

# Chief Executive's Review

**David Hynam** Chief Executive Officer (CEO)



2025 was a year of meaningful outcomes, grounded in our focused strategy, resulting in a return in value of £100 million to eligible members.

We stayed true to our strategy and progressed on the priorities that matter to members – quicker and more efficient access to our products, services and advice, disciplined cost management and excellent service. This advancement was only possible because of the commitment of our colleagues who supported members and customers, improved our services and contributed to our communities. Their dedication strengthens our ability to deliver great outcomes.

Our diversified portfolio remains a cornerstone of stability. Despite challenges in our annuity and pensions trading, reflecting an increasingly competitive market, our strategy continues to protect overall performance and the value we return to members.

## Financial and business highlights

Our Capital Coverage Ratio of 202% shows that we are continuing to operate from a position of underlying financial strength. We also maintained a strong Solvency II capital surplus of £370 million, further reinforcing our ability to support members for the long term.

Operating capital generation of £48 million confirms sustainable value creation, with the main contribution coming from actions we took to strengthen the capital position. It funds investment in the business and is an important metric to ensure we return good value to our members.

Operating efficiency remained disciplined. Operating expenses of £248 million reflect tight cost control amid inflation, paired with targeted business investment in technology that is making us easier to do business with.

## Our products – delivering for more members

Our core propositions continue to deliver for customers.

Protection sales remained strong at £430 million, an increase of 8% year-on-year, reflecting that our products are meeting the needs of even more consumers. Our commitment to fair outcomes was recognised by the Protection Distributors Group (PDG): acknowledged with Claims Charter status.

Equity Release sales nearly doubled year-on-year to £181 million, helping more customers unlock options in retirement through our lifetime mortgage options.

We saw strong fund performance across our Smoothed Managed Fund range, including a 9.7% smoothed return on the Balanced Fund, and a 14% return on our main With-Profits Fund – reinforcing our long-term investment approach that prioritises stability and builds confidence. We also celebrated 20 years since the launch of our smoothed investment product.

We introduced enhancements to our Fixed Term Annuity; launching the UK's first with-profits Fixed Term Annuity to offer members a share in business success – making all new customers eligible for a mutual bonus after the first 12 months.

Our continued momentum was recognised during the year. We were awarded Mutual Insurer Investment Strategy of the Year, at the Insurance Investor European Awards, and Moneyfacts' Best Income Protection Provider for the 16th consecutive year

## Simpler journeys, stronger support, better experiences

We simplified journeys and removed complexity so that members, customers and advisers can reach us faster, transact more easily and receive payments sooner. Continued investments in self-serve portals, web chat and call services are further improving access to our products and support in the moments that matter. LV= Platform Services for advisers continues to deliver an intuitive digital experience, enhancing adviser access to our Smoothed Managed Fund range for their clients.

In 2025, customers recognised our Customer Service teams and rated LV= excellent according to net promoter scores. It is my long-held view that a positive and inclusive workplace culture supports a high standard of service, so I am proud that our employee net promoter score continues to surpass industry benchmarks. The strength of our culture is further evidenced by our 2025 Engage Organisational Culture award and our ongoing inclusion in the Financial Times' UK Best Employers list.

Reflecting our mutual values in action, we continue to offer members support through our cost-of-living hub and financial crime information. Our payment break option remains in place to help financially vulnerable members keep essential protection cover in place. We paid £151 million in individual protection claims, with a consistent payout of 95% – further proof that our promise holds when it matters most for members and their families.

We also strengthened our approach to sustainability. Our latest Sustainability Report sets out the meaningful progress we've made both in reducing our environmental impact and in reinforcing the responsibilities that come with being a long-standing mutual. Although our ambitions continue to advance, we are proud of the steps taken in 2025 and confident that our direction of travel is the right one.

## Outlook

As we look ahead, our focus remains on building momentum with clarity and purpose. The progress we've made – financially, operationally and culturally – reflects a business that is growing stronger by working together and staying true to what matters to our members. I am grateful for the commitment of colleagues across LV= and I am confident in the path we are taking as we continue to improve and deliver for our members.



## LV= is award-winning

- Named one of the UK's best employers by the Financial Times
- Recognised as one of the UK's top pension providers by The Telegraph
- Award-winning investment strategy

## Financial strength

Solvency II capital surplus of  
**£370**  
million

Capital Coverage Ratio of  
**202%**



**Sustainable value creation** – Operating capital generation of **£48 million**



**Increased year-on-year sales** across Protection, Equity Release and Smoothed Managed Funds



**New highs in market share**  
Protection 8.4%  
Equity Release 6.9%

Customers rated our service as **excellent**

