cash flow assets derecognised at the date of initial recognition.

Fees from fund management and investment contracts

The Group generates revenue from acting as the investment manager for clients. Fees charged on investment management services are based on the contractual fee arrangements applied to assets under management and recognised as revenue as the services are provided.

The Group's income from investment contracts is primarily derived from fees for administration and managing of funds in pension plans. Revenue generated on investment contracts is recognised as services are provided. No significant judgements are applied on the timing or transaction price. In the instances of performance fees where revenue is subject to meeting a certain performance threshold, such revenue is not recognised until the condition has been met and it is highly probable that no significant reversal of amounts would occur. Variable costs directly related to securing new contracts are capitalised and amortised over the estimated period over which the revenue is earned.

Transaction fees are charged to implement trades for clients. Such fees are charged at the time the transaction takes place and are based on the size of the underlying contract.

Other operational income from contracts with customers

House building

House building revenue arises from the sale of residential properties and land and is recognised net of discounts and sales incentives. It also includes sale proceeds of part exchange properties. Sales of private houses are recognised on legal completion. Sales of social housing, where multiple units are developed and sold under a contractual agreement with a single customer, typically a housing association, are recognised over time in accordance with construction progress. Sales of land and commercial property are recognised on unconditional exchange, namely when contracts are exchanged or missives concluded and, where appropriate, construction is complete. The transaction price is determined using extensive research and expert judgement, current market values and regional variations.

Warranties are provided on all properties and range from 2-10 years. Due to their features, these do not represent separate performance obligations.

Professional services fees

The Group's professional services fees revenue arises from professional services provided by employed surveyors and third-party providers, panel management fees and administration fees. These fees are based on fee scales or contracts. Revenue is recognised when the service has been rendered.

In addition, the Group derives professional fees from facilitation of mortgage arrangements and related products such as conveyancing. These are based on an agreement/contract and could be tiered based on volume. The obligation in such instances is satisfied on completion of the mortgage/service, at which point the revenue is recognised. There is no significant judgement applied on the timing or amount of fee recognised.

Insurance broker fees

Fees are charged on each performance obligation offered to the customer as per agreed structure. Revenue for placement services is recognised at the point in time when the intermediary has satisfied its performance obligation, that is when the terms of the insurance policy have been agreed contractually by the insurer and policyholder and the insurer has a present right to payment from the policyholder. No significant judgements are applied on the timing or transaction price.

Investment return

Investment return includes unrealised fair value gains and losses on financial investments at fair value through profit or loss, realised gains and losses, dividends, rent and interest. Dividends are accrued on an ex-dividend basis. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Rental income is recognised on an accruals basis and is generally recognised on a straight line basis unless there is compelling evidence that benefits do not accrue evenly over the period of the lease. Interest income for financial assets which are not classified as fair value through profit or loss (FVTPL) is recognised using the effective interest method.

A gain or loss on a financial investment is only realised on disposal or transfer and is the difference between the proceeds received, net of transactions cost and its original cost or amortised cost, as appropriate. Realised gains or losses on investment property represent the difference between the net disposal proceeds and the carrying value of the property.

Unrealised gains and losses represent the difference between the carrying value at the end of the year and the carrying value at the previous year end or purchase value during the year, less the reversal of previously unrealised gains and losses in respect of disposals made during the year.

Primary statements and performance continued

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred. They exclude repayments of investment components and comprise the following items:

- incurred claims and benefits, excluding investment components reduced by loss component allocations
- incurred directly attributable expenses
- insurance acquisition cost amortisation
- insurance acquisition cost asset impairment.

Dividends

Interim dividends on ordinary shares are deducted from retained earnings in the period in which they are paid. Final dividends on ordinary shares are recognised as a liability in the period in which they have been approved by shareholders of the Company.

Earnings per share

Earnings per share is a measure of the portion of the Group's profit allocated to each outstanding share. It is calculated by dividing net income attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year, excluding employee scheme treasury shares. For this purpose, net income is defined as the profit after tax, attributable to equity holders of the Company, derived from continuing operations.

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 dilutive potential ordinary shares, such as share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

Intangible assets

Intangible assets mainly consist of capitalised software costs.

Where software costs are separately identifiable and measurable, they are capitalised at cost and amortised over their expected useful life on a straight-line basis. Costs incurred to internally develop software are only capitalised if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete such development and to use or sell the asset. Otherwise, such costs are recognised in profit or loss as incurred. The estimated amortisation period for IT development costs and software is between 3 and 10 years.

Intangible assets acquired via business combinations are recognised at fair value and are subsequently amortised on a straight-line basis over their estimated useful life.

Amortisation methods, useful lives and any expected residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets are tested for impairment either individually or at the cash-generating unit level. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with finite useful lives are tested when there are indications of impairment. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Investment property

Investment property comprises land and buildings which are held for long-term rental yields and capital growth, as well as right-of-use assets of the same nature and are not occupied by the Group. Completed investment property is carried at fair value with changes in fair value recognised in the Consolidated Income Statement within Investment return. Investment properties under construction are included within Property, plant and equipment and are stated at cost less any impairment until construction is completed or fair value becomes reliably measurable.

Non-current assets held for sale

Assets and liabilities part of a disposal group classified as held for sale are shown separately in the Consolidated Balance Sheet. They are recorded at the lower of their carrying amount and their fair value less costs to sell.

Discontinued operations

Discontinued operations comprise those activities that were disposed of or classified as held for sale at the end of the period and represent a separate major line of business or geographical area that can clearly be distinguished for operational and financial reporting purposes. The results of discontinued operations are presented separately in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Comparatives are re-presented where applicable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

Property, plant and equipment

Property, plant and equipment includes tangible assets owned by the Group (such as land and office and other buildings) or held under lease arrangements (such as office buildings, IT equipment and vehicles). Property, plant and equipment includes owner occupied property held by a fund, the units of which determine benefits for its investors. In accordance with IAS 16, 'Property, Plant and Equipment', the Group has elected to measure this asset at fair value, with changes in fair value recognised in the Consolidated Income Statement within Investment return.

All other assets within Property, plant and equipment are carried at historical cost less accumulated depreciation, calculated on a straight-line basis over their estimated useful life. Amortisation methods, useful lives and any expected residual values are reviewed at each reporting date and adjusted if appropriate.

An impairment review of Property, plant and equipment not carried at fair value is performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, which is the higher of the assets fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount, with an impairment loss recognised in the Consolidated Income Statement.

Leases

Lessee

Where the Group is a lessee, it recognises leases on the Consolidated Balance Sheet as 'right-of-use' assets and lease liabilities.

The right-of-use assets' value is initially recognised as the calculated value of the lease liabilities, initial direct costs and incentives received. The right-of-use assets are subsequently accounted for in accordance with the cost model in IAS 16, 'Property, Plant and Equipment' or as investment property under IAS 40, 'Investment Property'. The Group also assesses right-of-use assets classified as Property, plant and equipment for impairment when such indicators exist.

The initial measurement of the lease liabilities is made up of the present value of lease payments to be made over the lease term, including fixed lease payments and excluding lease incentive receivables. The Group uses the incremental borrowing rate as a discount rate for calculating the lease liabilities. The lease liabilities are unwound over the term of the lease giving rise to an interest expense. Additionally, the liabilities are reduced when lease payments are made. The Group reassesses the carrying amount of lease liabilities and right-of-use assets if certain events occur that modify the original assumptions used to calculate the lease balances upon initial recognition.

The Group leases offices, vehicles, IT equipment and investment properties under non-cancellable operating lease agreements. The Group has elected to make use of the recognition exemptions as permitted in respect of short-term leases (lease contracts with a term of 12 months or less) and lease contracts for which the underlying asset is of low value. Such leases are not recognised on the Consolidated Balance Sheet but the Group recognises the associated lease payments as an expense over the lease term.

Lessor

Where the Group is the lessor, leases are classified as finance leases if the risks and rewards of ownership are substantially transferred to the lessee and operating leases if they are not substantially transferred.

The Group leases certain investment properties to third parties. Under these agreements, substantially all the risks and rewards incidental to ownership are transferred to the lessee and therefore the contracts have been classified as finance leases. At the lease commencement date, the Group derecognises the investment property asset and recognises a receivable asset on its Consolidated Balance Sheet to reflect the net investment in the lease, equal to the present value of the lease payments. The Group recognises finance income over the lease term to reflect the rate of return on the net investment in the lease.

Under other lease agreements the Group is considered to substantially retain all the risks and rewards of ownership of the underlying asset, therefore these contracts have been classified as operating leases. Lease income from operating leases is recognised in the Consolidated Income Statement on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Tax

Current tax

Current tax comprises tax payable on current year profits, adjusted for non-tax deductible or non-taxable items and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Consolidated Income Statement unless it relates to items which are recognised in the Consolidated Statement of Comprehensive Income or directly in equity.

Deferred tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited to the Consolidated Statement of Comprehensive Income or charged or credited directly in equity.

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.

Use of estimates

Tax balances include the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates.

For tax this includes the determination of assets and liabilities recognised in respect of uncertain tax positions and the estimation of future taxable income supporting deferred tax asset recognition.

As the Group operates internationally, it is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on interpretation of legislation, management experience and professional advice. The directors have assessed the Group's uncertain tax positions and are comfortable that the provisions in place are not material individually or in aggregate and that a reasonable possible alternative outcome in the next financial year would not have a material impact to the results of the Group.

Primary statements and performance continued

Foreign exchange and exchange rates

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

Foreign exchange gains and losses are recognised in the Consolidated Income Statement, except when recognised in equity as qualifying cash flow or net investment hedges.

Share-based payments

The Group accounts for options and awards under equity compensation plans, until such time as they are fully vested, using the fair value based method of accounting. The fair value at the date of grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimate of the number of equity instruments which are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Consolidated Income Statement and a corresponding adjustment is made to equity. On vesting or exercise, the difference between the expense charged to the Consolidated Income Statement and the actual cost to the Group is transferred to Retained earnings. Where new shares are issued, the proceeds received are credited to Share capital and Share premium.

Share capital, share premium and employee scheme treasury shares

An equity instrument is any contract which evidences a residual interest in the net assets of an entity. It follows that a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on unfavourable terms
- the instrument is either a non-derivative which contains no contractual obligation to deliver a variable number of own equity instruments, or is a derivative which will be settled only by the Group exchanging a fixed amount of cash, or other financial assets, for a fixed number of its own equity instruments.

Where any Group entity purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to shareholders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to shareholders, net of any directly attributable incremental transaction costs and the related income tax effects. Shares held on behalf of employee share schemes are disclosed as such on the Consolidated Balance Sheet.

Fiduciary activities

Assets associated with fiduciary activities and the income arising from those assets, together with associated commitments to return such assets to customers, are not included in these financial statements. Where the Group acts in a fiduciary capacity, for instance as a trustee or agent, it has no contractual rights over the assets concerned.

(ix) Foreign exchange and exchange rates

The principal foreign exchange rates used for translation are:

Year end exchange rates	2025	2024
US Dollar	1.35	1.25
Euro	1.15	1.21
Average exchange rates	2025	2024
US Dollar	1.32	1.28
Euro	1.17	1.18

2. Supplementary adjusted operating profit information

(i) Adjusted operating profit

For the year ended 31 December 2025	Notes	2025 £m	2024 £m
Institutional Retirement ¹	2(ii)	1,168	1,097
Asset Management	2(iii)	402	401
Retail	2(ii)	447	430
Insurance ¹		119	114
Retail Retirement		328	316
Group debt costs ²		(229)	(216)
Group investment projects and expenses		(165)	(178)
Core operating profit¹		1,623	1,534
Non-retained US business ¹		90	82
Corporate Investments		43	95
Total adjusted operating profit		1,756	1,711
Investment variance	2(iv)	(771)	(1,196)
M&A and restructuring ³		(202)	(187)
Profits attributable to non-controlling interests		24	4
Adjusted profit before tax attributable to equity holders		807	332
Tax expense attributable to equity holders	31	(191)	(137)
Profit for the year		616	195
Less: Profit after tax from discontinued operations		(96)	(65)
Total tax expense from continuing operations		304	318
Profit before tax from continuing operations		824	448
Profit attributable to equity holders		592	191
Earnings per share:			
Core operating (pence per share) ^{1,4}	7	20.93	19.20
Basic (pence per share) ⁴	7	9.99	2.89
Diluted (pence per share) ⁴	7	9.74	2.86

1. Comparative amounts for Institutional Retirement and Insurance, which are components of core operating profit and core operating EPS, have been restated. Refer to Note 1 for further details.

2. Group debt costs exclude interest on non-recourse financing.

3. M&A and restructuring costs comprise one-off project expenses related to mergers, acquisitions, disposals and organisational restructuring activities. In 2025, these costs include expenses associated with the disposal of the Group's US insurance entity, as well as transformation initiatives, including costs linked to the extension of Asset Management's partnership with State Street. In 2024, they include £99m relating to the disposal of Cala.

4. These earnings per share calculations are based on profit attributable to equity holders of the Company derived from continuing and discontinued operations.

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

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

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

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
- equity direct investments incorporate investments in real estate, infrastructure, private credit and venture capital. Where used for the determination of adjusted operating profit, the long-term expected investment return is on average between 10% and 12% (2024: 10% and 12%). Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The rate of return for assets belonging to Corporate Investments is determined at a portfolio level and is updated annually if required. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

Primary statements and performance continued

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

	2025	2024
Equity returns	7%	7%
Commercial property growth	5%	5%
Residential property growth	3.5%	3.5%

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

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

(ii) Analysis of Institutional Retirement and Retail adjusted operating profit

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

- Contractual service margin (CSM) amortisation for Retail has been reduced by £16m (2024: £18m) to exclude the impact of reinsurance mismatches.
- Development of losses on onerous contracts has been adjusted by £13m to remove the reversal of gross contract losses that were excluded from adjusted operating profit in previous periods. In 2024, £35m of gross contract losses were excluded from adjusted operating profit where, net of reinsurance, the contracts remained profitable to remove gross contract losses where, net of reinsurance, the contracts remain profitable. These accounting losses will be presented as a reduction to the CSM amortisation in future periods.
- Other expenses are non-attributable expenses on both new business and existing business. These are overhead costs which are not allowed for in the best estimate liability unit cost assumptions and instead are reported within the Consolidated Income Statement as part of the profit or loss for the year.
- 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.
- Comparative amounts have been restated. Refer to Note 1 for further details.

(iii) Asset Management adjusted operating profit

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

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

(iv) Investment variance

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

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

Investment variance includes differences between actual and long-term expected investment return on traded and non-traded assets, the impact of economic assumption changes caused by changes in market conditions or expectations (e.g. credit default and inflation), the impact of any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business and the yield associated with assets held for future new pension risk transfer business. Note 2(i) includes details around the determination of the long-term expected investment return in the calculation of adjusted operating profit.

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

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

(v) Segmental analysis

The Group has five reportable segments, comprising Institutional Retirement, Asset Management, Insurance, Retail Retirement and Corporate Investments. As explained in Note 1, as a result of the sale of the Group's US insurance entity (completed in February 2026), the composition of the Group's reportable segments has changed. After completion, the Group is no longer exposed to its US protection business and to 20% of its US PRT business. Their contribution to the Group is therefore excluded from the results of the Insurance and Institutional Retirement segments respectively and reported separately as Non-retained US business. Prior year comparatives have been restated accordingly.

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

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

Reporting of assets and liabilities by reportable segment has not been included, as this is not information that is provided to key decision makers on a regular basis. The Group's 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.

Primary statements and performance continued

(a) Profit/(loss) for the year

	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
For the year ended 31 December 2025									
Adjusted 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
For the year ended 31 December 2024									
Adjusted operating profit/(loss)	1,097	401	114	316	(394)	1,534	95	82	1,711
Investment variance	(553)	(161)	(30)	(157)	(23)	(924)	(248)	(24)	(1,196)
M&A and restructuring	–	(29)	–	–	(18)	(47)	(140)	–	(187)
Profits attributable to non-controlling interests	–	–	–	–	4	4	–	–	4
Profit/(loss) before tax attributable to equity holders	544	211	84	159	(431)	567	(293)	58	332
Tax (expense)/credit attributable to equity holders	(131)	(46)	(30)	(37)	118	(126)	–	(11)	(137)
Profit/(loss) for the year	413	165	54	122	(313)	441	(293)	47	195
Attributable to:									
Continuing operations									130
Discontinued operations ¹									65

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

(b) 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 22. 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. Information on revenue is provided for continuing operations only and therefore excludes any revenue related to the Group's US insurance entity, as described in Note 1. Prior year comparatives have been adjusted accordingly.

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

	United Kingdom £m	USA £m	Rest of World £m	Total £m
For the year ended 31 December 2025				
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
For the year ended 31 December 2024				
Insurance revenue	8,419	–	123	8,542
Fees from fund management and investment contracts	702	83	79	864
Other operational income from contracts with customers	1,249	2	–	1,251
Total revenue	10,370	85	202	10,657

(c) Total revenue – internal/external analysis

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

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

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

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

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

(d) 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 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

For the year ended 31 December 2024	Asset Management £m	Retail Retirement £m	Corporate Investments and other ¹ £m	Total £m
Investment contracts and management fees ²	930	122	(207)	845
Transaction fees	19	–	–	19
Total fees from fund management and investment contracts	949	122	(207)	864

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

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

(e) 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 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 customers²	7	117	136	6	66	332

For the year ended 31 December 2024	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments and other ¹ £m	Total £m
House building	14	100	–	–	984	1,098
Professional services fees	–	14	51	6	13	84
Insurance broker	–	–	68	–	–	68
Total other operational income from contracts with customers²	14	114	119	6	997	1,250

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.

Primary statements and performance continued

3. Post balance sheet events

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

4. Disposal group held for sale and discontinued operations

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

As a result of the announcement, the Group's US protection and entire PRT businesses qualify for classification and measurement as a held for sale disposal group and the results of the disposal group also meet the definition of discontinued operations. Refer to Note 1 for further information. The balances classified as held for sale and as discontinued operations are presented below.

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

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

(ii) Financial performance of discontinued operations

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

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

(iii) Cash flow information of discontinued operations

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

5. Insurance service and other expenses

	Notes	2025 £m	2024 ¹ £m
Claims and benefits		6,912	6,395
Fees and commissions		500	308
Losses and reversals of losses on onerous contracts		(415)	281
Loss on disposal of subsidiaries ²		19	77
Staff costs (including pension costs and share-based payments)	33	1,171	1,174
Redundancy costs		20	15
Auditor's remuneration	32	19	17
Depreciation and impairment of plant and equipment	12	44	60
Amortisation and impairment of intangible assets	11	57	50
House building expenses ³		232	945
Other administrative expenses		908	831
Amounts attributed to insurance acquisition cash flows incurred during the year	22(ix)(a)	(231)	(229)
Amortisation of insurance acquisition expenses	22(iii)(a),22(v)(a)	121	110
Total Insurance service and other expenses		9,357	10,034
Represented by:			
Insurance service expenses		7,191	7,235
Other expenses		2,166	2,799
Total Insurance service and other expenses		9,357	10,034

1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) business as discontinued operations. See Note 1 for further information.
2. 2024 loss on disposal of subsidiaries reflects the disposal of Cala.
3. House building expenses represent the cost of sales of the Group's house building businesses, including Cala in 2024. A total of £172m (2024: £1,098m) of house building income has been recognised in the year (see Note 2(v)(e)).

6. Dividends

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

1. The dividend per share calculation is based on the number of equity shares registered on the ex-dividend date.
2. All dividends proposed are based on the number of eligible equity shares for that date.

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

Primary statements and performance continued

7. Earnings per share

(i) Basic and core operating earnings per share

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

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

2. Comparative amounts have been restated (refer to Note 1 for further details).

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

(ii) Diluted and core operating earnings per share

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 adjusted operating profit after allocated tax	(32)	–	(0.52)
Less: Non-retained US business adjusted operating profit after allocated tax	(68)	–	(1.12)
Less: Investment variance after allocated tax	821	–	13.51
Total diluted core operating earnings⁴	1,217	6,076	20.03

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

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

2. Comparative amounts have been restated (refer to Note 1 for further details).

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

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

Balance sheet management

8. Principal products

Product classification

The Group's products are classified for accounting purposes as either insurance or investment contracts. The basis of accounting for these products is outlined in Note 1. The following table summarises the classification of the Group's key insurance and investment contracts as well as investment products for each applicable business.

Reportable segment	Insurance contracts	Investment contracts and investment products
Institutional Retirement	<ul style="list-style-type: none"> Pension risk transfers Longevity insurance 	<ul style="list-style-type: none"> Assured payment policies
Retail	<ul style="list-style-type: none"> UK Retail protection UK Group protection US protection US universal life Individual annuities Lifetime Care Plan 	<ul style="list-style-type: none"> Lifetime mortgages Fixed term individual annuities Retirement interest only mortgages Workplace and Retail savings
Asset Management		<ul style="list-style-type: none"> Institutional pension Segregated investment management mandates Collective investment schemes

A significant part of the Group's business involves the acceptance and management of risk.

A description of the principal products offered by the Group's core segments is outlined below. In addition to the core segments, Corporate Investments, which represents a portfolio of non-strategic assets, is managed separately with the goal of maximising shareholder value ahead of potential divestment. As explained in Note 1, as a result of the planned sale of the Group's US insurance entity (completed in February 2026), the composition of the Group's reportable segments has changed. After completion, the Group is no longer exposed to its US protection or US universal life business and retains an 80% economic interest in the US PRT business through a new reinsurance agreement.

The Group seeks to manage its exposure to risk through controls which ensure that the residual exposures are within acceptable tolerances agreed by the Board. The Group's risk appetite framework and the methods used to monitor risk exposures can be found on pages 38 to 46.

Details of the risks associated with the Group's principal products and the controls used to manage these risks can be found in Notes 9 and 17 to 19.

Institutional Retirement

Annuity contracts

Pension Risk Transfer (PRT) represents bulk annuities, whereby the Group accepts the assets and liabilities of a company pension scheme or a life fund. Annuities provide guaranteed income for a specified time, usually the life of the policyholder and may include a guaranteed payment period. PRT business consists of both immediate and deferred annuities.

Immediate annuities provide a regular income stream to the policyholder and are in payment at the date of the transaction.

Deferred annuities provide a regular income stream to the policyholder where the income stream starts at a future date after the transaction. Some deferred contracts accepted by the Group contain guaranteed cash options, predominantly minimum factors for commuting part of the annuity income into cash at the date of vesting.

There is a block of immediate and deferred annuities within the UK business with benefits linked to changes in the RPI or for a minority the CPI, but with contractual maximum or minimum increases. The impact on profit due to changes in inflation can be found in Note 21 IFRS sensitivity analysis.

Investment contracts

The Group writes Assured Payment Policies (APP). An APP is 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 a fixed period of time from the insurer.

Longevity insurance contracts

The Group also provides longevity insurance products for company pension schemes, under which regular payments are made to the scheme reflecting their actual longevity experience, while the scheme makes an agreed set of regular payments in return. Some policies contain a guaranteed surrender value which is currently immaterial.

Asset Management

Asset Management offers both active and passive management on either a pooled or segregated basis to clients domiciled globally. Assets are managed on behalf of pension funds, institutional clients, sovereign wealth clients, retail clients and subsidiary companies within the Group.

The key products provided by Asset Management are unit linked institutional pensions, segregated investment management mandates and collective investment schemes.

Balance sheet management continued

The core strategies applied for managing the products are set out below.

Public Markets strategies

Index fund management

Asset Management provides a diversified range of pooled index funds, providing a wide choice and the ability to pursue specific benchmarks efficiently. In addition, segregated solutions are offered to institutional clients providing large scale customisation against established market capitalisation weighted and alternative indices.

The Asset Management Exchange Traded Fund (ETF) business provides clients access to Asset Management's index fund management capabilities via our ETF platform. ETF products cover a broad range of traditional and thematic asset classes.

Active strategies

Asset Management offers a range of pooled and segregated active fixed income funds. The Asset Management liquidity funds offer institutional investors a solution for their cash management requirements across a range of core currencies. The liquidity funds aim to deliver competitive returns with a high level of diversification, whilst focusing on capital preservation through portfolios of high quality, liquid assets.

Active strategies also include an active equity management business comprising focused teams managing stock selection across different regions.

Solutions and Liability Driven Investment (LDI)

Asset Management provides a range of pooled and bespoke solutions to help de-risk defined benefit pension schemes. These solutions will usually combine active or passive underlying portfolios with derivative overlays designed to meet clients' specific requirements. An allocation strategy service is also offered to institutional clients, which may also allocate some of the portfolio to managers other than Asset Management.

Multi-asset funds

Multi-asset funds for retail and institutional clients, built using Asset Management's expertise in asset allocation which is informed by an in-house research capability. The underlying asset classes may be managed on an active or passive basis within Asset Management.

Private Markets strategies

Private Markets offers a range of pooled funds, segregated accounts and joint ventures investing on behalf of UK and overseas investors across physical real estate, private corporate debt, infrastructure debt and real estate loans. The business has specialist teams of fund and asset managers and an in-house research team.

Direct investments are typically illiquid investments entered into through acquisition, joint venture with strategic partners or by the creation of new companies. Asset Management seeks to make direct investments in sectors where there are structural funding shortfalls and is organised into four sectors: real estate, infrastructure, private credit and venture capital. We deploy capital and sector expertise to such investments to target attractive risk-adjusted returns which can deliver higher returns and/or lower volatility for our shareholder capital than listed equity.

Retail

The Retail division comprises Insurance and Retail Retirement businesses.

UK protection business (Retail and Group)

The Group offers protection products which provide mortality or morbidity benefits. They may include health, disability, critical illness and accident benefits; these additional benefits are commonly provided as supplements to main life policies but can also be sold separately. The benefit amounts would usually be specified in the policy terms. Some sickness benefits cover the policyholder's mortgage repayments and are linked to the prevailing mortgage interest rates. In addition to these benefits, some contracts may guarantee premium rates, provide guaranteed insurability benefits and offer policyholders conversion options.

US protection business – now sold

US protection represents individual term assurance, which provides death benefits over the medium to long-term. The contracts have level premiums for an initial period with premiums set annually thereafter. During the initial period, there is generally an option to convert the contract to a universal life contract. After the initial period, the premium rates are not guaranteed, but cannot exceed the age-related guaranteed premium.

US universal life – now sold

Universal life contracts written by Legal & General America (LGA) provide savings and death benefits over the medium to long-term. The savings element has a guaranteed minimum growth rate. LGA has exposure to loss in the event that interest rates decrease and it is unable to earn enough on the underlying assets to cover the guaranteed rate. LGA is also exposed to loss should interest rates increase, as the underlying market value of assets will generally fall without a change in the surrender value.

Reinsurance is used within the protection businesses to manage exposure to large claims for individual term business and virtually all universal life business. These practices lead to the establishment of reinsurance assets on the Group's balance sheet. Within our US business, reinsurance and securitisation are also used to provide regulatory solvency relief (including relief from regulation governing term insurance).

Annuities

Immediate annuities have similar characteristics as products sold by Institutional Retirement. The Group also offers products for individuals that provide a guaranteed level of income over a chosen fixed period of time, in exchange for an initial lump sum payment from the policyholder. The products can provide a fixed lump sum at maturity and/or options to surrender on non-guaranteed terms.

Deferred annuity contracts written by LGA contain a provision that, at maturity, a policyholder may move the account value into an immediate annuity, at rates which are either those currently in effect, or rates guaranteed in the contract.

Lifetime Care Plan

The Lifetime Care Plan provides a monthly payment to a UK registered care provider that helps meet the cost of care for the policyholder's life. A policyholder can choose to receive a fixed monthly payment or opt to have escalation built in. A death benefit exists within the product so that if a policyholder dies within the first 6 months of the start date a percentage of the original premium less any payments already made is payable to the estate.

Lifetime mortgages

Lifetime mortgages are a form of equity release mortgage that provide non-commercial borrowers with a loan secured against their main residence, without the need for regular repayments. They are regulated retail mortgages offered only to borrowers over the age of 55 through specialist intermediaries. Interest accrues over the term of the loan and is repayable at the time the principal becomes due. Loans can be advanced in a single lump sum amount or in several subsequent drawdowns of an agreed facility. All lifetime mortgages provide a 'no negative equity' guarantee, which means that if the loan is repaid from the sale of the property and if the net sale proceeds are lower than the balance of the loan, the Group will accept the net sale proceeds as full settlement.

Retirement Interest-Only mortgages

A Retirement Interest-Only (RIO) mortgage is a standard residential 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.

Workplace and Retail savings

Workplace savings provides corporate pension scheme solutions to enable companies to meet their auto-enrolment obligations. Workplace savings acts as scheme operator and administrator for these products while the customers hold the individual or scheme level pension policies issued by Legal and General Assurance Society Limited (LGAS). Our workplace proposition is complemented by Retail savings which provides digital savings products direct to individuals in the form of a Personal Pension or a Stocks and Shares ISA. The Personal Pension allows individuals to save for retirement, particularly those without access to a workplace scheme, like the self-employed. Contributions include basic rate tax relief and are invested in investment funds. Once the individual reaches the normal minimum pension age, they can access their funds flexibly. The Stocks and Shares ISA offers individuals a tax efficient product to save into investment funds.

9. Asset risk

The Group is exposed to the following categories of asset risk as a consequence of offering the principal products outlined in Note 8 for the Group's core segments along with the portfolio of non-strategic assets in the Corporate Investments unit.

Market risk

Exposure to loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets.

Credit risk

Exposure to loss if another party fails to perform its financial obligations to the Group or suffers a rating downgrade.

Liquidity risk

The risk that the Group, though solvent, either does not have sufficient liquid financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Group is also exposed to insurance risk as a consequence of offering these products – more detail on insurance risk can be found in Note 19.

The Group is not directly exposed to any market risk, credit risk or liquidity risk associated with Asset Management's client funds and as a result, the detailed risk disclosures have not been presented. However, Asset Management's income from client funds is related to the value of funds under management and so they are indirectly exposed to market risks that impact the value of assets underlying those funds.

The Group seeks to manage its exposures to risk through controls which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Group's principal products and the associated controls is detailed in the table below.

Balance sheet management continued

Market risks

Principal risks	Segment	Controls to mitigate risks
<p>Investment performance risk The Group is exposed to the risk that the income from and value of, assets held to back insurance liabilities and capital requirements do not perform in line with investment and product pricing assumptions leading to a potential financial loss.</p>	Asset Management, Institutional Retirement and Retail	Models are used to assess the impact of a range of future return scenarios on investment values and associated liabilities in order to determine optimum portfolios of invested assets. In addition, risk is managed through maintaining a diversified range of investments. For annuities, which are sensitive to interest rate and inflation risk, analysis of the liabilities is undertaken to create a portfolio of securities, the value of which changes in line with the value of liabilities when interest rates change.
For unit linked contracts, there is a risk of volatility in asset management fee income due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based. There is also the risk of expense over-runs should the market depress the level of charges which could be imposed.	Asset Management and Retail	The risk is managed through maintaining a diversified range of funds in which customers may invest. The performance of linked investment funds relative to their investment objectives is subject to regular monitoring. Periodic assessment is also made of the long-term profitability to the Group of these funds. For some contracts the Group has discretion over the level of management charges levied.
<p>Property risk Lifetime mortgages include a no negative equity guarantee which transfers a potential loss exposure to the Group as a result of low house price inflation and an exposure to specific properties which may experience lower house price inflation for whatever reason.</p>	Institutional Retirement and Retail	To mitigate the risk, maximum loan to value ratios are set for all lending with further underwriting criteria setting out acceptable properties for lending purposes. Policy terms also require properties to be fully insured and maintained, including the right of inspection. The diversification of lending by property type and geographic region seeks to control exposures to specific aspects in the property market.
The Group builds homes across the residential market, invest in large commercial and residential development projects and along with Institutional Retirement manage several developed real estate assets. The Group is exposed to the risk that the income from and the value of, property assets held to back insurance liabilities and capital requirements do not perform in line with investment and product pricing assumptions leading to a potential financial loss. Valuations of real estate assets depend both on property-specific and wider market drivers. Properties under development can be exposed to additional risks which impact investment performance, including significant increases in the cost of materials or disruption to supply chains.	Asset Management, Corporate Investments and Institutional Retirement	Diversification by geographic region and property type avoids concentration of exposures to specific areas of the property market. Commercial property exposure in the Institutional Retirement annuity portfolio is relatively limited and is predominantly underpinned by long-term leases with investment grade tenants. Property development activity is relatively limited and where appropriate, key methods are adopted to manage development risk, such as fixed price construction contracts, forward sales, diversification of contracting counterparties and pre-leasing.
<p>Currency risk To diversify credit risk within the annuities business corporate bond portfolio, investments are held in corporate bonds denominated in non-sterling currencies. Asset Management also invest in overseas assets. Fluctuations in the value of, or income from, these assets relative to liabilities denominated in sterling could result in unforeseen foreign exchange losses.</p>	Asset Management, Institutional Retirement and Retail	To mitigate the risk of loss from currency fluctuations, currency swaps and forwards are used to hedge exposures to corporate bonds denominated in currencies other than sterling. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties. The hedges do not eliminate all currency risk and the Group retains some residual risk.
The consolidated international subsidiaries and financial instruments of subsidiaries are translated into sterling in the consolidated accounts. Changes in the sterling value can impact consolidated equity but may be mitigated by associated hedging transactions.	Group	To mitigate the risk of loss from currency translation the Group continuously monitors its exposure and executes appropriate hedging transactions when necessary. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties.
From time to time, the Group may opt to raise capital in overseas debt markets when the associated borrowing costs are more favourable than those available domestically. Such arrangements expose the Group to foreign exchange risk, as movements in exchange rates create uncertainty regarding the ultimate repayment amount.	Group	To mitigate the risk of loss from currency fluctuations the Group continuously monitors its exposure and executes appropriate hedging transactions when necessary. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties.
<p>Inflation risk Inflation risk is the potential of realising a loss because of relative or absolute changes in inflation rates. Annuity contracts may provide for future benefits to be paid taking account of changes in the level of inflation. Annuity contracts in payment may include an annual adjustment for movements in price indices.</p>	Institutional Retirement and Retail	The investment strategy for the annuities business takes explicit account of the effect of movements in price indices on contracted liabilities. Significant exposures that may adversely impact profitability are hedged using inflation swaps. Annuity contracts also typically include caps and floors on the annual increase in inflation-linked benefit payments. The hedges do not eliminate all inflation risk and the Group retains some residual risk.
<p>Interest rate risk Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying interest rates.</p>	Group, Institutional Retirement and Retail	To mitigate the risk that guarantees and commitments are not met, financial instruments are purchased, which broadly match the nature and terms of the expected policy benefits payable. The composition of the investment portfolio is governed by the nature of the insurance or savings liabilities, the expected rate of return applicable on each class of asset and the capital available to meet the price fluctuations of each asset class, relative to the liabilities they support.

Credit risk

Principal risks	Segment	Controls to mitigate risks
<p>Bond default and rating downgrade risk A significant portfolio of corporate bonds and commercial loans are held to back the liabilities arising from writing insurance and annuities business. Whilst the portfolio is diversified, the asset class is inherently exposed to the risk of issuer default and rating downgrade, with the possibility of financial loss.</p>	Institutional Retirement and Retail	Portfolio level and specific issuer limits are set by financial strength rating, sector and geographic region to limit exposure to a default event. Issuer limits are regularly reviewed to take account of changes in market conditions, sector performance and the re-assessment of financial strength by rating agencies and the Group's own internal analysis. Exposures are monitored relative to limits. Financial instruments are also used to mitigate the impact of rating downgrades and defaults. If appropriate, actions are taken to trade out investments at risk of default.
<p>Reinsurance counterparty risk Exposure to insurance risk is mitigated by ceding part of the risks assumed to the reinsurance market. Default of a reinsurer would require the business to be re-brokered potentially on less advantageous terms, or for the risks to be borne directly resulting in possible financial loss. The Group is required to carry an element of associated credit risk capital on its balance sheet should the business not be re-brokered on the same terms.</p>	Institutional Retirement and Retail	When selecting new reinsurance partners for its business, the Group considers only companies which have a minimum credit rating equivalent to AA- unless there is a legally binding parental guarantee from a higher rated entity. For each reinsurer, exposure limits are determined based on credit ratings and projected exposure over the term of the treaty. Actual exposures are regularly monitored relative to these limits. Similarly, for longevity and credit risk syndication transactions, the Group targets the use of strongly rated counterparties and seeks to ensure that positions are fully collateralised. The adequacy and quality of collateral is subject to ongoing monitoring.
<p>Property lending counterparty risk As part of our asset diversification strategy, we hold property lending and sale and leaseback investments. We are inherently exposed to the risk of default by a borrower or tenant.</p>	Institutional Retirement and Retail	Each property lending and sale and leaseback investment transaction is subject to a due diligence process to assess the credit risks implicit in the transaction and confirm that any risk of default has been appropriately mitigated. We also protect our interests by taking security over the underlying property associated with each investment transaction.
<p>Banking counterparty risk The Group is exposed to potential financial loss should banks or the issuers of financial instruments default on their obligations to us. We are also exposed to counterparty risks in respect of the providers of settlement and custody services.</p>	Group, Asset Management, Institutional Retirement and Retail	The Group controls its exposures to banking counterparties and the issuers of financial instruments using a framework of counterparty limits. These limits take account of the relative financial strength of the counterparty as well as other bank counterparty exposures that the Group may have. Limits are subject to regular review with actual exposures monitored against limits. The Group has defined criteria for the selection of custody and settlement services. The financial strength of providers is regularly reviewed.

Liquidity risk

Principal risks	Segment	Controls to mitigate risks
<p>Contingent event risk Events that result in liquidity risk include a pandemic that could lead to significantly higher levels of claims than would normally be expected, or extreme events impacting the timing of cash flows or the ability to realise investments at a given value within a specified timeframe.</p>	Group, Corporate Investments and Retail	<p>The Group seeks to ensure that it meets its obligations as they fall due and avoids incurring material losses on forced asset sales in order to meet those obligations. A limited level of contingent liquidity risk is, however, an accepted element of writing insurance contracts. It is furthermore a consequence of the markets in which the Group operates and the execution of investment management strategies. However, the Group's insurance businesses seek to maintain sufficient liquid assets and standby facilities to meet a prudent estimate of the cash outflows that may arise from contingent events. The level of required liquidity is identified using techniques including stress tests for shock events and the profile of actual liquid assets is regularly compared to the required liability profile. The Group's treasury function provides formal facilities to other areas of the Group to cover contingent liquidity requirements arising from more extreme events and where investment assets may not be readily realisable.</p> <p>The Group holds certain non-core assets in its Corporate Investments unit which are available for disposal. Our principal mitigation against timing or valuation risk on these assets is that we are not a forced seller – we have sufficient pools of liquidity and available actions across the Group which can be deployed to manage these risks.</p>
<p>Collateral liquidity risk Within the annuities business, the use of financial instruments to hedge default, interest rate, currency and inflation risks can require the posting of collateral with counterparties at short notice.</p>	Asset Management, Institutional Retirement and Retail	The Group seeks to manage the risk of collateral calls by maintaining a pool of assets which are eligible to be posted under its various collateral arrangements. The collateral pool is sized to be able to withstand a range of severe but plausible stresses, plus an additional risk-buffer for prudence. The Group also maintains a series of management actions to mitigate against highly-severe shocks.
<p>Investment liquidity risk Direct lending, sale and leaseback investments and lifetime mortgage business are inherently illiquid forms of investment, with limited secondary markets to realise the value of assets outside agreed redemption terms.</p>	Asset Management, Institutional Retirement and Retail	Given the illiquid nature of the annuity and other liabilities the Group is able and willing to take advantage of the premium offered by illiquid assets. The Group, however, sets limits on the overall exposure to illiquid investments taking account of the nature and type of liabilities that the assets are held to meet.

As at 31 December 2025, the Group had £2,901m (2024: £3,757m) of cash and cash equivalents in shareholder funds and a £1.5bn syndicated committed revolving credit facility in place, provided by a number of its key relationship banks, maturing in August 2029.

Balance sheet management continued

10. Balance sheet analysis

The Group has categorised its assets and liabilities in the following disclosure in accordance with the level of shareholder exposure to market and credit risks. Various reinsurance and hedging arrangements are in place as mechanisms to mitigate the risks.

The two categorisations presented are:

Unit linked

For unit linked contracts, there is a direct link between the investments and the obligations. Unit linked business is written in both Legal and General Assurance Society Limited and Legal and General Assurance (Pensions Management) Limited. The financial risk on these contracts is borne by the policyholders. The Group is therefore not directly exposed to any market risk, currency risk or credit risk for these contracts. As a result, risk disclosures have not been presented for unit linked assets and liabilities.

Shareholder

All non-unit linked assets are classified as shareholder assets. Shareholders of the Group are directly exposed to market and credit risk on these assets, including those backing the non-unit linked business.

The table below presents an analysis of the balance sheet by category. The quantitative risk disclosures in Notes 17 and 18 have been provided using this categorisation.

As at 31 December 2025	Shareholder £m	Unit linked £m	Total £m
Assets			
Goodwill and intangible assets	395	–	395
Investment in associates and joint ventures accounted for using the equity method	434	76	510
Property, plant and equipment	213	119	332
Investments ¹	142,446	408,065	550,511
Reinsurance contract assets	8,840	–	8,840
Other assets	5,484	3,296	8,780
Assets of operations classified as held for sale	12,900	–	12,900
Total assets	170,712	411,556	582,268
Liabilities			
Contract liabilities	95,095	356,808	451,903
Core borrowings	4,353	(56)	4,297
Operational borrowings	292	309	601
Other liabilities	56,291	54,502	110,793
Liabilities of operations classified as held for sale	12,362	–	12,362
Total liabilities	168,393	411,563	579,956
As at 31 December 2024			
Assets			
Goodwill and intangible assets	480	–	480
Investment in associates and joint ventures accounted for using the equity method	795	77	872
Property, plant and equipment	276	119	395
Investments ¹	151,741	370,289	522,030
Reinsurance contract assets	9,165	–	9,165
Other assets	5,878	5,347	11,225
Total assets	168,335	375,832	544,167
Liabilities			
Contract liabilities	97,061	322,714	419,775
Core borrowings	4,397	(89)	4,308
Operational borrowings	1,734	1,657	3,391
Other liabilities	61,650	51,532	113,182
Total liabilities	164,842	375,814	540,656

1. Investments includes financial investments, investment property and cash and cash equivalents.

11. Intangible assets

Intangible assets mainly consist of capitalised software costs and intangible assets acquired as part of a business combination (customer relationships and brand). Amortisation charges and any impairments are recognised in the Consolidated Income Statement in Other expenses (see Note 5).

	Capitalised software costs ¹	Other intangible assets	Total
	2025	2025	2025
	£m	£m	£m
Cost			
As at 1 January	642	–	642
Transfer to held for sale	(82)	–	(82)
Additions	19	–	19
Disposals	(9)	–	(9)
Decrease due to currency translation	(1)	–	(1)
As at 31 December	569	–	569
Accumulated amortisation and impairment			
As at 1 January	(192)	–	(192)
Transfer to held for sale	12	–	12
Amortisation for the year	(55)	–	(55)
Impairment	(2)	–	(2)
Disposals	9	–	9
As at 31 December	(228)	–	(228)
Total net book value as at 31 December	341	–	341
To be amortised within 12 months			50
To be amortised after 12 months			291
	Capitalised software costs ¹	Other intangible assets	Total
	2024	2024	2024
	£m	£m	£m
Cost			
As at 1 January	593	36	629
Additions	53	–	53
Disposals	(6)	(25)	(31)
Increase due to currency translation	2	–	2
Other movements ²	–	(11)	(11)
As at 31 December	642	–	642
Accumulated amortisation and impairment			
As at 1 January	(142)	(10)	(152)
Amortisation for the year	(56)	–	(56)
Impairment	–	–	–
Disposals	6	–	6
Other movements ²	–	10	10
As at 31 December	(192)	–	(192)
Total net book value as at 31 December	450	–	450
To be amortised within 12 months			47
To be amortised after 12 months			403

1. Total capitalised software costs include £43m of work in progress assets that were not yet available for use as at 31 December 2025 (31 December 2024: £213m).
2. Other movements primarily reflect the removal of fully amortised assets that are no longer in use.

Balance sheet management continued

12. Property, plant and equipment

	Right-of-use			Owned		Total 2025 £m
	Office buildings 2025 £m	IT 2025 £m	Other ¹ 2025 £m	Other ² 2025 £m		
Cost/Valuation						
As at 1 January	205	35	7	403		650
Transfer to held for sale	(51)	–	–	(12)		(63)
Additions	3	–	–	19		22
Disposals	(30)	–	(2)	(18)		(50)
Decrease due to currency translation	(1)	–	–	(1)		(2)
Other	1	–	–	–		1
As at 31 December	127	35	5	391		558
Accumulated depreciation and impairment						
As at 1 January	(120)	(11)	(4)	(120)		(255)
Transfer to held for sale	15	–	–	9		24
Depreciation for the year	(13)	(8)	–	(23)		(44)
Impairment	–	–	–	–		–
Disposals	30	–	1	17		48
Decrease due to currency translation	–	–	–	1		1
As at 31 December	(88)	(19)	(3)	(116)		(226)
Total net book value as at 31 December	39	16	2	275		332

	Right-of-use			Owned		Total 2024 £m
	Office buildings 2024 £m	IT 2024 £m	Other ¹ 2024 £m	Other ² 2024 £m		
Cost/Valuation						
As at 1 January	215	35	9	422		681
Additions	11	–	–	31		42
Disposals	(23)	–	(2)	(51)		(76)
Increase due to currency translation	1	–	–	–		1
Other	1	–	–	1		2
As at 31 December	205	35	7	403		650
Accumulated depreciation and impairment						
As at 1 January	(115)	(5)	(4)	(124)		(248)
Depreciation for the year	(18)	(6)	(2)	(23)		(49)
Impairment	–	–	–	(14)		(14)
Disposals	13	–	2	41		56
As at 31 December	(120)	(11)	(4)	(120)		(255)
Total net book value as at 31 December	85	24	3	283		395

1. Other right-of-use assets comprise land leases and vehicles.

2. Other owned assets predominantly include land, buildings and IT, as well as owner-occupied property with a carrying value of £48m as at 31 December 2025 (2024: £47m) held under the fair value model.

13. Financial investments and investment property

	Note	Shareholder 2025 £m	Unit linked 2025 £m	Total 2025 £m
Financial investments at fair value classified as:				
Fair value through profit or loss ¹		79,987	380,470	460,457
Fair value through other comprehensive income		1,857	–	1,857
Fair value through profit or loss - derivatives ¹		41,625	2,704	44,329
Loans at fair value through profit or loss ¹		1,070	5,897	6,967
Financial investments at fair value	13(i)	124,539	389,071	513,610
Debt securities at amortised cost		7,973	–	7,973
Loans at amortised cost		194	–	194
Total financial investments		132,706	389,071	521,777
Investment property		6,839	4,797	11,636
Total financial investments and investment property		139,545	393,868	533,413
Expected to be recovered within 12 months				39,173
Expected to be recovered after 12 months				494,240

	Note	Shareholder 2024 £m	Unit linked 2024 £m	Total 2024 £m
Financial investments at fair value classified as:				
Fair value through profit or loss ¹		79,233	346,753	425,986
Fair value through other comprehensive income		1,922	–	1,922
Fair value through profit or loss - derivatives ¹		49,195	1,997	51,192
Loans at fair value through profit or loss ¹		2,630	4,772	7,402
Financial investments at fair value	13(i)	132,980	353,522	486,502
Debt securities at amortised cost		8,965	–	8,965
Loans at amortised cost		84	–	84
Total financial investments		142,029	353,522	495,551
Investment property		5,955	3,867	9,822
Total financial investments and investment property		147,984	357,389	505,373
Expected to be recovered within 12 months				36,632
Expected to be recovered after 12 months				468,741

1. Mandatorily measured at fair value through profit or loss.

Investment risks on unit linked assets are borne by the policyholders. The remaining risks associated with financial investments are outlined in Note 9.

Financial investments and Cash and cash equivalents (Note 16) together include:

- £2,670m (2024: £2,755m) of assets pledged as collateral against net derivative liability counterparty positions. The assets used as collateral are Treasury Gilts, Foreign Government Bonds, AAA, AA, A and BBB Corporate Bonds and Cash (2024: Treasury Gilts, Foreign Government Bonds, AAA, AA, A and BBB Corporate Bonds and Cash) having a residual maturity of over 79 years (2024: over 32 years).
- £4,541m (2024: £5,377m) of assets pledged as collateral in relation to various pension risk transfer deals. The assets used as collateral are Treasury Gilts, AAA to BBB Corporate Bonds and Cash (2024: Treasury Gilts, AAA to BBB Corporate Bonds and Cash) having a residual maturity of over 44 years (2024: over 45 years).
- £839m (2024: £904m) of assets pledged in respect of longevity swaps with reinsurance counterparties. The assets used as collateral are Treasury Gilts and AAA to AA Corporate Bonds (2024: Treasury Gilts, AAA to AA Corporate Bonds) having a residual maturity of over 61 years (2024: over 61 years).

While pledged as collateral, the Group is entitled to receive all of the cash flows from the assets above and there is no obligation to pay or transfer cash flows arising from them to another entity. These assets are neither past due, nor impaired. The carrying value reflects the full exposure of these assets.

The Group is permitted to sell or repledge collateral as per the International Swap Dealers Association agreements in place, including where there has been no default by the owner of the collateral. As at 31 December 2025, the Group had repledged cash collateral with a fair value of £447m (2024: £704m) in order to fulfil other collateral requirements in relation to derivatives contracts. The counterparties have an obligation to return the cash collateral to the Group. There are no other significant terms and conditions associated with the use of this cash collateral.

Financial investments include £20,216m (2024: £22,117m) of assets that have been sold but not derecognised and are subject to repurchase agreements. Risks and rewards of these assets have been retained within the Group. The related obligation to repurchase the financial assets is included within Payables and other financial liabilities (Note 26).

Financial investments have been allocated between those expected to be settled within 12 months and after 12 months in line with the expected settlement of the backed liabilities. Assets in excess of the insurance and investment contract liabilities have been classified as expected to be settled after 12 months.

Balance sheet management continued

(i) Financial investments and investment property at fair value

	Notes	Shareholder 2025 £m	Unit linked 2025 £m	Total 2025 £m
Equity securities		2,072	232,472	234,544
Debt securities		79,772	147,998	227,770
Derivative assets	14	41,625	2,704	44,329
Loans at fair value	13(ii)	1,070	5,897	6,967
Financial investments		124,539	389,071	513,610
Investment property		6,839	4,797	11,636
Total financial investments at fair value		131,378	393,868	525,246

	Notes	Shareholder 2024 £m	Unit linked 2024 £m	Total 2024 £m
Equity securities		2,948	198,342	201,290
Debt securities		78,207	148,411	226,618
Derivative assets	14	49,195	1,997	51,192
Loans at fair value	13(ii)	2,630	4,772	7,402
Financial investments		132,980	353,522	486,502
Investment property		5,955	3,867	9,822
Total financial investments at fair value		138,935	357,389	496,324

Included within unit linked equity securities are £109m (2024: £121m) of debt instruments which incorporate an embedded derivative linked to the value of the Group's share price.

(ii) Fair value hierarchy

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

As at 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.

As at 31 December 2024	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	2,948	960	170	1,818
Debt securities	78,207	31,714	25,424	21,069
Derivative assets	49,195	7	49,188	–
Loans at fair value	2,630	–	2,630	–
Investment property	5,955	–	–	5,955
Total Shareholder	138,935	32,681	77,412	28,842
Unit linked				
Equity securities	198,342	197,532	1	809
Debt securities	148,411	97,799	49,269	1,343
Derivative assets	1,997	84	1,913	–
Loans at fair value	4,772	–	4,772	–
Investment property	3,867	–	–	3,867
Total Unit Linked	357,389	295,415	55,955	6,019
Total financial investments and investment property at fair value	496,324	328,096	133,367	34,861
Debt securities at amortised cost ¹	7,847	–	43	7,804
Loans at amortised cost ¹	84	1	–	83

1. This table includes debt securities and loans which are held at amortised cost on the Consolidated Balance Sheet at a total value of £ 9,049m.

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).

(a) Level 2 assets measured at fair value

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. In normal market conditions, we would consider these market prices to be observable market prices. Following consultation with our pricing providers and a number of their contributing brokers, we have considered that these prices are not from a suitably active market and have therefore classified them as Level 2.

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 31 December 2025 debt securities totalling net £10bn (2024: £14bn) transferred from Level 2 to Level 1 in the fair value hierarchy.

(b) 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.

Balance sheet management continued

	Equity securities 2025 £m	Other financial investments 2025 £m	Investment property 2025 £m	Total 2025 £m	Equity securities 2024 £m	Other financial investments 2024 £m	Investment property 2024 £m	Total 2024 £m
As at 1 January	2,627	22,412	9,822	34,861	2,392	20,463	8,893	31,748
Transfer to held for sale	(89)	(3,024)	–	(3,113)	–	–	–	–
Total gains/(losses) for the year:								
Realised gains or (losses) ¹	4	(11)	(64)	(71)	4	(17)	(2)	(15)
Unrealised gains or (losses) ¹	(109)	66	156	113	(208)	(278)	(20)	(506)
Purchases/Additions	2,295	5,581	2,007	9,883	789	5,649	1,502	7,940
Sales/Disposals	(301)	(3,098)	(264)	(3,663)	(364)	(3,369)	(552)	(4,285)
Transfers into Level 3	48	320	–	368	–	70	–	70
Transfers out of Level 3	(92)	(36)	–	(128)	–	(144)	–	(144)
Foreign exchange rate movements	(7)	(8)	(21)	(36)	14	38	1	53
As at 31 December	4,376	22,202	11,636	38,214	2,627	22,412	9,822	34,861

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

The breakdown 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 £4,487m (2024: £2,627m), 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 £5,756m (2024: £5,861m). 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. (2024: 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 31 December 2025 reflects a combination of short-term and long-term property growth rate assumptions equivalent to a flat rate of 3.5% annually (2024: 3.4% 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 £14,511m (2024: £11,779m). 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 7.0 years (2024: 7.6 years), with a weighted average life of 10.0 years (2024: 11.0 years). Maturities in the portfolio currently extend out to 2074 (2024: 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- (2024: AAA to BB-).

Private placements, all of which relate to held for sale assets, amount to £2,579m (2024: £2,181m). 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.

Income strip assets amount to £1,272m (2024: £1,280m). 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 31 December 2025 reflects equivalent yield ranges between 3% and 18% (2024: between 2% to 17%) and estimated rental values (ERV) between £1 and £26 per sq.ft (2024: between £7 and £367 per sq.ft).

Commercial mortgage loans, all of which relate to held for sale assets, amount to £795m (2024: £843m) and 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 £663m (2024: £468m). 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 £11,636m (2024: £9,822m) 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 31 December 2025 reflects equivalent yield ranges between 1% and 53% (2024: between 1% and 53%) and Estimated Rental Value (ERV) between £1 and £219 per sq.ft (2024: between £2 and £369 per sq.ft).

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

	2025 £m	2024 £m
Retail	1,351	1,242
Leisure	580	493
Distribution	1,279	1,058
Office Space	3,267	2,876
Industrial and other commercial	2,306	1,805
Accommodation	2,853	2,348
Total investment property	11,636	9,822

c) 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 31 December 2025, 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.

	Fair value 2025 £m	Sensitivities	
		Positive impact £m	Negative impact £m
Lifetime mortgages	5,756	204	(246)
Private credit portfolios	17,885	756	(756)
Investment property	11,636	943	(926)
Other investments ¹	6,422	396	(479)
Total Level 3 assets	41,699	2,299	(2,407)

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 13(ii)(b) 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 £134m. The most significant decrease in value is a 20bps increase in the discount rate 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 £260m and £(260)m.

Balance sheet management continued

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 £587m and £(587)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.

14. Derivative assets and liabilities

The Group uses derivatives as a component of efficient portfolio management. This includes, but is not limited to, hedging economic exposure to foreign currencies, interest rates, inflation and credit risks. The Group uses hedge accounting, provided the prescribed criteria in IFRS 9, 'Financial Instruments' are met, to recognise the offsetting effects of changes in the fair value or cash flow of the derivative instrument and the hedged item.

Hedge accounting

The Group is exposed to foreign currency risk to the extent that there is a mismatch between the currencies in which cash flows are required to be settled in and the functional currency of the Group.

Currently, the Group uses cash flow hedge accounting and hedges foreign exchange risk on:

- fixed rate USD denominated borrowings (the hedged items), using cross-currency interest rate swaps (the hedging instrument)
- fixed rate EUR denominated borrowings (the hedged items), using a cross-currency interest rate swap (the hedging instrument)
- the forecast sale proceeds arising from the disposal of the shares held in Legal & General America Inc (the hedged item), using forward exchange contracts (the hedging instruments).

The Group's risk management policy is to mitigate foreign currency risk from fluctuations in the EUR or USD exchange rate. These risks stem from cash flows under the USD and EUR denominated borrowings and the forecast sales proceeds in USD.

The Group applies a hedge ratio of 1:1 for its USD denominated borrowing and a hedge ratio of 1:2 for its EUR denominated borrowing to balance yield with prudent risk management. The Group applies a hedge ratio of 1:1 for hedging the forecast sale proceeds arising from the disposal of the shares held in Legal & General America Inc.

The Group determines the existence of an economic relationship between the hedging instruments and the hedged items based on the currency, amount and timing of the respective cash flows. In these hedging relationships, the main sources of ineffectiveness are:

- the fair value of the hedging instrument on the hedge relationship designation date (if not zero)
- changes in the contractual terms or timing of the payments on the hedged item
- a change in the credit risk of L&G Group Plc or the counterparty to the cross-currency interest rate swap.

Cash flow hedges – cross-currency swap contracts

The Group has the following cross-currency hedge arrangements:

- The Group has entered into fixed rate borrowings denominated in USD and is therefore exposed to foreign exchange risk. In order to hedge this risk the Group has entered into cross-currency interest rate swaps, enabling the exposure to be swapped into a fixed rate in its functional currency. These had a net liabilities fair value totalling £46m (2024: net asset fair value £42m) and a notional amount of £1,099m at 31 December 2025 (2024: £1,099m). There was no ineffectiveness recognised in the income statement in respect of these hedges during 2025. The maturity of the swaps are March 2027 and April 2032.
- The Group has entered into fixed rate borrowings denominated in EUR and is therefore exposed to foreign exchange risk. In order to hedge this risk the Group has entered into a cross-currency interest rate swap, enabling the exposure to be swapped into a fixed rate in its functional currency. These had a net liabilities fair value totalling £14m (2024: £nil) and a notional amount of £302m at 31 December 2025 (2024: £nil). Ineffectiveness recognised in Investment Return was £0.9m in respect of these hedges during 2025. The swap matures in September 2035.

The amounts recognised in the cash flow hedging reserve will be reclassified to the Consolidated Income Statement to the extent that the borrowings impact profit or loss through the accrual of interest or the translation of the foreign currency denominated debt at the reporting date. The average fixed interest rate of the cross-currency swap contracts was 4.3%.

Cash flow hedges - forward exchange contracts

The Group is exposed to foreign currency risks arising from the \$2.6bn sales proceeds of the disposal of the shares held in Legal & General America Inc. In order to mitigate these risks, the Group has entered into forward exchange contracts and designated the hedging relationship and applied cash flow hedge accounting.

These contracts had a net asset fair value totalling £53m (2024: £nil) and a total notional amount of £1,243m at 31 December 2025 with an average forward rate of 1.29. Contracts with a total notional amount of £643m mature on 27 February 2026 and the remaining contracts with a total notional amount of £600m mature on 30 June 2026.

The amounts recognised in the cash flow hedging reserve will be reclassified to the Consolidated Income Statement on completion of the disposal. There was no ineffectiveness recognised in the income statement in respect of these hedges during 2025.

Reconciliation of equity balances for each type of risk category

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items resulting from cash flow hedge accounting.

Foreign currency risk	Hedging reserve £m
As at 1 January 2025	48
Changes in fair value of the hedging instrument	32
Amount reclassified to investment return	12
Related tax	2
As at 31 December 2025	94

Foreign currency risk	Hedging reserve £m
As at 1 January 2024	46
Changes in fair value of the hedging instrument	3
Amount reclassified to investment return	–
Related tax	(1)
As at 31 December 2024	48

Other derivative contracts – held for trading

The Group uses certain derivative contracts which are effective hedges of economic exposures in accordance with the Group's risk management policy, but for various reasons are not designated within a formal hedge accounting relationship. Therefore, these contracts must be designated as held for trading and gains and losses on these contracts are recognised immediately in the Consolidated Income Statement.

	Fair values		Fair values	
	Assets ¹	Liabilities ²	Assets ¹	Liabilities ²
	2025 £m	2025 £m	2024 £m	2024 £m
Shareholder derivatives:				
Interest rate contracts – held for trading	29,523	30,723	38,914	39,895
Forward exchange contracts – held for trading	16	9	35	31
Forward exchange contracts - cash flow hedge	53	–	–	–
Cross-currency swap contracts – held for trading	1,771	3,461	1,009	2,323
Cross-currency swap contracts – cash flow hedge	7	67	42	–
Inflation swap contracts – held for trading	10,202	14,739	9,176	11,595
Credit derivatives – held for trading	2	13	–	18
Equity/index derivatives – held for trading	5	3	2	4
Other derivatives – held for trading	46	436	17	408
Total shareholder derivatives	41,625	49,451	49,195	54,274
Unit linked derivatives:				
Interest rate contracts – held for trading	409	1,364	564	2,082
Forward foreign exchange contracts – held for trading	1,806	235	558	1,077
Credit derivatives – held for trading	2	3	2	1
Inflation swap contracts – held for trading	362	89	758	175
Equity/index derivatives – held for trading	65	32	37	228
Other derivatives – held for trading	60	44	78	36
Total unit linked derivatives	2,704	1,767	1,997	3,599
Total derivative assets and liabilities	44,329	51,218	51,192	57,873

1. Derivative assets are reported in the Consolidated Balance Sheet within Financial investments and investment property (Note 13).
2. Derivative liabilities are reported in the Consolidated Balance Sheet within Payables and other financial liabilities (Note 26).

Balance sheet management continued

The contractual undiscounted cash flows in relation to non-unit linked derivatives have the following maturity profile. Unit linked derivatives have not been included as shareholders are not directly exposed to liquidity risks.

As at 31 December 2025	Maturity profile of undiscounted cashflows						Total £m
	Fair values £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Cash inflows							
Shareholder derivatives							
Derivative assets	41,625	17,810	45,791	65,608	32,514	17,792	179,515
Derivative liabilities	(49,451)	10,068	33,390	48,620	23,390	12,873	128,341
Total	(7,826)	27,878	79,181	114,228	55,904	30,665	307,856
Cash outflows							
Shareholder derivatives							
Derivative assets	41,625	(14,679)	(36,751)	(48,353)	(23,807)	(14,355)	(137,945)
Derivative liabilities	(49,451)	(12,815)	(41,969)	(64,318)	(35,801)	(22,046)	(176,949)
Total	(7,826)	(27,494)	(78,720)	(112,671)	(59,608)	(36,401)	(314,894)
Net cash flows		384	461	1,557	(3,704)	(5,736)	(7,038)

As at 31 December 2024	Maturity profile of undiscounted cashflows						Total £m
	Fair values £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Cash inflows							
Shareholder derivatives							
Derivative assets	49,195	23,319	57,912	75,704	33,823	18,909	209,667
Derivative liabilities	(54,274)	14,840	39,656	53,019	23,103	14,275	144,893
Total	(5,079)	38,159	97,568	128,723	56,926	33,184	354,560
Cash outflows							
Shareholder derivatives							
Derivative assets	49,195	(15,374)	(40,194)	(49,928)	(22,692)	(14,175)	(142,363)
Derivative liabilities	(54,274)	(23,758)	(60,276)	(80,320)	(35,843)	(23,122)	(223,319)
Total	(5,079)	(39,132)	(100,470)	(130,248)	(58,535)	(37,297)	(365,682)
Net cash flows		(973)	(2,902)	(1,525)	(1,609)	(4,113)	(11,122)

Future cash flows on the floating legs of interest rate and exchange derivatives are calculated using current spot rates, which may differ from the market expectation incorporated in the fair value.

Cash flows arising from implied events covered by credit derivatives are presented in the tables above on an expected basis as cash flows within one year.

Cash inflows or outflows are presented on a net basis where the Group is required to settle net or has a legally enforceable right of offset and the intention is to settle on a net basis.

15. Receivables and other assets

	Notes	2025 £m	2024 £m
Receivables under finance leases	15(i)	555	531
Accrued interest and rent		310	470
Prepayments and accrued income		385	375
Inventories ¹		395	531
Contract assets ²		155	149
Other receivables ³		4,421	6,571
Total receivables and other assets		6,221	8,627
Due within 12 months		5,093	7,413
Due after 12 months		1,128	1,214

1. Inventories represent house building stock including land, options on land, work in progress and other inventory.

2. Contract assets represent the entity's right to consideration in exchange for goods or services that have been transferred to a customer.

3. Other receivables include amounts receivable from brokers and clients for investing activities, collateral pledges, unsettled cash, FX spots and other sundry balances, as well as £452m (2024: £508m) of deferred consideration relating to the Cala disposal in 2024.

(i) Receivables under finance leases

The Group acts as a lessor of certain finance leases, which have a weighted average duration to maturity of 33 years as at 31 December 2025 (2024: 34 years). The counterparties, as lessee, are regarded to be the economic owner of the leased assets.

The future minimum lease payments under the arrangement, together with the present value, are disclosed below:

	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
	2025	2025	2025	2024	2024	2024
	£m	£m	£m	£m	£m	£m
Within 1 year	32	(24)	8	29	(22)	7
1-2 years	30	(23)	7	30	(22)	8
2-3 years	31	(23)	8	28	(21)	7
3-4 years	32	(23)	9	29	(21)	8
4-5 years	32	(22)	10	30	(21)	9
After 5 years	906	(393)	513	878	(386)	492
Total	1,063	(508)	555	1,024	(493)	531

16. Cash and cash equivalents

	Shareholder	Unit linked	Total
	2025	2025	2025
	£m	£m	£m
Cash at bank and in hand	1,379	2,458	3,837
Cash equivalents	1,522	11,739	13,261
Total cash and cash equivalents	2,901	14,197	17,098

	Shareholder	Unit linked	Total
	2024	2024	2024
	£m	£m	£m
Cash at bank and in hand	1,098	3,502	4,600
Cash equivalents	2,659	9,398	12,057
Total cash and cash equivalents	3,757	12,900	16,657

17. Market risk

(i) Investment performance risk

(a) Equity securities

The Group controls its exposure to geographic price risks by using internal country risk exposure limits. These exposure limits are based on macroeconomic data and key qualitative indicators. The latter take into account economic, social and political environments. The table below indicates the Group's exposure to different equity markets around the world. Unit linked equity investments are excluded from the table as the risk is retained by the policyholder.

Exposure to worldwide equity markets	2025	2024
	£m	£m
United Kingdom	108	75
North America	112	298
Europe	106	187
Japan	8	8
Asia Pacific	6	73
Other	28	37
Listed equities	368	678
Unlisted equities ¹	676	988
Holdings in unit trusts ²	1,028	1,282
Total equities	2,072	2,948

1. Unlisted equities are split between £269m (2024: £444m) United Kingdom, £355m (2024: £369m) Europe and £52m (2024: £175m) North America.

2. Limited Partnerships are included within Holdings in unit trusts.

Balance sheet management continued

(b) Debt securities

The Group controls its exposure to geographic price risks by using internal country credit ratings. These ratings are based on macroeconomic data and key qualitative indicators. The latter take into account economic, social and political environments. The table below indicates the Group's exposure to different debt security markets around the world. Unit linked debt securities are excluded from the table as the risk is retained by the policyholder.

	Total 2025 £m	Total 2024 £m
Total debt securities		
United Kingdom	48,541	40,992
USA	22,500	30,347
Netherlands	2,127	1,934
France	1,282	1,521
Germany	395	413
GIIPS:		
Ireland	1,999	1,915
Italy	123	115
Spain	275	214
Belgium	459	280
Rest of Europe	4,020	2,895
Rest of World	5,972	6,494
Collateralised debt obligations ¹	52	52
Total	87,745	87,172
Retained US portfolio²	5,817	–

1. All CDOs of £52m (2024: £52m) are domiciled in the Rest of World.

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

(c) Additional disclosures on shareholder securities exposure

	2025 £m	2025 %	2024 £m	2024 %
Sovereigns, supras and sub-sovereigns	25,140	29	17,682	20
Banks:				
Tier 2 and other subordinated	49	–	75	–
Senior	5,009	6	6,771	8
Covered	156	–	212	–
Financial services:				
Tier 2 and other subordinated	227	–	158	–
Senior	2,124	2	2,740	3
Insurance:				
Tier 2 and other subordinated	283	–	224	–
Senior	819	1	956	1
Consumer services and goods:				
Cyclical	2,325	3	2,642	3
Non-cyclical	5,352	6	6,347	7
Healthcare	2,182	3	2,223	3
Infrastructure:				
Social	7,255	8	6,875	8
Economic	5,960	7	6,029	7
Technology and telecoms	2,962	3	4,103	5
Industrials	1,553	2	1,576	2
Utilities	8,942	10	9,288	11
Energy	1,816	2	2,063	2
Commodities	776	1	814	1
Oil and gas	1,237	1	1,497	2
Real estate	4,503	5	4,497	5
Structured finance ABS/RMBS/CMBS/Other	3,267	4	4,487	5
Lifetime mortgage loans	5,756	7	5,861	7
Collateralised debt obligations	52	–	52	–
Total	87,745	100	87,172	100
Retained US portfolio¹	5,817		–	

Analysis of Sovereigns, supras and sub-sovereigns	2025 £m	2024 £m
Market value by region		
United Kingdom	19,425	13,298
USA	3,688	2,528
Netherlands	68	29
France	124	377
Germany	118	123
Ireland	440	426
Rest of Europe	547	324
Rest of World	730	577
Total	25,140	17,682
Retained US portfolio¹	201	–

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

(ii) Currency risk

The Group has minimal exposure to currency risk from financial instruments held by business units in currencies other than their functional currencies, nearly all such holdings are either backing insurance contracts in the same currency or are hedged back to GBP.

The Group operates internationally and as a result is exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies. The largest US Dollar currency exposures relate to the Group's US business, which is classified as a held for sale disposal group. The majority of currency exposures relating to Euros are held by LGIM Managers (Europe) Limited, a subsidiary of L&G – Asset Management Limited. The Group does not hedge foreign currency revenues as these are substantially retained locally to support the growth of the Group's business and meet local regulatory and market requirements.

Balance sheet management continued

Businesses aim to maintain sufficient assets in local currency to meet local currency liabilities. However, movements may impact the value of the Group's consolidated shareholders' equity which is expressed in Sterling. This aspect of foreign exchange risk is monitored and managed centrally, against pre-determined limits. These exposures are managed by aligning the deployment of regulatory capital by currency with the Group's regulatory capital requirements by currency. Currency borrowings and derivatives may be used to manage exposures within the limits that have been set. Hedge accounting is currently applied by the Group in order to hedge foreign exchange translation risk on its fixed rate USD and EUR denominated borrowings through cross-currency swap contracts. Additionally, the Group has hedged the forecast sale proceeds arising from the disposal of Legal & General America Inc. through forward exchange contracts. Refer to Note 14 for further details.

As at 31 December 2025, the Group held net assets of £3.2bn (2024: net liabilities of £1.5bn) of its total equity attributable to shareholders in currencies, mainly US Dollar and Euro, other than the functional currency of the relevant business unit. The exchange risks inherent in these exposures may be mitigated through the use of derivatives, mainly forward currency contracts.

Consistent with the Group's accounting policies, the profits of overseas business units (reported as functional currencies) are translated at average exchange rates and the net assets (reported as functional currencies) at the closing rate for the reporting period. Information on the Group's assets for the current year includes only continuing operations. It therefore excludes contracts associated with the Group's US insurance entity, which are classified as assets and liabilities held for sale in the Consolidated Balance Sheet.

A 10% increase (weakening of foreign currencies) or decrease (strengthening of foreign currencies) in these rates would increase or reduce the profit for the year and net assets as follows:

	A 10% increase in USD:GBP exchange rate		A 10% decrease in USD:GBP exchange rate	
	2025 £m	2024 £m	2025 £m	2024 £m
Profit for the year ¹	5	(7)	(6)	9
Net assets attributable to USD exposures ¹	(158)	(92)	193	111

	A 10% increase in EUR:GBP exchange rate		A 10% decrease in EUR:GBP exchange rate	
	2025 £m	2024 £m	2025 £m	2024 £m
Profit for the year ¹	–	–	–	–
Net assets attributable to EUR exposures ¹	(98)	(17)	120	22

1. Profit for the year impacts relate only to overseas business units where the functional currency is not Sterling. Net asset impacts include both functional currency and non-functional currency exposures.

A 10% increase or decrease in the USD:GBP rate would impact the profit for the year of operations classified as held for sale by £(11)m and £13m respectively and impact net assets by £(59)m and £72m respectively.

18. Credit risk

The Group's exposure to credit risk arises from its offering of insurance and investment products. The investments of shareholders', policyholders' and segregated clients' monies require credit risks to be taken, as well as the hedging of insurance (including reinsurance) and other financial risks.

Oversight of credit risk management is carried out by the Group Risk Financial Risk Committee (GRFRC) under delegation from the Board. The GRFRC's remit includes proposing the Group's appetite for credit risk in aggregate and by issuers, sectors and geography and monitoring actual exposures relative to appetite. The GRFRC also considers credit risk implicit in new asset classes and corporate transactions and advises on appropriate counterparty risk tolerances. The Group controls its exposure to counterparty credit risk through defining the minimum financial strength of the counterparties with which it will deal and setting exposure tolerances for these counterparties, which are monitored and reviewed by operational management on a counterparty-by-counterparty basis.

The credit profile of the Group's assets exposed to credit risk is shown below. This includes both externally and internally rated positions. Unit linked assets have not been included as shareholders are not directly exposed to the associated credit risk. Additionally, assets such as equity securities, deferred acquisition costs and tax have no exposure to the associated credit risk and therefore have also been excluded.

For externally rated assets, the credit rating bands are provided by independent rating agencies. Unrated traded instruments are assigned a rating through a portfolio review process or through a committee, depending on complexity. Certain assets require an internal rating even when an external rating is already available, if these constitute material traded exposures or are complex securitisations or direct investments. In these cases, internal ratings are assigned by either the Asset Management Direct Investment rating team or the asset management firm that originated the transaction.

The carrying amount of the financial assets recorded in the financial statements represents the maximum exposure to credit risk before taking account of collateral held. Collateral is held to mitigate credit risk exposures, by virtue of transactions in long-dated derivatives and stock lending activities.

Shareholder

As at 31 December 2025	Notes	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Other £m	Total £m
Government securities		134	20,669	493	185	34	3	21,518
Other fixed rate securities		1,262	7,245	21,606	19,139	310	32	49,594
Variable rate securities		960	2,695	3,402	3,021	99	12	10,189
Lifetime mortgages		–	4,823	458	392	–	83	5,756
Accrued interest		23	166	235	255	3	6	688
Total debt securities		2,379	35,598	26,194	22,992	446	136	87,745
Loans		–	698	44	–	–	522	1,264
Derivative assets	14	–	767	40,686	–	–	172	41,625
Cash and cash equivalents	16	133	594	1,730	165	–	279	2,901
Reinsurance contract assets		499	3,257	4,848	234	–	2	8,840
Other assets		4	38	198	13	1	3,731	3,985
Total		3,015	40,952	73,700	23,404	447	4,842	146,360
Assets of operations classified as held for sale		1,930	2,052	3,789	3,883	188	275	12,117

As at 31 December 2024	Notes	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Other £m	Total £m
Government securities		199	13,741	232	159	18	1	14,350
Other fixed rate securities		1,988	7,690	23,145	21,696	361	42	54,922
Variable rate securities		774	2,703	4,165	3,558	122	16	11,338
Lifetime mortgages		–	4,916	483	402	–	60	5,861
Accrued interest		25	136	256	277	6	1	701
Total debt securities		2,986	29,186	28,281	26,092	507	120	87,172
Loans		–	226	303	–	–	2,185	2,714
Derivative assets	14	–	733	48,298	–	–	164	49,195
Cash and cash equivalents	16	1,420	408	1,628	72	–	229	3,757
Reinsurance contract assets		–	3,889	5,047	228	–	1	9,165
Other assets		12	152	176	29	–	3,783	4,152
Total		4,418	34,594	83,733	26,421	507	6,482	156,155

Impairment

The table below shows the gross carrying value of financial investments measured at FVOCI and amortised cost split by credit rating, separately identifying those investments for which a 12-month ECL (i.e. Stage 1) or Lifetime ECL (i.e. Stage 2 and 3) is calculated, as well as any loss allowances recognised. As at 31 December 2025, the Group did not have any purchased or originated credit-impaired financial investments (2024: no purchased or originated credit-impaired financial investments).

FVOCI ¹ Shareholder	Assets under Stage 1	Assets under Stage 2 and 3	Total 2025	Assets under Stage 1	Assets under Stage 2 and 3	Total 2024
	2025	2025		2024	2024	
	£m	£m	£m	£m	£m	£m
AAA	–	–	–	88	–	88
AA	1,857	–	1,857	1,697	–	1,697
A	–	–	–	93	–	93
BBB	–	–	–	43	–	43
BB and below	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total gross	1,857	–	1,857	1,921	–	1,921
ECL	(8)	–	(8)	(7)	–	(7)

1. £404m assets of operations classified as held for sale measured under FVOCI with £nil ECL.

Balance sheet management continued

Amortised cost ¹ Shareholder	Assets under Stage 1	Assets under Stage 2 and 3	Total	Assets under Stage 1	Assets under Stage 2 and 3	Total
	2025	2025		2024	2024	
	£m	£m	£m	£m	£m	£m
AAA	215	–	215	242	–	242
AA	539	–	539	542	–	542
A	3,534	–	3,534	3,873	–	3,873
BBB	3,717	–	3,717	4,312	–	4,312
BB and below	–	–	–	–	29	29
Other	194	–	194	83	–	83
Total gross	8,199	–	8,199	9,052	29	9,081
ECL	(32)	–	(32)	(32)	–	(32)
Total net amount	8,167	–	8,167	9,020	29	9,049

1. £1,722m assets of operations classified as held for sale measured under amortised cost with £1m ECL.

Other financial assets at amortised cost are predominantly unrated other receivables with an immaterial loss allowance (2024: immaterial loss allowance).

Offsetting

Financial assets and liabilities are offset in the Consolidated Balance Sheet when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and liability simultaneously.

The Group has not entered into any financial transactions resulting in financial assets and liabilities being offset in the Consolidated Balance Sheet. The table below shows the financial assets and liabilities that are subject to master netting agreements in shareholder assets and liabilities. Unit linked assets and liabilities have not been included as shareholders are not exposed to the risks on these policies.

	Amounts subject to enforceable netting arrangements					Net amount £m
	Gross and net amounts reported in the Consolidated Balance Sheet £m	Amounts under master netting arrangements but not offset			Net amount £m	
		Related financial instruments ¹ £m	Cash collateral ² £m	Securities collateral pledged ² £m		
As at 31 December 2025						
Derivative assets	41,625	(40,202)	(187)	(1,236)	–	
Reverse repurchase agreements	1,060	–	–	(1,060)	–	
Total	42,685	(40,202)	(187)	(2,296)	–	
Derivative liabilities	(49,451)	40,202	1,477	7,772	–	
Repurchase agreement	(1,654)	–	–	1,654	–	
Total	(51,105)	40,202	1,477	9,426	–	

	Amounts subject to enforceable netting arrangements					Net amount £m
	Gross and net amounts reported in the Consolidated Balance Sheet £m	Amounts under master netting arrangements but not offset			Net amount £m	
		Related financial instruments ¹ £m	Cash collateral ² £m	Securities collateral pledged ² £m		
As at 31 December 2024						
Derivative assets	49,195	(48,433)	(85)	(677)	–	
Reverse repurchase agreements	2,630	–	–	(2,630)	–	
Total	51,825	(48,433)	(85)	(3,307)	–	
Derivative liabilities	(54,274)	48,433	630	5,211	–	
Repurchase agreement	(2,488)	–	–	2,488	–	
Total	(56,762)	48,433	630	7,699	–	

1. Related financial instruments represents outstanding amounts with the same counterparty which, under agreements such as the ISDA Master Agreement, could be offset and settled net following certain predetermined events.
2. Cash and securities held may exceed target levels due to the complexities of operational collateral management, timing and agreements in place with individual counterparties.

In the tables above, the amounts of assets or liabilities presented in the Consolidated Balance Sheet are offset first by financial instruments that have the right of offset under master netting or similar arrangements with any remaining amount reduced by cash and securities collateral.

19. Insurance risk

The Group is exposed to insurance risk as a consequence of offering the principal products outlined in Note 8. Insurance risk is the exposure to loss arising from insurance risk experience being different to that anticipated. Detailed below are the insurance risks associated with each of the Group's segments along with the mitigating controls operated. They are applicable to all stated products across the Group.

Principal risks	Segment	Controls to mitigate risks
<p>Longevity, mortality and morbidity risks For contracts providing death benefits, higher mortality rates would lead to an increase in claims costs. The cost of health related claims depends on both the incidence of policyholders becoming ill and the duration over which they remain ill. Higher than expected incidence or duration would increase costs over the level currently assumed in the calculation of liabilities.</p>	Retail	The pricing of protection business is based on assumptions as to future trends in mortality and morbidity having regard to past experience. Underwriting criteria are defined setting out the risks that are unacceptable and the terms for non-standard risks presented by the lives to be insured. Extensive use of reinsurance is made within the UK retail protection business, placing a proportion of all risks meeting prescribed criteria. Mortality and morbidity experience is compared to that assumed within the pricing and reserving basis with variances subject to actuarial investigation.
<p>For annuity contracts, the Group is exposed to the risk that mortality experience is lower than assumed. Lower than expected mortality would require payments to be made for longer and increase the cost of benefits provided. Lifetime mortgage business also explicitly has some exposure to the life expectancy of borrowers.</p>	Institutional Retirement and Retail	Annuity business is priced having regard to current levels and trends in improvements in future mortality. Enhanced annuities, which are priced taking account of impairments to life expectancy, are subject to specific underwriting criteria. Certain annuitant mortality risks, including enhanced annuities, are placed with reinsurers. The Group regularly reviews its mortality experience and industry projections of longevity and adjusts the pricing and valuation assumptions accordingly. The selective use of reinsurance acts to reduce the impact of significant future variations in life expectancy. In pricing lifetime mortgage business, account is taken of levels and trends in mortality rates in setting the amounts that are advanced to borrowers relative to the value of the property on which the loan is secured.
<p>Persistency risk In the early years of a policy, lapses may result in a loss to the Group, as the acquisition costs associated with the contract would not have been recovered from product margins.</p>	Retail	The pricing and valuation assumptions for protection business include allowance for policy lapses. Lapse risk is somewhat mitigated by reinsurance. Actual trends in policy lapse rates are monitored against these assumptions with variances being subject to actuarial investigation.
<p>Expense risk In pricing long-term insurance business, assumptions are made as to the future cost of product servicing. A significant adverse divergence in actual expenses experience could reduce product profitability.</p>	Institutional Retirement and Retail	In determining pricing assumptions, account is taken of expected price and wage inflation, with stress testing used to evaluate the effect of significant deviations. Actual product servicing costs are monitored relative to the costs assumed within the product pricing basis, with variances investigated.
<p>Concentration (catastrophe) risk Insurance risk may be concentrated in geographic regions, altering the risk profile of the Group. The most significant exposure of this type arises for group protection business, where a single event could result in a large number of related claims.</p>	Retail	Group protection business contracts include an 'event limit' capping the total liability under the policy from a single event. Excess of loss reinsurance further mitigates loss from the exposure. Additionally, exposure by location is monitored to ensure there is a geographic spread of risk. Catastrophe reinsurance cover also mitigates loss from concentrations of risk.
<p>Epidemic (catastrophe) risk The spread of an epidemic could cause large aggregate claims across the Group's portfolio of protection businesses.</p>	Retail	The pricing basis for protection business includes an assessment of potential claims as a result of epidemic risks. Quota share and excess of loss reinsurance contracts are used by individual and group protection, respectively, to further mitigate the risk. Depending on the nature of an epidemic, mortality experience may lead to a reduction in the cost of claims for annuity business. Pricing for new business can also be updated to reflect the change in expected claims.

Accumulation of risks

There is limited potential for single incidents to give rise to a large number of claims across the different contract types written by the Group. However, there are potentially material correlations of insurance risk with other types of risk exposure. The Group's capital model seeks to measure risk correlations particularly those that would tend to be more acute as the underlying risk scenarios become more extreme. An example of the accumulation of risk is the correlation between reinsurer credit risk with mortality and morbidity exposures.

Operational risk

Operational risk is defined as loss arising from inadequate or failed internal processes, people, systems or external events. Potential for exposure to such risk extends to all of the Group's businesses. The Group has constructed a framework of internal controls to minimise material loss from operational risk events recognising that no system of internal control can completely eliminate the risk of error, financial loss, fraudulent action or reputational damage.

Balance sheet management continued

20. Long-term insurance valuation assumptions

The Group's insurance assumptions, described below, relate to the UK insurance (both annuities and protection) business and material lines of the US insurance (both annuities and protection) business. Other non-UK businesses do not constitute a material component of the Group's operations and consideration of geographically determined assumptions is therefore not included.

For the purpose of producing IFRS17 best estimate liabilities, the Group seeks to make best estimate assumptions about future experience based on current market conditions and recent experience.

(i) Mortality and morbidity

Mortality and morbidity assumptions for the UK business are set with reference to standard tables drawn up by the Continuous Mortality Investigation Bureau (CMI), a subsidiary of the Institute and Faculty of Actuaries and/or UK death registrations. US assumptions are set with reference to standard tables drawn up by the American Academy of Actuaries. Tables are based on industry-wide mortality and morbidity experience for insured lives.

The Group conducts statistical investigations of its mortality and morbidity experience, the majority of which are carried out at least annually. Investigations determine the extent to which the Group's experience differs from that underpinning the standard tables and suggest appropriate adjustments which need to be made to the valuation assumptions. Recent mortality experience observed as a result of Covid-19 and industry studies on its potential endemic effects have been used to derive appropriate adjustments to the assumptions.

In most cases, mortality rates are set separately for gender and smoker status and the percentage of mortality table will vary for the first 2 to 5 years of the policy's duration to allow for underwriting selection.

Mortality tables	2025	2024
Non-linked individual assurance business		
UK term assurances ¹	110% TM16/TF16	90% TM08/TF08
UK term assurances with terminal illness ¹	75% – 95% TM16/TF16 Sel 5	66% – 86% TM08/TF08 Sel 5
UK term assurances with critical illness ²	91% – 116% ACL16 Sel 2	83% – 126% ACL08 Sel 2
US term assurances ³	Adjusted SOA 2014 VBT	Adjusted SOA 2014 VBT
Whole of Life Protection Plan ⁴	Bespoke Tables based on TM16/TF16, PMA16_PBO/PFA16_PBO and UK death registrations	Bespoke Tables based on TM08/TF08, PMA16_PBO/PFA16_PBO and UK death registrations
Whole of Life over 50 ⁴	Bespoke Tables based on ELT15 and Whole of Life Protection Plan assumptions	Bespoke Tables based on ELT15 and Whole of Life Protection Plan assumptions
Annuity business		
UK Annuities in deferment ⁵	67.0% – 94.7% PMA16_PBO/PFA16_PBO	95.3% – 95.5% PMA16_PBO/PFA16_PBO
UK Vested annuities ⁶		
Pension risk transfer	94.4% – 94.7% PMA16_PBO/PFA16_PBO	95.3% – 95.5% PMA16_PBO/PFA16_PBO
Other annuities	83.2% – 123.7% PMA16_PBO/PFA16_PBO	79.0% – 126.1% PMA16_PBO/PFA16_PBO
US annuities ⁷	RP-2014 Healthy Annuitant Total table	RP-2014 Healthy Annuitant Total table

- Improvement assumptions vary by gender, calendar year and year of birth and are set using CMI 2023 mortality improvement projection model, allowing for actual claims experience, future advancements and post-pandemic excess mortality. (2024: 1.0% p.a. for males and females).
- Morbidity rates are assumed to deteriorate at a rate of 0.50% p.a. for males and 0.75% p.a. for females (2024: 0.50% p.a. for males and 0.75% p.a. for females). Adjustments are made for gender, select period, smoker status, policy size, policy duration and year, issue year, age and calendar year.
- Mortality rates are based upon the Society of Actuaries ("SOA") 2014 Valuation Basic Table ("VBT"), with scaling to allow for product class, smoker status, gender, issue age, duration, policy size, issue year, preferred wear off, mortality improvement and calendar year (2024: SOA 2014 VBT).
- Mortality rates are assumed to reduce based on CMI 2023 model with a long-term annual improvement rate of 1.75% for males and 1.25% for females (2024: CMI 2022 model with a long-term annual improvement rate of 1.75% for males and 1.25% for females).
- Table for males is created by using PMA16_PBO and PFA16_PBO for females (2024: PMA16_PBO and PFA16_PBO). These tables are used for both immediate and deferred annuities. For deferred annuities the percentage of the base table varies by male and female and also by age grouping, blending from a lower percentage at younger ages to a higher percentage at older ages (2024: percentage of table varies by male and female).
- Mortality rates are assumed to reduce according to an adjusted version of the mortality improvement model CMI 2023 (2024: CMI 2022) with the following parameters:
Males: Long-term Rate of 1.75% p.a. up to age 85 tapering to 0% at 110 (2024: Long-term Rate of 1.75% p.a. up to age 85 tapering to 0% at 110).
Females: Long-term Rate of 1.25% p.a. up to age 85 tapering to 0% at 110 (2024: Long-term Rate of 1.25% p.a. up to age 85 tapering to 0% at 110).
Smoothing is applied to derive initial rates using a smoothing parameter (Sk) value of 7.5 applied to a data set comprising of ONS population data up to 2019, synthetic data for 2020 – 2022 (created to produce zero improvements over 2020 – 2022) and ONS population data for 2023 with an adjustment to allow for late death registrations. 100% weight is placed on data for all calendar years. The Direction of Travel parameter is set at 0.25% (2024: not applicable). Initial rates are adjusted by socio-economic class. (2024: smoothing parameter (Sk) value of 7.5 applied to ONS population data to 2022, with 0% weighting applied to 2020, 2021 and 2022).
For the finalised improvements, an overlay is applied to the CMI 2023 output detailed above by zeroising improvers for 2020, 2021 and 2022.
- Mortality rates are assumed to reduce according to an adjusted version of the mortality improvement model CMI 2023 (2024: CMI 2022) with the following parameters:
Males: Long-term Rate of 1.5% p.a. up to age 85 tapering to 0% at 110 (2024: 1.5% p.a. up to age 85 tapering to 0% at 110).
Females: Long-term Rate of 1.0% p.a. up to age 85 tapering to 0% at 110 (2024: 1.0% p.a. up to age 85 tapering to 0% at 110).
Smoothing is applied to derive initial rates using a smoothing parameter (Sk) value of 7.75 for males and 7.5 for females, applied to data set comprising of HMD population data up to 2019, synthetic data for 2020 – 2022 (created to produce zero improvements over 2020 – 2022) and HMD population data for 2023. 100% weight is placed on data for all years. The Direction of Travel parameter is set at 0.15% (2024: not applicable). Initial rates are adjusted by socio-economic class. (2024: smoothing parameter (Sk) value of 7.75 for males and 7.5 for females applied to HMD population data to 2022, with 0% weighting applied to 2020, 2021 and 2022).
For the finalised improvements, an overlay is applied to the CMI 2023 output detailed above by zeroising improvers for 2020, 2021 and 2022.

(ii) Valuation rates of interest and discount rates

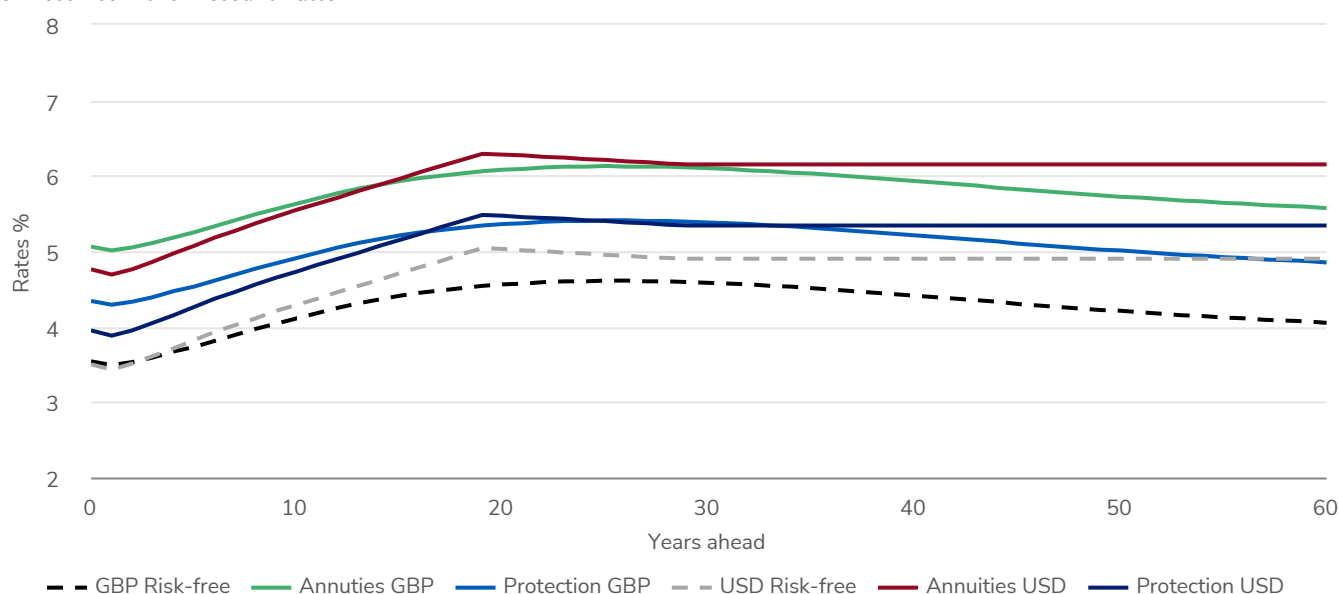
The interest rates used to discount the cash flows for the purpose of valuing insurance contract liabilities should reflect the timing and liquidity characteristics of the insurance liability cash flows and current market conditions. The valuation interest rate assumptions are derived as interest rate 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 37bps (2024: 38bps). For lifetime mortgages the deductions equated to £0.2bn (2024: £0.3bn).

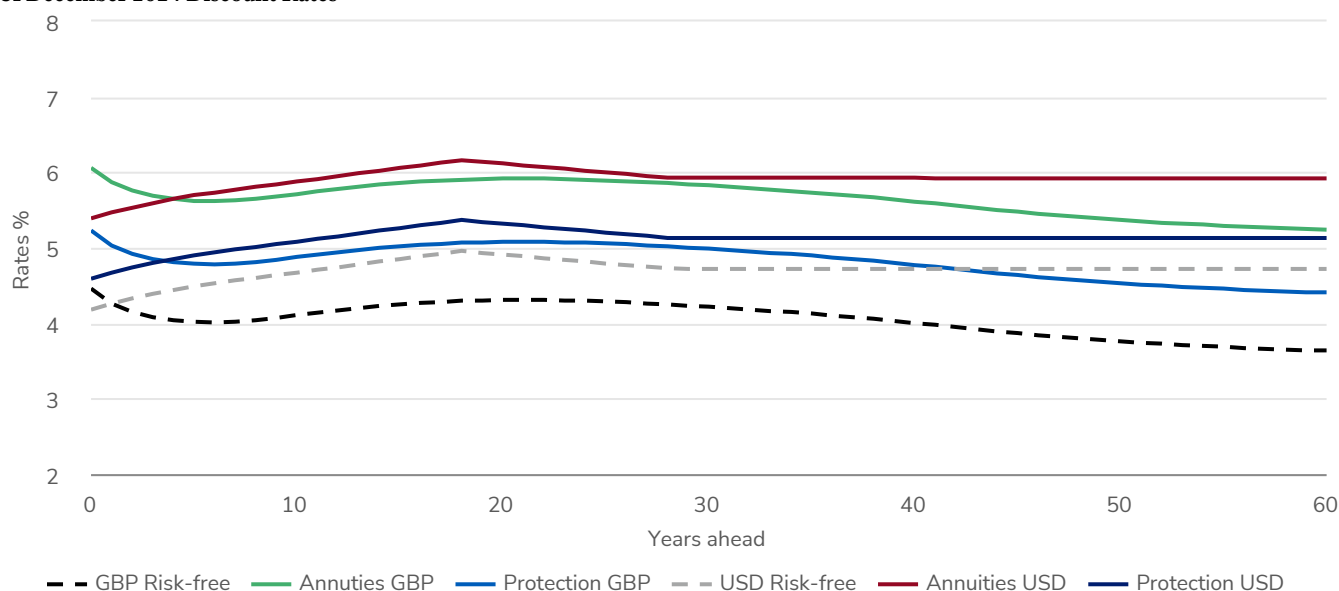
For US and UK protection business, the yield is calculated based on notional asset portfolios of AA rated corporate bonds and cash, which reflect the characteristics of the liability cashflows. An explicit allowance is deducted from the yield to reflect the default risk associated with the notional portfolio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

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

31 December 2025 Discount Rates



31 December 2024 Discount Rates



Balance sheet management continued

(iii) Persistency

The Group monitors its persistency experience and carries out detailed investigations annually. Persistency experience can be volatile and past experience may not be an appropriate future indicator. The Group tries to balance past experience and potential future conditions in setting assumptions about expected long-term average persistency levels.

Lapse Rates	2025	2024
UK Level term	1.8% – 28.0%	1.9% – 29.5%
UK Decreasing term	3.7% – 13.9%	3.8% – 14.6%
UK Accelerated critical illness cover	2.9% – 25.8%	3.0% – 28.3%
Whole of Life (conventional non-profit)	0.6% – 13.4%	0.6% – 12.2%
US Term – 10 year guarantee period	7.1% – 8.1%	7.1% – 8.1%
US Term – 15 year guarantee period	4.2% – 5.8%	4.2% – 5.8%
US Term – 20 year guarantee period	3.0% – 6.1%	3.0% – 6.1%
US Term – 30 year guarantee period	2.1% – 6.5%	2.1% – 6.5%
US Universal Life	2.7%	2.7%

(iv) Expenses

The Group monitors its expense experience and carries out detailed investigations regularly to determine the expenses incurred in writing and administering the different products and classes of business. Adjustments may be made for known future changes in the administration processes, in line with the Group's business plan, as well as for changes in allocations. An allowance for expense inflation in the future is also made in line with RPI, taking account of both salary and price information.

(v) Risk Adjustment

The risk adjustment is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For the majority of risks, the Group's view on the compensation required for non-financial risks is determined with reference to an 85th percentile confidence level (2024: 85th percentile), calculated using a one-year Value-at-Risk (VaR) measure. This VaR measure reflects the Group's view on how non-financial risks behave (risk distributions), diversification of risks across the Group (risk correlations), and the costs and benefits from reinsurance in place (risk mitigation). This is consistent with how risks are priced for and managed across the Group. Where the Group has less appetite for a risk (and requires proportionally higher compensation) a higher confidence level is used. The calculation uses a capital basis appropriate for the territory, the type of business and how it is priced. A one percentile increase in the one-year confidence level would increase the compensation targeted by c£40m (2024: c£40m).

We have estimated the equivalent confidence level for the entire Group on a multi-year basis, using a weighted average of the key risks (excluding risks from non-retained US business). Overall the Group risk adjustment as at 31 December 2025 is aligned to a 70th percentile multi-year confidence level (2024: 75th percentile) over the full runoff of the portfolio. The reduction in the Group multi-year disclosure as at 31 December 2025 is driven by the proportionally higher compensation required by Group on the risks from non-retained US business compared to the risks on continuing operations and retained US PRT business used to calculate the disclosure.

The Group calculates its Risk Adjustment at contract level using a Provision for Adverse Deviations (PADs) approach, where adjustments are applied to best estimate non-financial risk assumptions to calculate the risk adjustment required over and above the best estimate liability for each contract. These adjustments (which vary by risk) are calibrated such that the total Group Risk Adjustment calculated aligns to the Group's view of compensation for non-financial risks determined with reference to the 85th percentile (as described above) and the Risk Adjustment at contract level is representative of the compensation required by the Group for that contract.

21. IFRS sensitivity analysis

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

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

Non-economic sensitivity	Impact on CSM 2025 £m	Impact on post-tax Group profit 2025 £m	Impact on Group equity 2025 £m
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	392	(75)	(75)
1% increase in annuitant mortality, net of reinsurance	185	(37)	(37)
1% decrease in annuitant mortality, gross of reinsurance	(396)	76	76
1% decrease in annuitant mortality, net of reinsurance	(187)	38	38
5% increase in assurance mortality, gross of reinsurance	(652)	(347)	(267)
5% increase in assurance mortality, net of reinsurance	(352)	(91)	(73)
10% increase in maintenance expenses, gross of reinsurance	(170)	0	6
10% increase in maintenance expenses, net of reinsurance	(168)	(0)	6

Non-economic sensitivity	Impact on CSM 2024 £m	Impact on post-tax Group profit 2024 £m	Impact on Group equity 2024 £m
Long-term insurance			
1% increase in annuitant mortality, gross of reinsurance	370	(74)	(74)
1% increase in annuitant mortality, net of reinsurance	184	(36)	(36)
1% decrease in annuitant mortality, gross of reinsurance	(374)	75	75
1% decrease in annuitant mortality, net of reinsurance	(185)	37	37
5% increase in assurance mortality, gross of reinsurance	(629)	(400)	(281)
5% increase in assurance mortality, net of reinsurance	(346)	(92)	(65)
10% increase in maintenance expenses, gross of reinsurance	(158)	(7)	0
10% increase in maintenance expenses, net of reinsurance	(155)	(6)	1

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

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

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

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

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

Balance sheet management continued

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

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

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

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

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

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

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

The credit default assumption is set based on the credit rating of individual bonds and Moody's historical transition matrices. The credit default stress assumes a +/-10bps stress to the current credit default assumptions, which will have an impact on the interest rates used to discount liabilities. Default allowances for assets deemed credit risk free are unchanged. All lifetime mortgages are excluded, as their primary exposure is to property risk and therefore captured under the property stress.

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

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

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

22. Insurance contracts

(i) Insurance service result

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

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

(ii) Insurance and reinsurance contracts

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

	Assets 2025 £m	Liabilities 2025 £m	Assets 2024 £m	Liabilities 2024 £m
Insurance contracts issued				
Annuities				
Insurance contract balances	–	91,553	–	91,075
Assets for insurance contract acquisition cash flows ¹	–	(15)	–	(14)
Protection				
Insurance contract balances	–	2,418	–	4,609
Assets for insurance contract acquisition cash flows ¹	–	(10)	–	(22)
Total insurance contracts issued²	–	93,946	–	95,648

	Assets 2025 £m	Liabilities 2025 £m	Assets 2024 £m	Liabilities 2024 £m
Reinsurance contracts held				
Annuities				
Reinsurance contract balances	6,824	2	6,651	2
Assets for reinsurance contract acquisition cash flows ¹	2	(1)	4	–
Protection				
Reinsurance contract balances	2,014	1	2,510	168
Assets for reinsurance contract acquisition cash flows ¹	–	–	–	–
Total reinsurance contracts held²	8,840	2	9,165	170

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

2. £6,891m (2024: £6,798m) of the net insurance balance of £85,108m (2024: £86,653m) is expected to run off within 12 months.

Balance sheet management continued

(iii) Annuities – Insurance contracts issued

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Liability for remaining coverage			Liability for incurred claims ¹	Total ¹	Liability for remaining coverage			Total ²	
	Excluding loss component ¹	Loss component ¹	2025			Excluding loss component ²	Loss component ²	2024		2024
	2025	2025				2024	2024			
	£m	£m	£m	£m	£m	£m	£m	£m		
Opening insurance contract liabilities	90,989	1	85	91,075	86,630	3	73	86,706		
Opening insurance contract assets	–	–	–	–	–	–	–	–		
Net balance as at 1 January	90,989	1	85	91,075	86,630	3	73	86,706		
Transfer to held for sale	(7,856)	–	(18)	(7,874)	–	–	–	–		
Insurance revenue	(7,210)	–	–	(7,210)	(7,328)	–	–	(7,328)		
Incurred claims and other insurance service expenses	–	–	5,786	5,786	–	–	5,847	5,847		
Amortisation of insurance acquisition expenses	29	–	–	29	25	–	–	25		
Changes that relate to past service	–	–	–	–	–	–	6	6		
Losses and reversal of losses on onerous contracts	–	–	–	–	–	(1)	–	(1)		
Insurance service expenses	29	–	5,786	5,815	25	(1)	5,853	5,877		
Insurance service result	(7,181)	–	5,786	(1,395)	(7,303)	(1)	5,853	(1,451)		
Finance expenses/(income) from insurance contracts	3,952	–	–	3,952	(1,196)	–	–	(1,196)		
Effect of movements in exchange rates	(30)	–	–	(30)	70	(1)	–	69		
Total amount recognised in comprehensive income	(3,259)	–	5,786	2,527	(8,429)	(2)	5,853	(2,578)		
Investment components	(577)	–	577	–	(528)	–	528	–		
Cash flows										
Premiums received	12,280	–	–	12,280	13,421	–	–	13,421		
Claims and other directly attributable expenses	–	–	(6,365)	(6,365)	–	–	(6,369)	(6,369)		
Insurance acquisition cash flows	(90)	–	–	(90)	(105)	–	–	(105)		
Total cash flows	12,190	–	(6,365)	5,825	13,316	–	(6,369)	6,947		
Closing insurance contract liabilities	91,487	1	65	91,553	90,989	1	85	91,075		
Closing insurance contract assets	–	–	–	–	–	–	–	–		
Net balance as at 31 December	91,487	1	65	91,553	90,989	1	85	91,075		

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(b) Reconciliation of the measurement components of insurance contracts

	Present value of future cash flows ¹ 2025 £m	Risk adjustment for non- financial risk ¹ 2025 £m	CSM ¹ 2025 £m	Total ¹ 2025 £m	Present value of future cash flows ² 2024 £m	Risk adjustment for non- financial risk ² 2024 £m	CSM ² 2024 £m	Total ² 2024 £m
Opening insurance contract liabilities	75,495	1,982	13,598	91,075	71,133	2,221	13,352	86,706
Opening insurance contract assets	-	-	-	-	-	-	-	-
Net balance as at 1 January	75,495	1,982	13,598	91,075	71,133	2,221	13,352	86,706
Transfer to held for sale	(7,334)	(132)	(408)	(7,874)	-	-	-	-
Changes that relate to current service								
CSM recognised for services provided	-	-	(993)	(993)	-	-	(1,027)	(1,027)
Release of risk adjustment	-	(458)	-	(458)	-	(438)	-	(438)
Experience adjustments	56	-	-	56	(13)	-	-	(13)
Total changes that relate to current service	56	(458)	(993)	(1,395)	(13)	(438)	(1,027)	(1,478)
Changes that relate to future service								
Changes in estimates which adjust the CSM	320	(54)	(266)	-	(202)	(119)	321	-
Changes in estimates that result in losses or reversal of losses on onerous contracts	-	-	-	-	(1)	-	-	(1)
Contracts initially recognised in the year	(404)	96	308	-	(871)	321	550	-
Total changes that relate to future service	(84)	42	42	-	(1,074)	202	871	(1)
Changes that relate to past service								
Claims variance	-	-	-	-	28	-	-	28
Insurance service result	(28)	(416)	(951)	(1,395)	(1,059)	(236)	(156)	(1,451)
Finance expenses/(income) from insurance contracts	3,191	360	401	3,952	(1,596)	(5)	405	(1,196)
Effect of movements in exchange rates	(28)	(1)	(1)	(30)	70	2	(3)	69
Total amount recognised in comprehensive income	3,135	(57)	(551)	2,527	(2,585)	(239)	246	(2,578)
Cash flows								
Premiums received	12,280	-	-	12,280	13,421	-	-	13,421
Claims and other directly attributable expenses	(6,365)	-	-	(6,365)	(6,369)	-	-	(6,369)
Insurance acquisition cash flows	(90)	-	-	(90)	(105)	-	-	(105)
Total cash flows	5,825	-	-	5,825	6,947	-	-	6,947
Closing insurance contract liabilities	77,121	1,793	12,639	91,553	75,495	1,982	13,598	91,075
Closing insurance contract assets	-	-	-	-	-	-	-	-
Net balance as at 31 December	77,121	1,793	12,639	91,553	75,495	1,982	13,598	91,075

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(c) Impact of contracts recognised in the year

	Of which relates to:			Of which relates to:		
	Total impact of contracts recognised in the year ¹	Transfers or business acquisitions ¹	Onerous contracts issued ¹	Total impact of contracts recognised in the year ²	Transfers or business acquisitions ²	Onerous contracts issued ²
	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m
Insurance acquisition cash flows	91	–	–	105	–	–
Claims and other insurance service expenses payable	11,643	–	–	11,255	–	–
Estimates of present value of cash outflows	11,734	–	–	11,360	–	–
Estimates of present value of cash inflows	(12,138)	–	–	(12,231)	–	–
Risk adjustment for non-financial risk	96	–	–	321	–	–
CSM	308	–	–	550	–	–
Increase in insurance contract liabilities from contracts recognised in the year	–	–	–	–	–	–

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(d) Amounts determined on transition to IFRS 17

The Group has applied the fair value transition approach to Annuities written prior to 2016, the modified retrospective approach to Annuities written between 2016 and 2020 and the full retrospective approach for contracts written in 2021. Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach ¹	Contracts measured under the modified retrospective approach ¹	Contracts measured under the fair value approach ¹	Total ¹	New contracts and contracts measured under the full retrospective approach ^{2,3}	Contracts measured under the modified retrospective approach ^{2,3}	Contracts measured under the fair value approach ^{2,3}	Total ²
	2025 £m	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m	2024 £m
	Insurance revenue	2,350	1,979	2,881	7,210	2,258	2,154	2,916
CSM as at 1 January	3,029	5,680	4,889	13,598	2,441	5,811	5,100	13,352
Transfer to held for sale	(221)	(151)	(36)	(408)	–	–	–	–
Changes that relate to current service								
CSM recognised for services provided	(204)	(388)	(401)	(993)	(193)	(418)	(416)	(1,027)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(281)	(92)	107	(266)	113	129	79	321
Contracts initially recognised in the year	308	–	–	308	550	–	–	550
Finance expenses/(income) from insurance contracts	129	156	116	401	118	158	129	405
Effect of movements in exchange rates	(2)	–	1	(1)	–	–	(3)	(3)
CSM as at 31 December	2,758	5,205	4,676	12,639	3,029	5,680	4,889	13,598

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

3. New contracts and contracts measured under the full retrospective approach includes £61m in relation to changes in estimates which adjust the CSM, of which £51m were previously included within contracts measured under the fair value approach and £10m included within contracts measured under the modified retrospective approach.

(iv) Annuities – Reinsurance contracts held**(a) Reconciliation of the remaining coverage and incurred claims**

	Asset for remaining coverage				Total ¹	Asset for remaining coverage			
	Excluding loss recovery component ¹	Loss recovery component ¹	Asset for incurred claims ¹	Total ¹		Excluding loss recovery component ²	Loss recovery component ²	Asset for incurred claims ²	Total ²
	2025	2025	2025			2025	2024	2024	
£m	£m	£m	£m	£m	£m	£m	£m	£m	
Opening insurance contract liabilities	(24)	–	22	(2)	(1)	–	1	–	
Opening reinsurance contract assets	6,108	–	543	6,651	4,682	1	75	4,758	
Net balance as at 1 January	6,084	–	565	6,649	4,681	1	76	4,758	
Transfer to held for sale	(381)	–	(26)	(407)	–	–	–	–	
Allocation of reinsurance premium	(3,525)	–	(5)	(3,530)	(3,221)	–	–	(3,221)	
Amount recoverable from reinsurers for incurred claims									
Amounts recoverable for claims and other expenses incurred in the year	–	–	3,127	3,127	24	–	2,790	2,814	
Changes that relate to past service	–	–	–	–	–	–	–	–	
Changes in expected future recoveries which relate to onerous underlying contracts	–	–	–	–	–	–	–	–	
Recovery of reinsurance contract losses – adjustments to loss recovery component for changes in fulfilment cash flows	–	–	–	–	–	(1)	–	(1)	
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–	
Amount recoverable from reinsurers for incurred claims	–	–	3,127	3,127	24	(1)	2,790	2,813	
Net (expenses)/income from reinsurance contracts	(3,525)	–	3,122	(403)	(3,197)	(1)	2,790	(408)	
Finance income/(expenses) from reinsurance contracts	226	–	–	226	(114)	–	–	(114)	
Effect of movements in exchange rates	–	–	–	–	4	–	1	5	
Total amount recognised in comprehensive income	(3,299)	–	3,122	(177)	(3,307)	(1)	2,791	(517)	
Investment components	(3)	–	3	–	(4)	–	4	–	
Cash flows									
Premiums net of commission and other directly attributable expenses	3,798	–	3	3,801	4,709	–	–	4,709	
Recoveries from reinsurance	17	–	(3,071)	(3,054)	–	–	(2,306)	(2,306)	
Reinsurance pre-recognition cash flows	10	–	–	10	5	–	–	5	
Total cash flows	3,825	–	(3,068)	757	4,714	–	(2,306)	2,408	
Closing insurance contract liabilities	(3)	–	1	(2)	(24)	–	22	(2)	
Closing reinsurance contract assets	6,229	–	595	6,824	6,108	–	543	6,651	
Net balance as at 31 December	6,226	–	596	6,822	6,084	–	565	6,649	

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(b) Reconciliation of the measurement components of reinsurance contract balances

	Present value of future cash flows ¹ 2025 £m	Risk adjustment for non-financial risk ¹ 2025 £m	CSM ¹ 2025 £m	Total ¹ 2025 £m	Present value of future cash flows ² 2024 £m	Risk adjustment for non-financial risk ² 2024 £m	CSM ² 2024 £m	Total ² 2024 £m
Opening reinsurance contract liabilities	(11)	8	1	(2)	1	10	(11)	–
Opening reinsurance contract assets	3,290	1,003	2,358	6,651	1,283	1,103	2,372	4,758
Net balance as at 1 January	3,279	1,011	2,359	6,649	1,284	1,113	2,361	4,758
Transfer to held for sale	(395)	(10)	(2)	(407)	–	–	–	–
Changes that relate to current service								
CSM recognised for services provided	–	–	(131)	(131)	–	–	(166)	(166)
Change in the risk adjustment for non-financial risk for risk expired	–	(268)	–	(268)	–	(235)	–	(235)
Experience adjustments	(4)	–	–	(4)	(7)	–	–	(7)
Total changes that relate to current service	(4)	(268)	(131)	(403)	(7)	(235)	(166)	(408)
Changes that relate to future service								
Changes in estimates which adjust the CSM	499	35	(534)	–	(68)	(56)	124	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	–	–	–	–	–	–	–	–
Contracts initially recognised in the year	44	67	(111)	–	(183)	197	(14)	–
Total changes that relate to future service	543	102	(645)	–	(251)	141	110	–
Changes that relate to past service								
Claims variance	–	–	–	–	–	–	–	–
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts	539	(166)	(776)	(403)	(258)	(94)	(56)	(408)
Finance income/(expenses) from reinsurance contracts	1	167	58	226	(159)	(9)	54	(114)
Effect of movements in exchange rates	–	–	–	–	4	1	–	5
Total amount recognised in comprehensive income	540	1	(718)	(177)	(413)	(102)	(2)	(517)
Cash flows								
Premiums paid net of commission and other directly attributable expenses	3,801	–	–	3,801	4,709	–	–	4,709
Recoveries from reinsurance	(3,054)	–	–	(3,054)	(2,306)	–	–	(2,306)
Reinsurance pre-recognition cash flows	10	–	–	10	5	–	–	5
Total cash flows	757	–	–	757	2,408	–	–	2,408
Closing reinsurance contract liabilities	(11)	6	3	(2)	(11)	8	1	(2)
Closing reinsurance contract assets	4,192	996	1,636	6,824	3,290	1,003	2,358	6,651
Net balance as at 31 December	4,181	1,002	1,639	6,822	3,279	1,011	2,359	6,649

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(c) Impact of contracts recognised in the year

	Of which relates to:			Of which relates to:		
	Total impact of contracts recognised in the year ¹	Transfers or business acquisitions ¹	Contracts initiated with loss recovery component ¹	Total impact of contracts recognised in the year ²	Transfers or business acquisitions ²	Contracts initiated with loss recovery component ²
	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m
Estimates of present value of cash outflows	(9,730)	–	–	(6,215)	–	–
Estimates of present value of cash inflows	9,774	–	–	6,032	–	–
Risk adjustment for non-financial risk	67	–	–	197	–	–
CSM	(111)	–	–	(14)	–	–
Net change in reinsurance contracts from contracts recognised in the year	–	–	–	–	–	–

- Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.
- For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(d) Amounts determined on transition to IFRS 17

The Group has applied the fair value transition approach to Annuity reinsurance written prior to 2016, the modified retrospective approach to Annuity reinsurance written between 2016 and 2020 and the full retrospective approach for Annuity reinsurance contracts written in 2021.

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach ¹			Total ¹	New contracts and contracts measured under the full retrospective approach ²			Total ²
	Contracts measured under the modified retrospective approach ¹	Contracts measured under the fair value approach ¹	Contracts measured under the modified retrospective approach ²		Contracts measured under the fair value approach ²			
	2025 £m	2025 £m	2025 £m		2025 £m	2024 £m	2024 £m	
CSM as at 1 January	181	1,721	457	2,359	230	1,680	451	2,361
Transfer to held for sale	(8)	6	–	(2)	–	–	–	–
Changes that relate to current service								
CSM recognised for services received	–	(97)	(34)	(131)	(13)	(112)	(41)	(166)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(220)	(243)	(71)	(534)	(20)	108	36	124
Contracts initially recognised in the year	(111)	–	–	(111)	(14)	–	–	(14)
Finance expenses/(income) from reinsurance contracts	2	46	10	58	(2)	45	11	54
Effect of movements in exchange rates	–	–	–	–	–	–	–	–
CSM as at 31 December	(156)	1,433	362	1,639	181	1,721	457	2,359

- Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.
- For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(v) Protection – Insurance contracts issued

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Liability for remaining coverage				Liability for remaining coverage				
	Excluding loss component ¹		Liability for incurred claims ¹	Total ¹	Excluding loss component ²		Liability for incurred claims ²	Total ²	
	2025	Loss component ¹ 2025			2024	Loss component ² 2024			
	£m	£m	£m	£m	£m	£m	£m	£m	
Opening insurance contract liabilities	2,189	1,080	1,340	4,609	2,582	896	1,304	4,782	
Opening insurance contract assets	–	–	–	–	–	–	–	–	
Net balance as at 1 January	2,189	1,080	1,340	4,609	2,582	896	1,304	4,782	
Transfer to held for sale	(1,736)	(49)	(203)	(1,988)	–	–	–	–	
Insurance revenue	(2,012)	–	–	(2,012)	(3,246)	–	–	(3,246)	
Incurred claims and other insurance service expenses	–	(55)	1,691	1,636	–	(89)	2,819	2,730	
Amortisation of insurance acquisition expenses	92	–	–	92	142	–	–	142	
Changes that relate to past service	–	–	46	46	–	–	35	35	
Losses and reversal of losses on onerous contracts	–	(398)	–	(398)	–	307	–	307	
Insurance service expenses	92	(453)	1,737	1,376	142	218	2,854	3,214	
Insurance service result	(1,920)	(453)	1,737	(636)	(3,104)	218	2,854	(32)	
Finance expenses/(income) from insurance contracts	162	42	29	233	(278)	(34)	24	(288)	
Effect of movements in exchange rates	–	–	–	–	28	–	5	33	
Total amount recognised in comprehensive income	(1,758)	(411)	1,766	(403)	(3,354)	184	2,883	(287)	
Investment components	–	–	–	–	(38)	–	38	–	
Cash flows									
Premiums received	2,071	–	–	2,071	3,258	–	–	3,258	
Claims and other directly attributable expenses	–	–	(1,734)	(1,734)	–	–	(2,885)	(2,885)	
Insurance acquisition cash flows	(137)	–	–	(137)	(259)	–	–	(259)	
Total cash flows	1,934	–	(1,734)	200	2,999	–	(2,885)	114	
Closing insurance contract liabilities	629	620	1,169	2,418	2,189	1,080	1,340	4,609	
Closing insurance contract assets	–	–	–	–	–	–	–	–	
Net balance as at 31 December	629	620	1,169	2,418	2,189	1,080	1,340	4,609	

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(b) Reconciliation of the measurement components of insurance contracts

	Present value of future cash flows ¹	Risk adjustment for non- financial risk ¹	CSM ¹	Total ¹	Present value of future cash flows ²	Risk adjustment for non- financial risk ²	CSM ²	Total ²
	2025 £m	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m	2024 £m
Opening insurance contract liabilities	2,088	590	1,931	4,609	2,551	600	1,631	4,782
Opening insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 1 January	2,088	590	1,931	4,609	2,551	600	1,631	4,782
Transfer to held for sale	(303)	(558)	(1,127)	(1,988)	–	–	–	–
Changes that relate to current service								
CSM recognised for services provided	–	–	(213)	(213)	–	–	(270)	(270)
Release of risk adjustment	–	(16)	–	(16)	–	(22)	–	(22)
Experience adjustments	(55)	–	–	(55)	(79)	–	–	(79)
Total changes that relate to current service	(55)	(16)	(213)	(284)	(79)	(22)	(270)	(371)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(349)	–	349	–	(174)	6	168	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	(497)	(1)	–	(498)	213	(2)	–	211
Contracts initially recognised in the year	(59)	15	144	100	(238)	15	319	96
Total changes that relate to future service	(905)	14	493	(398)	(199)	19	487	307
Changes that relate to past service								
Claims variance	46	–	–	46	32	–	–	32
Insurance service result	(914)	(2)	280	(636)	(246)	(3)	217	(32)
Finance expenses/(income) from insurance contracts	198	3	32	233	(334)	(18)	64	(288)
Effect of movements in exchange rates	–	–	–	–	3	11	19	33
Total amount recognised in comprehensive income	(716)	1	312	(403)	(577)	(10)	300	(287)
Cash flows								
Premiums received	2,071	–	–	2,071	3,258	–	–	3,258
Claims and other directly attributable expenses	(1,734)	–	–	(1,734)	(2,885)	–	–	(2,885)
Insurance acquisition cash flows	(137)	–	–	(137)	(259)	–	–	(259)
Total cash flows	200	–	–	200	114	–	–	114
Closing insurance contract liabilities	1,269	33	1,116	2,418	2,088	590	1,931	4,609
Closing insurance contract assets	–	–	–	–	–	–	–	–
Net balance as at 31 December	1,269	33	1,116	2,418	2,088	590	1,931	4,609

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(c) Impact of contracts recognised in the year

	Total impact of contracts recognised in the year ¹	Of which relates to:		Total impact of contracts recognised in the year ²	Of which relates to:	
		Transfers or business acquisitions ¹	Onerous contracts issued ¹		Transfers or business acquisitions ²	Onerous contracts issued ²
		2025 £m	2025 £m		2025 £m	2024 £m
Insurance acquisition cash flows	137	–	97	259	–	94
Claims and other insurance service expenses payable	1,524	–	590	2,382	–	559
Estimates of present value of cash outflows	1,661	–	687	2,641	–	653
Estimates of present value of cash inflows	(1,720)	–	(588)	(2,879)	–	(558)
Risk adjustment for non-financial risk	15	–	1	15	–	1
CSM	144	–	–	319	–	–
Increase in insurance contract liabilities from contracts recognised in the year	100	–	100	96	–	96

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(d) Amounts determined on transition to IFRS 17

The Group has applied the following transition approaches to its material Protection insurance contract portfolios on transition to IFRS 17, by year of issue:

Transition approach	UK Protection	US Protection
Full retrospective	2021	2021
Modified retrospective	2012-2020	2011-2020
Fair value	Pre-2012	Pre-2011

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach ¹	Contracts measured under the modified retrospective approach ¹	Contracts measured under the fair value approach ¹	Total ¹	New contracts and contracts measured under the full retrospective approach ²	Contracts measured under the modified retrospective approach ²	Contracts measured under the fair value approach ²	Total ²								
									2025	2025	2025	2025	2024	2024	2024	2024
									£m	£m	£m	£m	£m	£m	£m	£m
Insurance revenue	1,057	633	322	2,012	1,281	1,189	776	3,246								
CSM as at 1 January	906	890	135	1,931	574	866	191	1,631								
Transfer to held for sale	(548)	(555)	(24)	(1,127)	–	–	–	–								
Changes that relate to current service																
CSM recognised for services provided	(121)	(62)	(30)	(213)	(133)	(112)	(25)	(270)								
Changes that relate to future service																
Changes in estimates which adjust the CSM	156	142	51	349	104	99	(35)	168								
Contracts initially recognised in the year	144	–	–	144	319	–	–	319								
Finance expenses/(income) from insurance contracts	20	9	3	32	32	28	4	64								
Effect of movements in exchange rates	–	–	–	–	10	9	–	19								
CSM as at 31 December	557	424	135	1,116	906	890	135	1,931								

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(vi) Protection – Reinsurance contracts held**(a) Reconciliation of the remaining coverage and incurred claims**

	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss recovery component ¹	Loss recovery component ¹	Asset for incurred claims ¹	Total ¹	Excluding loss recovery component ²	Loss recovery component ²	Asset for incurred claims ²	Total ²
	2025 £m	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m	2024 £m
Opening insurance contract liabilities	(305)	–	137	(168)	(299)	–	79	(220)
Opening reinsurance contract assets	748	916	846	2,510	962	760	823	2,545
Net balance as at 1 January	443	916	983	2,342	663	760	902	2,325
Transfer to held for sale	92	(36)	(175)	(119)	–	–	–	–
Allocation of reinsurance premium	(985)	–	–	(985)	(1,037)	–	–	(1,037)
Amount recoverable from reinsurers for incurred claims								
Amounts recoverable for claims and other expenses incurred in the year	–	(18)	922	904	–	(106)	1,115	1,009
Changes that relate to past service	–	–	51	51	–	–	11	11
Changes in expected future recoveries which relate to onerous underlying contracts	(124)	–	–	(124)	5	–	–	5
Recovery of reinsurance contract losses - Loss Recovery Component established due to recovery of losses on underlying contracts	–	155	–	155	–	279	–	279
Recovery of reinsurance contract losses – adjustments to loss recovery component for changes in fulfilment cash flows	–	(415)	–	(415)	–	(18)	–	(18)
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Amount recoverable from reinsurers for incurred claims	(124)	(278)	973	571	5	155	1,126	1,286
Net (expenses)/income from reinsurance contracts	(1,109)	(278)	973	(414)	(1,032)	155	1,126	249
Finance income/(expenses) from reinsurance contracts	226	–	(7)	219	(123)	–	3	(120)
Effect of movements in exchange rates	–	–	–	–	(1)	1	4	4
Total amount recognised in comprehensive income	(883)	(278)	966	(195)	(1,156)	156	1,133	133
Investment components	–	–	–	–	(21)	–	21	–
Cash flows								
Premiums net of commission and other directly attributable expenses	966	–	–	966	957	–	–	957
Recoveries from reinsurance	–	–	(981)	(981)	–	–	(1,073)	(1,073)
Total cash flows	966	–	(981)	(15)	957	–	(1,073)	(116)
Closing insurance contract liabilities	(1)	–	–	(1)	(305)	–	137	(168)
Closing reinsurance contract assets	619	602	793	2,014	748	916	846	2,510
Net balance as at 31 December	618	602	793	2,013	443	916	983	2,342

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(b) Reconciliation of the measurement components of reinsurance contract balances

	Present value of future cash flows ¹	Risk adjustment for non- financial risk ¹	CSM ¹	Total ¹	Present value of future cash flows ²	Risk adjustment for non- financial risk ²	CSM ²	Total ²
	2025 £m	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m	2024 £m
Opening reinsurance contract liabilities	(191)	4	19	(168)	(254)	4	30	(220)
Opening reinsurance contract assets	2,645	6	(141)	2,510	2,941	6	(402)	2,545
Net balance as at 1 January	2,454	10	(122)	2,342	2,687	10	(372)	2,325
Transfer to held for sale	(8)	(10)	(101)	(119)	–	–	–	–
Changes that relate to current service								
CSM recognised for services provided	–	–	(29)	(29)	–	–	6	6
Change in the risk adjustment for non-financial risk for risk expired	–	–	–	–	–	–	–	–
Experience adjustments	(52)	–	–	(52)	(30)	–	–	(30)
Total changes that relate to current service	(52)	–	(29)	(81)	(30)	–	6	(24)
Changes that relate to future service								
Changes in estimates which adjust the CSM	(310)	–	310	–	(208)	–	208	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	(475)	–	(8)	(483)	170	–	–	170
Contracts initially recognised in the year	73	–	27	100	52	–	43	95
Total changes that relate to future service	(712)	–	329	(383)	14	–	251	265
Changes that relate to past service								
Claims variance	50	–	–	50	8	–	–	8
Change in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts	(714)	–	300	(414)	(8)	–	257	249
Finance income/(expenses) from reinsurance contracts	221	–	(2)	219	(113)	–	(7)	(120)
Effect of movements in exchange rates	–	–	–	–	4	–	–	4
Total amount recognised in comprehensive income	(493)	–	298	(195)	(117)	–	250	133
Cash flows								
Premiums paid net of commission and other directly attributable expenses	966	–	–	966	957	–	–	957
Recoveries from reinsurance	(981)	–	–	(981)	(1,073)	–	–	(1,073)
Reinsurance pre-recognition cash flows	–	–	–	–	–	–	–	–
Total cash flows	(15)	–	–	(15)	(116)	–	–	(116)
Closing reinsurance contract liabilities	(1)	–	–	(1)	(191)	4	19	(168)
Closing reinsurance contract assets	1,939	–	75	2,014	2,645	6	(141)	2,510
Net balance as at 31 December	1,938	–	75	2,013	2,454	10	(122)	2,342

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(c) Impact of contracts recognised in the year

	Of which relates to:			Of which relates to:		
	Total impact of contracts recognised in the year ¹	Transfers or business acquisitions ¹	Contracts initiated with loss recovery component ¹	Total impact of contracts recognised in the year ²	Transfers or business acquisitions ²	Contracts initiated with loss recovery component ²
	2025	2025	2025	2024	2024	2024
	£m	£m	£m	£m	£m	£m
Estimates of present value of cash outflows	(569)	–	(580)	(587)	–	(522)
Estimates of present value of cash inflows	642	–	651	639	–	590
Risk adjustment for non-financial risk	–	–	–	–	–	–
CSM	27	–	29	43	–	27
Net change in reinsurance contracts from contracts recognised in the year	100	–	100	95	–	95

- Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.
- For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

(d) Amounts determined on transition to IFRS 17

The Group has applied the following transition approaches to its material Protection reinsurance contract portfolios on transition to IFRS 17, by year of issue:

Transition approach	UK Protection	US Protection
Full retrospective	2021	2021
Modified retrospective	2012-2020	2011-2020
Fair value	Pre-2012	Pre-2011

Details of the assumptions applied on transition were disclosed in the 2023 Annual report and accounts.

	New contracts and contracts measured under the full retrospective approach ¹	Contracts measured under the modified retrospective approach ¹	Contracts measured under the fair value approach ¹	Total ¹	New contracts and contracts measured under the full retrospective approach ²	Contracts measured under the modified retrospective approach ²	Contracts measured under the fair value approach ²	Total ²
	2025	2025	2025	2025	2024	2024	2024	2024
	£m	£m	£m	£m	£m	£m	£m	£m
CSM as at 1 January	150	(318)	46	(122)	16	(465)	77	(372)
Transfer to held for sale	(58)	(57)	14	(101)	–	–	–	–
Changes that relate to current service								
CSM recognised for services received	(23)	12	(18)	(29)	(18)	33	(9)	6
Changes that relate to future service								
Changes in estimates which adjust the CSM	51	213	46	310	109	123	(24)	208
Changes in estimates that result in losses or reversal of losses on onerous contracts	(3)	(5)	–	(8)	–	–	–	–
Contracts initially recognised in the year	27	–	–	27	43	–	–	43
Finance expenses/(income) from reinsurance contracts	5	(8)	1	(2)	1	(10)	2	(7)
Effect of movements in exchange rates	–	–	–	–	(1)	1	–	–
CSM as at 31 December	149	(163)	89	75	150	(318)	46	(122)

- Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity as described in Note 1.
- For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

Balance sheet management continued

(vii) Maturity of contractual undiscounted cash flows

As at 31 December 2025	Insurance contracts issued ¹			Reinsurance contracts issued ¹		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Contractual undiscounted cash flows						
1 year or less	6,835	295	7,130	(312)	(542)	(854)
1 - 2 years	6,777	(157)	6,620	(244)	(40)	(284)
2 - 3 years	6,689	(176)	6,513	(246)	(49)	(295)
3 - 4 years	6,612	(132)	6,480	(249)	(49)	(298)
4 - 5 years	6,517	(78)	6,439	(252)	(57)	(309)
5 - 10 years	30,637	180	30,817	(1,308)	(428)	(1,736)
10 - 20 years	48,042	1,705	49,747	(2,750)	(1,250)	(4,000)
Over 20 years	46,179	2,664	48,843	(6,267)	(1,685)	(7,952)
Total	158,288	4,301	162,589	(11,628)	(4,100)	(15,728)

As at 31 December 2024	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Contractual undiscounted cash flows						
1 year or less	6,263	236	6,499	91	(576)	(485)
1 - 2 years	6,693	(385)	6,308	(243)	(60)	(303)
2 - 3 years	6,597	(335)	6,262	(226)	(71)	(297)
3 - 4 years	6,503	(246)	6,257	(268)	(75)	(343)
4 - 5 years	6,407	(154)	6,253	(256)	(83)	(339)
5 - 10 years	29,925	380	30,305	(1,134)	(621)	(1,755)
10 - 20 years	46,008	3,396	49,404	(1,990)	(1,687)	(3,677)
Over 20 years	41,527	4,319	45,846	(5,651)	(1,995)	(7,646)
Total	149,923	7,211	157,134	(9,677)	(5,168)	(14,845)

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity, as described in Note 1.

The undiscounted cash flows are calculated in line with the methodology and assumptions used to determine the best estimate liabilities. Where portfolios contain amounts which would be payable on demand the cashflows are determined in line with the best estimates of policyholder behaviour. Products which have amounts considered payable on demand are deferred annuities in the UK and universal life in the US.

During the deferral period a policyholder often has the ability to elect to surrender the policy or retire early, at which time the deferred annuity policy terminates. The cash value of the surrender is calculated in line with the terms of the agreement and in reference to the duration of deferral. The total value considered payable on demand as at 31 December 2025 is £12,789m (2024: £10,990m).

(viii) CSM maturity profile

As at 31 December 2025	Insurance contracts issued ¹			Reinsurance contracts issued ¹		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Number of years until expected to be recognised						
1 year or less	618	137	755	(83)	(22)	(105)
1 - 2 years	613	105	718	(82)	(17)	(99)
2 - 3 years	602	90	692	(81)	(14)	(95)
3 - 4 years	588	80	668	(80)	(11)	(91)
4 - 5 years	571	72	643	(79)	(8)	(87)
5 - 10 years	2,589	265	2,854	(377)	(13)	(390)
10 - 20 years	3,833	256	4,089	(569)	8	(561)
Over 20 years	3,225	111	3,336	(288)	2	(286)
Total	12,639	1,116	13,755	(1,639)	(75)	(1,714)

As at 31 December 2024	Insurance contracts issued			Reinsurance contracts issued		
	Annuities £m	Protection £m	Total £m	Annuities £m	Protection £m	Total £m
Number of years until expected to be recognised						
1 year or less	618	184	802	(102)	–	(102)
1 - 2 years	633	150	783	(106)	1	(105)
2 - 3 years	629	132	761	(105)	2	(103)
3 - 4 years	619	122	741	(105)	3	(102)
4 - 5 years	605	115	720	(104)	4	(100)
5 - 10 years	2,764	481	3,245	(501)	31	(470)
10 - 20 years	4,169	549	4,718	(806)	61	(745)
Over 20 years	3,561	198	3,759	(530)	20	(510)
Total	13,598	1,931	15,529	(2,359)	122	(2,237)

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity as described in Note 1.

The amounts presented above reflect the net amount of CSM amortisation and interest accretion expected to be recognised in Insurance service result in future periods. Actual CSM amortisation in future periods will differ from that presented due to the impacts of future new business, recalibrations of the CSM, changes in the future coverage units as well as interest accretion, which will be presented in Finance income and expense.

(ix) Assets for insurance acquisition cash flows

(a) Insurance contracts

	Annuities ¹ 2025 £m	Protection ¹ 2025 £m	Total ¹ 2025 £m	Annuities ² 2024 £m	Protection ² 2024 £m	Total ² 2024 £m
Opening balance	14	22	36	18	24	42
Transfer to held for sale	–	(15)	(15)	–	–	–
Amounts incurred during the year	91	140	231	101	257	358
Amounts derecognised and included in the measurement of insurance contracts	(90)	(137)	(227)	(105)	(259)	(364)
Closing balance	15	10	25	14	22	36
Presented in insurance contract assets	–	–	–	–	–	–
Presented in insurance contract liabilities	15	10	25	14	22	36
Total³	15	10	25	14	22	36

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

3. All balances relating to assets for insurance acquisition cash flows are expected to run off within a year.

(b) Reinsurance contracts

	Annuities ¹ 2025 £m	Protection ¹ 2025 £m	Total ¹ 2025 £m	Annuities ² 2024 £m	Protection ² 2024 £m	Total ² 2024 £m
Opening balance	4	–	4	3	–	3
Amounts incurred during the year	9	–	9	7	–	7
Amounts derecognised and included in the measurement of reinsurance contracts	(10)	–	(10)	(6)	–	(6)
Closing balance	3	–	3	4	–	4
Presented in insurance contract assets	2	–	2	4	–	4
Presented in insurance contract liabilities	1	–	1	–	–	–
Total³	3	–	3	4	–	4

1. Information on revenue or expenses for the current year is provided for continuing operations only and it therefore excludes any revenue or expenses related to the Group's US insurance entity as described in Note 1.

2. For comparative information disclosures purposes, reconciling items between opening and closing balances, as recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, have not been re-presented to remove the contribution of discontinued operations. This is because the classification and measurement criteria for assets and liabilities held for sale are not met in 2024. Refer to Note 1 for further details.

3. All balances relating to assets for insurance acquisition cash flows are expected to run off within a year.

Balance sheet management continued

23. Investment contract liabilities

(i) Analysis of investment contract liabilities

	Gross 2025 £m	Gross 2024 £m
Investment contract liabilities	357,955	323,957
Expected to be settled within 12 months	32,968	30,517
Expected to be settled after 12 months	324,987	293,440

Amounts under unit linked contracts are generally repayable on demand and the Group is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable liabilities to unit linked policyholders to be met as they fall due. However, the terms of funds investing in less liquid assets permit the deferral of redemptions for predefined periods in circumstances where there are not sufficient liquid assets within the fund to meet the level of requested redemptions.

Investment contract liabilities include £1,129m (2024: £1,093m) of Assured Payment Policies (APP) and Fixed Term Annuity (FTA) products, which are classified as Level 2 in the fair value hierarchy. The valuation of APP and FTA products are determined through a discounted cash flows model, where the discount rate is derived from a risk-free rate, a credit benchmark spread and a zero-volatility spread (Z-spread). The credit benchmark rate used is the A-rated credit spread curve which reflects the strategic portfolio mix. The Z-spread ensures that the fair value at inception is equal to the transaction price, therefore it is based on the premium on origination and remains constant over the life of the policy.

The presented fair values of the remaining investment contract liabilities reflect quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy.

During the year, there have been no transfers of investment contract liabilities between levels of the fair value hierarchy (2024: no transfers between levels of the fair value hierarchy).

(ii) Movement in investment contract liabilities

	Gross 2025 £m	Gross 2024 £m
As at 1 January	323,957	316,872
Transfer to held for sale	(115)	–
Reserves in respect of new business	44,390	44,162
Amounts paid on surrenders and maturities during the year	(49,241)	(58,957)
Investment return	39,327	22,196
Management charges	(363)	(316)
Total as at 31 December	357,955	323,957

24. Borrowings

Borrowings comprise core borrowings such as subordinated Tier 2 bond issuance, long-term unsecured senior debt and operational borrowings such as commercial paper issuance and bank borrowings under both committed and uncommitted debt facilities, including bank overdrafts. Borrowings secured on specific assets/cash flows are included as non-recourse borrowings.

(i) Analysis by type

	Borrowings excluding unit linked borrowings 2025 £m	Unit linked borrowings 2025 £m	Total 2025 £m	Borrowings excluding unit linked borrowings 2024 £m	Unit linked borrowings 2024 £m	Total 2024 £m
Core borrowings	4,297	–	4,297	4,308	–	4,308
Operational borrowings	292	309	601	1,734	1,657	3,391
Total borrowings	4,589	309	4,898	6,042	1,657	7,699

£229m of interest expense was incurred during the year (2024: £216m) on borrowings excluding non-recourse and unit linked borrowings. The total finance costs incurred in the year were £282m (2024: £273m), which also includes £6m of finance costs on lease liabilities (2024: £7m). Finance costs of £5m (2024: £3m) were capitalised in the year.

(ii) Analysis by nature**(a) Core borrowings**

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

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

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

Subordinated borrowings**5.5% Sterling subordinated notes 2064**

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

5.375% Sterling subordinated notes 2045

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

5.25% US Dollar subordinated notes 2047

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

5.55% US Dollar subordinated notes 2052

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

5.125% Sterling subordinated notes 2048

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

3.75% Sterling subordinated notes 2049

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

4.5% Sterling subordinated notes 2050

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

6.625% Sterling subordinated notes 2055

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

Balance sheet management continued

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.

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.

(b) Operational borrowings

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

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

Non-recourse borrowings

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

The carrying value of operational borrowings approximates their fair value. The presented fair values reflect observable market information and have been classified as Level 2 in the fair value hierarchy with the exception of the Affordable Homes revolving credit facilities which have been classified as Level 3.

(iii) Analysis by maturity

As at 31 December 2025	Maturity profile of undiscounted cash flows						Total £m
	Carrying amount £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Subordinated borrowings							
5.5% Sterling subordinated notes 2064 (Tier 2)	13	(13)	–	–	–	–	(13)
5.25% US Dollar subordinated notes 2047 (Tier 2)	640	(9)	–	–	(700)	–	(709)
5.55% US Dollar subordinated notes 2052 (Tier 2)	374	(4)	–	–	–	(399)	(403)
5.125% Sterling subordinated notes 2048 (Tier 2)	401	(3)	–	–	(400)	–	(403)
3.75% Sterling subordinated notes 2049 (Tier 2)	600	(2)	–	–	(600)	–	(602)
4.5% Sterling subordinated notes 2050 (Tier 2)	501	(4)	–	–	(500)	–	(504)
6.625% Sterling subordinated notes 2055 (Tier 2)	602	(10)	–	–	–	(600)	(610)
4.375% Euro subordinated notes 2055 (Tier 2)	613	(9)	–	–	–	(610)	(619)
Client fund holdings of Group debt (Tier 2)	(47)	–	–	–	–	–	–
Senior borrowings							
Sterling medium term notes 2031-2041	609	(11)	–	(590)	(10)	–	(611)
Client fund holdings of Group debt	(9)	–	–	–	–	–	–
Total core borrowings	4,297	(65)	–	(590)	(2,210)	(1,609)	(4,474)
Short-term operational borrowings							
Euro Commercial Paper	50	(50)	–	–	–	–	(50)
Bank loans and overdrafts	14	(14)	–	–	–	–	(14)
Non-recourse borrowings							
Affordable Homes revolving credit facilities	120	(120)	–	–	–	–	(120)
Suburban Build to Rent revolving credit facility	108	–	(108)	–	–	–	(108)
Total operational borrowings	292	(184)	(108)	–	–	–	(292)
Total borrowings excluding unit linked borrowings¹	4,589	(249)	(108)	(590)	(2,210)	(1,609)	(4,766)
Contractual undiscounted interest payments		(221)	(883)	(1,924)	(1,678)	(343)	(5,049)
Total contractual undiscounted cash flows		(470)	(991)	(2,514)	(3,888)	(1,952)	(9,815)

1. Unit linked borrowings are excluded from the analysis above as the risk is retained by policyholders.

Balance sheet management continued

As at 31 December 2024	Maturity profile of undiscounted cash flows						Total £m
	Carrying amount £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	
Subordinated borrowings							
5.5% Sterling subordinated notes 2064 (Tier 2)	590	–	–	–	–	(600)	(600)
5.375% Sterling subordinated notes 2045 (Tier 2)	605	(6)	–	–	(600)	–	(606)
5.25% US Dollar subordinated notes 2047 (Tier 2)	688	(10)	–	–	(700)	–	(710)
5.55% US Dollar subordinated notes 2052 (Tier 2)	403	(4)	–	–	–	(399)	(403)
5.125% Sterling subordinated notes 2048 (Tier 2)	401	(3)	–	–	(400)	–	(403)
3.75% Sterling subordinated notes 2049 (Tier 2)	600	(2)	–	–	–	(600)	(602)
4.5% Sterling subordinated notes 2050 (Tier 2)	501	(4)	–	–	–	(500)	(504)
Client fund holdings of Group debt (Tier 2)	(77)	–	–	–	–	–	–
Senior borrowings							
Sterling medium term notes 2031-2041	609	(11)	–	(590)	(10)	–	(611)
Client fund holdings of Group debt	(12)	–	–	–	–	–	–
Total core borrowings	4,308	(40)	–	(590)	(1,710)	(2,099)	(4,439)
Short-term operational borrowings							
Euro Commercial Paper	50	(50)	–	–	–	–	(50)
Bank loans and overdrafts	9	(9)	–	–	–	–	(9)
Non-recourse borrowings							
Class B Surplus Notes	1,411	–	–	(769)	(644)	–	(1,413)
Affordable Homes revolving credit facilities	185	(185)	–	–	–	–	(185)
Homes Modular revolving credit facility	11	(11)	–	–	–	–	(11)
Suburban Build to Rent revolving credit facility	68	–	(68)	–	–	–	(68)
Total operational borrowings	1,734	(255)	(68)	(769)	(644)	–	(1,736)
Total borrowings excluding unit linked borrowings¹	6,042	(295)	(68)	(1,359)	(2,354)	(2,099)	(6,175)
Contractual undiscounted interest payments		(332)	(1,318)	(2,781)	(1,849)	(556)	(6,836)
Total contractual undiscounted cash flows		(627)	(1,386)	(4,140)	(4,203)	(2,655)	(13,011)

1. Unit linked borrowings are excluded from the analysis above as the risk is retained by policyholders.

The maturity profile above is calculated on the basis that a facility to refinance a maturing loan is not recognised unless the facility and loan are related. If refinancing under the Group's credit facilities was recognised, then all amounts shown as repayable within one year would be reclassified as repayable between one and five years.

Undiscounted interest payments are estimated based on the year end applicable interest rate and spot exchange rates.

Syndicated credit facility

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

(iv) Movement in borrowings

	2025 £m	2024 £m
As at 1 January	7,699	6,120
Cash movements:		
Proceeds from borrowings	1,564	1,054
Repayment of borrowings	(1,578)	(473)
(Decrease)/increase in bank loans and overdrafts	(1,355)	1,271
Disposal of Cala	–	(320)
Non-cash movements:		
Amortisation	4	3
Foreign exchange rate movements	(91)	43
Transfers to held for sale ¹	(1,411)	–
Other	66	1
Total core and operational borrowings as at 31 December	4,898	7,699

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. Refer to Note 4 for further details.

25. Provisions

Provisions include costs that the Asset Management division is committed to incur on the extension of its existing partnership with State Street announced in 2021, to increase the use of Charles River technology across the front office and to deliver middle office services going forward. Costs include the transfer of data and operations to State Street, as well as the implementation of the new operating model. The amounts included in the provision have been determined on a best estimate basis by reference to a range of plausible scenarios, taking into account the multi-year implementation period for the project. As at 31 December 2025, the outstanding provision was £84m (31 December 2024: £65m).

There are no retirement benefit obligations as at 31 December 2025 (31 December 2024: £3m).

26. Payables and other financial liabilities

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

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

Derivative liabilities and repurchase agreements are measured at fair value, with changes in fair value recognised in profit or loss.

The fair value of derivative liabilities is derived using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Repurchase agreements are valued based on the discounted cash flows expected to be paid, using an observable market interest rate, in line with the value of the underlying security.

Within other financial liabilities, trail commission is measured at fair value through profit or loss. The balance represents a liability for the present value of future commission costs on distribution agreements with intermediaries, recognised in the balance sheet on inception of the contract and remeasured at subsequent reporting dates.

Collateral repayable on short position reverse repurchase agreements and other financial liabilities balances, including FX spots, broker and other payables, are measured at amortised cost. The carrying value of these liabilities approximates their fair value.

The Group's obligation under a put option contract over Proprium's non-controlling interests is measured at the present value of the redemption amount. The valuation depends on a multiple of forecast fee earnings expected to be achieved by Proprium in 2031, as determined by a contractual formula and up to a \$375m cap. Discounting is performed at the Group's incremental borrowing rate. Significant unobservable inputs underpin the valuation of the instrument, which has therefore been classified as Level 3 in the fair value hierarchy.

Balance sheet management continued

Fair value hierarchy

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	–	–
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

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

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

Significant transfers between levels

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

27. Leases

(i) Group as a lessee

The Group leases offices, vehicles, IT equipment and investment properties under non-cancellable operating lease agreements. Note 12 Property, plant and equipment shows movements in right-of-use assets recognised on the Consolidated Balance Sheet within Property, plant and equipment, broken down by class of underlying asset.

The maturity profile and movement of lease liabilities are presented in the tables below¹. Lease liabilities are included within Payables and other financial liabilities (see Note 26).

As at 31 December	Undiscounted lease payments	Unpaid finance charge	Present value	Undiscounted lease payments	Unpaid finance charge	Present value
	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m
Not later than 1 year	26	(4)	22	35	(7)	28
Between 1 and 2 years	19	(3)	16	31	(5)	26
Between 2 and 3 years	8	(2)	6	23	(4)	19
Between 3 and 4 years	8	(1)	7	12	(3)	9
Between 4 and 5 years	6	(1)	5	12	(3)	9
Later than 5 years	107	(88)	19	154	(99)	55
Total lease liabilities	174	(99)	75	267	(121)	146

	2025 £m	2024 £m
As at 1 January	146	174
Transfer to held for sale	(42)	–
Additions	2	9
Interest expense	6	7
Lease payments	(30)	(35)
Foreign exchange rate movements	(1)	1
Disposals	(6)	(10)
Total lease liability as at 31 December	75	146

1. Includes investment property lease liability.

Depreciation and impairment of right-of-use assets are included in other expenses and interest expenses on leases are included in other finance costs. No other material amounts in relation to arrangements for which the Group is a lessee have been recognised in the Consolidated Income Statement.

The remaining terms on the Group's leases range from 1 to 232 years (2024: 1 to 233 years), with approximately 2% of the leases (2024: 2%) having extension options and 70% of these leases (2024: 79%) having termination options. Extension and termination options are included in various leases across the Group and are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Group has no lease contracts that contain variable payments.

At 31 December 2025 the Group had committed to a 15-year lease for a new head office building in London, which has commenced in January 2026. Total lease commitment is £237m (2024: £237m).

(ii) Group as a lessor

Finance income for the year on finance leases and sub leases was £8m (2024: £11m), while income on operating leases was £449m (2024: £439m).

The future minimum lease payments receivable under finance lease arrangement, together with the present value, are disclosed in Note 15(i). The future undiscounted minimum lease payments receivable under operating lease arrangements are disclosed in Note 40(ii).

28. Management of capital resources

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

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

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

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

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

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

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

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

	2025 £m	2024 £m
IFRS equity¹	2,283	3,548
CSM net of tax ²	10,486	10,287
IFRS equity plus CSM net of tax	12,769	13,835
Remove DAC, goodwill and other intangible assets and associated liabilities	(393)	(473)
Add IFRS carrying value of subordinated borrowings ³	3,744	3,788
Insurance contract valuation differences	(1,455)	(626)
Financial investments valuation differences	(1,043)	(1,118)
Difference in value of net deferred tax liabilities	379	491
Other	(6)	(10)
Tier 2 and other eligibility restrictions	(181)	(27)
Solvency II Own Funds^{4,5}	13,814	15,860

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

2. CSM net of tax includes an amount related to the Non-retained US business of £1,232m as at year end, which is reported on the same basis as at 31 December 2024.

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

4. These balances are unaudited.

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

Balance sheet management continued

Sensitivity analysis (unaudited)

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

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

- The previously reported 2024 interest rate sensitivities assumed post-stress rebalancing actions, which reduced the reported surplus and coverage ratio sensitivities. Applying similar actions in 2025 would reduce the sensitivity impact by £24m on surplus and 1% on the coverage ratio under the interest rate +100bps stress and by £94m and 2% under the interest rate -100bps stress. These sensitivities have been restated to exclude assumed management actions.
- In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.
- 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.
- 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.
- No stress for bonds rated BBB and above. For bonds rated BB and below the stress is 100bps. The spread widening on the total portfolio is smaller than 1bps as the Group holds less than 1% in bonds rated BB and below. The impact is primarily an increase in SCR arising from the modelled cost of trading downgraded bonds back to a higher rating in the stress scenarios in the SCR calculation.
- Credit migration stress covers the cost of an immediate big letter downgrade on 20% of all assets where the capital treatment depends on a credit rating (including corporate bonds and sale and leaseback rental strips; lifetime mortgage senior notes are excluded). Downgraded assets in our annuity portfolio are assumed to be traded to their original credit rating, so the impact is primarily a reduction in Own Funds from the loss of value on downgrade. The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet date.
- 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.
- Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.
- A 10% increase in the assumed unit costs and future costs of investment management across all long-term insurance business lines.

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

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

Capital management policies and objectives

The Group aims to manage its capital resources to maintain financial strength, policyholder security and relative external ratings advantage. The Group also seeks to maximise its financial flexibility by maintaining strong liquidity and by utilising a range of alternative sources of capital including equity, senior debt, subordinated debt and reinsurance.

Capital measures

The Group measures its capital on a number of different bases, including those which comply with the regulatory frameworks within which the Group operates and those which the directors consider most appropriate for managing the business. The measures used by the Group include:

Accounting and economic bases

Management use financial information prepared on both an IFRS and risk-based capital basis to manage capital and cash flow usage and to determine dividend paying capacity.

The Group maintains a risk-based capital model that is used to support the management of risk within the Group. This modelling framework, suitably adjusted for regulatory constraints, also meets the needs of the Solvency II regime.

Regulatory bases

The financial strength of the Group's insurance subsidiaries is measured under various local regulatory requirements (see below).

Basis of regulatory capital and corresponding regulatory capital requirements

In each country in which the Group operates, the local insurance regulator specifies rules and guidance for the minimum amount and type of capital which must be held by insurance subsidiaries in excess of their insurance liabilities. The minimum capital requirements have been maintained at all times throughout the year. This helps to ensure that payments to policyholders can be made as they fall due.

The required capital is calculated by either assessing the additional assets which would be required to meet the insurance company's liabilities in specified, stressed financial conditions, or by applying fixed percentages to the insurance company's liabilities and risk exposures. The requirements in the different jurisdictions in which the Group operates are detailed below:

Group regulatory basis

The Group is required to comply with the Solvency II capital requirements calculated using the Group's Partial Internal Model. The vast majority of the risk to which the Group is exposed is assessed on the Internal Model basis approved by the PRA. The Group capital requirements for a handful of smaller entities are assessed using the Standard Formula basis on materiality grounds. The Group's capital requirements in respect of its US insurance businesses and Legal & General Reinsurance Company No. 2 (L&G Re 2) are valued on a local statutory basis, following PRA approval of the Group's application to use Calculation Method 2 for including these businesses in the Group solvency calculation.

UK regulatory basis

At the balance sheet date, required capital for the life business was based on the UK Implementation of Solvency II, as set out in the PRA Rulebook. All material UK insurance firms, including Legal and General Assurance Society Limited and Legal and General Assurance (Pensions Management) Limited (Asset Management's insurance subsidiary) are required to hold eligible own funds in excess of their SCR, calculated on a Partial Internal Model basis. These firms, as well as the non-UK insurance firm (Legal & General Reinsurance Company Limited based in Bermuda) contribute over 80% of the Group's SCR.

US regulatory basis

Required capital is determined to be the Company Action Level Risk Based Capital (RBC) based on the National Association of Insurance Commissioners RBC model. RBC is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations, taking into account its size and risk profile. The calculation is based on applying factors to various asset, premium, claims, expense and reserve items, with higher factors used for those items with greater underlying risk and lower factors for less risky items.

Bermudan regulatory basis

Bermudan regulated insurers are required to hold sufficient capital to meet the Bermudan Solvency Capital Requirement (BSCR). The BSCR model follows a Standard Formula framework; capital attributed to each risk is calculated by applying specified stresses to the assets and liabilities. The individual risk elements (excluding operational risk) are combined using a covariance matrix and then added to an operational risk charge.

29. Acquisitions

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

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

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

Balance sheet management continued

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

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

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

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

The call option is accounted for as a derivative (see Note 14) and mandatorily measured at fair value through profit or loss, with an immaterial carrying value as at the acquisition date.

The put option is accounted for as a financial liability (see Note 26) and held at the present value of its expected redemption amount, which on acquisition amounted to £95m. As the option is not part of the fair value of consideration transferred, an equal and opposite deduction from equity was recognised. Changes to the carrying value of the option are recognised directly in equity.

As part of the agreement, certain schemes in favour of Proprium's employees and minority owners have been agreed. In particular:

- a retention scheme amounting to \$11m, to be paid to non-equitised Proprium employees three years from closing
- an earnout to be paid to Proprium employees and minority owners on an annual basis over the six years following the acquisition, subject to achieving specified revenue targets, up to a total of \$67m
- an earnout to be paid to Proprium minority owners in 2029, based on the net present value of expected future carried interest from future funds, up to \$19m.

Employees and minority owners must be in service or good leavers when a payment is due in order to be able to benefit from the schemes. The schemes are accounted for as employee benefits under IAS 19, 'Employee Benefits'. No amounts were recognised for these schemes at completion of the acquisition.

Additional financial information

30. Investment return

The Group earns an investment return from holdings in financial instruments and property investments, held to either back insurance and investment contracts on behalf of policyholders or to deliver returns on Group capital.

For the year ended 31 December 2025	Annuities £m	Protection £m	Other assets £m	Total £m
Dividend income	19	–	4,253	4,272
Interest income on financial investments at fair value through profit or loss	2,572	–	5,278	7,850
Interest income on financial investments at fair value through other comprehensive income	84	–	–	84
Interest income on financial investments at amortised cost	314	–	21	335
Other investment (expense)/income ¹	(232)	8	130	(94)
(Losses)/gains on financial investments at fair value through profit or loss ²	(503)	–	30,907	30,404
Gains/(losses) on derivative instruments at fair value through profit or loss ²	1,583	–	(55)	1,528
Financial investment return	3,837	8	40,534	44,379
Rental income	281	–	324	605
Net fair value gains on properties	39	–	50	89
Property investment return	320	–	374	694
Investment income attributable to unit holders	–	–	(1,044)	(1,044)
Total investment return recognised in profit or loss	4,157	8	39,864	44,029
Net movement in financial investments designated at fair value through other comprehensive income	(58)	–	–	(58)
Total investment return	4,099	8	39,864	43,971
Finance income and expense recognised in profit or loss³				
Finance expense from insurance contracts issued	(3,952)	(74)	–	(4,026)
Finance income from reinsurance contracts issued	226	51	–	277
Total finance income and expense recognised in profit or loss	(3,726)	(23)	–	(3,749)
Finance income and expense recognised in OCI³				
Finance expense from insurance contracts issued	–	(159)	–	(159)
Finance income from insurance contracts issued	–	168	–	168
Total finance income recognised in OCI	–	9	–	9

1. Other investment (expense)/income primarily comprises interest, gains and losses from derivative and other financial instruments.

2. Mandatorily measured at fair value through profit or loss.

3. The analysis of investment return and finance income/expense has been split between insurance contract portfolios. For annuity insurance liabilities, changes in the discount rate are reflected in profit or loss. Assets held to back the annuity fulfilment cash flows are predominantly accounted for as FVTPL and assets attributed to annuity portfolio in excess of fulfilment cash flows are accounted for at either amortised cost or FVOCI. Protection insurance liabilities have applied the IFRS 17 OCI option.

Additional financial information continued

For the year ended 31 December 2024	Annuities ¹ £m	Protection ¹ £m	Other assets ¹ £m	Total £m
Dividend income	19	–	5,081	5,100
Interest income on financial investments at fair value through profit or loss	2,503	–	4,475	6,978
Interest income on financial investments at fair value through other comprehensive income	66	–	–	66
Interest income on financial investments at amortised cost	284	–	1	285
Other investment (expense)/income ²	(480)	9	199	(272)
(Losses)/gains on financial investments at fair value through profit or loss ³	(2,878)	–	12,955	10,077
Losses on derivative instruments at fair value through profit or loss ³	(1,178)	–	(198)	(1,376)
Financial investment return	(1,664)	9	22,513	20,858
Rental income	251	–	262	513
Net fair value (losses)/gains on properties	(49)	–	91	42
Property investment return	202	–	353	555
Total investment return recognised in profit or loss	(1,462)	9	22,866	21,413
Net movement in financial investments designated at fair value through other comprehensive income	(246)	–	–	(246)
Total investment return	(1,708)	9	22,866	21,167
Finance income and expense recognised in profit or loss ⁴				–
Finance income/(expense) from insurance contracts issued	1,375	(66)	–	1,309
Finance (expense)/income from reinsurance contracts issued	(124)	64	–	(60)
Total finance income and expense recognised in profit or loss	1,251	(2)	–	1,249
Finance income and expense recognised in OCI ⁴				–
Finance income from insurance contracts issued	–	311	–	311
Finance expense from insurance contracts issued	–	(195)	–	(195)
Total finance income recognised in OCI	–	116	–	116

1. Comparative information has been re-presented to reflect the results of the US protection and US pension risk transfer (PRT) businesses as discontinued operations. See Note 1 for further information.
2. Other investment (expense)/income primarily comprises interest, gains and losses from derivative and other financial instruments.
3. Mandatorily measured at fair value through profit or loss.
4. The analysis of investment return and finance income/expense has been split between insurance contract portfolios. For annuity insurance liabilities, changes in the discount rate are reflected in profit or loss. Assets held to back the annuity fulfilment cash flows are predominantly accounted for as FVTPL and assets attributed to annuity portfolio in excess of fulfilment cash flows are accounted for at either amortised cost or FVOCI. Protection insurance liabilities have applied the IFRS 17 OCI option.

31. Tax

The table below provides a summary of the standard corporate income tax rates of the main territories we operate in.

	2025	2024
UK	25.0%	25.0%
USA	21.0%	21.0%
Bermuda	15.0%	0.0%
Ireland	12.5%	12.5%

The tax shown in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income comprises current and deferred tax.

(i) Implementation of the global minimum tax regime

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

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

(ii) Tax expense in the Consolidated Income Statement

	2025 £m	2024 £m
Current tax	138	252
Deferred tax		
Origination or reversal of temporary differences in the year	186	96
Impact of revaluation of deferred tax balances	2	–
Total deferred tax	188	96
Adjustment to equity holders' tax in respect of prior years	(1)	(1)
Total tax expense	325	347
Less: tax attributable to policyholder returns	(134)	(210)
Total tax expense attributable to equity holders	191	137
Less: tax from discontinued operations attributable to equity holders	(21)	(29)
Tax from continuing operations attributable to equity holders	170	108

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

1. Total includes results from continuing and discontinued operations.

2. The lower rate of tax on overseas profits and losses is 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 values of investments which are not taxable.

Additional financial information continued

(iii) Deferred tax – Consolidated Balance Sheet

Deferred tax assets and liabilities have been recognised/(provided) for temporary differences and unused tax losses. The recognition of deferred tax assets in respect of temporary differences and tax losses are supported by management's best estimate of future taxable profits to absorb the losses in future years. Deferred tax assets and liabilities presented on the Consolidated Balance Sheet have been offset to the extent it is permissible under the relevant accounting standards. The net movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets/(liabilities)	Net tax assets as at 1 January 2025 £m	Tax (charged)/ credited to the income statement £m	Tax (charged)/ credited to OCI or equity £m	Acquisitions/ disposals/ transfers £m	Net tax asset as at 31 December 2025 £m
Overseas deferred acquisition expenses ¹	136	2	–	(138)	–
Difference between the tax and accounting value of insurance contracts	617	(180)	(5)	997	1,429
UK	1,258	(135)	–	–	1,123
Bermuda	340	(34)	–	–	306
US ¹	(981)	(11)	(5)	997	–
Realised and unrealised gains on investments	(32)	(85)	12	(50)	(155)
Excess of depreciation over capital allowance	(13)	21	–	–	8
Accounting provisions and other	11	56	6	(15)	58
Trading losses	825	24	–	(690)	159
UK	170	(11)	–	–	159
US ¹	655	35	–	(690)	–
Net deferred tax asset	1,544	(162)	13	104	1,499
Presented on the Consolidated Balance Sheet as:					
Deferred tax assets	1,741	(64)	6	(95)	1,588
Deferred tax liabilities	(197)	(98)	7	199	(89)
Net deferred tax asset¹	1,544	(162)	13	104	1,499

Deferred tax assets/(liabilities)	Net tax assets as at 1 January 2024 £m	Tax (charged)/ credited to the income statement £m	Tax (charged)/ credited to OCI or equity £m	Acquisitions/ disposals/transfers	Net tax asset as at 31 December 2024 £m
Overseas deferred acquisition expenses	121	13	2	–	136
Difference between the tax and accounting value of insurance contracts	736	(315)	(41)	237	617
UK	1,149	(129)	1	237	1,258
Bermuda	340	–	–	–	340
US	(753)	(186)	(42)	–	(981)
Realised and unrealised gains on investments	72	68	65	(237)	(32)
Excess of depreciation over capital allowance	17	(28)	–	(2)	(13)
Accounting provisions and other	52	(29)	(26)	14	11
Trading losses	609	205	11	–	825
UK	76	94	–	–	170
US	533	111	11	–	655
Net deferred tax asset	1,607	(86)	11	12	1,544
Presented on the Consolidated Balance Sheet as:					
Deferred tax assets	1,714	15	12	–	1,741
Deferred tax liabilities	(107)	(101)	(1)	12	(197)
Net deferred tax asset	1,607	(86)	11	12	1,544

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

Unrecognised deferred tax assets

The Group has the following unrelieved tax losses and deductible temporary differences carried forward as at 31 December 2025. No deferred tax asset has been recognised in respect of these as at 31 December 2025 (or 31 December 2024), as it is not probable that there will be suitable taxable profits emerging in future periods against which to relieve them. These tax assets will only be recognised if it becomes probable that suitable taxable profits will arise in future periods.

	Gross 2025 £m	Tax 2025 £m	Gross 2024 £m	Tax 2024 £m
Trading losses	102	19	297	67
Capital losses	83	21	166	37
Excess management expense	9	3	9	3
Unrelieved interest payments on debt instruments	16	4	14	4
Other unrecognised deferred tax	11	2	18	5
Unrecognised deferred tax assets¹	221	49	504	116

1. As at 31 December 2025 balances related to the Group's US insurance entity have been classified as held for sale in the Consolidated Balance Sheet and are therefore excluded from the closing position. There is £182m trading and capital losses included within 2024 on which deferred tax of £38m was not recognised.

(iv) Current tax – Consolidated Balance Sheet

	2025 £m	2024 £m
Tax recoverable within 12 months	2	38
Tax recoverable after 12 months	969	819
Current tax assets¹	971	857

1. Of the total current tax asset, £969m (2024: £819m) relates to amounts recoverable in respect of withholding tax reclaims attributable to unit linked funds.

	2025 £m	2024 £m
Tax due within 12 months	57	2
Tax due after 12 months	104	116
Current tax liabilities	161	118

(v) Tax (credited)/charged directly in equity

	2025 £m	2024 £m
Current tax	(7)	(7)
Deferred tax	1	(2)
Tax credit recognised directly in equity	(6)	(9)

32. Auditor's remuneration

	2025 £m	2024 £m
Remuneration receivable by the Company's auditors for the audit of the consolidated and Company financial statements	2.3	2.2
Remuneration receivable by the Company's auditors and its associates for the supply of other services to the Company and its associates, including remuneration for the audit of the financial statements of the Company's subsidiaries:		
The audit of the Company's subsidiaries	14.3	13.5
Audit related assurance services - required by national or EU legislation	1.9	1.8
Audit related assurance services - other	1.5	1.2
Other assurance services	1.0	1.1
Total remuneration¹	21.0	19.8

1. Includes £2.4m related to Auditor's remuneration, which has been included within Profit for the year attributable to discontinued operations (2024: £2.5m).

Additional financial information continued

33. Employee information

	2025	2024
Monthly average number of staff employed during the year:		
UK	9,739	10,512
USA ¹	1,228	1,202
Europe	71	71
Other	101	91
Worldwide employees²	11,139	11,876

	Notes	2025 £m	2024 £m
Wages and salaries		917	894
Social security costs		108	105
Share-based incentive awards	34	69	70
Defined contribution pension costs		77	105
Total employee-related expenses³		1,171	1,174

1. Includes 941 employees of the business classified as held for sale (2024: 907).

2. 11,139 worldwide employees reflects average headcounts. This does not reflect Full Time Equivalents (FTEs) calculated based on the number of days worked per head.

3. Excludes £143m related to Employee-related expenses, which has been included within Profit for the year attributable to discontinued operations (2024:£135m). The comparatives for 2024 which previously included these costs have been re-presented to be on a consistent basis.

34. Share-based payments

(i) Description of plans

The Group provides a number of equity settled share-based long-term incentive plans for directors and eligible employees.

The Savings Related Share Option Plan (ShareSave) allows employees to enter into a regular savings contract over three and/or five years, coupled with a corresponding option over shares of the Group. The grant price is equal to 80% of the quoted market price of the Group shares on the invitation date.

Nil-cost options can be granted to senior managers under the Performance Share Plan (PSP), based upon individual and Company performance. Performance conditions attached to awards before 2025 result in the number of options that vest being equally dependent on the Group's relative total shareholder return (TSR) and earnings per share (EPS) growth (subject to Solvency II objectives). The majority of awards vest after the end of the three year performance period and become exercisable in thirds in year three, four and five. Awards granted to Executive Directors and Persons Delivering Managerial Responsibilities vest after three years but any options that vest will not become exercisable until year five. Additional performance conditions have been attached to awards from 2025 and the number of options that vest are dependent on the Group's relative TSR (40%), EPS (40%) and progress against published commitments in our Climate transition plan (20%).

The Share Bonus Plan (SBP) awards conditional shares, restricted shares, combined awards of CSOP options and restricted shares and combined awards of CSOP options and nil-cost options. Recipients of restricted shares are entitled to both vote and receive dividends. Fair value is calculated as the market value on the grant date, adjusted to reflect the eligibility for dividend payments. Conditional Share awards, which include awards to Executive Directors, do not have voting or dividend rights.

Under the HMRC tax-advantaged Employee Share Plan (ESP), UK employees may elect to purchase Group shares from the market at the prevailing market price on a monthly basis. The Group supplements the number of shares purchased by giving employees one free matching share for every one share purchased up to the first £20 of the employees' contributions and one free matching share for every two shares purchased with contributions between £20 and £125. There is currently no match on contributions between £125 and £150. Both the free and matching shares must be held in trust for three years. The fair value of awarded shares is equal to the market value on award date.

The weighted average fair value of ShareSave options calculated by using the Black-Scholes model were 31.3p (2024: 49.5p) and PSP awards estimated by using Monte Carlo simulations were 176.3p (2024: 191.1p).

The fair values of the share awards made during the year have been calculated using the following assumptions:

	ShareSave April 2025	PSP April 2025	ShareSave April 2024	PSP April 2024
Award date	April 2025	April 2025	April 2024	April 2024
Weighted average share price (pence)	230.6	224.2	252.7	252.7
Weighted average exercise price (pence)	193.0	N/A	196.0	N/A
Expected volatility	24.5%–29.1%	23.6 %	25.8%–36.2%	26.3%
Expected life	3–5 years	5 years	3–5 years	5 years
Risk free investment rate	3.91%–4.10%	3.81 %	3.88%–4.06%	4.11%
Dividend yield	9.3%	N/A	8.1%	N/A

(ii) Total recognised expense

The total recognised expense relating to share-based payments in 2025 was £71m (2024: £72m) before tax, all of which related to equity settled share schemes. This is broken down between the Group's plans as detailed below:

	2025 £m	2024 £m
Share bonus plan (SBP)	56	56
Performance share plan (PSP)	9	9
Employee share plan (ESP)	3	3
Savings related share option plan (ShareSave)	3	4
Total share-based payment expense	71	72

(iii) Outstanding share options

	ShareSave options 2025	Weighted average exercise price 2025 p	CSOP options 2025	Weighted average exercise price 2025 p	Nil-cost options 2025	Weighted average exercise price 2025 p
Outstanding at 1 January	23,974,498	203	2,340,146	272	28,759,543	–
Granted during the year	9,433,086	193	–	–	21,544,686	–
Forfeited during the year	(2,535,484)	200	–	–	(8,569,235)	–
Exercised during the year	(7,837,958)	204	(3,032)	272	(5,399,470)	–
Expired during the year	(1,301,841)	203	(2,332,550)	272	(3,924)	–
Outstanding at 31 December	21,732,301	199	4,564	289	36,331,600	–
Exercisable at 31 December	592,549	200	4,564	289	1,446,503	–
Weighted average remaining contractual life (years)	3		–		5	

	ShareSave options 2024	Weighted average exercise price 2024 p	CSOP options 2024	Weighted average exercise price 2024 p	Nil-cost options 2024	Weighted average exercise price 2024 p
Outstanding at 1 January	21,803,958	210	3,649,295	280	32,406,031	–
Granted during the year	9,398,286	196	–	–	6,607,333	–
Forfeited during the year	(3,610,501)	209	–	–	–	–
Exercised during the year	(2,436,776)	222	–	–	(6,127,082)	–
Expired during the year	(1,180,469)	213	(1,309,149)	294	(4,126,739)	–
Outstanding at 31 December	23,974,498	203	2,340,146	272	28,759,543	–
Exercisable at 31 December	64,104	228	–	–	2,094,055	–
Weighted average remaining contractual life (years)	2		–		4	

(iv) Total options

Options over 58,068,465 shares are outstanding under ShareSave, CSOP and PSP as at 31 December 2025 (2024: 55,074,187 shares). These options have a range of exercise prices between 0p and 295p (2024: 0p and 295p) and maximum remaining contractual life up to 2032 (2024: 2032).

Additional financial information continued

35. Share capital, share premium and employee scheme treasury shares

(i) Share capital and share premium

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

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

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

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

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

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

(ii) Employee share plans

The Group uses the Employees' Share Ownership Trust (ESOT) and the Legal & General Group Employee Share Plan (ESP) to purchase and hold shares of the Group for delivery to employees under various employee share plans. Shares owned by these vehicles are included at cost in the Consolidated Balance Sheet and are shown as a deduction from shareholders' equity. They are disclosed as employee plan shares until they vest to employees. Share-based liabilities to employees may also be settled via purchases directly from the market or by the issue of new shares.

The ESOT has waived its voting rights and its rights to some of the dividends payable on the shares it holds. Employees are entitled to dividends on the shares held on their behalf within the ESP.

	2025	2025	2024	2024
	Number of shares	£m	Number of shares	£m
As at 1 January	69,417,273	163	62,178,791	147
Shares purchased	8,673,843	20	14,428,772	33
Shares vested	(8,536,530)	(20)	(7,190,290)	(17)
At 31 December	69,554,586	163	69,417,273	163

36. Restricted Tier 1 convertible notes

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

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

The notes are treated as restricted Tier 1 Own Funds for Solvency II purposes.

37. Other liabilities

	2025 £m	2024 £m
Accruals	506	597
Deferred income	10	12
Other	337	341
Total other liabilities	853	950
Due within 12 months	834	922
Due after 12 months	19	28

38. Related party transactions

(i) Key management personnel transactions and compensation

There were no material transactions between key management and the L&G group of companies during the year. 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. Contributions to the post-employment defined benefit plans were £5m (31 December 2024: £7m) for all employees.

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

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

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

(ii) Services provided to and by related parties

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

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

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

39. Contingent liabilities, guarantees and indemnities

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

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

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

40. Commitments

(i) Capital commitments

	2025 £m	2024 £m
Authorised and contracted commitments not provided for in respect of investment property development, payable after 31 December:		
Long term business	178	323

Additional financial information continued

(ii) Lease commitment receivable – payments to be received under operating leases

Where the Group is a lessor, the future undiscounted minimum lease payments under operating lease arrangements are disclosed below:

	Total future payments 2025 £m	Total future payments 2024 £m
Not later than 1 year	501	429
Between 1 and 2 years	457	406
Between 2 and 3 years	435	383
Between 3 and 4 years	414	367
Between 4 and 5 years	392	352
Later than 5 years	4,225	3,917
Total lease commitment receivable	6,424	5,854

Lease commitments payable are disclosed as part of the leases disclosure in Note 27.

41. Associates and joint ventures

Summarised financial information for associates and joint ventures accounted for under the equity method is shown below:

	Associates 2025 £m	Joint ventures 2025 £m	Associates 2024 £m	Joint ventures 2024 £m
Current assets	110	67	83	428
Non-current assets	2,204	415	1,722	740
Current liabilities	(34)	(30)	(61)	(143)
Non-current liabilities	(1,654)	–	(1,056)	–
Loss from continuing operations - total	(56)	(39)	(95)	(27)
Loss from continuing operations - Group's share	(24)	(20)	(40)	(14)
Total comprehensive expense - total	(56)	(42)	(95)	(27)
Total comprehensive expense - Group's share	(24)	(21)	(40)	(14)

The associates and joint ventures have no significant contingent liabilities to which the Group is exposed. The Group has no commitments to provide funding to associates and joint ventures other than the ones included in Note 40.

During the year, the total value of Investment in associates and joint ventures accounted for using the equity method on the Group's Consolidated Balance Sheet increased to £510m (2024: £872m), reflecting a number of additions and disposals, as well as the Group's share of the profits and losses of the respective associates and joint ventures. The Group's share of profits or losses on associates and joint ventures is disclosed in Other operational income on the Consolidated Income Statement.

42. Related undertakings

The Companies Act 2006 requires disclosure of information about the Group's subsidiaries, associates, joint ventures and other significant holdings. Significant holdings are entities in which the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

(i) Subsidiaries

The particulars of the Company's subsidiaries, mutual funds and partnerships that have been consolidated as at 31 December 2025 are listed below, grouped by country of incorporation and registered office address. The main territory of operation of subsidiaries incorporated in England and Wales is the UK. For overseas subsidiaries the principal country of operation is the same as the country of incorporation. All subsidiaries are 100% owned, unless stated otherwise. All subsidiaries are held through intermediate holding companies unless noted that they are held directly by the Company (marked with #). Subsidiaries that are consolidated where the Group owns less than 50% of the ordinary share capital, are consolidated based on an assessment of control normally arising from special rights attaching to the class of share owned, other contractual arrangements and factors such as the purpose of the investee, the nature of its relevant activities, voting rights (including potential voting rights) and substantive and protective rights.

The Group reassesses the appropriateness of the consolidation of an investee whenever facts and circumstances indicate that there has been a change in the relationship between the Group and the investee which affects control.

Company name	Share class	% of equity shares held by the Group	Company name	Share class	% of equity shares held by the Group
England and Wales			L&G Affordable Housing Northern GP Limited	Ordinary	100.0
One Coleman Street, London, EC2R 5AA			L&G Affordable Housing Northern LGPS LP	Ordinary	100.0
30-31 Golden Square GP LLP	Partnership	100.0	L&G Annuity S&L GP Limited	Ordinary	100.0
30-31 Golden Square LP	Partnership	100.0	L&G Buy & Maintain Short Dated Credit Fund	Ordinary	100.0
30-31 Golden Square Nominee 1 Limited	Ordinary	100.0	L&G Cash Trust	Unit	38.5
30-31 Golden Square Nominee 2 Limited	Ordinary	100.0	L&G Coleman Holdco Ltd	Ordinary	100.0
30-31 Golden Square Unit Trust	Unit	100.0	L&G Digital Infrastructure Co-Invest Holding 1 Ltd	Ordinary	100.0
Antham 1 Limited	Ordinary	100.0	L&G Digital Infrastructure Co-Invest Holding 2 Ltd	Ordinary	100.0
Begbroke Oxford Limited	Ordinary	100.0	L&G Digital Infrastructure Holding 2 Ltd	Ordinary	100.0
Bonnington Residents Management Company Limited	Limited by guarantee	100.0	L&G Digital Infrastructure Holding Ltd	Ordinary	100.0
BQN Limited	Ordinary	100.0	L&G Future World Global Opportunities Fund	Unit	33.7
Capital Hill Limited Partnership	Partnership	99.7	L&G Healthcare Plan Trustee Limited	Ordinary	100.0
Cardiff Interchange Limited	Ordinary	100.0	L&G Herne Hill Holdco GP LLP	Partnership	100.0
Cardiff Interchange NomineeCo Limited	Ordinary	100.0	L&G Herne Hill Holdco Nominee Limited	Ordinary	100.0
Court Place Gardens Holdings LLP	Partnership	100.0	L&G Hillview Place Propco Limited	Ordinary	100.0
Court Place Gardens Oxford Limited	Ordinary	100.0	L&G Hotel Edinburgh Propco Limited	Ordinary	100.0
Finovation UK Limited	Ordinary	100.0	L&G Hotel Leeds Propco Limited	Ordinary	100.0
Halesworth Lanecroft Partners GP LLP	Partnership	100.0	L&G Kao Holdco Ltd	Ordinary	100.0
Halesworth Lanecroft Partners LP	Partnership	100.0	L&G Lower Gilmore Place Propco Ltd	Ordinary	100.0
Haut Investments 2 Limited	Ordinary	100.0	L&G Managed Fund Property Unit Trust	Unit	99.9
Haut Investments Limited	Ordinary	100.0	L&G Multi Asset Core 20 Fund	Unit	83.0
Interchange Central Square (General Partner) Limited	Ordinary	100.0	L&G Multi Asset Core 45 Fund	Unit	48.5
Interchange Central Square Limited Partnership	Partnership	100.0	L&G Multi Asset Core 75 Fund	Unit	53.2
Investment Discounts On Line Limited	Ordinary	100.0	L&G Multi-Asset Target Return Fund	Unit	47.5
IPIF Trade General Partner Limited	Ordinary	100.0	L&G Multifamily LLP	Partnership	100.0
IPIF Trade Nominee Limited	Ordinary	100.0	L&G Nature Investments Limited	Ordinary	100.0
IXDS Limited	Ordinary	70.0	L&G Property Europe Limited	Ordinary	100.0
L&G - Asset Management Limited [#]	Ordinary	100.0	L&G UK Smaller Companies Trust	Unit	33.1
L&G Affordable Housing Access GP Limited	Ordinary	100.0	Lanecroft Homes Limited	Ordinary	100.0
L&G Affordable Housing Access LGPS LP	Partnership	100.0	Legal & General (Portfolio Management Services) Limited	Ordinary	100.0
L&G Affordable Housing GP Limited	Ordinary	100.0	Legal & General (Portfolio Management Services) Nominees Limited	Ordinary	100.0
L&G Affordable Housing LP	Partnership	100.0	Legal & General (Strategic Land Harpenden) Limited	Ordinary	100.0

Additional financial information continued

Company name	Share class	% of equity shares held by the Group
Legal & General (Strategic Land North Horsham) Limited	Ordinary	100.0
Legal & General (Strategic Land) Limited	Ordinary	100.0
Legal & General (Unit Trust Managers) Limited	Ordinary	100.0
Legal & General (Unit Trust Managers) Nominees Limited	Ordinary	100.0
Legal & General Affordable Homes (AR) LLP	Partnership	100.0
Legal & General Affordable Homes (Development 2) Limited	Ordinary	100.0
Legal & General Affordable Homes (Development) Limited	Ordinary	100.0
Legal & General Affordable Homes (Investment 1) Limited	Ordinary	100.0
Legal & General Affordable Homes (Investment 2) Limited	Ordinary	100.0
Legal & General Affordable Homes (Investment 3) Limited	Ordinary	100.0
Legal & General Affordable Homes (Operations) Limited	Ordinary	100.0
Legal & General Affordable Homes (SO) LLP	Partnership	100.0
Legal & General Affordable Homes Limited	Ordinary	100.0
Legal & General Bristol Temple Island Estate Management Company Limited	Ordinary	100.0
Legal & General Capital Investments Limited [#]	Ordinary	100.0
Legal & General Co Sec Limited [#]	Ordinary	100.0
Legal & General Development Assets Holdings Limited	Ordinary	100.0
Legal & General Digital Solutions Limited	Ordinary	100.0
Legal & General Employee Benefits Administration Limited	Ordinary	100.0
Legal & General Estate Agencies Limited [#]	Ordinary	100.0
Legal & General Euro Mortgage No.1 SPV Limited	Ordinary	100.0
Legal & General Euro Mortgage SPV LLP	Partnership	100.0
Legal & General Everest UK Holdco Limited	Ordinary	100.0
Legal & General Finance PLC [#]	Ordinary	100.0
Legal & General Financial Advice Limited	Ordinary	100.0
Legal & General FX Structuring (SPV) Limited	Ordinary	100.0
Legal & General GP LLP	Partnership	100.0
Legal & General Heat Pumps Limited	Ordinary	100.0
Legal & General Home Finance Holding Company Limited	Ordinary	100.0
Legal & General Home Finance Limited	Ordinary	100.0
Legal & General Homes (Services Co) Limited	Ordinary	100.0
Legal & General Homes Holdings Limited	Ordinary	100.0
Legal & General Homes Modular Limited	Ordinary	100.0
Legal & General Insurance Holdings Limited	Ordinary	100.0
Legal & General Insurance Holdings No. 2 Limited [#]	Ordinary	100.0
Legal & General Investment Management Limited	Ordinary	100.0

Company name	Share class	% of equity shares held by the Group
Legal & General Later Living Limited	Ordinary	100.0
Legal & General Leisure Fund Trustee Limited	Ordinary	100.0
Legal & General Life Fund Limited Partnership	Partnership	100.0
Legal & General LTM Structuring (SPV) Limited	Ordinary	100.0
Legal & General Middle East Limited [#]	Ordinary	100.0
Legal & General Overseas Operations Limited [#]	Ordinary	100.0
Legal & General Partnership Holdings Limited [#]	Ordinary	100.0
Legal & General Partnership Services Limited	Ordinary	100.0
Legal & General Pension Fund Trustee Limited	Ordinary	100.0
Legal & General Pension Scheme Trustee Limited	Ordinary	100.0
Legal & General Pensions Limited	Ordinary	100.0
Legal & General Property Limited	Ordinary	100.0
Legal & General Property Partners (Industrial Fund) Limited	Ordinary	100.0
Legal & General Property Partners (Industrial) Nominees Limited	Ordinary	100.0
Legal & General Property Partners (PIF GP) LLP	Partnership	100.0
Legal & General Property Partners (Leisure GP) LLP	Partnership	100.0
Legal & General Property Partners (Leisure) Limited	Ordinary	100.0
Legal & General Property Partners (Life Fund) Limited	Ordinary	100.0
Legal & General Property Partners (Life Fund) Nominee Limited	Ordinary	100.0
Legal & General Property Partners (UK PIF Geared) Limited	Ordinary	100.0
Legal & General Property Partners (UK PIF) Limited	Ordinary	100.0
Legal & General Property Partners (UKPIF Geared Two) Limited	Ordinary	100.0
Legal & General Property Partners (UKPIF Two) Limited	Ordinary	100.0
Legal & General Re Holdings Limited [#]	Ordinary	100.0
Legal & General Residential (Holdco) Limited	Ordinary	100.0
Legal & General Resources Limited [#]	Ordinary	100.0
Legal & General Retail Investments (Holdings) Limited [#]	Ordinary	100.0
Legal & General SBTR (Ashdown House 1) Limited	Ordinary	100.0
Legal & General SBTR (Ashdown House 2) Limited	Ordinary	100.0
Legal & General SBTR (Crowthorne 1) Limited	Ordinary	100.0
Legal & General SBTR (Crowthorne 2) Limited	Ordinary	100.0
Legal & General SBTR (Keresley 1) Limited	Ordinary	100.0
Legal & General SBTR (Keresley 2) Limited	Ordinary	100.0
Legal & General SBTR (Sandy Lane 1) Limited	Ordinary	100.0
Legal & General SBTR (Sandy Lane 2) Limited	Ordinary	100.0
Legal & General SBTR (St Neots) Limited	Ordinary	100.0

Company name	Share class	% of equity shares held by the Group
Legal & General SBTR (Stanton Cross 1) Limited	Ordinary	100.0
Legal & General SBTR (Stanton Cross 2) Limited	Ordinary	100.0
Legal & General SBTR (Stanton Cross 3) Limited	Ordinary	100.0
Legal & General SBTR (Stanton Cross 4) Limited	Ordinary	100.0
Legal & General Science and Tech (Holdings) Limited	Ordinary	100.0
Legal & General Senior Living Limited	Ordinary	100.0
Legal & General SPV (HoldCo) Limited	Ordinary	100.0
Legal & General Student Living LLP	Partnership	99.9
Legal & General Suburban BTR (Development 2) Limited	Ordinary	100.0
Legal & General Suburban BTR (Development) Limited	Ordinary	100.0
Legal & General Suburban BTR (Operations) Limited	Ordinary	100.0
Legal & General Suburban BTR (Property) LLP	Partnership	100.0
Legal & General Trustees Limited	Ordinary	100.0
Legal & General UK BTR GP LLP	Partnership	100.0
Legal & General UK BTR GP Three LLP	Partnership	100.0
Legal & General UK BTR Investment GP LLP	Partnership	100.0
Legal & General UK BTR Investment Nominee Limited	Ordinary	100.0
Legal & General UK PIF Two GP LLP	Partnership	100.0
Legal & General UK Solar Investments (Holdings) Limited	Ordinary	100.0
Legal & General UK Structuring SPV LLP	Partnership	100.0
Legal and General Affordable Homes (Development 3) Limited	Ordinary	100.0
Legal and General Assurance (Pensions Management) Limited	Ordinary	100.0
Legal and General Assurance Society Limited	Ordinary	100.0
Legal and General Bristol Temple Island Limited	Ordinary	100.0
Legal and General Capital IM Company Limited	Ordinary	100.0
Legal and General Residential (BTR) 1 LLP	Partnership	99.5
Legal and General Residential (BTR) 2 LLP	Partnership	99.5
LGC 150 Richmond UK Holdco Limited	Ordinary	100.0
LGC 265 S. Orange UK Holdco Limited	Ordinary	100.0
LGC Overseas Holdco Limited	Ordinary	100.0
LGC TEP UK Holdco Limited	Ordinary	100.0
LGGP ECF (GP) LLP	Partnership	100.0
LGGP ECF 1 L.P.	Partnership	100.0
LGGP Holdings Limited	Ordinary	100.0
LGGP Investments 1 Limited	Ordinary	100.0
LGGP Management Limited	Ordinary	100.0
LGGP Nominee 1 Limited	Ordinary	100.0

Company name	Share class	% of equity shares held by the Group
LGGP Nominee 2 Limited	Ordinary	100.0
LGIM Commercial Lending Limited	Ordinary	100.0
LGIM International Limited	Ordinary	100.0
LGIM Real Assets (Operator) Limited	Ordinary	100.0
LGIM Real Assets Limited	Ordinary	100.0
LGIM Sustainable DC Property Fund	Ordinary	100.0
LGP Newco Limited	Ordinary	100.0
LGPL No.2 Limited	Ordinary	100.0
Life and Mind Building Oxford Limited	Ordinary	100.0
Nest Residential GP LLP	Partnership	100.0
NSC Building A Limited	Ordinary	100.0
NSC Building B Limited	Ordinary	100.0
Parity Energy Storage Limited	Ordinary	80.0
Performance Retail (General Partner) Limited	Ordinary	100.0
Performance Retail (Nominee) Limited	Ordinary	100.0
Performance Retail Limited Partnership	Partnership	100.0
PRLP GP LLP	Partnership	100.0
Rowley Lane Borehamwood Limited	Ordinary	100.0
Senior Living Medici Holdco Limited	Ordinary	100.0
Senior Living Medici Limited	Ordinary	100.0
Senior Living Urban (Bath) Limited	Ordinary	100.0
Senior Living Urban (Epsom) Limited	Ordinary	100.0
Senior Living Urban (Uxbridge) Limited	Ordinary	100.0
Senior Living Urban (Walton) Limited	Ordinary	100.0
Stratford City Offices (No. 2) General Partner Limited	Partnership	100.0
Stratford City Offices (No. 2) Limited Partnership	Partnership	99.8
Student Operations (Clifford) Limited	Ordinary	100.0
Student Operations (Scotway) Limited	Ordinary	100.0
Student Operations (The Place) Limited	Ordinary	100.0
Sunderland Vaux 1 Limited	Ordinary	100.0
The Place Nottingham Limited	Ordinary	100.0
The Springs Thorpe Park Limited	Ordinary	100.0
West Bar Square Limited	Ordinary	100.0
4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire UK RG1 1NB		
Proprium Capital Management (UK) LLP	Partnership	74.0
Proprium Capital Partners (UK) Limited	Ordinary	75.0
5 New Street Square, London, England, EC4A 3TW		
Alfreton Solar Limited	Ordinary	100.0
Beavor Grange Solar Limited	Ordinary	100.0
Low Farm Solar Limited	Ordinary	100.0
Siddington Solar Farm Limited	Ordinary	100.0
North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, England, SY1 3BF		
Portholme Residents Management Company Limited	Ordinary	100.0

Additional financial information continued

Company name	Share class	% of equity shares held by the Group	Company name	Share class	% of equity shares held by the Group
The Old Post Office Station Road, Congresbury, Bristol, England, BS49 5DY			L&G Future World Net Zero Maturing Buy & Maintain Fund 23-32	Ordinary	100.0
London Distribution Park Management Company Limited	Ordinary	68.0	L&G Future World Net Zero Maturing Buy & Maintain Fund 33-42	Ordinary	100.0
Bermuda			L&G Global Government Bond Fund	Ordinary	100.0
19 Par La Ville Road, Hamilton, HM11			L&G Net Zero Sterling Corporate Bond Fund	Ordinary	100.0
L&G Reinsurance USA Limited	Ordinary	100.0	L&G New Energy Commodities UCITS ETF	Ordinary	78.9
Legal & General America Reinsurance Limited	Ordinary	100.0	L&G S&P 100 UCITS ETF	Ordinary	57.4
Legal & General Reinsurance Company Limited	Ordinary	100.0	L&G US Corporate Bond Fund	Ordinary	100.0
Legal & General Reinsurance Company No.2 Limited	Ordinary	100.0	LGIM (Ireland) Risk Management Solutions plc	Ordinary	100.0
Legal & General Resources Bermuda Limited	Ordinary	100.0	LGIM 2030 Fixed Fund	Ordinary	100.0
Cayman Islands			LGIM 2030 Inflation Fund	Ordinary	100.0
Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104			LGIM 2030 Leveraged Index Linked Gilt Fund	Ordinary	100.0
Atlas Cayman JV GP Ltd	Ordinary	75.0	LGIM 2030 Real Fund	Ordinary	100.0
Casati II JV GP Ltd	Ordinary	75.0	LGIM 2034 Leveraged Gilt Fund	Ordinary	100.0
Casati JV GP Ltd	Ordinary	75.0	LGIM 2034 Leveraged Index Linked Gilt Fund	Ordinary	100.0
Marmor Cayman JV GP Ltd	Ordinary	75.0	LGIM 2035 Fixed Fund	Ordinary	100.0
Proprium Capital Partners LP	Ordinary class A	75.0	LGIM 2035 Inflation Fund	Ordinary	100.0
Proprium Cayman Ltd	Ordinary	75.0	LGIM 2035 Real Fund	Ordinary	100.0
Proprium Real Estate Special Situations Fund GP Ltd	Ordinary	100.0	LGIM 2037 Leveraged Index Linked Gilt Fund	Ordinary	100.0
PSSF Alpha JV GP Ltd	Ordinary	75.0	LGIM 2038 Leveraged Gilt Fund	Ordinary	100.0
China			LGIM 2040 Fixed Fund	Ordinary	100.0
Southwest Room, Floor 3, No. 2123 Pudong Avenue, (Shanghai) Pilot Free Trade Zone (Bonded Area), Pudong District, Shanghai			LGIM 2040 Inflation Fund	Ordinary	100.0
Legal & General Business Consulting (Shanghai) Limited	Ownership dictated by subscribed capital	100.0	LGIM 2040 Leveraged Index Linked Gilt Fund	Ordinary	100.0
Hong Kong			LGIM 2040 Real Fund	Ordinary	100.0
10th Floor, Southland Building 48 Connaught Road Central Hong Kong SAR			LGIM 2042 Leveraged Gilt Fund	Ordinary	100.0
Proprium Capital Partners (Hong Kong) Limited	Ordinary	75.0	LGIM 2042 Leveraged Index Linked Gilt Fund	Ordinary	100.0
Room 902, 9th Floor, Chinachem Tower, 34-37 Connaught Road Central			LGIM 2045 Fixed Fund	Ordinary	100.0
Legal & General Investment Management Asia Limited	Ordinary	100.0	LGIM 2045 Inflation Fund	Ordinary	100.0
Ireland			LGIM 2045 Leveraged Gilt Fund	Ordinary	100.0
2 Grand Canal Square, Dublin 2, D02 A342			LGIM 2045 Real Fund	Ordinary	100.0
L&G ESG USD Corporate Bond UCITS ETF	Ordinary	53.1	LGIM 2047 Leveraged Index Linked Gilt Fund	Ordinary	100.0
L&G India INR Government Bond UCITS ETF	Ordinary	38.5	LGIM 2049 Leveraged Gilt Fund	Ordinary	100.0
33 Sir John Rogerson's Quay, Dublin 2, D02 XK09			LGIM 2050 Fixed Fund	Ordinary	100.0
Euro Liquidity Fund	Ordinary	43.6	LGIM 2050 Inflation Fund	Ordinary	100.0
L&G Asia Bond Fund	Ordinary	100.0	LGIM 2050 Leveraged Index Linked Gilt Fund	Ordinary	100.0
L&G ESG Emerging Markets Government Bond (USD) Index Fund	Ordinary	97.2	LGIM 2050 Real Fund	Ordinary	100.0
L&G Frontier Markets Equity Fund	Ordinary	43.2	LGIM 2055 Fixed Fund	Ordinary	100.0
L&G Future World Net Zero Buy & Maintain	Ordinary	100.0	LGIM 2055 Leveraged Gilt Fund	Ordinary	100.0
			LGIM 2055 Leveraged Index Linked Gilt Fund	Ordinary	100.0
			LGIM 2055 Real Fund	Ordinary	100.0
			LGIM 2060 Fixed Fund	Ordinary	100.0
			LGIM 2060 Inflation Fund	Ordinary	100.0
			LGIM 2060 Leveraged Gilt Fund	Ordinary	100.0
			LGIM 2062 Leveraged Index Linked Gilt Fund	Ordinary	100.0
			LGIM 2068 Leveraged Gilt Fund	Ordinary	100.0

Company name	Share class	% of equity shares held by the Group
LGIM 2068 Leveraged Index Linked Gilt Fund	Ordinary	100.0
LGIM 2073 Leveraged Gilt Fund	Ordinary	100.0
LGIM 2073 Leveraged Index Linked Gilt Fund	Ordinary	100.0
LGIM Bespoke Fund 1	Ordinary	100.0
LGIM Credit and Liquidity - Fund BM	Ordinary	100.0
LGIM Credit and Liquidity - Fund BN	Ordinary	100.0
LGIM Fixed Long Duration Fund	Ordinary	100.0
LGIM Fixed Short Duration Fund	Ordinary	100.0
LGIM Hedging Fund AC	Ordinary	100.0
LGIM Hedging Fund AI	Ordinary	100.0
LGIM Hedging Fund AR	Ordinary	100.0
LGIM Hedging Fund AS	Ordinary	100.0
LGIM Hedging Fund AW	Ordinary	100.0
LGIM Hedging Fund BG	Ordinary	100.0
LGIM Hedging Fund BJ	Ordinary	100.0
LGIM Hedging Fund BL	Ordinary	100.0
LGIM Hedging Fund BT	Ordinary	100.0
LGIM Hedging Fund CJ	Ordinary	100.0
LGIM Hedging Fund CK	Ordinary	100.0
LGIM Hedging Fund DC	Ordinary	100.0
LGIM Hedging Fund DJ	Ordinary	100.0
LGIM Hedging Fund DO	Ordinary	100.0
LGIM Hedging Fund L	Ordinary	100.0
LGIM Hedging Fund O	Ordinary	100.0
LGIM Hedging Fund WH	Ordinary	100.0
LGIM Hedging Fund WS	Ordinary	100.0
LGIM Hedging Fund WT	Ordinary	100.0
LGIM Hedging Fund ZZ	Ordinary	100.0
LGIM Leveraged Synthetic Equity Fund	Ordinary	100.0
LGIM Leveraged Synthetic Equity Fund - GBP Currency Hedged Fund	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2025-2029	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2030-2034	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2035-2039	Ordinary	100.0
LGIM Maturing Buy & Maintain Credit Fund 2040-2054	Ordinary	100.0
LGIM Real Long Duration Fund	Ordinary	100.0
LGIM Real Short Duration Fund	Ordinary	100.0
LGIM Solutions Fund BB	Ordinary	100.0
LGIM Solutions Fund BK	Ordinary	100.0
LGIM Solutions Fund BW	Ordinary	100.0
LGIM Solutions Fund CA	Ordinary	100.0
LGIM Solutions Fund CB	Ordinary	100.0
LGIM Solutions Fund CC	Ordinary	100.0

Company name	Share class	% of equity shares held by the Group
LGIM Solutions Fund CG	Ordinary	100.0
LGIM Solutions Fund CH	Ordinary	100.0
LGIM Solutions Fund CP	Ordinary	100.0
LGIM Solutions Fund CQ	Ordinary	100.0
LGIM Solutions Fund CS	Ordinary	100.0
LGIM Solutions Fund CT	Ordinary	100.0
LGIM Solutions Fund DB	Ordinary	100.0
LGIM Solutions Fund DE	Ordinary	100.0
LGIM Solutions Fund DF	Ordinary	100.0
LGIM Solutions Fund DM	Ordinary	100.0
LGIM Solutions Fund DN	Ordinary	100.0
LGIM Solutions Fund DQ	Ordinary	100.0
LGIM Solutions Fund DR	Ordinary	100.0
LGIM Solutions Fund DU	Ordinary	100.0
LGIM Solutions Fund DV	Ordinary	100.0
LGIM Solutions Fund DX	Ordinary	100.0
LGIM Solutions Fund DY	Ordinary	100.0
LGIM Solutions Fund DZ	Ordinary	100.0
LGIM Solutions Fund EA	Ordinary	100.0
LGIM Solutions Fund EB	Ordinary	100.0
LGIM Solutions Fund EE	Ordinary	100.0
LGIM Solutions Fund EG	Ordinary	100.0
LGIM Solutions Fund EH	Ordinary	100.0
LGIM Solutions Fund EI	Ordinary	100.0
LGIM Solutions Fund EJ	Ordinary	100.0
LGIM Solutions Fund EK	Ordinary	100.0
LGIM Solutions Fund EL	Ordinary	100.0
LGIM Solutions Fund EM	Ordinary	100.0
LGIM Solutions Fund M	Ordinary	100.0
LGIM Synthetic Leveraged Credit Fund	Ordinary	100.0
LGIM Unleveraged Defensive Synthetic Equity Fund	Ordinary	100.0
Sterling Liquidity Fund	Ordinary	46.6
Sterling Liquidity Plus Fund	Ordinary	36.7
US Dollar Liquidity Fund	Ordinary	50.2
70 Sir John Rogerson Quay, Dublin 2, D02 R296		
Finovation Limited	Ordinary and convertible	100.0
L&G ESG Paris Aligned World Equity Index Fund	Ordinary	100.0
L&G Private Markets LTAF	Ordinary	100.0
L&G RAFI Multi-Factor Climate Transition Index Fund	Ordinary	100.0
Legal & General ICAV	Ordinary	100.0
Legal & General QIAIF ICAV	Ordinary	100.0
Legal & General UCITS ETF plc	Ordinary	100.0
LGIM Liquidity Funds plc	Ordinary	100.0

Additional financial information continued

Company name	Share class	% of equity shares held by the Group	Company name	Share class	% of equity shares held by the Group
LGIM Managers (Europe) Limited	Ordinary	100.0	L&G Digital Infrastructure GP S.à r.l.	Ordinary	100.0
Japan			L&G Digital Infrastructure SCSp	Ordinary	100.0
22F Toranomon Kotohira Tower, 1-2-8 Toranomon, Minato-ku, Tokyo, 105-0001			L&G NTR Clean Power Transition General Partner IV S.à r.l.	Ordinary	100.0
Legal & General Investment Management Japan KK	Ordinary	100.0	L&G NTR Clean Power Transition Holding S.à r.l.	Ordinary	100.0
Jersey			L&G NTR Clean Power Transition IV SCSp	Ordinary	100.0
12 Castle Street St Helier, JE2 3RT			L&G Private Markets SV S.à r.l.	Ordinary	100.0
Borehamwood Property Unit Trust	Unit	100.0	L&G Team Digital Infrastructure SCSp	Ordinary	100.0
22 Grenville Street, St. Helier, JE4 8PX			L&G Umbrella GP S.à r.l.	Ordinary	100.0
Clifford Limited	Ordinary	100.0	Legal & General Private Markets SCA	Partnership	100.0
L&G Manchester Limited	Ordinary	100.0	2-4, Rue Eugene Ruppert, L-2453		
Legal & General Student Living Limited	Ordinary	99.9	L&G Alternative Risk Premia Fund	Ordinary	83.2
Scotway Limited	Ordinary	100.0	L&G Buy & Maintain Credit Fund	Ordinary	96.2
3rd Floor, 37 Esplanade, St. Helier, JE1 1AD			L&G Climate Action Global Equity Fund	Ordinary	61.8
L&G Affordable Housing Holdco Limited	Ordinary	100.0	L&G Commodity Index Fund	Ordinary	60.1
L&G Affordable Housing Northern Holdco Limited	Ordinary	100.0	L&G Defensive Synthetic Equity Index Fund	Ordinary	100.0
L&G Managed Fund Holdco Limited	Ordinary	100.0	L&G Emerging Markets High Yield Bond Fund	Ordinary	96.0
47 Esplanade, St Helier, JE1 0BD			L&G Emerging Markets Investment Grade Hard Currency Corporate Bond Fund	Ordinary	74.6
Performance Retail Unit Trust	Unit	100.0	L&G Emerging Markets Short Duration Bond Fund	Ordinary	35.9
Apex Group, IFC 5, St. Helier, JE1 1ST			L&G Euro High Yield Bond Fund	Ordinary	100.0
Bishopsgate Long Term Property Fund General Partner Limited	Ordinary	100.0	L&G Global Aggregate Bond Fund	Ordinary	100.0
Aztec Group House, IFC6, The Esplanade, St. Helier, JE4 0QH			L&G Global Diversified Bond Fund	Ordinary	47.0
Access Development General Partner Limited	Ordinary	100.0	L&G Global Special Situations Credit Fund	Ordinary	98.4
Access Development II General Partner Limited	Ordinary	100.0	L&G Global Unconstrained Bond Fund	Ordinary	86.7
Vantage General Partner Limited	Partnership	100.0	L&G Net Zero Global Corporate Bond Fund	Ordinary	44.3
Lime Grove House, Green Street, St Helier, JE1 2ST			L&G Net Zero Short Dated Global Corporate Bond Fund	Ordinary	100.0
SCBD S6 Trust	Unit	100.0	L&G UK Core Plus Bond Fund	Ordinary	100.0
Stratford City Offices Jersey Unit Trust (No.2)	Unit	99.8	L&G US High Yield Bond Fund	Ordinary	99.9
Luxembourg			L&G US Securitised Fund	Ordinary	100.0
15 Boulevard F.W. Raiffeisen, L-2411			L&G US Securitised Plus Fund	Ordinary	42.5
ESOF Casati Holdco S.à r.l.	Ordinary	100.0	Legal & General SICAV	Ordinary	100.0
European Real Estate Special Opportunities Fund GP S.à r.l.	Ordinary	100.0	8 rue Lou Hemmer, Senningerberg, L-1748		
European Real Estate Special Opportunities Fund I	Partnership	100.0	L&G NTR Clean Power (Europe) III SCSp RAIF	Ordinary	49.7
L&G Carried Interest Digital Infrastructure GP S.à r.l.	Ordinary	100.0	L&G NTR Clean Power GP S.à r.l.	Ordinary	100.0
L&G Carried Interest Digital Infrastructure SCSp	Ordinary	100.0	L&G NTR Clean Power Master Holding S.à r.l.	Ordinary	46.0
L&G Digital Infrastructure Co-Invest 1 GP S.à r.l.	Ordinary	100.0	LGIM Clean Power General Partner S.à r.l.	Ordinary	100.0
L&G Digital Infrastructure Co-Invest 1 SCSp	Ordinary	100.0	Scotland		
L&G Digital Infrastructure Co-Invest 2 GP S.à r.l.	Ordinary	100.0	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ		
L&G Digital Infrastructure Co-Invest 2 SCSp	Ordinary	100.0	L&G UK Universities Ventures (Carry) GP LLP	Partnership	100.0
L&G Digital Infrastructure Co-Invest 3 GP S.à r.l.	Ordinary	100.0	L&G UK Universities Ventures (Carry) LP	Partnership	100.0
L&G Digital Infrastructure Co-Invest 3 SCSp	Ordinary	100.0	L&G UK Universities Ventures GP LLP	Partnership	100.0
			L&G UK Universities Ventures LP	Partnership	100.0
			UK PIF FGP LLP	Partnership	100.0

Company name	Share class	% of equity shares held by the Group
UKPIF Two Founder GP Limited	Partnership	100.0
Singapore		
23 Church Street, Level 7, Units 718-19 and 785, Capital Square, 049481		
LGIM Singapore Pte. Limited	Ordinary	100.0
The Netherlands		
Strawinskylaan 1123, 1077 XX, Amsterdam		
ESOF I Coöperatief U.A.	Ordinary	100.0
ESOF Willow Euro JV B.V.	Ordinary	100.0
ESOF Willow Euro Platform B.V.	Ordinary	100.0
United States		
108 Lakeland Avenue, Dover, County of Kent, Delaware, DE 19901		
L&G 265 S. Orange Holdings, LLC	Membership interests	100.0
3275 Bennett Creek Avenue, Frederick, MD 21704		
Banner Life Insurance Company	Ordinary	100.0
3500 South Dupont Highway, City of Dover, County of Kent, Delaware 19901		
Potomac Ventures Number 1 Inc.	Ordinary	100.0
70 East Sunrise Highway, Suite 500, Valley Stream, New York 11581		
William Penn Life Insurance Company of New York Inc	Ordinary	100.0
71 South Wacker Drive, Suite 800, Chicago, IL		
L&G 15091 Belford Holdings LLC	Membership interests	100.0
L&G 15091 Belford LLC	Membership interests	100.0
838 Walker Road, Suite 21-2, Dover, DE 19904		
L&G 150 Richmond Holdings, LLC	Membership interests	100.0
L&G 150 Richmond JV, LLC	Class A and B membership interests	100.0
L&G 265 S. Orange JV, LLC	Class A and B membership interests	100.0
L&G TEP Holdings, LLC	Ordinary	100.0
L&G TEP JV, LLC	Class A and class B shares	100.0
PVD Incubator, LLC	Ordinary	100.0
850 New Burton Road, Suite 201, Dover, Delaware 19904		
Chesapeake Ventures, LLC	Ordinary	100.0
FBV Financing-1, LLC	Ordinary	100.0
FBV Financing-2, LLC	Ordinary	100.0
FBV Financing-3, LLC	Ordinary	100.0
FBV Financing-4, LLC	Membership interests	100.0
FBV Financing-5, LLC	Membership interests	100.0

Company name	Share class	% of equity shares held by the Group
L&G 375 Broadway Holdings 1, LLC	Membership interests	100.0
L&G 375 Broadway Holdings 2, LLC	Membership interests	100.0
L&G 375 Broadway, LLC	Membership interests	100.0
L&G 544 Golden Ridge Holdings 1, LLC	Ordinary	100.0
L&G 544 Golden Ridge Holdings 2, LLC	Ordinary	100.0
L&G 544 Golden Ridge, LLC	Ordinary	100.0
L&G 765 Adams Holdings LLC	Membership interests	100.0
L&G 765 Adams LLC	Membership interests	100.0
Legal & General Everest US Bidco LLC	Membership interests	100.0
Legal & General US Real Estate Equity Holding, LLC	Membership interests	100.0
C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808		
L&G Reinsurance USA Holdings Limited	Common stock	100.0
L&G USA OCIO Limited	Common stock	100.0
L&G USA Resources Limited	Common stock	100.0
Proprium Capital Real Estate Partners, LLC	Membership interests	75.0
Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808		
Proprium Capital Partners GP, LLC	Membership interests	100.0
Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801		
Legal & General America Inc.	Ordinary	100.0
Legal & General Investment Management America Inc.	Ordinary	100.0
Legal & General Investment Management United States (Holdings), Inc.	Ordinary	100.0
LGC 150 Richmond US Holdco, LLC	Membership interests	100.0
LGC 265 S. Orange US Holdco, LLC	Membership interests	100.0
LGC US Holdco 1 Inc.	Ordinary	100.0
LGC US Holdco 2, LLC	Ordinary	100.0
Marsh Management Services Inc, 463 Mountain View Drive, Suite 301, 3rd Floor, Colchester, Vermont 05446		
First British Vermont Reinsurance Company II, Limited	Ordinary	100.0
First British Vermont Reinsurance Company III, Limited	Ordinary	100.0
First British Vermont Reinsurance Company IV Limited	Ordinary	100.0

Additional financial information continued

(ii) Associates and joint ventures

The Group has the following significant holdings classified as associates and joint ventures which have been included as financial investments and investments in associates and joint ventures accounted for using the equity method. The gross assets of these companies are in part funded by borrowings which are non-recourse to the Group.

Company name	Country of incorporation	Accounting treatment	Investment type	Share class	% of equity shares held by Group
245 Hammersmith Road (General Partner) Limited	England and Wales	FVTPL	Joint Venture	Partnership	50.0
245 Hammersmith Road Limited Partnership	England and Wales	FVTPL	Joint Venture	Partnership	50.0
245 HR GP LLP	England and Wales	FVTPL	Joint Venture	Partnership	50.0
Access Development II Limited Partnership	Jersey	Equity Method	Joint Venture	Ordinary	50.0
Access Development Limited Partnership	Jersey	Equity Method	Joint Venture	Ordinary	50.0
Bruntwood Science Management Services Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Bruntwood SciTech Limited	England and Wales	Equity Method	Associate	Ordinary	43.9
ECF (General Partner) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	33.3
English Cities Fund	England and Wales	FVTPL	Associate	Partnership	35.4
Gravesend Coldharbour Road Management Company Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Household Capital Pty Limited	Australia	Equity Method	Associate	Ordinary	38.1
Imagine Mortgages Limited (Generation Home)	England and Wales	FVTPL	Associate	Ordinary	39.5
ImpactA Global Holding Limited	England and Wales	Equity Method	Associate	Ordinary	40.0
Kensa Group Limited	England and Wales	FVTPL	Associate	Ordinary	37.0
MoneyHub Financial Technology Limited	England and Wales	FVTPL	Associate	Ordinary	12.6
Newcastle Helix Developments LLP	England and Wales	FVTPL	Associate	Ordinary	33.0
Nomura Herne Hill	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
NTR Asset Management Europe DAC	Ireland	Equity Method	Associate	Ordinary	25.0
Oxford University Property Development Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Pemberton Asset Management Holdings Limited	Jersey	FVTPL	Associate	Ordinary	40.0
Proprium Capital Partners (Australia) Pty Ltd	Australia	Equity Method	Joint Venture	Ordinary	37.5
Salary Direct Holdings Limited	Jersey	FVTPL	Associate	Ordinary	53.5
Senior Living (Comberton) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Farnhams) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Freelands) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Hemel Hempstead) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Matchams) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Sunbury-on-Thames) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Senior Living (Walkern) Limited	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Sennen Finance Designated Activity Company	Ireland	Equity Method	Joint Venture	N/A	0.0
Sero Technologies Limited	England and Wales	FVTPL	Associate	Ordinary	21.5
Smartr365 Finance Limited	England and Wales	FVTPL	Associate	Ordinary	40.4
SOJV LLP	England and Wales	Equity Method	Joint Venture	Ordinary	50.0
Techficient Holdings LLC	USA	Equity Method	Associate	N/A	45.0

43. Interests in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominating factor in deciding who controls the entity, such as when voting rights might relate to administrative tasks only and the relevant activities are directed by means of contractual arrangement. The Group has interests in investment vehicles which, depending upon their status, are classified as either consolidated or unconsolidated structured entities as described below:

- debt securities, consisting of traditional asset backed securities, together with securitisation and debentures and collateralised debt obligations (CDOs)
- investment funds, largely being unit trusts
- specialised investment vehicles, analysed between Irish Collective Asset-management Vehicles (ICAVs), Open Ended Investment Companies (OEICs), Sociétés d'Investissement à Capital Variables (SICAVs), Specialised Investment Funds (SIFs), Authorised Contractual Schemes (ACSs), Qualifying Investor Alternative Investment Fund (QIAIF), liquidity funds, Common Contractual Fund (CCF) and property unit trusts.

All of the Group's holdings in the above vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. The investment manager makes investment decisions after extensive due diligence of the underlying investment vehicle, including consideration of its strategy and the overall quality of the underlying investment vehicle's manager.

All of the investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance related incentive fee and is reflected in the valuation of the investment vehicles.

(i) Interests in consolidated structured entities

The Group has determined that where it has control over an investment vehicle, that investment is a consolidated structured entity. The Group has not provided and has no intention to provide, financial or other support to any other structured entities which it does not consolidate.

(ii) Interests in unconsolidated structured entities

As part of its investment activities, the Group also invests in unconsolidated structured entities. As at 31 December 2025, the Group's interest in such entities reflected on the Group's Consolidated Balance Sheet and classified as financial investments held at fair value through profit or loss was £22,477m (2024: £25,015m).

A summary of the Group's interests in unconsolidated structured entities is provided below:

	2025 £m	2024 £m
Financial investments		
Debt securities		
Analysed as:		
Asset backed securities	1,550	4,024
Securitisations and debentures	1,912	962
CDOs	66	66
Investment funds and Specialised Investment Vehicles		
Analysed as:		
Unit trusts	14,890	13,991
Property limited partnerships	830	806
Exchange traded funds	154	209
Liquidity funds	74	22
ICAVs	534	279
OEICs	228	411
SICAVs	552	569
SIFs	1,659	3,650
Property unit trusts	28	26
Total	22,477	25,015

Management fees received for investments that the Group manages also represent interests in unconsolidated structured entities and the Group always maintains an interest in those funds which it manages. Where the Group does not manage the investments, its maximum exposure to loss is the carrying amount in the Group Consolidated Balance Sheet. Where the Group does manage these investments, the maximum exposure is the underlying balance sheet value, together with future management fees.

The table overleaf shows the assets under management of those structured entities which the Group manages, together with investment management fees received from external parties.

Additional financial information continued

	AUM 2025 £m	Investment 2025 £m	AUM 2024 £m	Investment 2024 £m
Investment funds	113,980	138	103,510	131
Specialised Investment Vehicles	38,773	62	29,688	54
Analysed as:				
ACS	2,693	1	2,538	1
OEICs	168	1	222	1
SICAVs	2,575	4	2,358	3
Property limited partnerships	3,234	14	3,289	13
ETF	13,717	30	9,463	25
ICAV	9,622	10	6,522	8
QIAF	1,833	1	967	1
CCF	4,931	1	4,329	2
Total	152,753	200	133,198	185

No significant sponsorship has been provided to any of the above entities. The Group has not and has no intention, to provide any significant financial or other support to any other structured entities which it does not consolidate.

In addition to the above, the Group has an exposure of £288m (2024: £260m) related to special purpose vehicles classified as joint ventures and accounted for using the equity method, with a carrying value on the Group Consolidated Balance Sheet as at 31 December 2025 of £nil (2024: £nil).

Company financial statements

Company Balance Sheet

As at 31 December 2025	Notes	2025 £m	2024 £m
Non-current assets			
Investments in subsidiaries	7	10,560	11,113
Non-current loans and receivables	7	262	365
Deferred tax asset		190	156
Current assets			
Current receivables	8	280	442
Derivative assets	11	36	155
Other financial investments		29	31
Cash and cash equivalents		1	2
Total assets		11,358	12,264
Non-current liabilities			
Non-current payables	9	4,596	4,665
Current liabilities			
Current payables	10	926	527
Derivative liabilities	11	108	128
Total liabilities		5,630	5,320
Net assets		5,728	6,944
Equity			
Share capital	13	142	147
Share premium	13	1,052	1,036
Revaluation reserve		2,441	2,459
Capital redemption and other reserves		195	177
Retained earnings		1,403	2,630
Attributable to ordinary shareholders		5,233	6,449
Restricted Tier 1 convertible notes	14	495	495
Total equity		5,728	6,944

The notes on pages 237 to 241 form an integral part of these financial statements.

The financial statements on pages 235 to 241 were approved by the directors on 10 March 2026 and were signed on their behalf by:



Sir John Kingman
Chair



António Simões
Group Chief Executive Officer



Andrew Kail
Group Chief Financial Officer

Company financial statements continued

Company Statement of Changes in Equity

	Called up share capital	Share premium account	Capital redemption reserve	Cost of hedging reserve	Hedging reserve	Share-based payment reserve	Revaluation reserve	Retained earnings	Total equity attributable to ordinary shareholders	Restricted Tier 1 convertible notes	Total equity
For the year ended 31 December 2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2025	147	1,036	19	–	48	110	2,459	2,630	6,449	495	6,944
Profit for the financial year	–	–	–	–	–	–	–	544	544	–	544
Transfer from revaluation reserve	–	–	–	–	–	–	(18)	18	–	–	–
Net movement in cash flow hedge	–	–	–	1	(8)	–	–	–	(7)	–	(7)
Options exercised under share option schemes	–	16	–	–	–	–	–	–	16	–	16
Shares purchased and vested under share schemes	–	–	–	–	–	20	–	(18)	2	–	2
Share buyback ¹	(5)	–	5	–	–	–	–	(503)	(503)	–	(503)
Dividends	–	–	–	–	–	–	–	(1,247)	(1,247)	–	(1,247)
Coupon payable in respect of restricted Tier 1 convertible notes net of tax relief	–	–	–	–	–	–	–	(21)	(21)	–	(21)
As at 31 December 2025	142	1,052	24	1	40	130	2,441	1,403	5,233	495	5,728

1. On 12 March 2025, Legal & General Group Plc entered into an agreement to acquire £503m (including stamp duty) of ordinary shares for cancellation. The programme completed on 2 September 2025, with a total number of shares acquired and cancelled of 203,406,356.

	Called up share capital	Share premium account	Capital redemption reserve	Cost of hedging reserve	Hedging reserve	Share-based payment reserve	Revaluation reserve	Retained earnings	Total equity attributable to ordinary shareholders	Restricted Tier 1 convertible notes	Total equity
For the year ended 31 December 2024	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2024	149	1,030	17	–	46	89	2,459	2,784	6,574	495	7,069
Profit for the financial year	–	–	–	–	–	–	–	1,303	1,303	–	1,303
Transfer from revaluation reserve	–	–	–	–	–	–	–	–	–	–	–
Net movement in cash flow hedge	–	–	–	–	2	–	–	–	2	–	2
Options exercised under share option schemes	–	6	–	–	–	–	–	–	6	–	6
Shares purchased and vested under share schemes	–	–	–	–	–	21	–	(5)	16	–	16
Share buyback ¹	(2)	–	2	–	–	–	–	(201)	(201)	–	(201)
Dividends	–	–	–	–	–	–	–	(1,230)	(1,230)	–	(1,230)
Coupon payable in respect of restricted Tier 1 convertible notes net of tax relief	–	–	–	–	–	–	–	(21)	(21)	–	(21)
As at 31 December 2024	147	1,036	19	–	48	110	2,459	2,630	6,449	495	6,944

1. On 12 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £201m (including stamp duty) of ordinary shares for cancellation. The programme completed on 8 November 2024, with a total number of shares acquired and cancelled of 88,835,417.

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Financial Reporting Standards (IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through other comprehensive income (FVOCI) and certain assets and financial liabilities (including derivative instruments) at fair value through profit or loss (FVTPL).

The preparation of the financial statements includes the use of estimates and assumptions, as well as the exercise of judgements in applying accounting policies, which affect items reported in the Company Balance Sheet and Company Income Statement. Although these estimates are based on management's best knowledge of current circumstances and future events and actions, material adjustments could be made to the carrying amounts of assets and liabilities within the next financial year.

In applying the Company's accounting policies, management considers there to be a key source of estimation uncertainty in the impairment testing process of the Company's investments in subsidiaries. An impairment test is performed whenever events or changes in circumstances indicate that the investment's carrying amount may not be recoverable. When an impairment test is performed, management applies judgement in determining whether the carrying value of an investment in subsidiary is supported by its recoverable amount, calculated based on either its fair value less costs to sell or value in use.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise price of share options and how the fair value of goods or services received was determined)
- The requirement of paragraphs 91 to 99 of IFRS 13 'Fair value measurement', where equivalent disclosures are included in the consolidated financial statements of the Group
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10 (f) and 40A (presentation of a 3rd balance sheet)
 - 16 (a statement of compliance with all IFRS)
 - 38 in respect of paragraph 79(a)(iv) (outstanding shares comparative)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- IFRS 7, 'Financial Instrument Disclosures'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group and key management compensation.

The Company's financial statements have been prepared in compliance with Section 394 and 396 of the Companies Act 2006 adopting the exemption of omitting the income statement conferred by Section 408 of that Act.

The Company's financial statements have been prepared on a going concern basis. See Note 1 of the Group consolidated financial statements for further information on the Directors' assessment of the going concern basis.

Financial assets

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, FVOCI or FVTPL. The classification depends on two criteria:

- (i) the business model within which financial assets are managed
- (ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

A loan or debt instrument is measured at amortised cost, using the effective interest method, if it meets the following conditions:

- (i) it is held within a business model that has an objective to hold financial assets to collect contractual cash flows
- (ii) the contractual terms of the financial asset result in cash flows that are SPPI on the principal amount outstanding.

A loan or debt security is measured at FVOCI if it meets the following conditions:

- (i) it is held for collection of contractual cash flows and for selling the financial assets
- (ii) the asset's cash flows represent SPPI.

Interest income on these securities is calculated using the effective interest method. Foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Company financial statements continued

All other assets, including derivative assets which are held for trading are measured at FVTPL. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in cash flow hedges.

The Company has no equity instruments other than investments in subsidiaries.

Receivables are initially recognised at fair value and subsequently accounted for at amortised cost.

Financial assets include a loan with the ESOT with the purpose of funding the purchase of the Company's equity share capital. The purchase of shares in the market by the ESOT has no effect on the Company's financial statements.

Impairment of financial assets

For financial assets held at amortised cost or FVOCI the Company reviews the carrying value of its assets at each balance sheet date. For such assets, the Company determines forward-looking expected credit losses (ECL), based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for financial assets that are determined to have low credit risk at the reporting date and other debt securities for which credit risk has not increased significantly since initial recognition. In these cases, ECLs are based on the 12-month ECL, which is the ECL that results from a possible default up to 12 months after the reporting date. The Company has adopted a simplified approach for receivables, which allows measurement of lifetime ECLs only, thereby removing the need to identify significant increases in credit risk. For these balances, the Company makes use of provision matrices in order to calculate such lifetime ECLs. This is a practical expedient allowed by IFRS 9 whereby historical credit loss experience and fixed loss rates are applied to the balances outstanding. Historical loss rates are adjusted to allow for forward-looking information.

Investment income

Investment income includes unrealised fair value gains and losses on financial investments at FVTPL, realised gains and losses, dividends, rent and interest. Dividends are accrued on an ex-dividend basis. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Interest income for financial assets which are not classified as FVTPL is recognised using the effective interest method.

Distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

Interest expense

Interest expense reflects the underlying cost of borrowing, based on the effective interest method and includes payments and receipts made under derivative instruments which are amortised over the interest period to which they relate.

Investment in subsidiary undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses. Where the carrying amount of an investment in a subsidiary, or of the cash-generating unit to which the investment belongs, is greater than its recoverable amount, an impairment loss is recognised in profit or loss.

Derivatives and hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivatives such as foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Changes in the fair value of derivative instruments, other than those designated as hedging instruments in cash flow or net investment hedges, are recognised immediately in the income statement. Currently, the Company hedges foreign exchange translation and interest rate risks on its fixed rate USD denominated borrowings (the hedged items), using cross-currency interest rate swaps (the hedging items). It recognises the effective portion of the gain or loss on the hedging items in a separate reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings classified as liabilities are subsequently stated at amortised cost. The difference between the net proceeds and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items are maintained at historic rates. Exchange gains or losses are recognised in the income statement.

Pension costs

The Company contributes to defined contribution schemes. The Company charges the costs of its pension schemes against profit as incurred. Any difference between the cumulative amounts charged against profits and contribution amounts paid is included as a provision or prepayment in the balance sheet.

The assets of the defined contribution schemes are held in separate trustee administered funds, which have been subject to regular valuation every three years and updated by formal reviews at reporting dates by qualified actuaries.

Share-based payments

The Company operates a number of share-based payment plans on behalf of its subsidiaries. Full disclosure of these plans is given in Note 34 of the Group consolidated financial statements. The costs associated with these plans are borne by all the participating Group businesses where they relate to their employees and, where relevant, the Company bears an appropriate charge. As the majority of the charge to the Company relates to awards and options issued to the directors, for which full disclosure is made in the Directors' report on remuneration, no further disclosure is provided here.

2. Dividends

	Dividend 2025 £m	Per share ¹ 2025 p	Dividend 2024 £m	Per share ¹ 2024 p
Ordinary dividends paid and charged to equity in the year:				
Final 2023 dividend paid in June 2024	–	–	874	14.63
Interim 2024 dividend paid in September 2024	–	–	356	6.00
Final 2024 dividend paid in June 2025 ²	898	15.36	–	–
Interim 2025 dividend paid in September 2025	349	6.12	–	–
Total dividends	1,247	21.48	1,230	20.63

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

2. The dividend proposed at 31 December 2024 was £902m based on the current number of eligible equity shares at that date.

Subsequent to 31 December 2025, the directors declared a final dividend for 2025 of 15.67 pence per ordinary share. This dividend will be paid on 5 June 2026. It will be accounted for as an appropriation of retained earnings in the year ended 31 December 2026 and is not included as a liability in the Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2025.

3. Directors' emoluments and other employee information

Full disclosures of Legal & General Group Plc directors' emoluments are contained within those parts of the Directors' report on remuneration which are described as having been audited. At 31 December 2025 there were no remuneration payments outstanding with directors of the Company (2024: £nil). The Company has no other employees (2024: nil).

For purposes of the disclosure required by Schedule 5 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the total aggregate emoluments of the directors in respect of 2025 was £4.1m (2024: £4.5m). The aggregate net value of share awards granted to the directors in the period was £6.6m (2024: £10.0m). During the year, the aggregate gains made by directors on the exercise of share options was £1.0m (2024: £1.1m).

4. Tax

From 1 January 2024 a global minimum tax rate of 15% applies to multinational businesses headquartered in the UK, as well as a new domestic UK minimum tax rate of 15%, in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD).

The Company has included £nil (2024: £35m) multinational top-up tax charge within the total tax expense. The 2024 top-up tax related to the reinsurance hub in Bermuda before the introduction of the Corporate Income Tax regime from 1 January 2025 and is due to be paid by 30 June 2026. A summary of the Pillar Two impact on the Group is disclosed in Note 31 of the Group's consolidated financial statements.

5. Pensions

The Company participates in the following pension schemes in the UK, which are operated by the Group:

- Legal & General Group Personal Pension Plan
- Legal & General Staff Stakeholder Pension Scheme.

These schemes operate within the UK pensions' regulatory framework.

There were no contributions prepaid or outstanding at either 31 December 2025 or 31 December 2024 in respect of these schemes.

Company financial statements continued

6. Auditor's remuneration

Remuneration receivable by the Company's auditor for the audit of the Company's financial statements is not presented. The Group's consolidated financial statements disclose the aggregate remuneration receivable by the Company's auditor for the audit of the Group's financial statements, which include the Company's financial statements, in Note 32.

The disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

7. Non-current assets

	Investments	Non-current	Total	Investments	Non-current	Total
	in subsidiaries	loans and		in subsidiaries	loans and	
	2025	2025	2025	2024	2024	2024
	£m	£m	£m	£m	£m	£m
As at 1 January	11,113	365	11,478	10,982	337	11,319
Additions ¹	451	48	499	206	28	234
Impairment	(1,004)	–	(1,004)	(75)	–	(75)
Settlements	–	(151)	(151)	–	–	–
As at 31 December	10,560	262	10,822	11,113	365	11,478

1. Additions primarily represent capital injections into Group undertakings.

2. Non-current loans and receivables includes a £157m (2024: £291m) loan with the Employee Share Ownership Trust (ESOT). The loan is interest free and repayable at the request of either party.

Full disclosure of the Company's investments in subsidiary undertakings is contained in Note 42 of the Group's consolidated financial statements.

During the year, the carrying value of the Company's investments in subsidiaries was reduced by £1,004m, of which £940m relates to Legal & General Capital Investments Limited (LGCIL), representing an impairment down to its recoverable amount of £603m.

LGCIL is the holding company for a number of Private Markets investments, which predominantly sit within the Asset Management and Corporate Investment businesses. The impairment reflects adverse market movements and underperformance across a number of investments during the year, including a small number of assets that have been deemed non-strategic and therefore transferred into the Corporate Investments unit, combined with realised losses on disposal.

LGCIL's overall recoverable amount is primarily based on the fair value less costs to sell of the underlying investments, plus other net assets of the entity. Several methodologies have been used in the valuation of those underlying investments, including independent external valuations, market multiples, and discounted cash flows, depending on the sector that each business operates in. Taken together, the valuation of LGCIL reflects significant unobservable inputs and therefore falls into the Level 3 fair value hierarchy.

8. Current receivables

	2025	2024
	£m	£m
Amounts owed by Group undertakings ¹	200	411
Corporation tax	78	29
Other receivables	2	2
Current receivables	280	442

1. Amounts owed by Group undertakings are repayable at the request of either party and include a £146m (2024: £329m) interest-bearing balance with a current interest rate of SONIA-12.5 bps, floored at zero.

9. Non-current payables

	Note	2025	2024
		£m	£m
Subordinated borrowings	12	3,690	3,759
Amounts owed to Group undertakings ¹		906	906
Non-current payables		4,596	4,665

1. Amounts owed to Group undertakings fall due after more than one year, are unsecured and include £901m (2024: £901m) of interest-bearing balances with current interest rates between 2.39% and 6.12% (2024: 2.39% and 6.12%).

10. Current payables

	Note	2025	2024
		£m	£m
Amounts owed to Group undertakings ¹		821	465
Subordinated borrowings	12	54	29
Other payables		51	33
Current payables		926	527

1. Amounts owed to Group undertakings fall due within one year, are interest free and repayable at the request of either party.

11. Derivative assets and liabilities

	Fair values	
	Assets 2025 £m	Liabilities 2025 £m
Currency swap contracts - held for trading	29	41
Currency swap contracts - cash flow hedge	7	67
Derivative assets and liabilities	36	108

	Fair values	
	Assets 2024 £m	Liabilities 2024 £m
Currency swap contracts - held for trading	113	128
Currency swap contracts - cash flow hedge	42	–
Derivative assets and liabilities	155	128

A description of each type of derivative is given in Note 14 of the Group's consolidated financial statements.

12. Borrowings

	Carrying amount ¹ 2025 £m	Coupon rate 2025 %	Fair value 2025 £m	Carrying amount ¹ 2024 £m	Coupon rate 2024 %	Fair value 2024 £m
Subordinated borrowings ²						
5.5% Sterling subordinated notes 2064 (Tier 2)	13	5.50	13	590	5.50	565
5.375% Sterling subordinated notes 2045 (Tier 2)	–	–	–	605	5.38	606
5.25% US Dollar subordinated notes 2047 (Tier 2)	640	5.25	644	688	5.25	684
5.55% US Dollar subordinated notes 2052 (Tier 2)	374	5.55	382	403	5.55	408
5.125% Sterling subordinated notes 2048 (Tier 2)	401	5.13	407	401	5.13	398
3.75% Sterling subordinated notes 2049 (Tier 2)	600	3.75	578	600	3.75	555
4.5% Sterling subordinated notes 2050 (Tier 2)	501	4.50	492	501	4.50	473
6.625% Sterling subordinated notes 2055 (Tier 2)	602	6.63	642	–	–	–
4.375% Euro subordinated notes 2055 (Tier 2)	613	4.38	627	–	–	–
Total subordinated borrowings	3,744	–	3,785	3,788	–	3,689

1. Includes accrued interest on subordinated borrowings of £41m (2024: £29m).

2. Further details on the subordinated borrowings of the Company are provided in Note 24 of the Group's consolidated financial statements.

13. Share capital and share premium

A summary of the Company's ordinary share capital, share premium and options over the Company's ordinary share capital are disclosed in Note 35 of the Group's consolidated financial statements.

14. Restricted Tier 1 convertible notes

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

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

15. Post balance sheet events

On 2 February 2026 the Company received £1.9bn from one of its subsidiaries which increased the retained earnings of the Company by the same amount.

Directors' report and additional statutory and regulatory information

The directors submit their Annual report and accounts for Legal & General Group Plc, together with the consolidated financial statements of the L&G Group of companies, for the year ended 31 December 2025. The Directors' report required under the Companies Act 2006 comprises this section and certain other disclosures in the Governance report, the Directors' report on remuneration, Strategic report and the notes to the Group consolidated financial statements, including:

An outline of important events that have occurred during the year	Pages 12 to 47
An indication of likely future developments	Pages 12 to 47
Engagement with employees	Pages 34, 36, 62, 63 and 68
Directors' biographies	Pages 52 to 53
Stakeholders	Pages 36, 37 and 68
Section 172(1) statement	Pages 64 to 68
Monitoring and assessing culture	Page 58 to 59
Greenhouse gas emissions data and methodology	Page 33
Post balance sheet events	Page 158

Shareholder meetings

The Company intends to hold this year's Annual General Meeting (AGM) on Thursday 21 May 2026, at 11am at The British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, with facilities to join virtually. Full details of the business to be considered at the meeting will be included in the Notice of AGM.

A General Meeting (GM) relating to a proposed capital reduction of our share premium and capital redemption reserves will take place immediately after the 2026 AGM. Details of each the resolutions to be considered at the meeting and voting instructions will be provided in the Circular and Notice of GM.

Board and directors

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. The Company's Articles of Association were last amended at its AGM held on 20 May 2021.

Conflicts of interest

In accordance with the Companies Act 2006, the Board has adopted a policy and procedure for the disclosure and authorisation (if appropriate) of conflicts of interest, and these have been followed during 2025. The Board confirms that it has reviewed the schedule of directors' conflicts of interest during the year and that the procedures in place operated effectively in 2025. None of the directors had an interest in any contract of significance with the Company or any of its subsidiaries during 2025.

Powers of directors

The directors (as detailed on pages 52 to 53) may exercise all powers of the Company subject to applicable legislation and regulation and the Company's Articles of Association.

Appointment and removal of directors

With regards to the appointment and removal of directors, the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. Directors may be appointed by an ordinary resolution of the Company or by the Board, in each case subject to the provisions of the Company's Articles of Association. The Company may, by way of special resolution, remove any director before the expiration of that director's period of office and may by ordinary resolution appoint another director to act as a replacement. The Company's Articles of Association (in line with the UK Corporate Governance Code) require all directors to retire from office at each AGM of the Company, and stand for re-election. Details of the directors standing for re-election at the AGM will be set out within the Notice of Meeting.

Directors' interests

The Directors' report on remuneration on pages 84 to 113 provides details of the share interests of each director, including details of current incentive schemes and long-term incentive schemes.

Indemnities

The Company has agreed to indemnify, to the extent permitted by law, each of the directors against any liability incurred by a director in respect of acts or omissions arising in the course of their office. Qualifying pension scheme indemnities (as defined in section 235 of the Companies Act 2006) apply, to the extent permitted by law, to certain directors of the Company's pension schemes. The indemnities were in force throughout 2025 and remain so. Copies of the deeds containing the relevant indemnity are available for inspection at the Company's registered office and will also be available at the AGM.

Insurance

The Company has arranged appropriate directors' and officers' liability insurance for directors. This is reviewed annually.

Change of control

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) in the event of a takeover bid, except for those relating to normal notice periods. The rules of the Company's share plans contain provisions under which options and awards to participants, including executive directors, may vest on a takeover or change of control of the Company or transfer of undertaking. The Company has a committed £1.5 billion bank syndicated credit facility which is terminable if revised terms cannot be agreed with the syndicate of banks in a 30-day period following a change of control. As at 6 March 2026, the Company has no borrowings under this facility. There are no change of control conditions in the terms of any of the Company's outstanding debt securities. The terms of the Company's agreements with its banking counterparties, under which derivative transactions are undertaken, include in some instances the provision for termination of transactions upon takeover/merger depending on the rating of the merged entity. The Company does not have any other committed banking arrangements, either drawn or undrawn, which incorporate any unilateral change of control conditions.

Related party transactions

Details of related party transactions are set out in Note 38 to the Group consolidated financial statements.

Shares and dividend information

Share capital

As at 31 December 2025, the Company's issued share capital comprised 5,697,611,241 ordinary shares each with a nominal value of 2.5 pence. Details of the ordinary share capital can be found in Note 35 to the Group consolidated financial statements.

At the 2025 AGM, the Company was granted authority by shareholders to purchase up to 588,502,463 ordinary shares, being 10% of the issued share capital of the Company as at 26 March 2025. In the year ended 31 December 2025, 203,406,356 shares were purchased for cancellation by the Company at an average price of 245.81 pence per share for a total consideration of £499,999,999.80, by way of a share buyback programme. The purpose of the buyback programme was to enhance returns to shareholders by reducing the Company's number of ordinary shares. The authority to repurchase shares will expire at the 2026 AGM. As such, a resolution is proposed in the Notice of AGM seeking shareholder approval to renew this authority. On 11 March 2026, the Company reaffirmed its intention to undertake a share buyback programme of £1.2 billion, with the first tranche commencing on 12 March 2026.

At the 2025 AGM, the directors were given the power to allot shares up to an aggregate nominal amount of £49,041,871, being approximately one-third of the issued share capital of the Company as at 26 March 2025. The authority to allot shares will expire at the 2026 AGM. As such, a resolution is proposed in the Notice of AGM seeking shareholder approval to renew this authority.

Further resolutions are proposed, as set out in the Notice of AGM, that will, if approved by shareholders, authorise the directors to issue shares up to the equivalent of 10% of the Company's issued share capital as at 25 March 2026 for cash without offering the shares first to existing shareholders in proportion to their holdings. Detailed explanatory notes to these resolutions are set out in the Notice of AGM.

Other than the above, the directors have no current intention of issuing further share capital.

Interests in voting rights

Information on major interests in shares provided to the Company under the Disclosure Guidance and Transparency Rules (DTR 5) of the Financial Conduct Authority (FCA) is published via a Regulatory Information Service and on the Company's website: group.legalandgeneral.com. As at 31 December 2025, the Company had been advised of the following significant direct and indirect interests in the issued share capital of the Company:

	Number of ordinary shares of 2.5p ¹	% of voting rights ²
BlackRock Inc.	298,315,445	5.05 %
Meiji Yasuda Life Insurance Company	294,664,836	5.01 %

1. Represents the number of voting rights last notified to the Company at 31 December 2025 by the respective shareholder in accordance with DTR 5.
2. The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with DTR 5.

Between 31 December 2025 and 10 March 2026, the Company has not received any additional notifications pursuant to DTR 5.

Dividend

The Company may, by ordinary resolution at a general meeting, declare dividends in accordance with the respective rights of the members, but no dividend can exceed the amount recommended by the Board. The directors propose a final dividend for the year ended 31 December 2025 of 15.67 pence per ordinary share which, together with the interim dividend of 6.12 pence per ordinary share paid to shareholders on 24 September 2025, will make a total dividend for the year of 21.79 pence per share (2024: 21.36 pence per share). Subject to shareholder approval at the AGM, the final dividend will be paid on 4 June 2026 to shareholders on the share register on 24 April 2026, provided that the Board may cancel payment of the dividend at any time prior to payment in accordance with the Articles of Association, if it considers it necessary to do so for regulatory or capital purposes. Our dividend policy is set out on page 3.

Rights and obligations attaching to shares

The rights and obligations relating to the Company's ordinary shares are set out in the Articles of Association. A copy of the Articles of Association can be requested from the Group General Counsel and Company Secretary at the Company's registered office. Holders of ordinary shares are entitled to attend, speak and vote at general meetings. In a vote on a show of hands, every member present in person or every proxy present, who has been duly appointed by a member, will have one vote and on a poll every member present in person or by proxy shall have one vote for every ordinary share held. These rights are subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of the Company's Articles of Association.

Under the Companies Act 2006 and the Articles of Association, directors have the power to suspend voting rights and, in certain circumstances, the right to receive dividends in respect of shares where the holder of those shares fails to comply with a notice issued under section 793 of the Companies Act 2006.

The Board can decline to register a transfer of any share which is not a fully paid share. In addition, registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules and where the number of joint holders exceeds four. The Board may also refuse to register the transfer of a certificated share unless:

- the instrument of transfer is duly stamped and is left at the Company's registered office or such other place as the Board may from time to time determine, accompanied by the certificate for the share to which it relates and such evidence as the Board may reasonably require to show the right of the transfer or to make the transfer.
- the instrument of transfer is in respect of only one class of share.
- the number of joint holders does not exceed four.

Subject to the provisions of the Companies Act 2006, all or any of the rights attaching to an existing class of shares may be varied from time to time, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Directors' report and additional statutory and regulatory information continued

Shares acquired through the employee share plans rank equally with all other ordinary shares in issue. Zedra Trust Company (Guernsey) Limited, as trustee of the L&G Employees' Share Ownership Trust, held 1.14% of the issued share capital of the Company as at 9 March 2026 in trust for the benefit of the executive directors, senior executives and employees of the Group. The trustee of L&G Employees' Share Ownership Trust has waived the right of that trust to receive dividends on unallocated shares it holds. The voting rights in relation to these shares are exercised by the trustee. The trustee may vote or abstain from voting, or accept or reject any offer relating to shares, in any way it sees fit, without incurring any liability and without being required to give reasons for its decision. Under the rules of the L&G Group Employee Share Plan (the 'Plan'), eligible employees are entitled to acquire shares in the Company. Plan shares are held in trust for participants by Computershare Trustees Limited, which held 0.36% of the issued share capital of the Company as at 9 March 2026. Voting rights are exercised by the trustees on receipt of the participants' instructions. If a participant does not submit an instruction to the trustees, no vote is registered. In addition, the trustees do not vote on any unallocated shares held in the trust. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities and/or voting rights.

Required disclosures

Requirements of Listing Rule 6.6.1

Information to be included in the Annual report and accounts under Listing Rule 6.6.1 may be found as follows:

Relevant Listing Rule	Page
LR 6.6.1R (1)	204 to 209
LR 6.6.1R (11) & (12)	243

Additional information required under Listing Rule 6.6.6

Additional information to be included in the Annual report and accounts of a listed company incorporated in the United Kingdom that cannot be found in the Directors' report:

Relevant Listing Rule	Page
LR 6.6.6R (1)	104 and 107
LR 6.6.6R (5) & (6)	55
LR 6.6.6R (7)	107
LR 6.6.6R (8)	29 to 33
LR 6.6.6R (9), (10) & (11)	78 and 79

Disability

We give full and fair consideration to applications for employment made by disabled persons. Our policies support the employment, promotion, and career development of disabled persons, as well as supporting employees who become disabled during the course of their employment. We make reasonable adjustments, as required under the Equality Act 2010, for disabled employees, including seeking redeployment in the event that reasonable adjustments are not possible. We offer appropriate training, including training in relation to equality, and will make adjustments to this training where required.

Political donations

No political donations were made during 2025.

Research and development

In the ordinary course of business, the Group develops new products and services in each of its business divisions.

Branches

Our Asset Management business has branches in Australia, Germany, Italy, the Netherlands, Sweden, and Switzerland.

Corporate governance

During the year we were required to measure ourselves against the 2024 UK Corporate Governance Code. More details on our compliance with the Code, including our 2025 Compliance Statement, can be found on pages 49 and 55. Information on the Group's internal control and risk management systems can be found on pages 38 to 46, 70 and 82 to 83. A summary of our Inclusion and Wellbeing Policy, which sets out the Company's approach to diversity, can be found on pages 34 and ##.

Financial reports and disclosures

Use of financial instruments

Information on the Group's risk management process is set out on pages 38 to 46. More details on risk management and the financial instruments used are set out in Notes 9 and 17 to 19 of the Group consolidated financial statements.

Independent auditors

The Company's auditor has expressed its willingness to continue in office and the Audit Committee has recommended its reappointment to the Board. Resolutions to reappoint KPMG LLP as auditor to the Company and to authorise the Audit Committee, on behalf of the Board, to determine its remuneration are proposed for the forthcoming AGM.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and accounts (Group and parent company), including the Directors' report on remuneration and the financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for the relevant period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report, Directors' report, Directors' report on remuneration and Corporate governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.15R, the annual financial report has been prepared in Extensible Hypertext Markup Language (XHTML) format. Consolidated financial statements have also been prepared in accordance with Disclosure Guidance and Transparency Rule 4.1.16R – 4.1.18R, including the requirement to use Extensible Business Reporting Language (XBRL) markup language. The Auditor's report on these financial statements provides no assurance over the XHTML or XBRL format.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors of the Company and their functions are listed on pages 52 to 53.

Fair, balanced and understandable

In accordance with the principles of the 2024 UK Corporate Governance Code, we have processes and procedures in place to ensure that the information presented in the Annual report and accounts is fair, balanced and understandable. We describe these processes and procedures on page 70.

On the advice of the Audit Committee, the Board considers that the Annual report and accounts, as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Critical accounting estimates, key judgements and significant accounting policies

Our critical accounting estimates, key judgements and significant accounting policies conform with UK-adopted international accounting standards and are set out on pages 136 to 152 of the consolidated financial statements. The directors have reviewed these policies and applicable estimation techniques and have confirmed them to be appropriate for the preparation of the 2025 consolidated financial statements.

Disclosure of information to auditors

As far as each of the directors in office at the date of this Directors' report is aware, there is no relevant audit information (as defined by section 418 (3) of the Companies Act 2006) of which the Company's auditors are unaware, and each such director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Strategic report on pages 1 to 47 of this report includes information on the Group structure and business principles, the performance of the business areas, the impact of regulation and principal risks and uncertainties.

The Group performance detailed on pages 12 to 14 includes information on the Group financial results, financial outlook, cash flow and balance sheet position. The consolidated financial statements include information on the Group financial investments and investment property (Note 13), derivatives (Note 14), cash and cash equivalents (Note 16), asset risk (Note 9), market, credit and insurance risks (Notes 17 to 19) and borrowings (Note 24).

In line with IAS 1 'Presentation of financial statements', and revised FRC guidance on 'risk management, internal control and related financial and business reporting', and as set out in the Basis of preparation (Note 1), management has taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of the financial statements when assessing the Group's ability to continue as a going concern.

Details of the main risks affecting the Group and how we manage and mitigate them are set out in 'Managing risk' on pages 38 to 46. Having assessed the main risks and other matters discussed in connection with the Group Board viability statement set out on page 47, in accordance with the 2024 UK Corporate Governance Code and the FRC guidance, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

The Directors' report and Strategic report were approved by the Board on 10 March 2026 and signed on its behalf.

By order of the Board



G J Timms
Group General Counsel and Company Secretary

Shareholder information

Shareholder Meetings

The Board regards the Annual General Meeting (AGM) as an important opportunity to communicate directly with private investors. Full details of the business to be considered at the meeting will be included in the Notice of AGM. The Notice of Meeting and all other details for the AGM will be available at: group.legalandgeneral.com/AGM in April 2026.

A General Meeting (GM) relating to a proposed capital reduction of our share premium and capital redemption reserves will take place immediately after the 2026 AGM. Details of each of the resolutions to be considered at the meeting and voting instructions are provided in the Circular and Notice of GM, which will be available at: group.legalandgeneral.com/AGM in April 2026.

Location: The British Medical Association, BMA House, Tavistock Square, Bloomsbury, London WC1H 9JZ, with facilities to join virtually.

Date: Thursday 21 May 2026

Time: AGM – 11am; GM – 12.30pm (or 10 minutes after the AGM has concluded or adjourned, whichever is later)

Dividend information

This year the directors are recommending the payment of a final dividend of 15.67 pence per share. If you add this to your interim dividend of 6.12 pence per share, the total dividend recommended for 2025 will be 21.79 pence per share (2024: 21.36 pence per share). The key dates for the payment of dividends are set out in the important dates section on the next page.

Shareholder enquiries

Registrar

Computershare Investor Services PLC (Computershare) has been appointed by Legal & General Group Plc to act as our Registrar and offers many services to make managing your shareholding easier and more efficient.

Investor Centre

The Investor Centre is a secure online site where you can manage your shareholding. To register for the Investor Centre, visit www.investorcentre.co.uk. You will need your Shareholder Reference Number (SRN), which can be found on your dividend voucher or by contacting Computershare. Once registered you can:

- view your shareholding and obtain an indicative valuation
- change your address
- arrange to have dividends paid into your bank account or join the Dividend Reinvestment Plan (DRIP)
- request to receive shareholder communications by email rather than post
- view your dividend payment history
- sell or buy shares
- download a variety of forms, including a stock transfer form

Registrar contact information

For any queries regarding your shareholding, please contact Computershare:

By phone: +44 (0) 370 707 1399*

Via a virtual web agent: www.investorcentre.co.uk

By email: webcorres@computershare.co.uk

In writing: Computershare Investor Services PLC. The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ

* Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open 8.30am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Sign up to electronic communications

Help us save paper and get your shareholder information quickly and securely by signing up to receive your shareholder communications by email. You can register for electronic communications via the Investor Centre.

Dividend payment options

Have your dividends paid into your bank account

Once registered on Investor Centre, you can choose to receive your dividends directly into your bank account. Just select 'View/update your bank details' and follow the simple instructions. Alternatively, you can contact Computershare for a bank mandate form. By opting to receive your dividends electronically, your dividend will reach your bank account on the dividend payment date. Alternatively, you can choose to receive your dividends via a cheque payment.

Reinvest your dividends

The dividend reinvestment plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional ordinary shares. The plan is provided by Computershare who are authorised and regulated by the FCA.

The fees associated with your dividend reinvestment plan increased with effect from the 2024 final dividend paid on 5 June 2025. To view the revised terms and conditions please visit www.computershare.com/drip.

International Fund Transfer

If you don't have access to a UK bank or building society account, you can elect to join the International Fund Transfer (IFT) and receive cash dividends direct to your bank account in your local currency (a small fee and terms and conditions apply).

You can find further details regarding these payment options through your Investor Centre account or by contacting our Registrar, Computershare, using the contact details on this page.

It is important to remember that the value of shares and income from them can fall as well as rise and you may not recover the amount of money you invest. Past performance should not be seen as indicative of future performance. This arrangement should be considered as part of a diversified investment portfolio. Please consult an independent advisor if you need any assistance with financial matters.

Asset reunification

L&G has continued its shareholder tracing programme with the aim of reuniting 'lost' shareholders, or their estates, with unclaimed entitlements in respect of Legal & General Group Plc shares. We want to reunite as many shareholders as possible with their unclaimed entitlements and have therefore appointed Georgeson, a specialist tracing company, to help us trace shareholders with unclaimed assets. If you have received a claim form from Georgeson and have any questions, please contact them directly:

By phone: 0800 953 0077

By International Phone: +44 (0) 370 703 0067

In writing: The Pavilions, Bridgwater Road, Bristol, BS99 6AB

By email: assetreunification@georgeson.com

By website: georgeson.com/unclaimed

Annual dividend confirmation

From September 2023, L&G has adopted an annual dividend confirmation process in relation to future payments. Instead of issuing separate payment advices for each dividend, an annual dividend confirmation will be issued with the interim dividend, usually paid in September, detailing the dividend payments made throughout the tax year.

Buy and sell shares

Simple to use and competitively priced services to buy and sell shares are available online. Further information can be found here: www.investorcentre.co.uk. Shareholders will be required to complete Anti-Money Laundering (AML) checks in advance of dealing in shares and it is therefore advisable to register your account in advance if you wish to buy or sell shares.

Once registered and AML checks have been completed, shareholders can choose to deal online or to download a dealing form and trade via a postal dealing service. Any holder of certificated shares will be required to send Computershare their original share certificate and an authorisation letter before a trade can be executed.

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply.

Corporate sponsored nominee

The corporate sponsored nominee allows you to hold shares in the Legal & General Group Plc without the need for a share certificate and enables you to benefit from shorter market settlement periods. The corporate sponsored nominee also offers competitive commission rates. Individual shareholders hold their Legal & General Group Plc shares in a nominee holding registered in the name of Computershare Company Nominees Limited. To join or obtain further information, contact the Registrar. You will be sent a deposit form outlining the terms and conditions under which your shares will be held.

Communication with shareholders

Internet

Information about the Company, including details of the current share price, is available on the website: group.legalandgeneral.com.

Investor relations

Private investors should contact the Registrar with any queries. Institutional investors can contact the Investor Relations team by email: investor.relations@group.landg.com.

Financial reports

The Company's financial reports are available on its website. The Annual report and accounts are sent to those shareholders who have elected to receive paper copies. Alternatively, shareholders may elect to receive notification by email by registering on the Investor Centre. If you receive more than one copy of our communications, it could be because you have more than one record on the share register. To avoid duplicate mailings, please contact the Registrar, who can arrange for your accounts to be amalgamated.

General information

Capital gains tax: For the purpose of calculating UK capital gains tax, the market value on 31 March 1982 of each share was 7.996 pence after adjusting for the 1986 capitalisation issue and the 1996 and 1999 sub-divisions, but not reflecting any rights taken up under the 2002 rights issue.

Close company provisions: The Company is not a close company within the terms of the Corporation Tax Act 2010.

Registered office: One Coleman Street, London EC2R 5AA. Registered in England and Wales, No. 01417162.

Shareholder offer line: For details of shareholder offers on L&G products, call 0800 107 6830, or visit legalandgeneral.com/shareholderoffers.

Important dates

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

* These dates are provisional and subject to change.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

Have you been:

- Contacted out of the blue;
- Promised tempting returns and told the investment is safe;
- Called repeatedly; or
- Told the offer is only available for a limited time?

Reject cold calls

If you've been cold called with an offer to buy or sell shares, chances are it's a high-risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

Check the firm on the FS register at fca.org.uk/register

The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

Get impartial advice

Think about getting impartial financial advice before you exchange any money. Seek advice from someone unconnected to the firm that has approached you.

If you suspect that you have been approached by fraudsters, please tell the FCA using the share fraud reporting form at fca.org.uk/consumers/report-scam where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. Alternatively, you can inform Computershare Investor Services, on 0370 889 3227 (Computershare are not able to investigate such incidents themselves, but they will record the details, pass them on to us, and liaise with the FCA).

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at actionfraud.police.uk.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Find out more at fca.org.uk/scamsmart.

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 Group's performance and the financial effect of one-off events and the Group uses a range of these metrics to enhance understanding of the Group's performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the figures determined according to other regulations. The APMs used by the Group are listed in this Note, along with their definition/explanation, their closest IFRS or Solvency II measure and, where relevant, the reference to the reconciliations to those measures.

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

APMs derived from IFRS measures

Adjusted operating profit

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

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

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

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

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 costs, are excluded from adjusted operating profit.

Note 2(i) Adjusted 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(iv) Investment variance.

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, 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 therefore includes the 80% of the US PRT business that will be retained through the partnership 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(i) Adjusted operating profit provides a breakdown of adjusted operating profit and identifies what is represented by core operating profit in line with the definition above.

Core operating earnings per share (Core operating EPS)

Core operating EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year. This APM is therefore a measure of the performance of the Group, on an after allocated tax basis, excluding the contribution of the Corporate Investments unit and the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations and exceptional items. Note 7 reconciles core operating EPS to basic EPS.

Return on Equity (ROE)

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

Operating Return on Equity (Operating ROE)

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

Assets under management (AUM)

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

The table below reconciles AUM with Total financial investments, investment property and cash and cash equivalents.

	2025 £bn	2024 £bn
Total assets under management ¹	1,197	1,135
Derivative notionals ²	(170)	(191)
Third-party assets ³	(515)	(460)
Other ⁴	51	58
Held for sale assets	(12)	–
Total financial investments, investment property and cash and cash equivalents	551	522

1. These balances are unaudited.
2. Derivative notionals are included in the assets under management measure but are not for IFRS reporting and are thus removed.
3. Third-party assets are those that the Asset Management division manages 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.

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(i) Adjusted operating profit reconciles adjusted profit before tax attributable to equity holders to profit for the year. In absence of discontinued operations, adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders.

APMs derived from Solvency II measures

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

Solvency II surplus

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

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

Further details on Solvency II surplus and its calculation are included in Note 28 Management of capital resources – Solvency II. This note also includes a reconciliation between IFRS equity and Solvency II Own Funds.

Alternative performance measures continued

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 approvals from the PRA to use a Partial Internal Model, Matching Adjustment and TMTP.

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

Further details on Solvency II capital coverage ratio and its calculation are included in Note 28 Management of capital resources – Solvency II.

Solvency II operational surplus generation

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

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

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

Note 5.01 Group regulatory capital – Solvency II, as included in the '2025 Full press release and analyst pack', includes an analysis of change for the Group's Solvency II own funds, as set out below.

	2025 £m	2024 £m
Opening Position	15,860	16,556
Operational Surplus Generation	1,381	1,869
New business strain	234	185
Net surplus generation	1,615	2,054
Total surplus movement (after dividends paid in the year)	(2,046)	(696)
Closing position	13,814	15,860

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.

Glossary continued

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.

Direct investments

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

Earnings per share (EPS)

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

Eligible Own Funds

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

Employee satisfaction index

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

ETF

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

Euro Commercial Paper

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

Expected credit losses (ECL)

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

Fair value through other comprehensive income (FVOCI)

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

Fair value through profit or loss (FVTPL)

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

Fulfilment cash flows

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

Full year dividend

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

Generally accepted accounting principles (GAAP)

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

Institutional Retirement new business

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

Insurance new business

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

Irish Collective Asset-Management Vehicle (ICAV)

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

Key performance indicators (KPIs)

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

LGA

Legal & General America.

LGAS

Legal and General Assurance Society Limited.

Liability driven investment (LDI)

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

Lifetime mortgages

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

Longevity

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

Matching adjustment

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

Morbidity rate

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

Mortality rate

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

Net zero carbon

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

Onerous contracts

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

Open Ended Investment Company (OEIC)

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

Operating Return on Equity (Operating ROE)*

Refer to the alternative performance measures section.

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 the rate at which policies are retained over time and therefore continue to contribute premium income and assets under management.

Platform

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

Present value of future new business premiums (PVNBP)

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

Private Markets

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

Proprietary assets

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

Qualifying Investor Alternative Investment Fund (QIAIF)

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

Retail Retirement new business

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

Retirement Interest Only Mortgage (RIO)

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

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

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

Glossary continued

Return on Equity (ROE)*

Refer to the alternative performance measures section.

Risk adjustment (RA)

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

Risk appetite

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

Single premiums

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

Société d'Investissement à Capital Variable (SICAV)

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

Solvency II

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

Solvency II capital coverage ratio*

Refer to the alternative performance measures section.

Solvency II capital coverage ratio – regulatory basis

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

Solvency II Fundamental Spread

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

Solvency II new business contribution

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

Solvency II Operational Surplus Generation*

Refer to the alternative performance measures section.

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 organization, 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.

Forward-looking statements

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

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; risks arising out of health crises and pandemics; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Further details of risks, uncertainties and other factors relevant to the business can be found on pages 44 to 47. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a guarantee, warranty or representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

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

Caution about climate information

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

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

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

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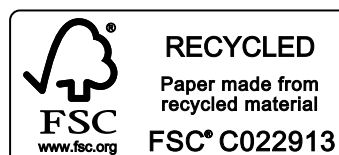
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Registered office:

One Coleman Street, London EC2R 5AA

T 020 3124 2000

F 020 3124 2500

group.legalandgeneral.com

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