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Legal & General Group Plc
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2024 Full Year Results

Core operating profit up 6%, executing our growth strategy with a sharper focus and enhanced returns, with a £500m buyback

António Simões, CEO:

"*2024 has been a year of significant strategic progress and strong financial performance. We delivered 6% growth in our core operating profit and core EPS, alongside excellent new business volumes, while investing for the future.*

We are seeing positive commercial momentum as we execute our strategy with rigour and pace. By sharpening our focus and simplifying our portfolio - through the sale of Cala and US Protection - alongside our strategic partnership with Meiji Yasuda and our investment in Taurus, we are strengthening our ability to generate sustainable growth in our core businesses: Institutional Retirement, Asset Management and UK Retail. We stated at our Capital Markets Event that we intended to return more to shareholders and that is exactly what we are doing. Our clear capital allocation framework supports our plan to return over £5 billion over the next three years, through dividends and buybacks.

Looking ahead, our momentum demonstrates why we are confident in our ability to deliver on our ambitious targets, directing our capital and expertise where they can create lasting value, and making a meaningful impact for customers, shareholders and communities."

Strong financial performance[1]

- Core operating profit of £1,616m and Core operating EPS of 20.23p, both up 6%
- IFRS Profit before tax[2] of £542m
- Solvency II capital generation of £1.8bn and Solvency II coverage ratio[3] of 232%
- A large store of future profit[3] of £14.8bn

Sustainable Growth

- Institutional Retirement: £10.7bn of Global PRT written; £8.4bn UK PRT and record volumes in US and Canada
- Asset Management: £1.1trn global AUM; growth in revenue as we pivot to higher fee margin products, and average fee rate increased from 7bps to 8bps. Private Market AUM of £57bn, with £1.2bn of external committed capital from several new fund launches, and a strategic investment in US real estate equity specialist, Taurus
- Retail: Record volumes in Retail Annuities of £2.1bn and continued strong growth in Workplace DC

Sharper focus

- Introduction of a disciplined capital allocation approach, including the creation of Corporate Investments unit
- Major disposals to unlock value and reinvest for growth: Cala (£1.35bn[4]) and US protection (£1.8bn[4])
- Alongside the creation of a strategic partnership with Meiji Yasuda, increasing growth potential in US PRT and co-investment capital of ¥150 bn[5] in Asset Management

Enhanced Returns

- Dividend per Share of 21.36p up 5% and £500m buyback announced for 2025
- Intention to return more than £5bn (or c. 40% market cap[6]) within three years

Financial summary

£m	FY 2024	FY 2023[2]	Growth (%)
Institutional Retirement	1,105	1,028	7
Asset Management	401	448	(10)
Retail[1]	504	449	12
Group debt costs	(216)	(212)	(2)
Group investment projects and expenses	(178)	(182)	2
Core Operating profit[3,4]	**1,616**	**1,531**	**6**
Corporate Investments unit	95	136	(30)
Operating Profit[3]	**1,711**	**1,667**	**3**
Investment variance from Core businesses (incl. minority interests)	(991)	(1,228)	19
Investment variance from Corporate Investments unit	(388)	(363)	(7)
Profit before tax attributable to equity holders[3]	**332**	**76**	**337**
Profit after tax attributable to equity holders[4]	**191**	457	(58)
Core Operating Earnings per share[3] (p)	**20.23**	**19.04**	**6**
Operating ROE[3] (%)	**34.8**	**26.6**	**8**
Contractual Service Margin (CSM)[3]	**13,292**	12,994	
CSM (net of tax) + Book Value	**13,310**	14,306	
CSM (net of tax) + Book Value per share (p)	**226**	239	
Solvency II			
Operational surplus generation	**1,751**	1,821	
Coverage ratio (%)	**232**	224	
Dividend per share (p)[6]	**21.36**	20.34	

1. This includes US protection business of £73m (FY 2023: £27m) that will be sold to Meiji Yasuda on completion, which is expected towards the end of this year. The growth in US protection profit reflects 2023 being impacted by adverse mortality experience.
2. Comparatives restated to reflect the creation of the Corporate Investments unit and movement of LGC assets to Institutional Retirement, Retail Annuities and Asset Management.
3. Alternative Performance Measure as defined on pages 80-82.
4. The tax credit in 2023, of £367m, included a material one-off tax credit arising from the recognition of a deferred tax asset relating to the introduction of a new Bermuda corporate income tax regime.

Strong 2024 financial performance

Income statement

FY 2024 core operating profit grew by 6% to £1,616m, in line with the guidance given at our half-year results. Total Operating Profit, which includes our newly created Corporate Investment portfolio which focuses on the disposal of non-strategic assets, grew by 3% to £1,711m after allowing for the sale of Cala in the second half of the year.

Institutional Retirement operating profit increased by 7% to £1,105m, underpinned by the growing scale of back-book earnings and consistent investment performance of our annuity portfolio. In 2024, we have written £10.7bn of global PRT (FY 2023: £13.7bn) or £10.1bn (FY 2023; £10.5bn) net of funded reinsurance, reflecting a strong year in the UK, writing £8.4bn of UK PRT at a lower strain, and a record year internationally.

Asset Management delivered operating profit of £401m (FY 2023: £448m). Operating profit from fee-related earnings reduced to £256m (FY 2023: £268m) as we have increased investment to drive future growth. Fee-related revenues have increased by 4% to £967m on 2% lower average AUM, as we make a conscious shift towards higher margin products. Underlying operating expenses were 1% up reflecting efficiency initiatives and streamlining of our organisation. Lower operating profit from our Balance Sheet investments of £145m primarily reflects a more modest valuation uplift for Pemberton in 2024, as it continues to grow.

Retail operating profit increased by 12% to £504m (FY 2023: £449m) predominantly driven by growth in release of CSM and RA, helped by strong new business sales in 2023 and 2024, and improved experience variances. Retail Annuities had another year of record new business sales of £2.1bn (up 48%). Our Workplace DC business continues to grow with net flows of £6.0bn and 5.5 million members. Investment in our Workplace proposition continues to improve member engagement through our new Retail App and the launch of our at-retirement guidance journey.

Profit before tax attributable to equity holders is £332m (FY 2023: £76m), reflecting investment and other variances from core businesses of £(991)m (FY 2023: £(1,228)m). This was mostly driven by the impact on our annuity portfolio from the increase in interest rates of c.100bps[7], broadly in line with our published sensitivities, as well as some non-recurring IFRS 17 modelling refinements in the first half of the year and an adverse accounting impact from longevity releases of c£(79)m[8]. The investment variance from Corporate Investments of £(388)m (FY 2023: £(363)m) predominantly reflects the valuation write-down of Salary Finance recognised in the first half of the year and the accounting impact from the disposal of Cala, around £70m of which will come through as profit over time as the discounting on the deferred consideration unwinds.

Balance sheet and asset portfolio

Solvency II coverage ratio remains strong at 232% (FY 2023: 224%).

Stable Solvency II operational surplus generation (OSG) of £1,751m (FY 2023: £1,821m) reflects a combination of continued growth in capital generation from our insurance businesses, Asset Management being adversely impacted by higher interest rates and investment spend, and a slightly lower level of management actions compared to 2023.

Net surplus generation (NSG) of £1,342m (FY 2023: £1,383m).

New business strain of £409m (FY 2023: £438m) reflects a c. £200m benefit from writing capital efficient UK PRT compared to the strain in 2023. The overall surplus benefit on writing more efficient UK PRT is partially offset by record volumes of Retail annuities, international PRT and US protection business, leading to broadly flat NSG.

Our operating return on equity[9] was 34.8% (FY 2023: 26.6%).

Our store of future profit increased to £14.8bn (FY 2023: £14.7bn), with the CSM of £13.3bn (FY 2023: £13.0bn), reflecting our growing insurance businesses. Risk Adjustment of £1.6bn is down slightly on FY 2023 (£1.7bn).

Group Strategy

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

- 6-9% CAGR in core operating EPS (2024-27)
- at >20% operating Return on Equity in 2025-2027
- £5-6bn cumulative Solvency II capital generation over three years (2025, 2026, 2027)[10]

Following the announcement in February, of the sale of our US protection business and the creation of the strategic partnership with Meiji Yasuda, we have confirmed our increased confidence in meeting these targets.

We have well-positioned, capital generative businesses in Institutional Retirement, Asset Management and Retail. Our divisions have strong complementary synergies and a shared sense of purpose, which together create significant competitive advantages for the Group. Making the most of these synergistic benefits is a core tenet of our strategy.

Our long-term vision requires near-term investment in our operating model to position us for structural growth trends in our businesses. This in turn will move the business towards a more capital-light model.

Successful execution will require sharper focus. We have a disciplined approach to capital allocation, and we have simplified the Group by creating a single asset manager and a Corporate Investments unit. We are committed to gaining efficiencies in operations and we are challenging the way we work. We are continually looking to optimise our capital and cash usage, and where appropriate, will look to redeploy these resources to drive future growth.

Our three businesses

Institutional Retirement is a market leader in UK PRT with a growing presence internationally, in the US and via our global reinsurance hub in Bermuda. We are well placed to address the significant growth in the global PRT market over the next decade and our newly announced partnership with Meiji Yasuda increases our growth potential in the US. The economics are attractive, with our growing portfolio set to release reliable earnings over decades from our store of future profit (FY 2024: £9.3bn). Our total annuity portfolio, including Retail annuities, stands at £92bn as at FY 2024 and acts as a valuable source of capital to cornerstone new investment strategies.

Key metrics: UK PRT volume guidance of £50-65bn at <4% strain (2024-28), 5-7% operating profit CAGR (FY23-28)

Asset Management was formed in 2024 from the combination of LGIM (L&G Investment Management) and LGC (L&G Capital). It is a leading global asset manager with private and public market capabilities and total AUM of £1.1trn, of which 44%[11] is managed internationally. It has significant market share of the assets invested by the UK pensions industry, and plays a critical role in the growth across the Group by providing a pipeline of "PRT ready" Defined Benefit (DB) clients for Institutional

Retirement (over the last three years, 81% of L&G UK PRT new business premiums have come from Asset Management clients), acting as investment manager for our annuity portfolio and being a provider of investment funds for our Workplace DC business in Retail. Private Markets will be a major driver of Asset Management growth both directly in L&G and through our origination partners (e.g. Pemberton). We can access and originate differentiated investment opportunities in private credit, real estate and infrastructure both by using our own balance sheet, and attracting third party capital investment.

Key metrics: £500-600m operating profit (2028), £100-150m cumulative ANNR (2025-28), £85bn+ Private Markets AUM (2028)[12]

Retail is a leading provider of retail retirement and protection solutions. We support customers throughout their lifetime and leverage our Asset Management capabilities, as responsibility for retirement savings shifts from employers to individuals. We continue to leverage technology to engage customers effectively and efficiently at scale.

Key metrics: £40-50bn of cumulative Workplace Savings net flows (2024-2028). The additional Retail ambition is impacted by the sale of our US protection business. A new divisional ambition will be shared at our Retail investor deep dive planned for the second half of this year.

Our capital allocation framework

We have a disciplined capital allocation framework which prioritises:

- A strong and sustainable balance sheet, supported by robust capital generation from our divisions
- Investment for growth, with clearly set out hurdle rates on investment in organic growth and potential bolt-on acquisitions in Asset Management
- Shareholder returns, with surplus capital to be returned to shareholders in the form of dividend or buybacks

Capital from disposals will be deployed in line with this capital allocation policy and where opportunities are not available at our required 14% hurdle rate or we are more capital efficient, we will consider returning more to shareholders.

Returning capital to shareholders

As noted, the Board intends to return more to shareholders over 2024-2027 than the equivalent of maintaining a 5% per annum growth in dividend per share (DPS). This is intended to be achieved through a combination of dividends, ongoing and incremental buybacks. In line with that, full year DPS growth is confirmed at 5%, with a final dividend of 15.36p and a full year dividend of 21.36p. As stated previously, from 2025 we intend to grow DPS at 2% per annum out to 2027.

In 2024, we completed the announced buyback of £200m and today we announce a buyback of £500m. The increase compared to 2024 reflects more capital efficient UK PRT written in 2024 and a return of the capital release from the sale of Cala.

In February this year, we announced the intention to carry out an additional £1bn buyback commencing after the completion of the sale of our US protection business and creation of our strategic partnership with Meiji Yasuda.

Overall, we intend to return the equivalent of c. 40% of market cap[13] to shareholders over 2025-2027 through a combination of dividends and buybacks. All future capital returns will be subject to the market environment, our views on solvency buffers, and regulatory approval.

Outlook

As we look at 2025, we have strong commercial momentum in each of our three businesses.

In **Institutional Retirement**, we have a busy PRT pipeline and have already completed £1.2bn of transaction in the UK and we are actively pricing on £17bn of new deals, with visibility on a further £27bn. We expect strong volumes this year, with good profitability and low new business strain. We will continue to adapt to changes in market conditions and deliver attractive returns, as we have successfully demonstrated in 2024.

Asset Management has also had a positive start to the year as we continue to see flows into higher margin products. This is expected to increase as we see more of our Workplace clients transition into our Lifetime Advantage Fund which has a c. 15% investment in our Private Markets Asset Fund providing enhanced returns to DC savers and aligning strongly with the government agenda to deploy more pensions money into productive finance in the UK. We also expect to see part of the ¥150bn of co-investment from Meiji Yasuda flow into our private markets business.

In **Retail,** several Workplace schemes that we won in 2024 will fund this year, and we will continue to strengthen our proposition. We expect the thriving retail annuities market to continue, with increased competition, as higher interest rates and increased awareness around the benefits of guaranteed income, continue to make these products more attractive to customers. We are well positioned in this market. Our UK protection businesses will continue to focus on writing strong volumes at disciplined margins.

We now have a plan in place for the disposal of each of the remining assets in our **Corporate Investments** portfolio as we continue to simplify our business and unlock value to redeploy into our strategic businesses.

Institutional Retirement

FINANCIAL HIGHLIGHTS[1] £m	FY 2024	FY 2023
Contractual service margin release	650	591
Risk adjustment release	141	119
Expected investment margin	485	486
Experience variances	(10)	(13)
Non-attributable expenses	(168)	(160)
Other	7	5
Operating profit	**1,105**	1,028
Investment and other variances	(557)	(555)
Profit before tax attributable to equity holders	**548**	473
Contractual service margin (CSM)	8,625	8,350
Risk adjustment (RA)[2]	710	807
Total store of future profit	**9,335**	**9,157**
CSM release as a % of closing CSM pre release	**7.0%**	**6.6%**
New business CSM	489	865
New business RA	94	161
Total new business future profit	**583**	1,026
UK PRT	8,412	12,048
International PRT	2,250	1,671
Total new business (Gross Premiums)	**10,662**	13,719
Funded reinsurance premiums	(557)	(3,189)
Total new business (net of Funded Reinsurance)	**10,105**	**10,530**
Institutional annuity assets[3] (£bn)	**73.8**	68.9
Shareholder assets[4] (£bn)	**3.5**	3.1

1. Comparatives restated to reflect the movement of assets from LGC to Institutional Retirement. For further information please see Note 1.01.
2. The FY 2024 RA is reduced by £78m following the impact of the funded reinsurance transacted in 2024 on PRT deals signed pre-2024, including £(56)m from the 2023 Boots Pension Scheme.
3. In the UK, annuity assets across Institutional Retirement and Retail are managed together. We show here estimated Institutional Retirement annuity assets. Excludes derivative assets.
4. Assets formerly reported in LGC.

Strong operating profit, up 7% to £1.1bn

Contractual Service Margin (CSM) release has increased to £650m (FY 2023: £591m), driven by growth in the CSM, as we continue to write strong new business volumes, and an increased amortisation rate of the CSM as the back book matures. Amortisation was 7.0% of the pre-release CSM, compared to 6.6% in 2023. Overall, the CSM grew 3% to £8.6bn (FY 2023: £8.4bn) which is supported by profitable new business written and the routine 2024 longevity review.

Risk Adjustment (RA) release has increased to £141m (FY 2023: £119m), driven by a growing annuity portfolio following strong new business volumes in 2024 and 2023.

The expected investment margin is stable at £485m (FY 2023: £486m) reflecting returns on surplus assets, and our continuing back-book optimisation.

Profit before tax of £548m (FY 2023: £473m) was impacted by investment and other variances of £(557)m. This was mostly driven by increases in interest rates, broadly in line with our year-end sensitivities, and non-recurring IFRS 17 modelling refinements as set out at the half year. It also reflects an adverse accounting mismatch as a result of the longevity releases.

£10.7bn global PRT volumes written and a strong pipeline for 2025

In 2024, we wrote £10.7bn of global PRT new business across 56 deals, with 4 deals over £1billion. (FY 2023: £13.7bn across 43 deals). UK volumes were £8.4bn (FY 2023: £12.0bn) and we delivered record international volumes of £2.3bn (FY 2023: £1.7bn). In the UK, we are actively pricing on £17bn of new deals and have visibility on a further £27bn which are expected to transact in 2025.

Executing capital-light UK PRT in 2024

In 2024, we have once again successfully demonstrated our ability to adapt quickly to new market environments. Faced with tighter corporate credit spreads and wider gilt spreads we, like others, pivoted to use gilts-based investment strategies. This allowed us to write capital efficient new business resulting in a c.1% strain on the £8.4bn of business we wrote in the UK.

This gilts-based approach results in a highly attractive return on capital, with scope for further back book asset optimisation; whilst day one profitability metrics are moderately lower, reflecting the slightly lower initial yield, the capital deployed is significantly reduced. As a result, the £8.4bn of UK PRT written in 2024 delivered a Solvency II margin of 5.3% (FY 2023: 7.4%). Institutional Retirement delivered an IFRS new business margin[14] of 7.1% (FY 2023: 9.0%).

A record year for international PRT volumes

Institutional Retirement delivered record US PRT new business premiums of 2.2bn or £1.7bn (FY 2023: 1.9bn; £1.5bn) as well as increased Canadian PRT volumes of CAD 1.0bn (FY 2023: CAD 0.3bn).

L&G entered the US PRT market 10 years ago, completing its first transaction with Royal Philips in 2015. It has since completed more than 12 billion of new business, securing the pension benefits of over 200,000 annuitants. L&G and RGA recently won Insurance ERM's Innovation of the Year award for their split transaction solution, which continues to meet the evolving needs of the pension plan sponsors in the US PRT market.

L&G completed its first Canadian PRT transaction in 2019. In 2024, three significant Canadian transactions were secured with a total volume of CAD 1bn. These include L&G's largest Canadian transaction to date, valued at CAD 0.5 billion, bringing the total written premium to over CAD 2.5 billion.

Going forward, alongside Meiji Yasuda in the US, L&G remains strongly positioned to offer holistic, multinational pension de-risking solutions, leveraging skills and capabilities across geographies to make us a global leader in PRT.

Asset Management

FINANCIAL HIGHLIGHTS[1] £m	FY 2024	FY 2023
Management fee revenue	947	900
Transactional revenue	20	26
Total revenue	**967**	926
Total costs	(711)	(658)
Operating profit from fee-related earnings	256	268
Operating profit from Balance Sheet investments	145	180
Total Operating Profit	**401**	448
Investment and other variances	(190)	(123)
Profit before tax	**211**	325
Asset Management cost: income ratio (%)	74%	71%
NET FLOWS AND ASSETS £bn		
External net flows	**(47.8)**	(38.4)
PRT Transfers	(2.8)	(15.2)
Internal net flows	2.1	1.6
Total net flows	**(48.5)**	(52.0)
Average assets under management	*1,128*	1,155
Assets under management ex JV, Associates and other	**1,118**	1,159
JV, Associates and other AUM[2]	17	13
Total AUM	**1,135**	1,172
Of which:		
- International assets under management[3]	488	465
- Private Markets[4]	57	50
- UK DC assets under management	183	163

1. Comparatives restated to reflect the movement of assets from LGC to Asset Management. For further information please see Note 1.01
2. Includes 100% of assets managed by associates (Pemberton and NTR) and L&G balance sheet assets managed by Asset Management.
3. International AUM includes assets from internationally domiciled clients plus assets managed internationally on behalf of UK clients.
4. Private Markets assets includes assets from associates and is based on managed AUM including £1.5bn from multi-asset strategies.

Higher average revenue fee rate and underlying operating expenses broadly flat

Operating profit from fee-related earnings £256m (FY 2023: £268m)

Operating profit from fee-related earnings has decreased as we invest to enable growth. Revenues increased by 4% to £967m (FY 2023: £926m) on 2% lower average AUM, as we pivot towards higher margin products. The increase in our average fee rate from 7bps to 8bps is a result of changes in both client mix and investment capabilities.

Total operating costs of £711m increased by 8% due to increased investment of c. £48m in growth and scalability, consistent with the £50-100m per annum guidance. Underlying operating expenses were up just 1% as a result of actions taken to drive efficiency to streamline our organisation. We will continue to be disciplined in our management of operating expenses.

Operating profit from Balance Sheet investments £145m (FY 2023: £180m)

Balance Sheet investments comprises of our asset origination platforms in Private Credit, Real Estate and Infrastructure, where these investment strategies have been successfully developed in-house over the last decade, and we are now looking to distribute them to third parties.

Lower operating profit primarily reflects a more modest valuation uplift for Pemberton in 2024. Pemberton was awarded 2024 Private Debt Investor Fundraising of the Year: Europe[15] and has continued to make significant progress in raising and deploying capital with total commitments increasing by €6bn in 2024. During this year Pemberton achieved its first close on the new NAV Strategic Financing strategy, which provides financing solutions to private equity firms and secured c. €1bn of commitment, including from anchor investor Abu Dhabi Investment Authority. We expect future growth in valuations as new funds are launched and capital is deployed.

Profit Before Tax and Investment Variances

Profit before tax was £211m, with investment and other variances of £(190)m, driven primarily by the unrealised mark-to-market impact on the carrying value of some of our balance sheet investments.

Supporting clients across key channels and markets

Higher interest rates and outflows mean total AUM[16] reduced by 4% year on year to £1,118bn (FY 2023: £1,159bn). External net flows of £(47.8)bn reflect lower margin outflows as **UK DB** clients continue to adjust their portfolios in response to improved funding ratios and execute some one-off tactical asset allocation rebalances.

Growth in other channels meant Annualised Net New Revenue (ANNR) excluding flows from our UK Defined Benefit channel is £17.4m.

Defined Contribution (DC) business continues to attract new assets with AUM growth of 12% to £183bn (FY 2023: £163bn). Within this, external net flows of £6.0bn[17] in Workplace Savings generated £10m of ANNR. Our ability to offer investors an integrated blend of high-quality investment solutions, pensions administration and Master Trust governance is a significant source of competitive advantage. In 2024, we launched our L&G Private Markets Access Fund, giving UK DC investors and our 5.5 million DC members the opportunity to access diversified Private Markets exposure across clean energy, affordable homes, university spin-outs and critical infrastructure.

UK Wholesale AUM has seen continued growth and now stands at £64.7bn, 19% higher than prior year (FY 2023: £54.2bn). Flows contributed £4.0bn of growth and generated £3m of ANNR. We achieved record gross sales of £24.7bn.

We continue to build on our successes in international markets, growing AUM by 89% since 2018 to £488bn. This represents c.44% of overall AUM**.**

In the **US** we are expanding our fixed income offering to meet the increasing demand from institutional investors for broader fixed income capabilities in the higher rate environment.

In **Europe**, we have seen positive momentum with AUM growth of 6% over the past year to £91bn partly driven by growth in our Active Fixed Income offering.

In **Asia**, our AUM has grown by 8% to £150bn over the past year. We have offices in Tokyo, Hong Kong and now Singapore, where we continued to make strategic hires in 2024. In **Japan**, our AUM has more than doubled since 2019, and we remain Japan's 7th largest asset manager[18].

Growing our Private Markets Platform

In 2024, we accelerated the growth of our Private Markets platform to £57bn AUM, laying the foundation for achieving our target of £85bn[19] AUM by 2028. We focus on our core strengths - Real Estate, Private Credit, and Infrastructure. Utilising balance sheet capital to catalyse opportunities, we are unlocking substantial growth and driving significant value for our clients. We have launched several new Private Markets funds over 2024, with £1.2bn of external committed capital.

In Real Estate our AUM increased to £21bn as we launched our Affordable Housing Fund, with £510m of commitments, and created a new £1bn Build to Rent BTR partnership with Nest and PGGM.

In October 2024. we made a strategic investment in Taurus, a US-based real estate private equity firm, committing up to 200m in seed capital to accelerate our presence in the high-growth US multi-family sector.

[illegible]

Our Private Credit business continues to grow at pace with AUM rising to £34bn[20]. This growth is driven both from our L&G platform in Europe and North America and through Pemberton.

We are growing our Infrastructure offering across various sectors and achieved planning approval for a £750 million hyperscale data centre in London, which we intend to form part of an offering to third party investors in 2025. Our Clean Power Europe Fund has reached €358m AUM and continues to expand its portfolio, meeting society's need for sustainable and reliable energy.

Through strategic investments, innovative product development, and a focus on delivering both financial returns and social impact, we are well-positioned to achieve our ambitious growth targets.

Investing for the long term

We measure success by achieving positive returns for our clients today whilst helping to build a better future. In June, we published our eighth Climate Impact Pledge, assessing over 5,000 companies and engaging with more than 2,800. As of 31 December 2024, we managed £425bn (FY 2023: £378bn) in responsible investment strategies linked to sustainability criteria for various clients.

Investment performance has been strong across our range of matching, tracking and active strategies. For our UK-managed Active Fixed Income strategies, 76 % of strategies out-performed over 1 year, and 79% over 3 years. US-managed Active Fixed Income strategies also performed well with 93% of strategies out-performing over 1 year and 84% over 3 years. Multi-Asset strategies outperformed by 50% over 1 year and 3 years.

Retail

FINANCIAL HIGHLIGHTS[1] £m	**FY 2024**	FY 2023
Contractual service margin release	**469**	446
Risk adjustment release	**84**	74
Expected investment margin	**106**	122
Experience variances	**16**	(44)
Non-attributable expenses	**(136)**	(121)
Other	**(35)**	(28)
Operating profit	**504**	449
- US/UK Insurance[2]	188	139
- Retail Retirement[3]	316	310
Investment and other variances	(207)	(171)
Profit before tax attributable to equity holders	**297**	278
Contractual service margin (CSM)	**4,667**	4,644
Risk adjustment (RA)	**841**	891
Total store of future profit	**5,508**	**5,535**
New business CSM	**351**	320
New business RA	**45**	32
Total new business future profit	**396**	**352**
Protection new business annual premiums	422	412
Individual annuities single premium	2,118	1,431
Workplace DC net flows (£bn)[4]	6.0	6.4
Lifetime & Retirement Interest Only mortgage advances	270	299
Retail retirement annuity assets[5] (£bn)	18.4	17.2
Retail retirement shareholder assets[5] (£bn)	1.0	0.9
UK Retail protection gross premiums	1,525	1,512
UK Group protection gross premiums	528	479
US protection gross premiums	1,318	1,273

Total protection gross premiums	**3,371**	3,264
Protection New Business Value	**192**	165
Annuities New Business Value	**132**	100
Solvency II New Business Value	**324**	265

1. Comparatives restated to reflect the movement of assets from LGC and the creation of the Corporate Investments unit in line with HY24. For further information please see Note 1.01.
2. UK Insurance includes Retail protection, Group protection and Mortgage Services.
3. Retail Retirement includes Individual Annuities, Lifetime Mortgages, Workplace DC administration and returns from shareholder assets.
4. Figures include Workplace DC and Retail Savings net flows
5. In the UK, annuity assets across Institutional Retirement and Retail are managed together. Estimated proportion of annuity assets belonging to Retail. Excludes derivative assets.

Operating profit up 12%

In FY 2024, Retail operating profit has increased 12% to £504m (FY 2023: £449m). This is predominantly driven by growth in CSM and RA release and favourable experience variances.

The **Contractual Service Margin (CSM) release was £469m** (FY 2023: £446m), reflecting increasing volumes of profitable new business. 9.1% of the closing CSM pre-release (£5.1bn) was released into profit (FY 2023: 8.8%, £5.1bn). Overall, the CSM was broadly flat at £4.7bn.

Experience variances of £16m (2023: £(44)m) were driven by improvements in both the US and UK protection businesses compared to the adverse experience seen in the previous year.

Profit before tax was £297m (FY 2023: £278m), impacted by investment variances in our annuity portfolio in line with Institutional Retirement.

Solvency II New Business Value increased 22% to £324m (FY 2023: £265m) with continued sales growth in Retail annuities and US protection, and improved margins in our UK protection business as we continue to operate with a focus on disciplined pricing.

Succeeding in a competitive landscape in FY 2024

Workplace DC net flows were £6.0bn (FY 2023: £6.4bn), with continued client wins and strong client retention as well as increased member contributions and consolidation. Workplace pension platform members increased to 5.5 million and we continue to invest in our proposition with the launch of the Workplace DC app and our new personalised guidance journey.

Retail annuity sales up 48% to a new record of £2,118m (FY 2023: £1,431m), generating a Solvency II new business value add of £132m (FY 2023: £100m) in a buoyant market, in which we increased market share to 23.6%[21]. Both Lifetime Annuity and Fixed Term Annuity sales performed well throughout the year as higher interest rates, and increased awareness around the benefits of guaranteed income, have made these products more attractive to customers.

Lifetime mortgage advances, including Retirement Interest Only mortgages, were £270m (FY 2023: £299m) reflecting lower market demand in the current higher interest rate environment.

UK Retail protection gross premium income increased to £1,525m (FY 2023: £1,512m), with new business annual premiums of £153m (FY 2023: £150m) at improved margins in what remained a highly competitive market. Our market share increased year-on-year to 19.0%[22] and we delivered a point-of-sale underwriting decision for 77% of our customers.

UK Group protection gross premium income increased 10% to £528m (FY 2023: £479m) owing to good retention and new business annual premiums of £110m (FY 2023: £121m). Our online "quote and apply" platform for smaller schemes continues to perform well, processing c. 1,900 new applications over the year (FY 2023: c. 1,000), and we continue to see growth in this part of the market. Group Protection saw 2,466 income protection scheme members return to work during 2024.

US protection new business annual premiums increased 16% to 203m (FY 2023: 175m), with broadly stable Solvency II new business margins of 10.8% (FY 2023: 11.4%). Gross premiums increased 6% to 1,685m (FY 2023: 1,584m). The digital new business platform continues to make it easier for customers and their advisors to apply and complete the purchase, resulting in increased sales volumes.

Corporate Investments

FINANCIAL HIGHLIGHTS £m	**FY 2024**	FY 2023
Operating profit	**95**	136
Investment and other variances	(388)	(363)
Loss before tax attributable to equity holders	**(293)**	(227)

Portfolio Net Asset Value (£bn)		
Cala	-	1.1
Legacy Real Estate	0.5	0.4
Legacy Land	0.1	0.1
Fintech and Other	0.2	0.3
Total Corporate Investments	**0.8**	1.9

Operating profit down reflecting disposals

Operating profit is down 30% at £95m versus prior year earnings (FY 2023: £136m). This largely reflects the sale of Cala in the second half of the year, with lower trading profits being recognised compared to 2023.

Investment and other variances of £(388)m predominantly reflects the valuation write-down of Salary Finance which was reported at half year and the accounting impact from the disposal of Cala, around £70m of which will come through as profit over time as the discounting on the deferred consideration unwinds. The remaining investment variances are driven by the usual unrealised mark-to-market impacts versus the expected return in operating profit.

Subsidiary remittances to Group

Subsidiary remittances[1] (£m)	**2024**	2023
LGAS	1,193	752
LGIM	80	140
LGA[2]	-	185
Other[3]	447	472
Total	**1,720**	1,549

1. Represents cash remittances from subsidiaries to Group in respect of the year's financial performance.
2. There is no cash remittance from LGA in 2024, reflecting the sale of the US protection business and the strategic partnership with Meiji Yasuda announced in February.
3. Other predominantly includes L&G Capital Investments Limited and L&G Reinsurance, as well as any smaller remittances from other Group entities

The level of subsidiary remittances ensures coverage of external dividends (2024: £1,258m; 2023: £1,215m) and Group related costs, with excess liquidity being held within our regulated subsidiaries.

Borrowings

The Group's outstanding core borrowings totalled £4.3bn at 31 December 2024 (FY 2023: £4.3bn). There is also a further £1.7bn (FY 2023: £1.5bn) of operational borrowings including £1.7bn (FY 2023: £1.4bn) of non-recourse borrowings. The total excludes unit linked related borrowings.

Group debt costs of £216m (FY 2023: £212m) reflect an average cost of debt of 4.9% per annum (FY 2023: 4.8% per annum) on an average nominal value of debt balances of £4.5bn (FY 2023: £4.5bn).

Cash

As at 31 December 2024, the Group held £2,629m of Treasury Assets and Other Shareholder Cash (FY 2023: £2,584m).

In 2024, L&G owned Private Markets assets (£3.3bn at FY 2024[23]) generated c. £850m of cash, reflecting the receipt of the c. £500m first tranche of the consideration following the sale of Cala, disposals of assets to funds and dividends from our development and operating companies.

Taxation

Equity holders' Effective Tax Rate (%)	FY 2024	FY 2023
Equity holders' total Effective Tax Rate[1]	**41.3**	11.9
Annualised rate of UK corporation tax	**25.0**	23.5

1. The FY23 figure excludes the impact of the Bermudan corporate income tax enacted in 2023, the investment variance from longevity assumption changes and the buyout of the L&G pension scheme (see note 3.06i). Including this impact, the effective tax rate in 2023 was (483)%

The effective tax rate reflects the varying rates of tax that we pay on our businesses in different territories and the mixture of profits and losses across those territories.

The higher effective tax rate of 41% reflects the adverse impact from disposal accounting variances on the sale of Cala and valuation write downs on certain investments that are not tax deductible. In 2024 we are also seeing the impact for the first time of the implementation of the UK top-tax rules in line with the global minimum tax framework resulting in Bermuda profits being taxed at 15%.

Solvency II

As at 31 December 2024, the Group had an estimated Solvency II surplus of £9.0bn over its Solvency Capital Requirement, corresponding to a Solvency II coverage ratio of 232%.

Capital[1] (£m)	FY 2024	FY 2023
Own Funds	15,860	16,556
Solvency Capital Requirement (SCR)	(6,848)	(7,389)
Solvency II surplus	**9,012**	9,167
SCR coverage ratio (%)	**232%**	224%

1. Please see disclosure note 5.01 for further detail.

Analysis of movement from 1 January to 31 December 2024[1] (£m)	Solvency II Own Funds	Solvency II SCR	Solvency II Surplus
Opening Position	**16,556**	**(7,389)**	**9,167**
Operational surplus generation	**1,786**	**(35)**	**1,751**
New business strain	**185**	**(594)**	**(409)**
Net surplus generation	**1,971**	**(629)**	**1,342**
Operating variances			156
Mergers, acquisitions and disposals			9
Market movements			(231)
Share buyback			(201)
Dividends paid			(1,230)
Total surplus movement (after dividends paid in the period)	**(696)**	**541**	**(155)**
Closing Position	**15,860**	**(6,848)**	**9,012**

1.Please see disclosure note 5.01 for further detail.

Operational surplus generation is at £1,751m (FY 2023: £1,821m), after allowing for amortisation of the opening Transitional Measures on Technical Provisions (TMTP) and release of Risk Margin.

New business strain of £409m (FY 2023: £438m) reflects a c. £200m benefit from writing capital efficient UK PRT compared to the strain in 2023. The overall surplus benefit on writing more efficient UK PRT is partially offset by record volumes of retail annuities, international PRT and US protection business, leading to broadly flat NSG.

This resulted in net surplus generation of £1,342m (FY 2023: £1,383m).

Market movements of £(231)m reflect the impact of movements in interest rates, credit spreads and property and equity markets.

The movements shown above incorporate the impact of recalculating the TMTP as at 31 December 2024.

Sensitivity analysis[1]

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

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

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

The impacts of these stresses are not linear 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.

Solvency II new business contribution

Management estimates of the present value of new business (PVNBP) and the margin as at 31 December 2024 are shown below[1]:

£m	PVNBP	Contribution from new business	Margin %
Institutional Retirement - UK annuity business	7,855	420	5.3
Retail Retirement - UK annuity business	2,118	132	6.2
UK Protection	1,461	57	3.9
US Protection	1,249	135	10.8

The key economic assumptions as at 31 December 2024 are as follows:

	%
Margin for risk	3.7
Risk-free rate	
- UK	4.1
- US	4.6
Risk discount rate (net of tax)	7.8
- UK	8.3
- US	

Long-term rate of return on non-profit annuities	5.5

1. Please see disclosure 5.02 for further details.

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

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

- The assumed future pre-tax returns on fixed interest and RPI linked securities are set by reference to yield on the relevant backing assets, net of an allowance for default risk which takes into account the credit rating and the outstanding term of the assets. The weighted average deduction for business written in 2024 equates to a level rate deduction from the expected returns of 15 basis points. The calculated return takes account of derivatives and other credit instruments in the investment portfolio.
- Non-economic assumptions have been set at levels commensurate with recent operating experience, including those for mortality, morbidity, persistency and maintenance expenses (excluding development costs). An allowance is made for future mortality improvement. For new business, mortality assumptions may be modified to take certain scheme specific features into account.

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

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 6 and 16 to 18 of the financial statements.

Risks and Uncertainties	Risk management	Outlook
Investment market performance and conditions in the broader economy may adversely impact earnings, profitability, liquidity, or surplus capital. The performance and liquidity of financial and property markets, interest rate movements and inflation impact the value of investments we hold in both shareholders' funds and to meet the obligations from insurance business; the movement in certain investments directly impacts profitability. Interest rate movements and inflation can also change the value of our obligations and although we seek to match assets and liabilities, losses can still arise. Falls in the risk-free yield curve can also create a greater degree of inherent volatility to be managed in the solvency balance sheet, potentially impacting capital requirements and surplus capital. Rises in risk free rates can lead to reduced liquidity buffers. Falls in investment values can reduce our investment management fee income.	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 their resilience across a range of outcomes. 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. Our Own Risk Solvency Assessment ("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.	The global economic outlook remains uncertain with the potential for external shocks to knock economies and markets off course. Our businesses are primarily exposed to economic conditions in the UK and US. Central bank interest rates were cut during 2024 in UK and US, however, there remains uncertainty around the pace and timing of any further cuts and there is no guarantee of a "soft landing" for either economy. Geo-political risk factors remain elevated - this includes on-going conflicts in Ukraine and the Middle East, and the impact of a resurgence of populist and nationalist politics on domestic and international policy. Asset values, including commercial and residential property prices, remain susceptible to reappraisal should the current economic outlook deteriorate, as well as from a range of geo-political factors. During 2024 we have seen signs of commercial property markets stabilising, albeit transaction volumes remain low and the office sector continues to show pressure. Within our construction businesses supply chain pressure and cost inflation appear to be moderating, albeit we remain vigilant over cost inflation being absorbed by the supply chain. Labour shortages also continue to present risk

continue to present risk.

Risks and Uncertainties	Risk management	Outlook
In dealing with issuers of debt and other types of counterparty, the group is exposed to the risk of financial loss. Systemic corporate sector failures, or a major sovereign debt event, could, in extreme scenarios, trigger defaults impacting the value of our bond portfolios. Under Solvency II, a widespread widening of credit spreads and downgrades can also result in a reduction in our balance sheet surplus, despite already having set aside significant capital for credit risk. We are also exposed to default risks in dealing with banking, money market and reinsurance counterparties, as well as settlement, custody, and other bespoke business services. Default risk also arises where we undertake property lending, with exposure to loss if an accrued debt exceeds the value of security taken.	We manage our exposure to downgrade and default risks within our bond portfolios, through setting selection criteria and exposure limits, and using L&G Asset Management's global credit team's capabilities to ensure risks are effectively controlled, where appropriate trading out 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. 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.	The risk of credit default increases in periods of low economic growth, and we continue to closely monitor the factors that may lead to a widening of credit spreads including the outlook for the real economy and fiscal and monetary policy. Although real incomes in the UK have risen in 2024, any reversal of this would particularly impact economic activity in sectors reliant on discretionary spending. The recent UK budget announced tax and spending measures that have dampened consumer and business sentiment. Growth forecasts are modest and employers are cautious on the impact of increased labour costs. Economic growth in the United States continues to be strong and there is broad optimism that the new administration will support domestic manufacturing. However, we believe uncertainty over new policies, in particular around tariffs and immigration, pose downside risks. We remain vigilant, closely monitoring all the names/assets in our portfolio in the short term, as well as forming views on the medium to long-term outlook. Our credit portfolio remains overwhelmingly (98%+) investment grade.
We fail to respond to the emerging threats from climate change for our investment portfolios and wider businesses. As a significant investor in financial markets, commercial real estate and housing, we are exposed to climate related transition 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 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. 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 1.5°C Paris objective. This includes science-based targets to support our emission reduction goals in line with our transition plan. We are evolving our approach to the inclusion of nature and biodiversity alongside our climate risk work. 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. 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.	Over the next decade, the change necessary to meet global carbon reduction targets will require societal adjustments on an unprecedented scale. Recent events, particularly the increasing frequency of record-breaking heat and extreme weather, have demonstrated the impacts of increased climate volatility can be significant and may emerge rapidly. A failure by governments to ensure an orderly transition to low carbon economies increases the risk for sudden late policy action and large, unanticipated shifts in the asset values of impacted industries. Whilst our transition plans seek to minimise our overall exposure to this risk, their execution is dependent on the delivery of the policy actions and the climate reduction targets of the firms we invest in. The actions governments take will also, to a significant extent, impact on our ability to deliver upon the climate-related targets we have set ourselves, and as the science of climate change evolves, we may need to adapt our approach. Anti ESG sentiment, particularly within countries with a high dependency on fossil fuel related industries, may also constrain global ambition in addressing climate change as well as limiting investment opportunities. Although a broad set of actions to limit global warming are underway, we are moving to a situation where the path to achieving a near-1.5 temperature increase is becoming narrower. Whilst we retain our current ambition, this could also have an impact on our ability to meet the climate-related targets we have set ourselves.

Risks and Uncertainties	Risk management	Outlook We expect a continuing and increased focus on nature and biodiversity risks going forward.
Changes in demographic experience, regulatory changes, increased expenses and taxation levels may require revisions to our pricing and reserving bases. **Changes in capital requirements, including UK and Insurance Capital Standards, could impact our reported solvency position and our dividend and capital return policy.** The pricing of long-term business requires the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. Actual experience may require recalibration of these assumptions, changing the level of liability provisions and impacting reported profitability. Regulation defines the overall framework for the design, marketing, taxation and distribution of our products, and the prudential provisions and capital that we hold. Significant changes in legislation or regulation may increase our cost base, reduce our future revenues, impact profitability or require us to hold more capital. The prominence of this risk increases where change is implemented without prior engagement with the sector. The nature of long-term business can also result in some changes or re-interpretation of regulation over time, having a retrospective effect on in-force books of business, impacting future cash generation. Changes in these areas can affect our reported solvency position and our dividend and capital return policy.	We undertake significant analysis of the variables associated with writing long-term insurance business to ensure that a suitable premium is charged for the risks we take on, and that provisions continue to remain appropriate for factors including mortality, lapse rates, expenses, and credit defaults in the assets backing our insurance liabilities. We seek to have a comprehensive understanding of longevity, mortality, and morbidity risks, and we continue to evaluate wider trends in life expectancy. However, we cannot remove the risk that adjustment to reserves may be required, although the selective use of reinsurance acts to reduce the impact to us of significant variations in life expectancy and mortality. We actively engage with government and regulatory bodies to assist in the evaluation of regulatory and tax change to promote outcomes that meet the needs of all stakeholders. To influence policy, our interactions with the government and policy teams at regulators include face-to-face and virtual meetings, written responses to discussion papers and consultations, ad-hoc communications and attendance at roundtables with industry peers. With our experience in various sectors, we can explain how proposed policy translates into practice and identify potential issues or unintended consequences that might arise. When such regulatory changes move to the implementation stage, we undertake detailed gap analysis work and depending on the scale of the remediation required, establish project management arrangements with first- and second-line teams working together. This is to ensure we deliver regulatory change effectively and efficiently, minimising disruption to our operations and to our customers and clients.	At times, we have seen elevated levels of mortality in both the UK and the US since the Covid 19 pandemic, and there is continued uncertainty in the outlook, albeit this has somewhat reduced with the passage of time. The causes are unclear but may reflect indirect impacts of Covid 19 related illness, and the deferral of diagnostics and medical treatments for other conditions. Cost of living pressures and government spending decisions, particularly relating to health and care, also have the potential to affect mortality outcomes. Along with the emergence of new diseases and changes in immunology impacting mortality and morbidity assumptions, other risk factors that may impact future reserving requirements include significant advances in medical science leading to more effective treatments, beyond that anticipated, requiring adjustment to our longevity assumptions. Whilst at present we do not believe climate change to be material driver for mortality and longevity risk in the medium term, we continue to keep this under review. The UK has experienced elevated levels of inflation in recent years, but this has returned closer to the Bank of England's inflation target. Inflationary pressure impacts the level of our expense base and there is an additional risk that complying with new regulatory requirements increases costs. We have carefully evaluated the impact of expected price and salary inflation in our pricing and reserving assumptions and will continue to pro-actively monitor on an ongoing basis. Changes in capital standards, both in the UK and elsewhere, could impact our reported solvency position and our dividend and capital return policy. Post-Brexit, the UK is reforming its capital regime to move from Solvency II to Solvency UK. The key changes are designed to enable annuity product providers to invest more broadly to diversify risk and support investment in the UK economy. We have developed our risk framework to meet or exceed regulatory expectations on subjects such as funded reinsurance, Matching Adjustment and liquidity risk management and reporting. The Bermuda Monetary Authority ("BMA") revised its capital regime for life insurers during 2023, with changes effective from March 2024 and reflected in our results. The Insurance Capital Standards (ICS), a global minimum standard capital for Internationally Active Insurance Groups ("IAIGs"), was adopted by the International Association of Insurance Supervisor (IAIS) in December 2024. L&G Group, designated an IAIG by the PRA, has actively participated in consultations on the standard. If Solvency UK is considered as strong as the ICS, it may be used for ICS compliance and therefore would result in little impact on L&G Group. We will continue to engage with both the PRA and the IAIS during this period. New UK rules implementing both a global minimum tax regime and a UK domestic minimum tax regime at 15% applied from 1 January 2024 to all of the Group's businesses globally with work underway to ensure compliance and to engage with regulators as implementation and guidance on the new regimes develops. Bermuda has introduced a corporate income tax regime from 1 January 2025 and there is ongoing consultation on the implementation of the new regime.

Risks and uncertainties	Risk management	Outlook
Failure to effectively implement regulatory and legislative changes applying to the financial services sector in a timely manner could lead to regulatory censure, reputational damage, and deteriorating customer and client outcomes. 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, conduct risk, climate 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. This could lead to a loss of customer and client trust and result in regulatory sanctions including potentially significant monetary penalties.	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 actively engage with regulatory bodies to ensure we maintain high standards of business and deliver for our customers and clients. In 2023 we successfully implemented the Consumer Duty for open products, and our work on legacy products is also now complete. We have also made strong progress on our implementation of the UK's Operational Resilience rules which are due to come into force in March 2025. We seek to influence the direction of travel on various regulatory policy themes at the government and regulator level for the benefit of our customers and other stakeholders.	The volume and burden of regulatory change remains high across the sectors we operate in. We analyse, interpret and implement all relevant financial services legislation and regulation impacting our business units ensuring appropriate levels of governance and assurance. Key forthcoming developments in our risk areas include: **Operational risk:** Work is underway to comply with the UK's new operational resilience rules by 31 March 2025 and similar rules in other jurisdictions. **Conduct risk:** The FCA has committed to consulting on rules to better support consumers in retail investments and pensions in H1 2025. The FCA and Government have also committed to developing a new UK retail disclosure regime, the Consumer Composite Investment regime. In early 2025, the FCA will launch a Market Study into the distribution of pure protection products. New rules on diversity and inclusion in financial services are expected, likely leading to increased data collection, disclosure and reporting requirements. We maintain a focus on minimising the risks of financial crime for our customers and clients and on our financial results. **Climate risk:** there continue to be a variety of moving pieces in the development of climate regulation at the UK, the US and EU level. We anticipate more focus on scenario testing and scrutiny on sustainability claims following the FCA's new anti-greenwashing rule and Sustainability Disclosure Regulations effective from 31 May 2024. We continue to await the outcome of developments on the UK Green Taxonomy and are preparing for the implementation of International Sustainability Standards Board (ISSB) disclosure standards from 2026. Requirements relating to Nature continue to evolve rapidly. **Health and Safety:** we have enhanced our governance processes and developed a 3-year strategy focusing on culture, quality, consistency, technology, and keeping pace with change. Initial registration requirements for UK's new Buildings Safety Act were met and we are working to ensure we meet all the Act's requirements. Our overall Health & Safety risk exposure is expected to decrease materially following the sale of CALA Group (Cala). **Strategic risk:** we continue to follow and engage closely with the new UK Government on the reforms being proposed as part of the Pensions Investment Review and related initiatives. We were the first major pension provider to successfully pass integration testing with the Pension Dashboard Programme ahead of connections starting in April 2025.
New entrants and/or new technology may disrupt the markets in which we operate. There is already strong competition in our markets, and although we have had considerable past success at building scale to offer low-cost products, we recognise that markets remain attractive to new entrants. We are also cognisant of competitors who may have lower return on capital requirements or be unconstrained by Solvency II and/or Solvency UK. The continued evolution of AI has the potential to be a significant disrupting force across our businesses, for example by enabling new entrants to compete with potentially lower costs, and more efficient processes. The technology itself could have an impact on asset valuations, and on our liabilities including through its impact on life sciences and health care systems effectiveness.	We continuously monitor the factors that may impact the markets in which we operate. We have responded to the rapid advancement and accessibility of generative AI capabilities from third parties by launching a central AI Accelerator programme. This initiative brings together colleagues across the Group to shape and incubate our generative AI approaches, raise awareness and educate our business, and deliver a secure environment for internal test and learn use cases. Our regulatory developments team keeps a close watch on the AI landscape across all our jurisdictions. We have been actively engaged in numerous consultations in relation to AI and generative AI.	We observe a continued acceleration of a number of trends, including greater consumer engagement in digital business models and on-line servicing tools. In the current operating environment, businesses like ours have transformed working practices, and we anticipate further investment in automation, using robotics and machine learning to enhance business efficiency. We are deepening our understanding of the impacts of generative and traditional AI on our businesses and in the wider sector. Our businesses are also well positioned for changes in the competitive landscape that may arise from pensions-related changes. We welcome innovation in the market, such as the proposed roll out of defined benefit 'superfund' consolidation schemes, as long as the security of members' benefits is prioritised. We may see alternative de-risking offerings coming to the market targeting a similar segment to superfunds, for instance for DB schemes with funding levels of around 90%. The pension dashboards initiative will also be a positive development. We are well positioned for connecting having

Risks and Uncertainties	Risk management	Outlook
		passed integration testing. On the 'collective' defined contribution reform, while we have seen limited demand for this to date, it may hold the potential to disrupt both the workplace and retirement income market.
A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage. 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.	Our risk governance model seeks to ensure that business management are actively engaged in maintaining an appropriate control environment, supported by risk functions led by the Chief Risk Officer, with independent assurance from Group Internal Audit. We continue to evolve our risk management approach for change, IT, security, operational resilience and data access and privacy. Whilst we seek to maintain a control environment commensurate with our risk profile, we recognise that residual risk will always remain across the spectrum of our business operations and we aim to develop response plans so that when adverse events occur, appropriate actions are deployed.	We continue to remain alert to evolving operational risks and invest in our system capabilities, including those for the management of cyber risks, to ensure that our important business processes are resilient. We also remain cognisant of the risks as we implement a new global operating model and IT platform for Asset Management and have structured the migration in phases to minimise change risks.
The successful delivery of our strategy is dependent on the ability to attract and retain talent with the right skills and capabilities. The Group aims to recruit, develop and retain high quality individuals. We are inherently exposed to the risk that key personnel or teams and their associated expertise may leave the Group, with an adverse effect on the Group's 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.	We seek to ensure that key personnel dependencies do not arise, through employee training and development programmes, remuneration strategies and succession planning. 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 engage and develop capabilities, with new technologies and tools to support globalisation, increase productivity and provide an exceptional employee experience.	Competition for talent remains strong with skills in areas such as investment management and data particularly sought after across many business sectors, including those in which we operate. We also recognise the risks posed by the outlook for inflation in salary expectations across the wider employment market, and internally we have taken steps to help our employees through direct financial support and by providing advice and resources to help them manage their financial well-being. The recent increase in employer National Insurance contributions and the reduction in contribution threshold may impact operational costs. We remain committed to attracting and retaining top talent by continuously adapting our strategies to the evolving market conditions

Notes

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

A presentation to analysts and investors will take place at 10:00am UK time today at One Coleman Street, London, EC2R 5AA. There will also be a live webcast of the presentation that can be accessed at https://group.legalandgeneral.com/en/investors.

A replay of the presentation will be made available on this website by 13 March 2025.

Financial Calendar	Date
Ex-dividend date (2024 final dividend)	24 April 2025
Record date	25 April 2025
Annual General meeting	22 May 2025
Dividend payment date	5 June 2025
2025 interim results announcement	6 August 2025
Ex-dividend date (2025 interim dividend)	21 August 2025
Record date	22 August 2025
Dividend payment date	26 September 2025

Definitions

Definitions are included in the Glossary in L&G Full Year Results 2024 Part 2.

Forward-looking statements

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

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

The information, statements and opinions contained in this release 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

Annual Report and Accounts contains climate and ESG disclosures which use a large number of judgments, assumptions and estimates in connection with involved 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.

In addition, the Group's climate risk analysis and net zero 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. The information, statements and opinions contained in the 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.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position in the current economic environment are set out in the Annual Report & Accounts. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group Results. Principal risks and uncertainties are detailed on pages 18 to 26.

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

The Group manages and monitors its capital and liquidity, and applies various stresses, including adverse inflation and interest rate scenarios, to those positions to understand potential impacts from market downturns. Our key sensitivities and the impacts on our capital position from a range of stresses are disclosed in section 5.01 of the Capital section of the Full year results in this 2024 Preliminary Management Report. These stresses do not give rise to any material uncertainties over the ability of the Group to continue as a going concern. Based upon the available information, the directors consider that the Group has the plans and resources to manage its business risks successfully and that it remains financially strong and well diversified.

Having reassessed the principal risks and uncertainties (both financial and operational) in light of the current economic environment, as detailed on pages 18 to 26, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

Directors' responsibility statement

We confirm to the best of our knowledge that:

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

  https://group.legalandgeneral.com/en/about-us/our-management/group-board

By order of the Board

António Pedro dos Santos Simões	**Stuart Jeffrey Davies**
Group Chief Executive Officer	Group Chief Financial Officer
11 March 2025	11 March 2025

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[1]. The Group uses a number of Alternative Performance Measures to enhance understanding of the Group's performance, defined on pages 80-82.

[2]. IFRS Profit before tax see Note 2.01

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

[4]. £1.35bn reflects Cala enterprise value and £1.8bn reflects sale of US protection and US PRT partnership with Meiji Yasuda expected to complete at the end of 2025.

[5]. This equates to c. 1bn on FX rate as at 5 March 2025

[6]. Market Cap. at 1 Jan 2025 = £13.542bn

[7]. 10 year gilts

[8]. As we experienced in 2023, the positive movement in the CSM from longevity releases, which will be released into the P&L over time, is offset by an adverse day-one impact on P&L through investment variances. This is purely an accounting mismatch.

[9]. See glossary for more information.

[10]. As previously disclosed, we will include the anticipated accelerated capital generation of the Magnet transaction in the performance against this target

[11]. Total AUM ex JV, Associates and Other

[12]. Including 100% Pemberton fee-earning AUM

[13]. Market Cap. at 1 Jan 2025 = £13.542bn

[14]. Calculated as a percentage of premium net of funded reinsurance. Includes transacted annuity book optimisation from Direct Investment capacity enabled by gilts-based investment strategies and removes timing constraints on reinsurance imposed by IFRS17.

[15]. PDI Awards 2024: Europe winners

[16]. Excludes JV, associates and other AUM

[17]. Includes Workplace DC and Retail Savings net flows

[18]. Ranked seventh by AUM, Japanese industry publication (Pension News) January 2025

[19]. Including 100% Pemberton fee-earning AUM

[20]. Private Credit AUM includes 100% of assets managed by Pemberton

[21]. ABI Q3 2024 Report - YTD Q3 Lifetime Annuities only.

[22]. ABI Q3 2024 Report.

[23]. This excludes Annuity portfolio assets.