

# LV= Analyst Presentation

## Full Year 2025 Results

March 2026



# Key results highlights



**1** Continued to build upon our **focused product offering**, achieving a record market share in Equity Release and Protection

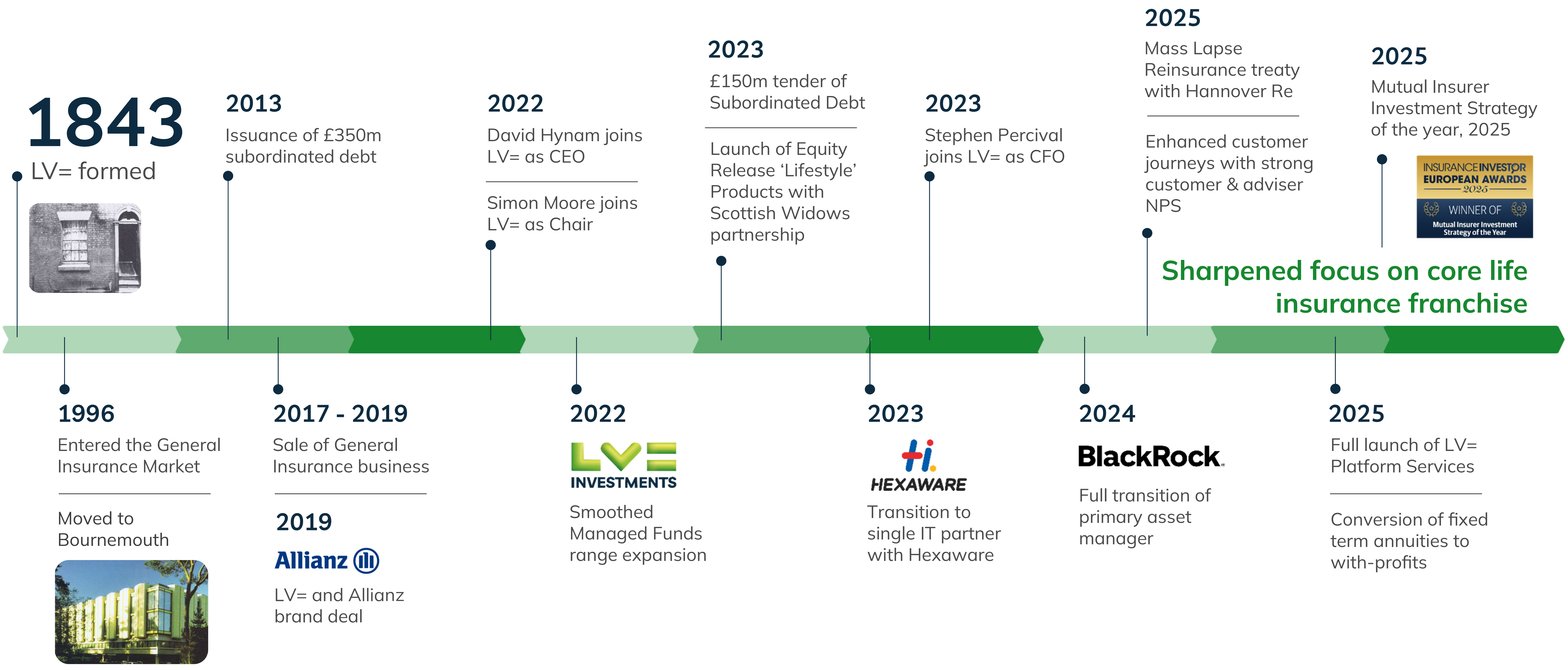
**2** Enhanced our **capital strength**, providing improved resilience for our members and investors

**3** Delivered **strong capital generation** through continued expense discipline and management initiatives

**4** Maintained a **conservative balance sheet** while providing attractive investment returns to members

**5** Simplified our **member bonuses going forward** through the final distribution of General Insurance sale proceeds

# Our recent activity

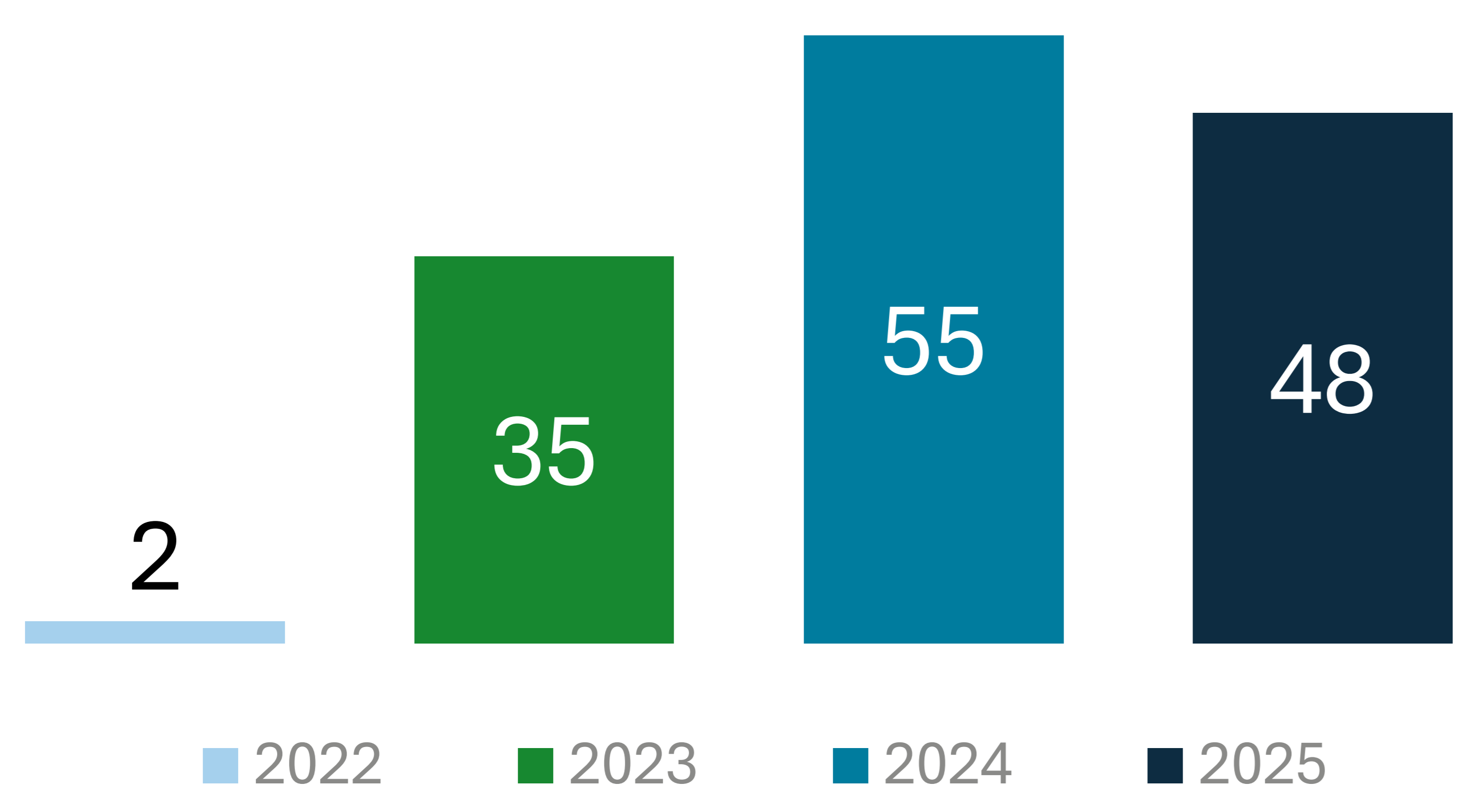


# Key financial highlights

2025 financial highlights shows strong performance and financial strength

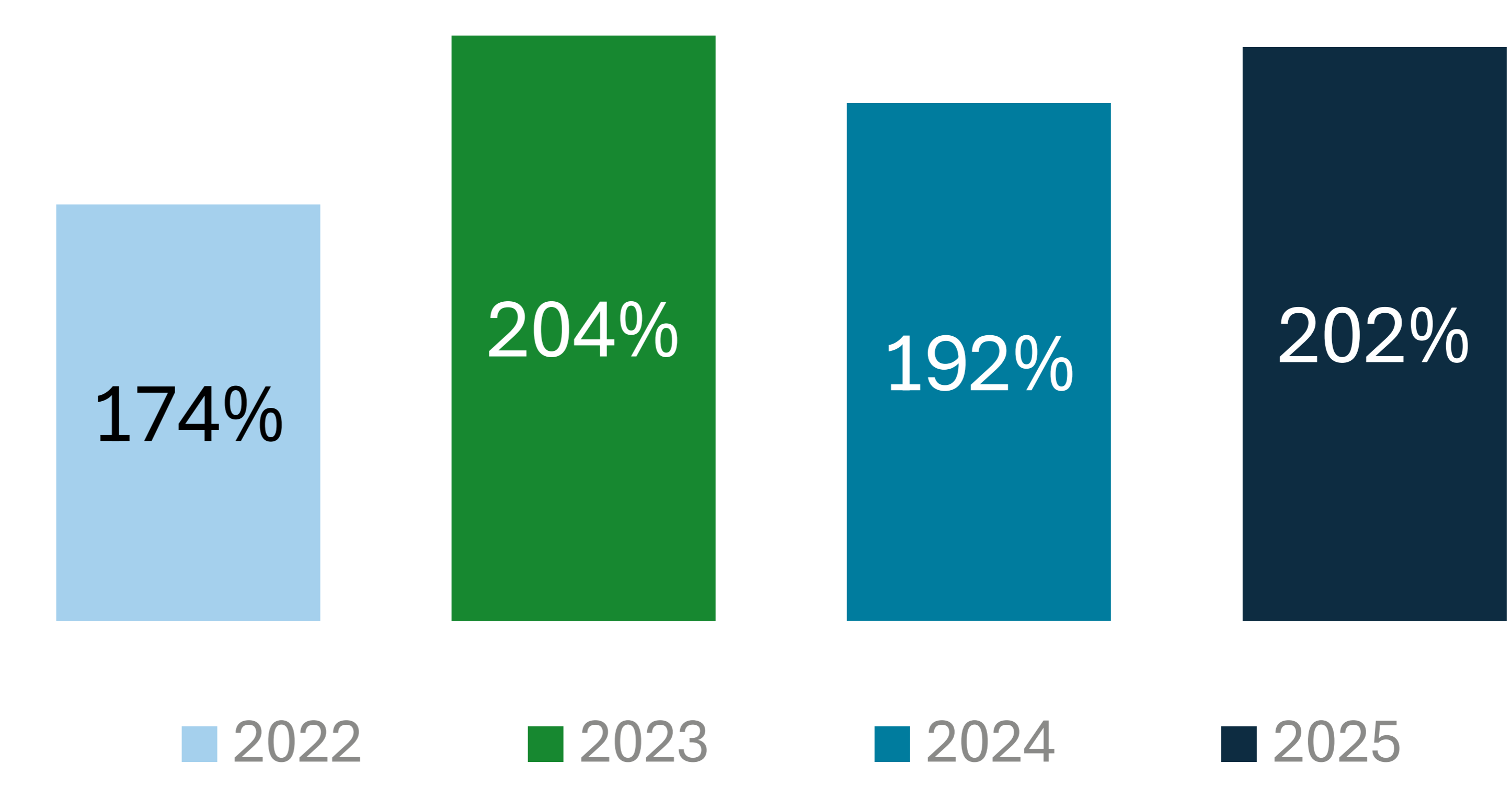
## Operating Capital Generation

# £48m



## Capital Coverage Ratio

# 202%



Capital Coverage Ratio presented is investor view, therefore excluding ring-fenced funds

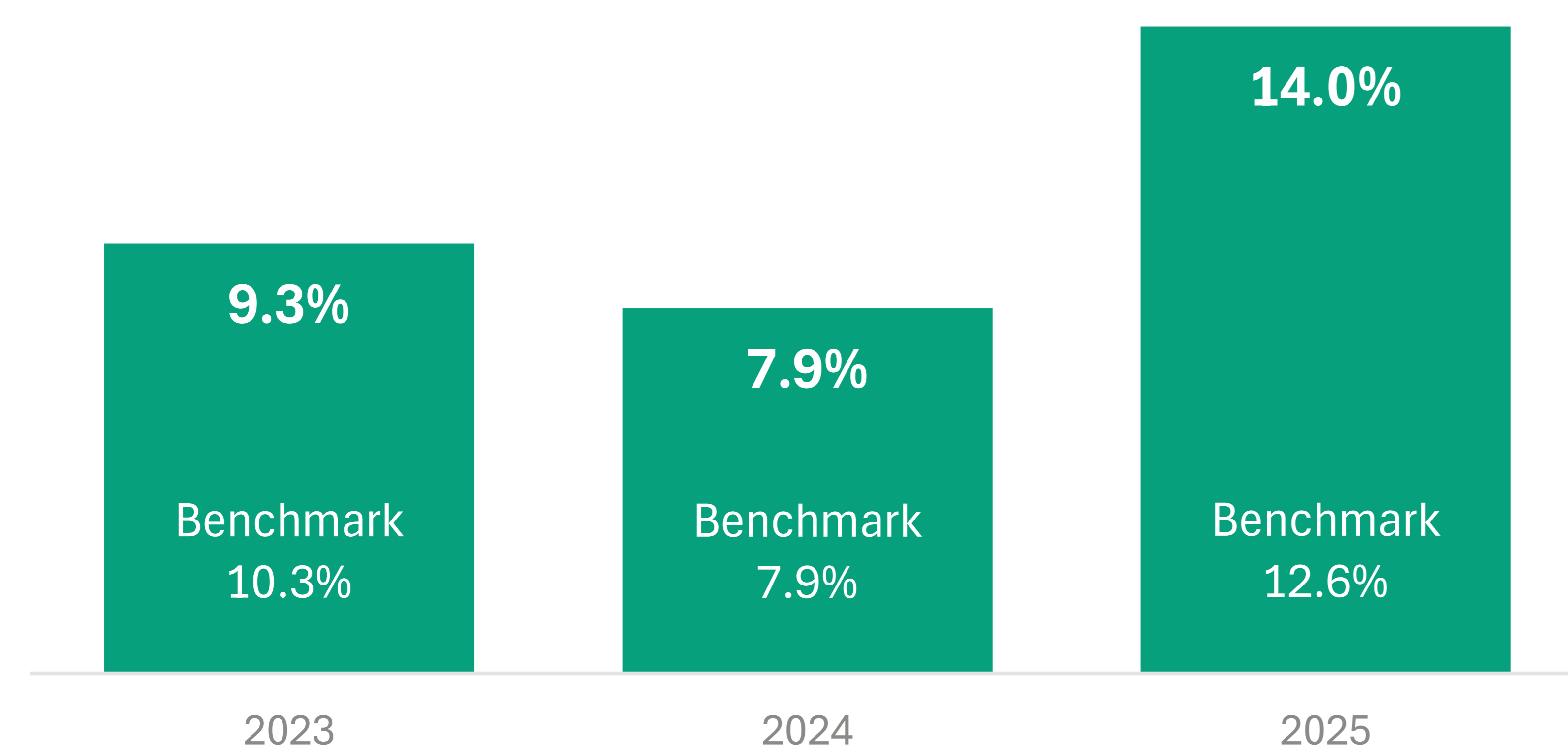
# Continuing value delivery to members

2025 financial highlights shows ongoing delivery to members

## Investment Return on Main With-Profits Fund

# 14%

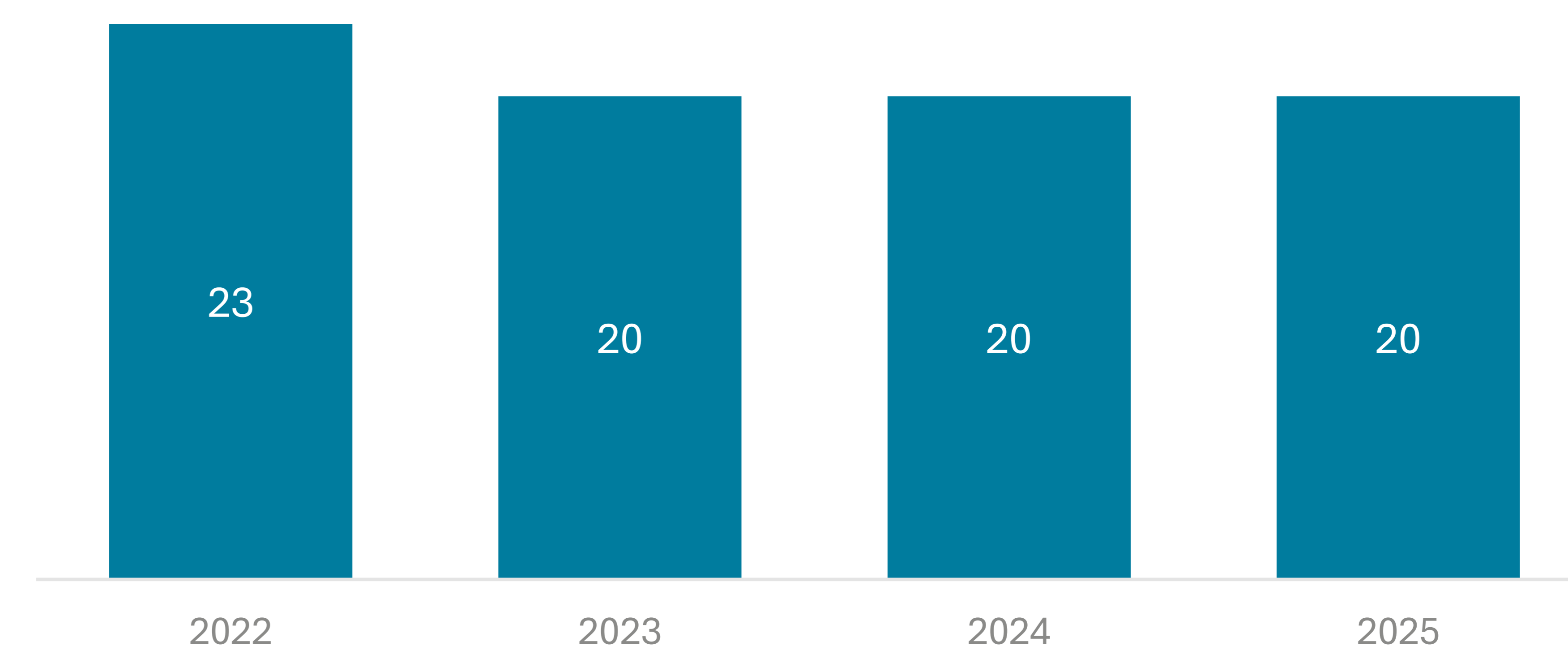
Mutual Insurance Strategy of the year award, 2025



## Mutual Bonuses, £m

# £20m

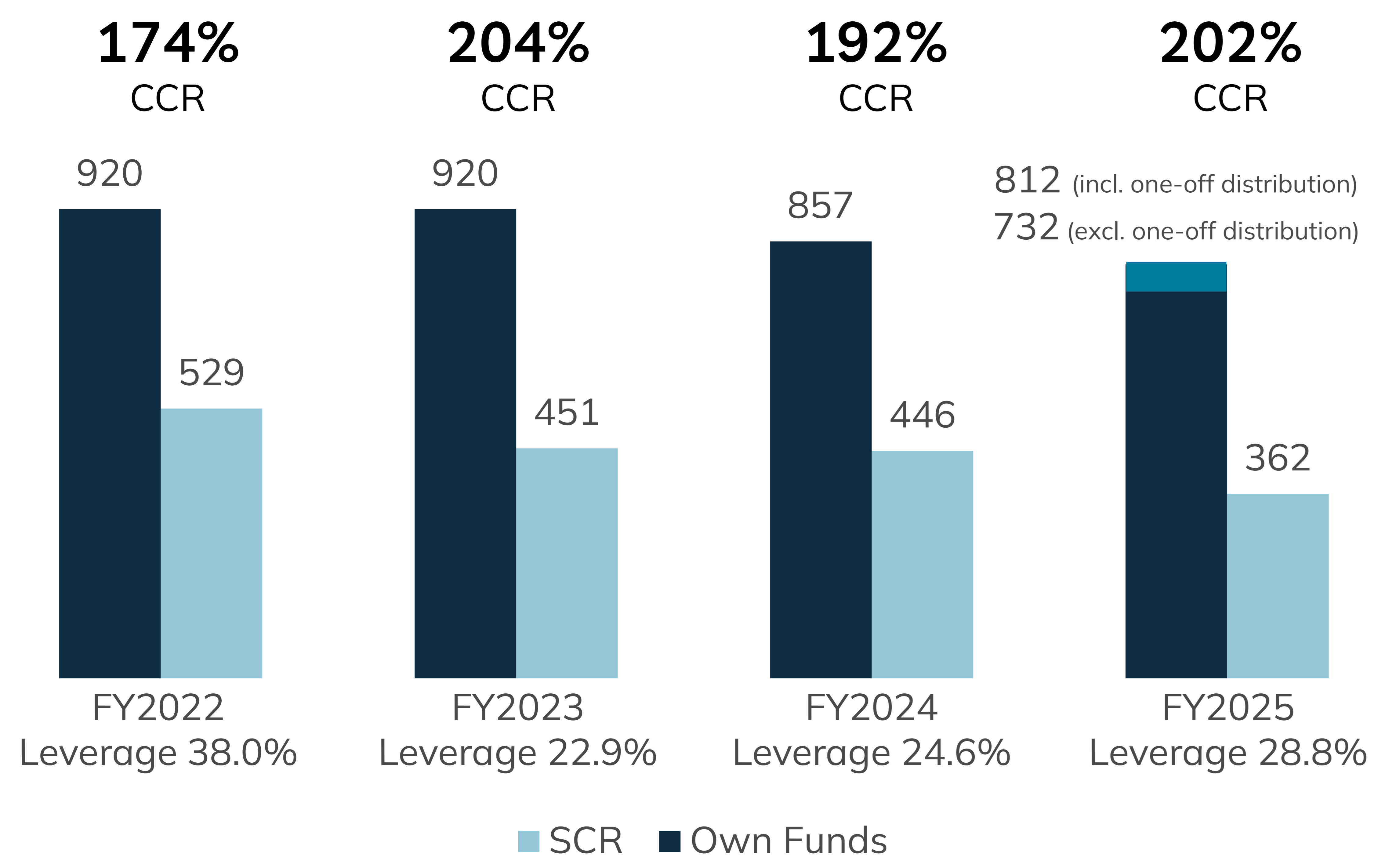
Final distribution of General Insurance sale proceeds of £80m also declared in 2025, resulting in total profit-related bonuses of £100m



# Robust financial strength and high capital quality with modest financial leverage

## Own Funds & Solvency Capital Requirement (SCR)

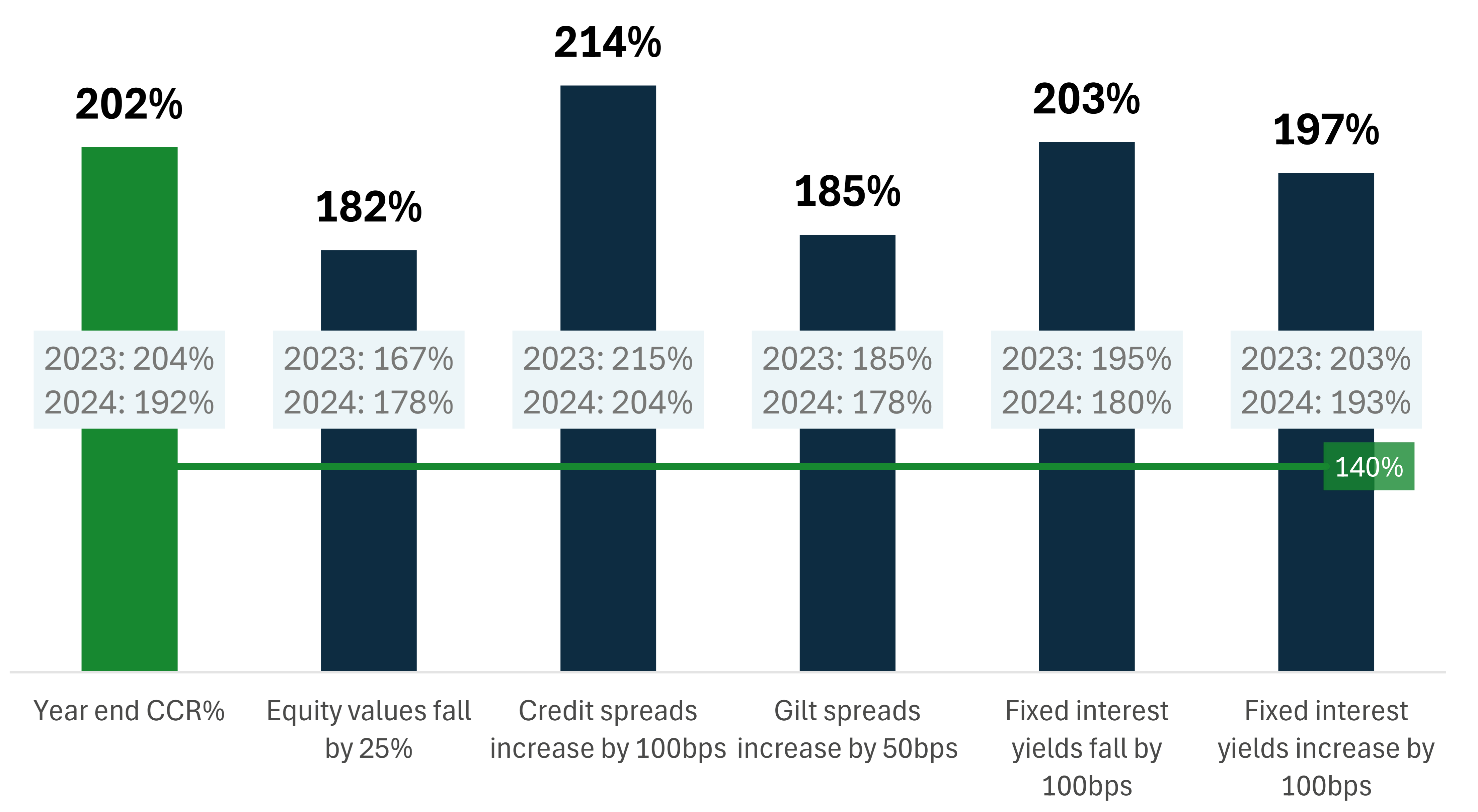
Capital Coverage Ratio (CCR) risk appetite 140%



SCR is post-diversified on an investor basis meaning ring-fenced funds are not included. Leverage is calculated as debt % of own funds, relative to eligible own funds. Own Funds includes a £21m restriction applied to the outstanding Tier 2 note due to regulatory limits (FY24: £0m).

## Capital Sensitivities

Year-end 2025 compared to 2023 and 2024

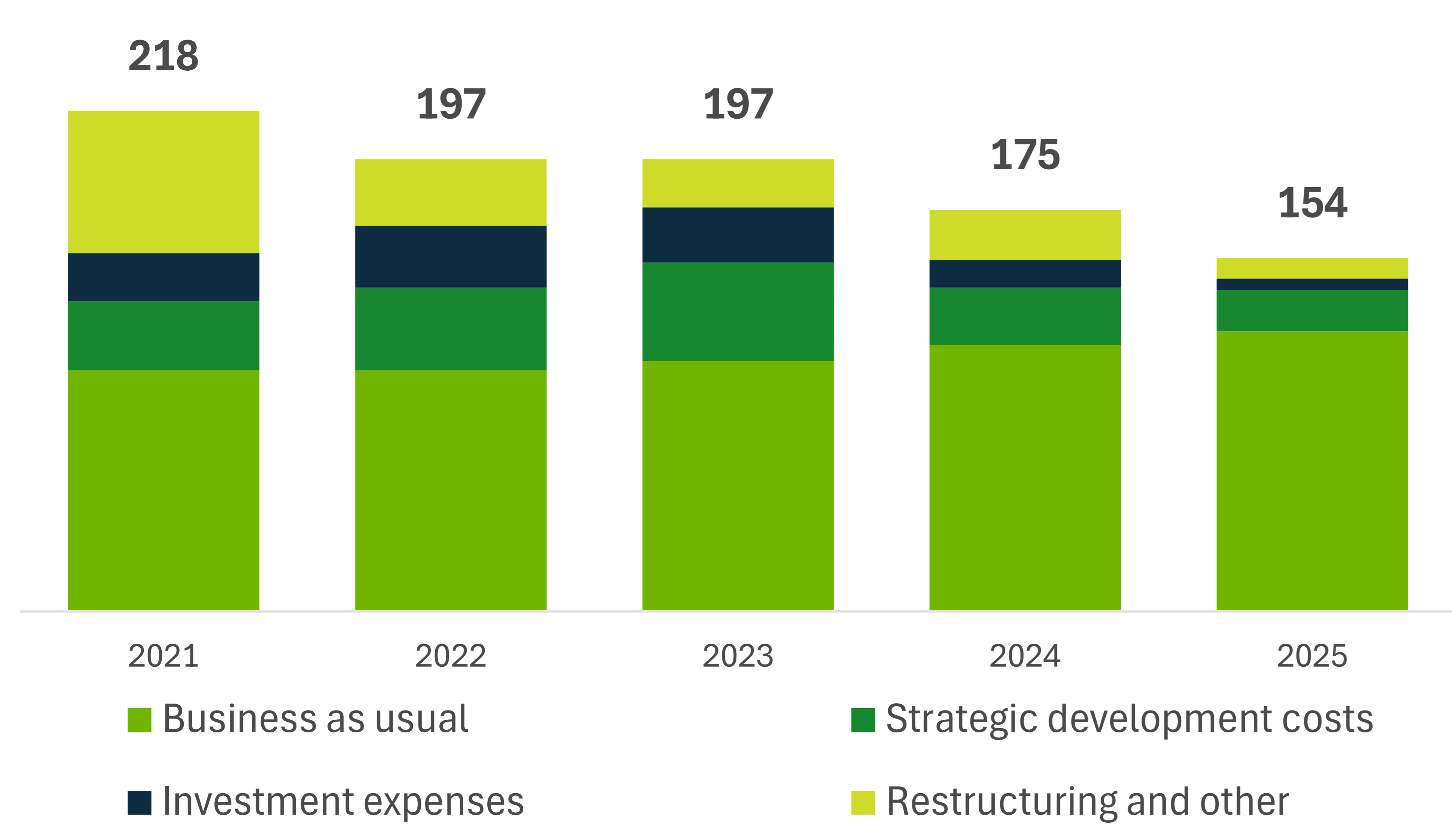


Solvency sensitivities are presented in this slide on a group investor basis.

# Accelerating capital generation, through reducing expenses with a focus on improved efficiency and leveraging strategic partnerships

## Track record of expense discipline

Expenses 2021 – 2025, £m



Expenses are exclusive of Commission paid on acquisition of business

## Focus on capital efficient new business

Present Value of New Business Premiums 2023 – 2025, £m



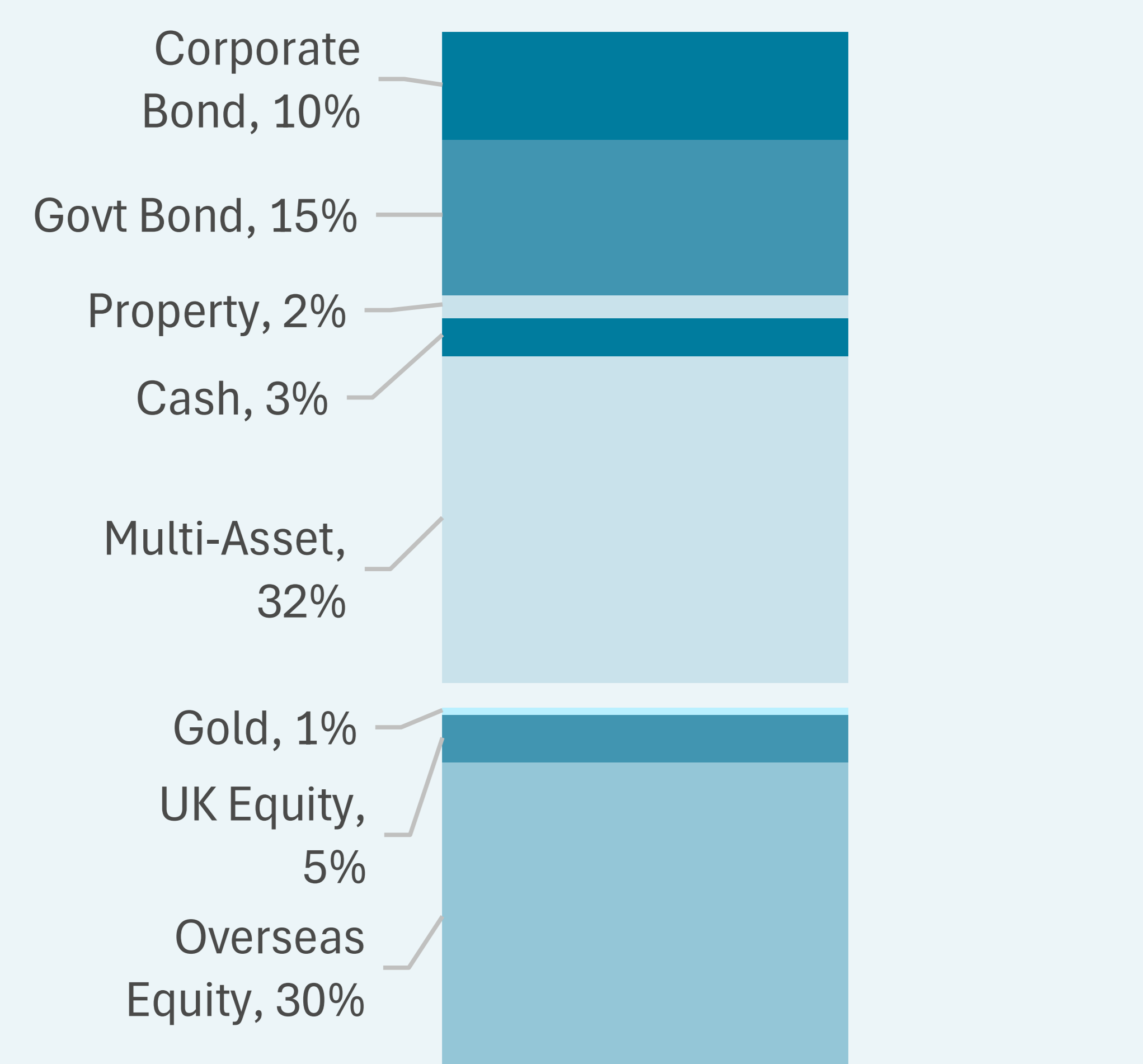
**Record market share**    Protection 8.4%    Equity Release 6.9%

# Strategic partnerships



# Conservative investment exposure, with a target average credit rating of 'A'

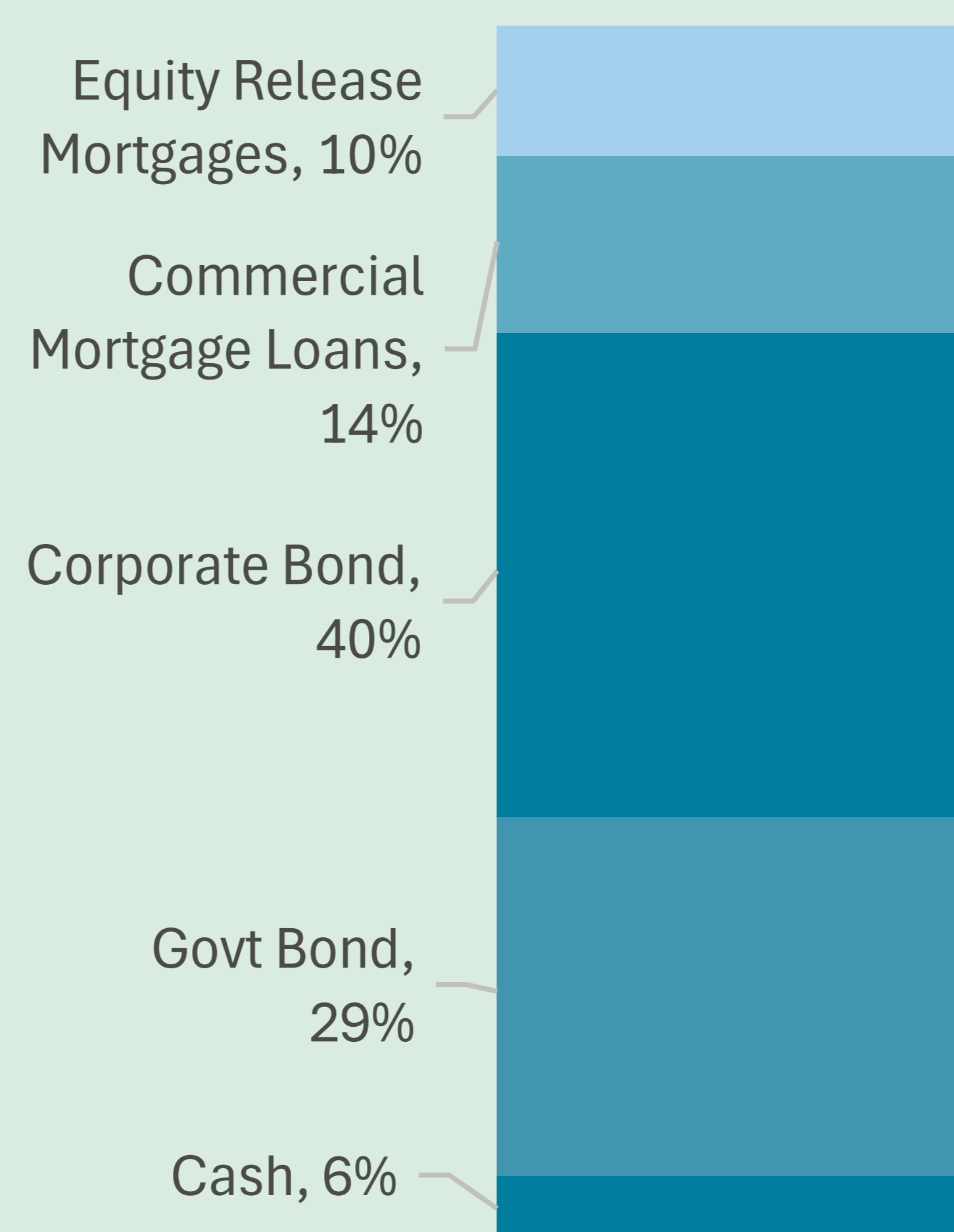
LV= holds total assets of over £10bn, split between policyholder assets and non-policyholder assets, with no current exposure to private credit



Policyholder Assets

Customer assets of £7bn reflect strategic asset allocation | Policyholder exposure

Policyholder assets include investments where customers see market movements directly impact their fund values



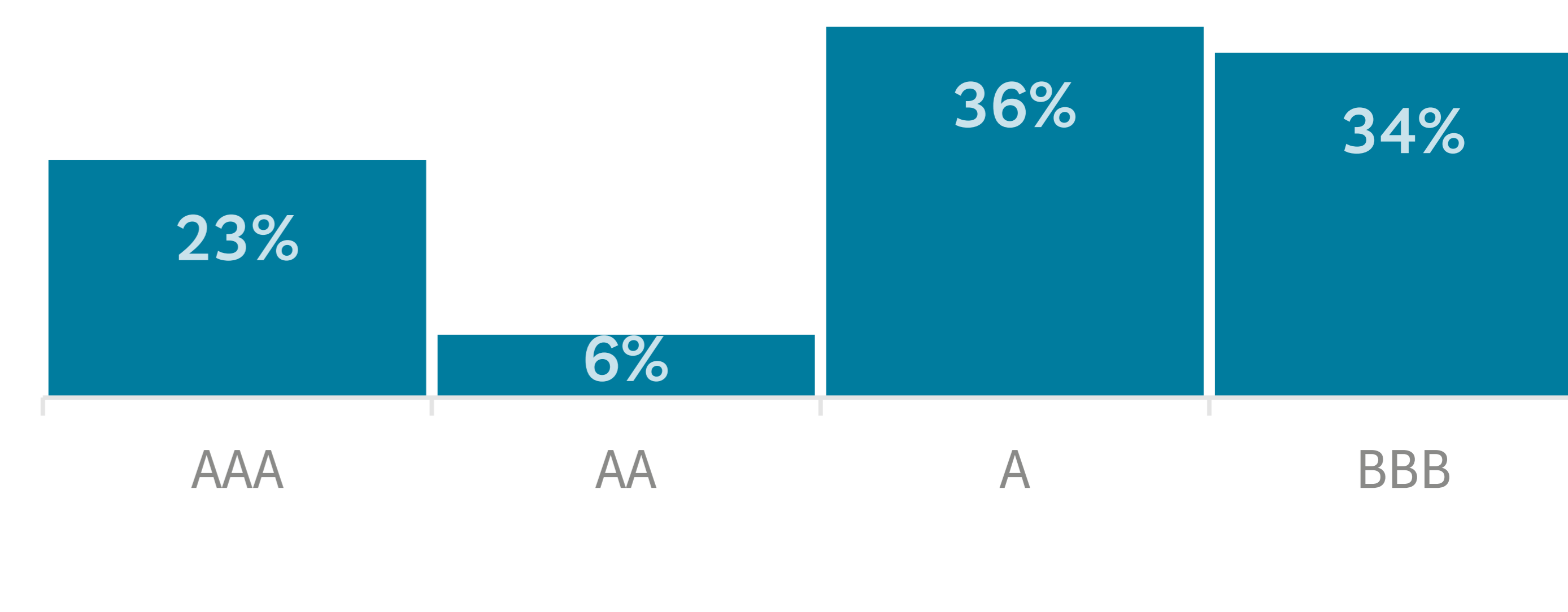
Non-Policyholder Assets

Low risk appetite for £3bn non-policyholder assets | LV= exposure

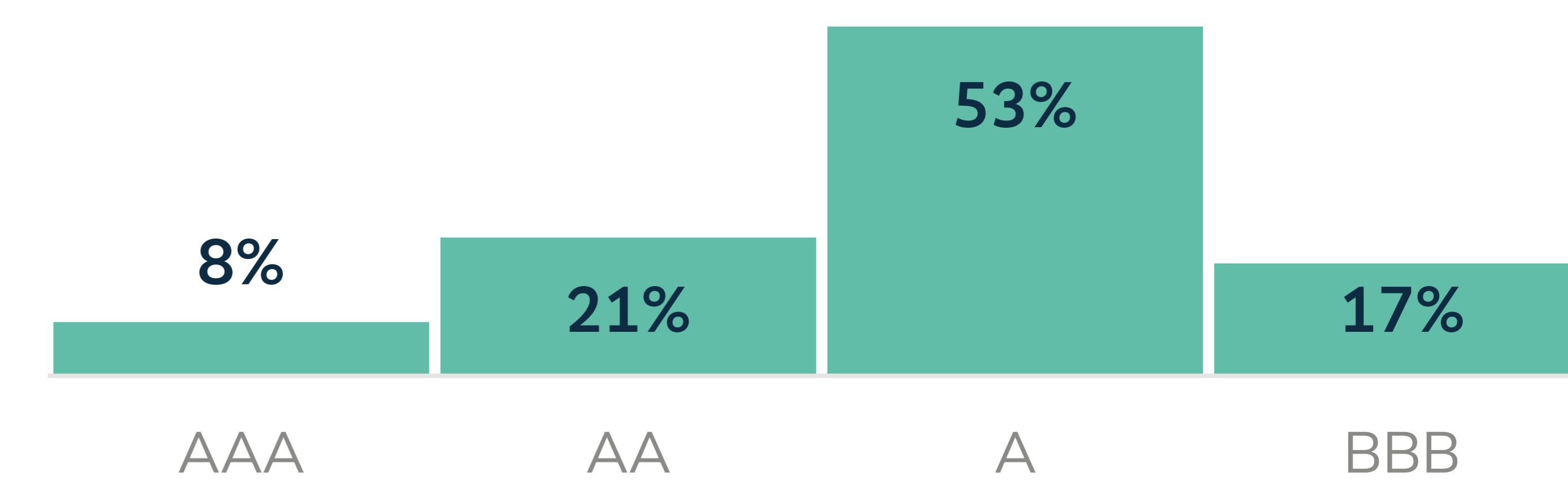
Non-Policyholder assets include investments made with surplus assets in the Estate and low risk portfolios backing annuity policies

LV= target an average credit rating of 'A' | LV= exposure

### Commercial Mortgage Loans Ratings



### Non-Policyholder Corporate Bonds Ratings



## Standard & Poor's | 2025

- ✓ Following the publication of S&P's 2025 LVFS outlook update, the outlook has been revised to positive.
- ✓ The positive outlook indicates a potential rating upgrade over the next two years (from August 2025) if LVFS continues to **sustain current levels of operating performance, leading to fixed-charge coverage remaining at or above 4x, while maintaining a clear excess of capital at the 99.99% confidence level.**



A rating upgrade of LVFS from 'BBB' to 'BBB+' would return LVFS' subordinated debt to investment grade.

## Key S&P Financial Metrics

LV= TAC (Total Adjusted Capital) for FY 2025 contains **diversified redundancy at the 99.99%** confidence level.

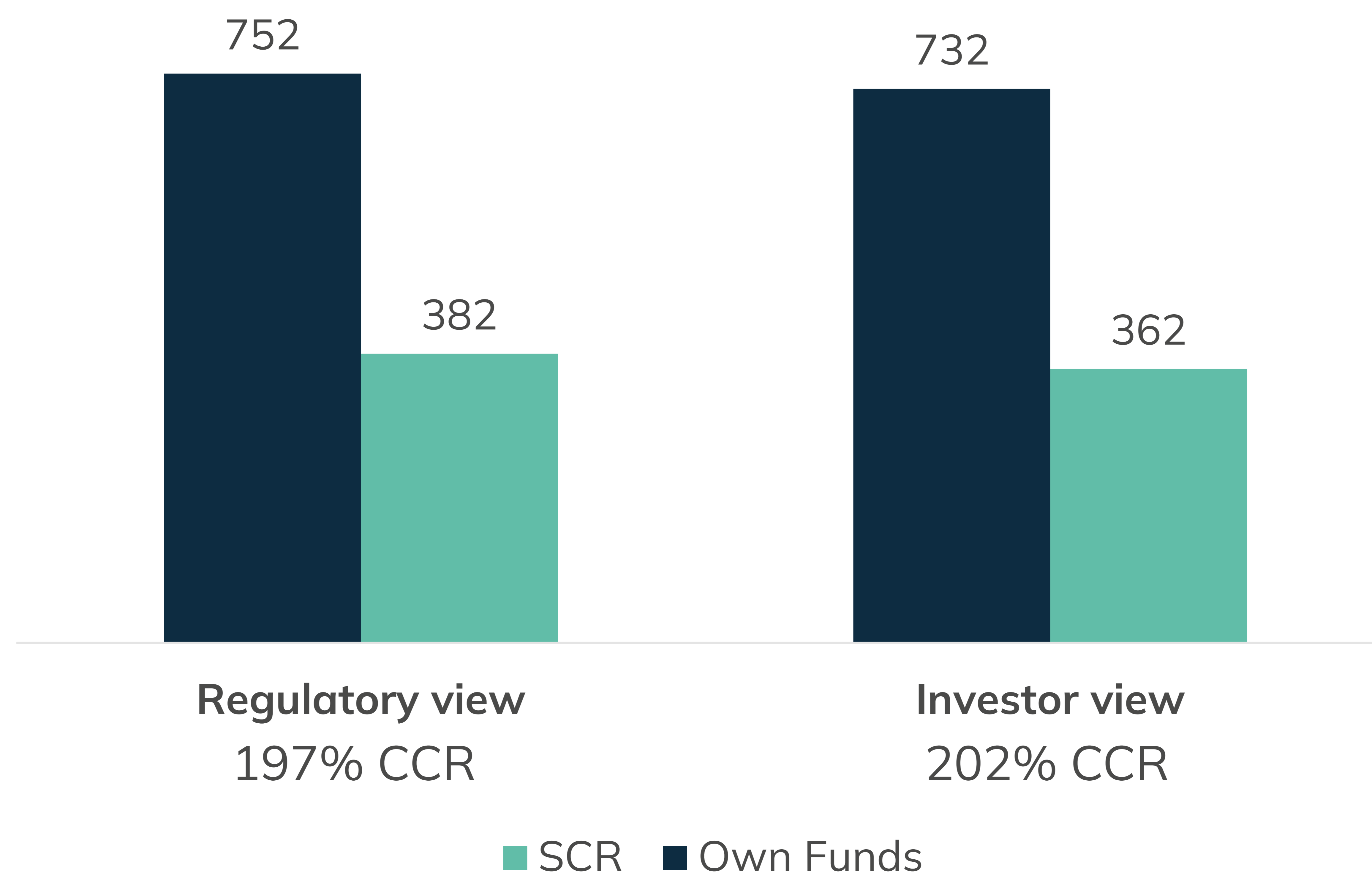
Adjusted Fixed-charge coverage is calculated **as above 4x for 2023, 2024 and 2025.** This is primarily driven by 9.44% interest on a £200m nominal of Tier 2 subordinated debt.

LV= Operating Capital Generation on a Solvency II basis for 2023 was £35m, £55m for 2024 and £48m for 2025.

# Appendix | Comparison of Investor solvency view to Regulatory solvency view

## 2025 Own Funds & Solvency Capital Requirement (SCR)

Capital Coverage Ratio (CCR) risk appetite 140%



“Investor view” excludes the ring-fenced funds entirely. The “Regulatory view” includes ring-fenced funds, but their surplus is excluded from the Group’s surplus.

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