Annual Report

For the year ended 31 December 2024

2024
Financial Highlights

£43m
operating profit generation

£55m
operating capital generation

£51m
profit before tax

£411m
Solvency II capital surplus

4%
reduction in operating expenses

Capital Coverage Ratio of
192%

£29m
profit-related bonuses shared with 280,000 eligible members

4%
increase in sales on a Present Value of New Business Premiums basis to £1,229m

7.9%
main With-Profits Fund return

Smoothed Managed Fund range
12.5%
return on the Balanced Fund

We have tried to use plain English throughout this document to make it as understandable as possible for all our stakeholders. However, some of the information in the Annual Report is quite technical and it has been necessary to use terminology or performance measures which are not commonly understood. To assist the reader a glossary is provided on page 72 and explanations as to why we use certain non-standard performance measures is provided on pages 19 and 73.

Moments from our year

Signatory of the Business in the Community
Race at Work Charter

Carbon Neutral +
accreditation maintained for operational greenhouse gas emissions

Colleague engagement score increased to
+38

£100,000
donated to charity

Customer satisfaction net promotor score increased to
+51

43%
target achieved for female representation across senior leadership roles

£136m
paid to personal protection policyholders

95%
of all personal protection claims settled

A bit about us and what we do

Our purpose is to help individuals and families **live financially confident lives.**

We're a leading UK life and pensions mutual insurer with a proud history that dates back to 1843. Everything we do is to help our members and customers live financially confident lives by helping them to protect their income while they are working and maximise it when they stop.

Over a million members and customers trust us to look after their futures, families and finances and we put them at the heart of LV=. As an investment, protection, retirement and in-house advice specialist, we offer a range of products and services so our members are able to plan for a financially confident future.

We work with a wide range of financial advisers and it is through them that the majority of customers will buy our products and services. Good advice ensures better financial outcomes. It can help people feel more informed, confident and secure about the decisions they are making for their future. As well as our relationship with financial advisers, our in-house team provide whole of market 'at retirement' advice and direct to consumer products.

Contents

The LV= Strategic Report was approved by the Board of Directors on 26 March 2025 and signed on its behalf by

Simon Moore

Simon Moore
Chair

Chairman's Review

Simon Moore Chair

Delivering for our members

Against a backdrop of mixed economic fortunes and a changed political landscape, mutuals like LV= play a vital role by providing stability and reassurance, helping people build and maintain financial resilience. Many households continue to face uncertainty and feel the strain of prolonged challenges regarding their finances. Guided by values that have stood the test of time, our members know that LV= is there for them when it matters most.

When we succeed, our members benefit directly. Therefore, it is with great pleasure that we are distributing member bonuses of £29 million to eligible members. This brings the total shared since 2011 to £414 million reflecting our dedication to ensuring members benefit in the success of our business.

The LV= Board

The Board is dedicated to ensuring robust governance and performance, guiding LV= with a clear vision and steadfast commitment. Over the last year, we've had positive momentum in some key areas.

First, the Board actively supports LV's business plan and strategy under the strong leadership of Chief Executive, David Hynam. This has been instrumental in achieving our positive financial performance in 2024.

Board members are actively engaged with our customer experience agenda, ensuring that we continuously enhance the products and services we offer. Our focus on our members, customers and advisers led to the launch of several new initiatives that have yielded positive results, reinforcing our commitment to those we serve.

We also take a keen interest in strengthening our internal culture. We recognise the value of a strong and inclusive organisation to build a talented and diverse team and achieve the best results.

By building momentum in these and other areas, the Board is playing a proactive role in driving LV= forward and continuing to deliver exceptional value to our members.

Our role as a mutual

Being a member-owned mutual is more than just our governance model – it's the heart of our business.

We are committed to responsible stewardship, guided by a long-term vision that spans generations. By prioritising our members' needs both now and in the future, we create a stable and resilient business that delivers enduring value. The Board strongly believes in the power of mutuality to provide a meaningful alternative for consumers and exceptional value to our members that goes above and beyond the requirements of legal and regulatory obligations.

Our mutual foundation gives us a balanced perspective that empowers us to make informed, data-driven decisions. In this way, we can provide sustainable member returns. We ensure our business remains strong and dependable, offering quality products, services and advice while positively impacting the wider community.

Members are our business

As a mutual, our member-first philosophy guides everything we do. Our members have a genuine voice in our operations and we listen, value and act on feedback.

Our LV= Member Community continues to encourage members to share their views; in a recent survey, nearly two-thirds of members affirmed that our mutual values can help make our business stronger and more sustainable and we echo that sentiment across the business. Our Wealth and Wellbeing Research programme, now in its fifth year, alongside our annual financial resilience survey, helps build our understanding of how wider consumers think, feel and behave in relation to their finances.

Thank you

A sincere thank you to all LV= colleagues for their commitment and efforts in 2024. To our LV= members, thank you for your ongoing trust and your continued loyalty. We look forward to continuing to serve you with value and dedication for many years to come.

Section 172 statement

The Section 172 statement, explaining how the directors have carried out their duty to promote the success of the company for the benefit of stakeholders as a whole, can be found at the end of this Strategic Report on pages 39 to 41.

Over **one million** members and customers

As a mutual, our **member-first philosophy** guides everything we do

"The Board actively supports LV's business plan and strategy under the **strong leadership** of Chief Executive, David Hynam."

Delivered **member bonuses** of £29 million

totalling **£414 million** since 2011

Members have a voice through the **LV= Member Community**

enabling us to listen to their views and shape the **future of LV=**

Chief Executive's Review

David Hynam Chief Executive Officer (CEO)

Strategy and performance overview

For the year 2024, our positive results once again underline that our focused business strategy and strong leadership are delivering for our members, customers and advisers. Our strategic approach also points to the significant benefits of our diversified but balanced portfolio, including award-winning products, services and advice that deliver excellent value. I look forward to sharing more about our performance at our Annual General Meeting in June.

I continue to focus my senior leadership team on delivering great commercial outcomes that we can return to members and reinvest for future growth. Our commitment to our long-term business strategy is backed by strong cost discipline right across the business. These core components of our strategy not only ensure operational efficiency, but also provide a solid foundation for navigating market fluctuations. By maintaining rigorous financial control, we can deliver for our members and position the business for near-term and long-term success.

Financial and business highlights

Our business strategy continues to focus on growth and efficiency. An important metric to ensure we return good value to our members is how much operating capital is generated from our trading business. For 2024, I am pleased to share that this increased by 57% to £55 million. Present Value of New Business Premiums (PVNBP) also grew by 4% to £1,229 million. Our operating profit has remained stable at £43 million and our operating expenses reduced by 4%.

We've seen positive trends across protection and equity release sales, although sales in our Smoothed Managed Fund (SMF) range were lower than the prior year. We have also seen a strong investment performance from the SMF range, which demonstrates our ability to deliver great returns for members. We do this alongside our primary asset manager and global market leader, BlackRock.

Delivering exceptional experiences goes to the heart of our LV= values. We launched further platform services for customers and advisers and improved how we can be contacted by introducing a call back service and online webchat facility.

Our commitment to continuously improve how we work ensures that we keep exploring new ways to make it even easier to get in touch and do business with us – positioning us well for future growth.

Looking back over the year, we have made tremendous progress building on the foundational capabilities we have cultivated over recent years with a focus on innovation, robust operational efficiency and delivering brilliant outcomes for members.

Award-winning products and services

We are dedicated to the markets we have chosen to operate in across investments, protection and retirement and we strive to deliver best in class products. Our sales performance in 2024 tells us that members, customers and advisers remain attracted to our offering.

I am proud of the way Team LV= continues to deliver. Together we provide the high-quality competitive products, services and advice that LV= are known for, so it is rewarding when our products and our colleagues are recognised.

Receiving acknowledgement for excellence once again, we have been recognised as Moneyfacts' Best Income Protection Provider for the fifteenth consecutive year – an accolade that continues to demonstrate the purpose that we live and breathe which is to help people live financially confident lives. We also won awards for our customer experience teams, our investment and business continuity teams, and our organisational culture – a testament to the dedication and talent of our colleagues. Colleague engagement is essential to our business performance. For 2024, I am pleased to see our colleague total engagement score averaged across the year at +38. In addition to this positive result, our average customer net promoter score for the year rose by 4 points to +51.

We recognise there is always more to do and take pride in delivering for our members. Our eyes are firmly on the next steps of our plan as we continue to serve their best interests now and in the future.

Outlook

The strength of the LV= brand continues, together with its recognition as one of the most recommended in the UK. Our focus is on its growth and the future success it presents for our members. We look forward to exploring further brand partnership opportunities at the end of the general insurance brand agreement with Allianz which commenced in 2017.

Looking ahead, we have developed a five-year strategy that focuses on the financial strength of the business, our ambition to be market leaders in our chosen areas, providing service excellence, rewarding members and being a place where our colleagues can thrive. As well as this, we are focused on strong business delivery alongside our excellent products and services and providing great experiences for our members, customers and advisers.

Our commitment to sustainability also shapes our strategic agenda. Along with our Annual Report, we have published a Sustainability Report that focuses on three core areas. This includes how we can safeguard our environment, work in a way that ensures we are sustainable for the future and how we show up for our members and customers. You can find out more about our approach to sustainability at LV.com

We have a clear purpose – to help our members and customers live financially confident lives – and we have a plan for how to continue delivering on that purpose. As pleased as I am with this year's results, I am even more excited for what is still to come.

Operating profit generation of
£43m

57%
increase in operating capital generation to
£55m

4%
reduction in operating expenses

A focus on **strong business delivery**, providing excellent products and services and great experiences for our members, customers and advisers

External awards and accreditations **recognised** our products, customer experience, delivery and culture

Increase in colleague engagement score to
+38

Increase in customer satisfaction demonstrated by a net promotor score of
+51

Our Business Strategy and Mutual Model

Our purpose is to help people live financially confident lives and we do this through our range of products, services and advice.

As one of the UK's leading mutual insurers, and an investment, protection, retirement and in-house advice specialist, we achieve our purpose by helping our members and customers to protect their income while they're working and maximise it when they stop.

Our products are predominantly sold through financial advisers and our mix of business provides us with a diverse risk portfolio – helping to mitigate the impact of adverse market conditions.

Business strategy

Our strategy is future-focused, built around a diversified but focused portfolio that most of our customers can access via financial advisers. At the centre of our strategy is our multi-asset LV= Smoothed Managed Fund range that enables us to grow a modern With-Profits Fund for the benefit of our members.

Investments	Later Life and Pensions	Protection	Advice and Direct	Heritage
Provide access to multi-asset, low volatility investments through our with-profits Smoothed Managed Fund range.	Enable and secure retirement options with pension propositions and help supplement retirement income through equity release and fixed-term annuities.	Offer critical illness, income protection and life insurance products to help protect livelihoods and incomes.	In-house advisers provide whole of market 'at retirement' advice and direct to consumer products.	Ensure fair value and service for our legacy with-profits, unit-linked and other policies.

Advisers	LV= Customers	Partnerships
Target advisers and their clients where the LV= brand and products are most competitive.	Grow our direct to customer proposition focused on protection, retirement and equity release products.	Create and sustain collaborative strategic partnerships through effective third-party management.

Culture	Customer and Adviser Experience	Technology	Brand	Capital Optimisation
Our values sit at the heart of LV= and help to define and strengthen our culture.	Deliver consistent service, experiences and outcomes to members, customers and advisers.	Continue to invest in our IT estate, further enhance our digital offerings and realise efficiencies.	Leverage LV's strong and recognised brand in the market to engage prospective consumers and existing policyholders.	Continue balance sheet and capital management alignment to the business strategy.

Our culture

Our purpose is at the heart of our culture – it drives our approach and everything we do. Our measures for success are clearly set out through our balanced scorecard and we embed a performance focused culture with our colleagues. We do this by deepening colleague engagement to make sure they understand what our targets are, what they mean and how we all play a role in achieving them, as well as developing talent, skills and capability.

Our values

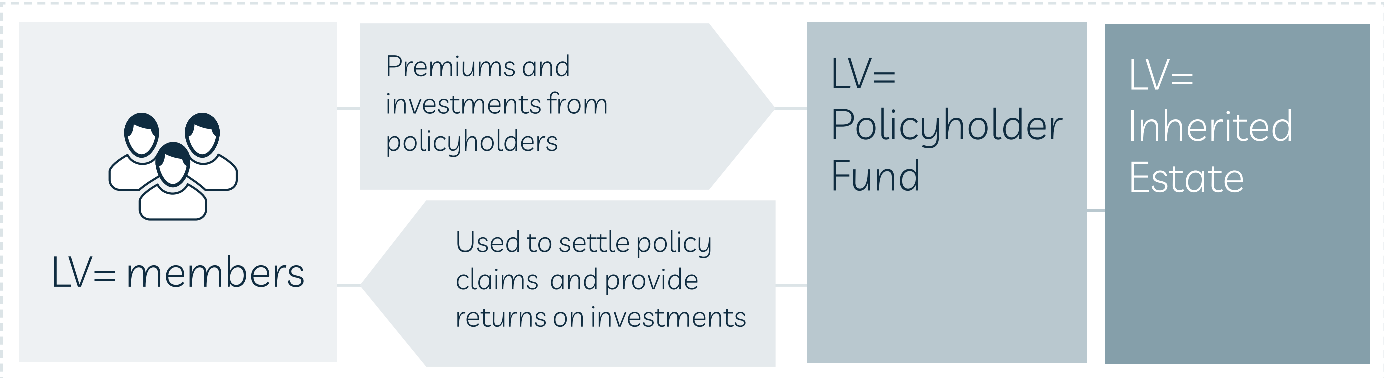
Our four values run alongside our strategy and scorecard; trusted, curious, inclusive and courageous. They are an intrinsic part of who we are, how we do business and reflect our culture and what we think is important. The values are embedded throughout the business supporting our colleagues to bring their best selves to work. They also reinforce our commitment to creating an inclusive culture where all colleagues feel welcomed, respected, supported and valued.

Our mutual model

As a mutual business, we're owned by our members and we operate using our mutual model.

Our focus is to deliver value for our members, particularly for our with-profits members who, due to the nature of with-profits policies, have invested in LV=. To do this, we run the business in a responsible and sustainable way and we aim to grow consistently for our members today and in the future.

We have over one million members and customers who hold a variety of products including investments, life insurance, income protection and retirement income solutions. Members have access to a range of member benefits and additional support services. Eligible members, who hold certain with-profits policies, may also benefit from rewards when the business performs well.



Our products and services that feed into our mutual model

Savings and Retirement - Smoothed Managed Fund range, unit-linked pensions, fixed-term annuities, LV= Equity Release and our Retirement Advice Service.

Protection - Products that help protect people's lives and incomes, such as critical illness, income protection and life insurance.

Heritage - A closed book of savings and retirement products issued by LV= and companies acquired by LV= in previous years, including Teachers Assurance and Royal National Pension Fund for Nurses (RNPFN).

LV= Policyholder Fund

Premiums and investments are invested in a variety of assets and any returns increase the value of the Policyholder Fund.

Due to our range of both with-profits and unit-linked products, the LV= Policyholder Fund contains different mixes of assets for different products. The fund also includes our non-profit risk-based insurance business.

The LV= Inherited Estate

The LV= Inherited Estate is the excess of LV's assets over all its liabilities. It includes profits and losses from existing and new business and from our subsidiary companies. It is used to invest in new business and in our subsidiary companies to generate future returns and act as a source of capital for running the business. If a mutual bonus is awarded to eligible with-profits members, this is generated from the LV= Inherited Estate.

Primary asset manager

In April 2024, we completed the transition to a new primary asset manager, BlackRock. BlackRock is responsible for the day-to-day management of the assets in the fund, operating in accordance with our investment strategy. BlackRock is helping to deliver an even more resilient investment performance for our members.

Key Performance Indicators

The following key performance indicators (KPIs) have been judged by the Board as the most effective in measuring business performance and assessing progress against our aims. Our KPIs are based on key metrics in the balanced scorecard that drive both colleague and director remuneration. The performance of the With-Profits Fund is also included as a KPI so we can monitor how we are returning value to our members.

Our aims

Operating capital generation £m

Generate positive capital from our trading businesses in order to continue to return good value to our members.

Capital Coverage Ratio (CCR) %

Ensure the long-term sustainability of the group by maintaining a robust Solvency II CCR.

Main With-Profits Fund return %

Deliver strong investment returns for with-profits members over the medium to long term.

Colleague engagement

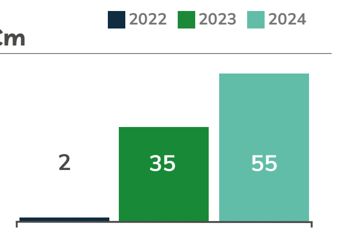
Maintain good levels of colleague engagement. We use Employee Net Promoter Score (eNPS) to measure this non-financial KPI.

Best loved

Deliver excellent customer service levels while consistently treating customers fairly and providing market-leading service and propositions for our advisers. We use the Net Promoter Score (NPS) to measure this non-financial KPI.

2024 performance

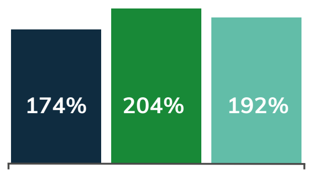
Operating capital generation £m



Operating capital generation for 2024 increased to £55m, reflecting a continuing strong trading performance in our protection and annuity business along with effective cost control measures. These measures include reducing the amount spent on strategic development to £25m, down by £18m from 2023.

For further detail see our capital and profit performance section on page 14.

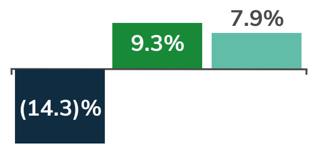
Capital Coverage Ratio (CCR) %



Our 2024 CCR of 192% is well above minimum risk appetite and demonstrates our robust capital position. The decrease of 12 percentage points compared to 2023 was driven by a £36m adjustment to recognise future claims payments which would arise if policyholders holding certain LV= pension products retire at a later age than they had originally advised.

For further detail on the movement in our capital position see our Solvency II capital surplus section on pages 16 and 17.

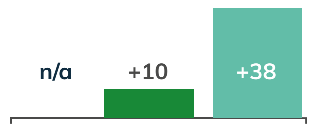
Main With-Profits Fund return %



The main With-Profits Fund benefited from positive investment returns from global markets and delivered an investment return of 7.9%. Over the course of 2024, we transitioned our primary asset manager to BlackRock, providing opportunities to add new investment strategies and asset classes to the fund.

For further detail see our investment performance section on page 15.

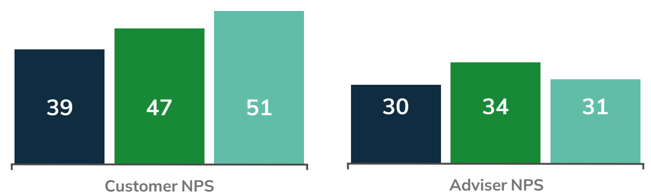
Colleague engagement %*



Keeping colleagues engaged is essential to our business performance. If colleagues feel energised, fulfilled and connected and believe in what we do, they're more likely to deliver great experiences for our members and customers. We feel passionately about continuously listening to our colleagues, and use our engagement tool (BeMe at LV=) to conduct regular surveys to track colleague engagement and check on how we're doing.

Averaged across 2024, our colleague total engagement score, using the eNPS methodology, was +38. Total engagement is comprised of four questions which focus on engagement, loyalty, belief and satisfaction. We've seen good improvements with each survey in 2024, and we're delighted that our average total engagement score for the year was 28 points higher than at the end of 2023.

Best Loved



Our average customer NPS for 2024 was +51. This is an increase of 4 points compared to 2023 and 12 points over the past two years. Our customers have benefited from the launch of improved telephony and technology enhancements, including a call back option and live chat. We take pride in the interactions that we have with our members and customers and will continue to analyse all feedback to identify further improvements.

During 2024, we set an overall target adviser NPS for the year rather than a competitor comparison to align with our approach to measuring customer satisfaction. Average adviser NPS for 2024 was +31, 3 points down from 2023. We saw improved scores in the second half of the year and remain committed to improving our overall score through detailed adviser feedback.

* The new survey provider allows us to focus on eNPS as a measure of colleague engagement which is an industry standard. This differs from the engagement methodology used prior to 2023, which is why we do not have comparable data for 2022.

Financial Review

Stephen Percival Chief Financial Officer

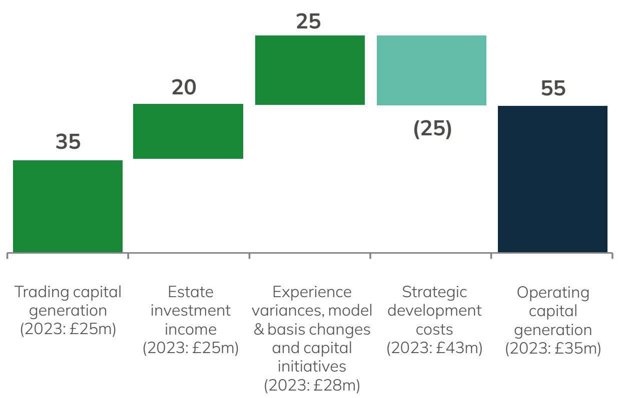
We are pleased that our strategy of offering a diversified but focused portfolio of products has enabled us to continue to generate positive operating capital and operating profit throughout a prolonged period of economic uncertainty and market volatility. Our focus on maintaining a strong balance sheet while actively managing cost efficiencies has enabled us to maintain a Solvency II Capital Coverage Ratio well above our minimum risk appetite throughout this period. This strong capital position, while down 12 percentage points from 2023, has allowed us to allocate £29m in profit-related bonuses for eligible members, taking our total since 2011 to £414m. In addition to this, our members' funds have benefited from strong returns during the year, with our main With-Profits Fund delivering a 7.9% return and the majority of our Smoothed Managed Fund ranges delivering returns in excess of 10%. Our positive 2024 results once again demonstrate how our mutual model allows our members to share in the success of our business.

Because we are a mutual business, we do not need to generate profits to pay shareholder dividends and so consider the strength of our members' funds and the returns generated from these funds to be the key measures of our performance. As such, we manage our business on a capital-focused Solvency II basis and as reported on page 13, our financial key performance indicators relate to capital generation, capital strength and With-Profits Fund performance. Within this financial review, in order to allow a fuller understanding of our financial performance and position, we have explained the drivers of our results on both a Solvency II and UK Generally Accepted Accounting Practice (UK GAAP) basis. We have also provided details of our investment performance, what has impacted this during the year and how this has affected fund values.

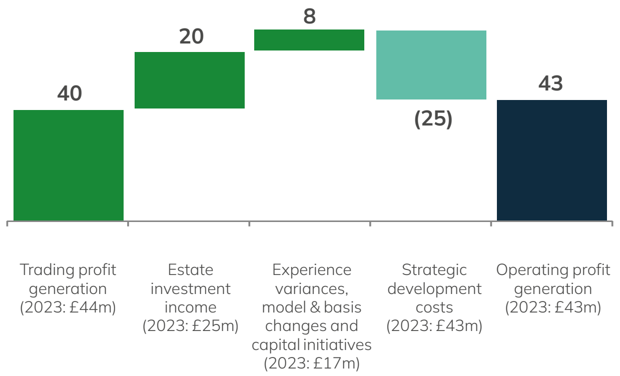
Operating capital and profit performance

Increase Decrease Total

Operating capital generation 2024 £m



Operating profit generation 2024 £m



Operating capital generation

Over the course of 2024, our trading businesses have added £35m (2023: £25m) to the Solvency II capital surplus. This result reflects a continued strong trading performance in our Protection business, along with strong sales of annuities as they have remained attractive in the high interest rate environment. However, this was offset by lower sales of Smoothed Managed Funds which have been affected by lower than expected 2023 fund returns, driven by the timing of the smoothing mechanism and external factors such as higher interest rates. Estate investment income added an additional £20m (2023: £25m) of operating capital.

Our operating capital generation metric of £55m (2023: £35m) also includes positive model and basis and capital initiatives of £33m (2023: £38m), partially offset by adverse experience variances of £8m (2023: £10m). Spend on strategic development costs of £25m (2023: £43m) is £18m lower than prior-year levels with a focus on efficiency, risk reduction and growth projects.

Operating profit generation

Our business is managed on a Solvency II basis rather than UK GAAP. The reserving basis implemented for UK GAAP is aligned to Solvency II best estimate liabilities plus Solvency II risk margin. The material differences between the Solvency II basis and UK GAAP are the movements in Solvency Capital Requirement (SCR), Transitional Measures on Technical Provisions (TMTP) and allowance for the contribution of subordinated debt to own funds which benefits Solvency II own funds but not the UK GAAP position.

Operating profit generation is driven by the same factors as operating capital generation. However, trading profit is reported at a higher level because the UK GAAP metric is not impacted by the annual step-down in TMTP, while experience variances and model and basis changes do not include the benefit of reduction in the SCR.

New business performance

New business sales for the group on a Present Value of New Business Premiums (PVNBP) basis increased by 4% to £1,229m (2023: £1,187m). See page 73 for the definition of our PVNBP alternative performance measure and page 19 for the reconciliation of this metric to UK GAAP premiums.

During the year, our Savings and Retirement business reported new business sales of £831m (2023: £831m) on a PVNBP basis, made up of:

- single premium annuities of £358m (2023: £389m),
- our policyholders added £290m (2023: £297m) to their pensions by way of deposits to their unit-linked pensions and SIPP funds,
- we arranged equity release mortgage advances of £94m (2023: £40m),
- single premiums paid into our Smoothed Managed Fund range of £89m (2023: £105m).

Improved new business margins in the Savings and Retirement business saw UK GAAP trading losses generated by these new business sales reduced from last year at £5m (2023: £12m). Losses were mainly driven by the lower level of premiums paid into our Smoothed Managed Fund range during the year, leading to lower generation of new business income while costs remained at higher levels. It is anticipated that reductions in interest rates and the strong investment returns delivered during 2024 will lead to an increase in volumes during 2025. Although equity release advances more than doubled during the year, the overall market was still subdued by the relatively high interest rates during 2024 and overall advances were lower than expected, also impacting new business profitability levels.

Our Protection business achieved new business sales of £398m (2023: £356m) on a PVNBP basis, made up of new business regular premiums of £46m (2023: £43m) that will continue to generate premiums for the business over the coming years. These new business sales generated £15m of trading profit (2023: £14m), driven by strong volumes during the year alongside pricing changes made to maintain value and manage customer experience capacity.

Operating expenses

Operating expenses fell by £11m to £244m (2023: £255m). The 2024 operating expenses included lower levels of strategic development costs and a decrease in investment fees, following transition to BlackRock. Business as usual expenses within this increased to £116m (2023: £109m), with the impacts of inflationary pressures and growth spend partially offset by active cost management measures.

See page 73 for the definition of our operating expenses alternative performance measure and page 18 for the reconciliation of this metric to UK GAAP net operating and investment expenses.

Investment returns

Following the strong investment performance seen in the final months of 2023, most asset classes continued to deliver positive returns in 2024. Global equities performed strongly while only UK gilts detracted in the fixed income space. This was despite a year of political uncertainty with over 60 countries holding general elections and continued volatility from geopolitical events. US equities were strongly buoyed by exposure to AI and technology, a key theme of the year.

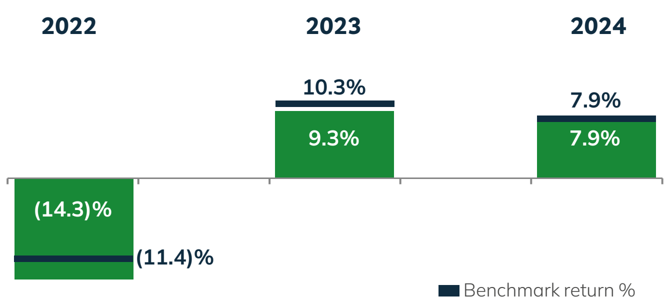
Throughout the year, 2023's optimism for future interest rate cuts moved towards a more measured expectation as inflation fell, but not as quickly as had been allowed for in the market pricing. This dampened returns for bonds, with government bonds performing particularly weakly. This was broadly offset by corporate bonds which fared better with a strong performance from high yield and emerging market debt.

Main With-Profits Fund

Our main With-Profits Fund benefited from the positive investment returns from global markets, enhanced by changes to our strategic asset allocation during the year, delivering a positive 7.9% return. Key drivers were our diversified allocations to global equities. UK equities returned 9.8% compared to overseas equities which returned 16.8%, led by the US and Japan which returned 24% and 18% respectively. Sustainability themed equity strategies also performed strongly returning 14.9%. Bond market performance was lower than equities but positive, with the exception of UK gilts which fell by 3.3% in line with the expectation that UK interest rates will remain higher for longer.

Over the course of 2024 we transitioned our primary asset manager to BlackRock, providing opportunities to further diversify into new investment strategies and asset classes.

Main With-Profits fund returns %

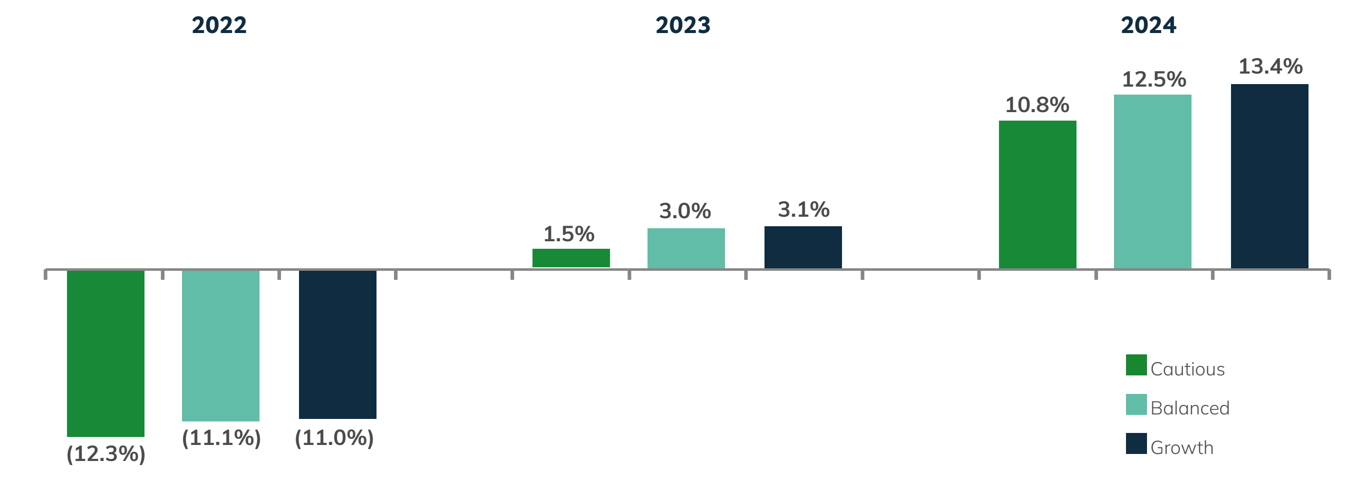


Smoothed Managed Funds

Smoothed Managed Funds benefited from the same tailwinds described above. The charts below set out the strong returns delivered by our Smoothed Managed Funds Pension Funds, with fund classes across this range delivering returns in excess of 10% during 2024.

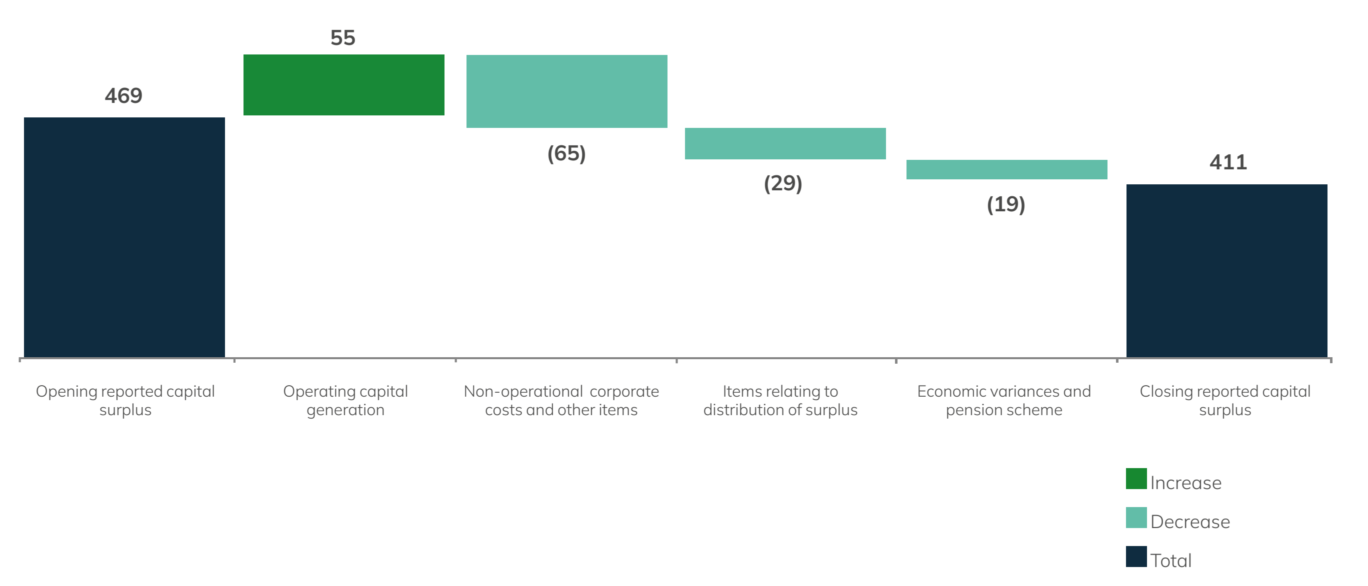
Returns in these funds are smoothed, taking the average of the funds' daily unit price over the preceding 26 weeks to produce an averaged price. This means that there is often a lag in investment performance meaning the 2024 overall return benefited from the especially strong returns occurring in the last quarter of 2023.

Smoothed Managed Fund Returns %



Solvency II capital surplus

Solvency II capital surplus reconciliation £m



Solvency II capital surplus has decreased by £58m to £411m (2023: £469m). Operating capital generation of £55m (2023: £35m) has been offset by adverse non-operational items of £65m (2023: £39m). This includes a £36m impact from the recognition of increased insurance contract liabilities, which would arise when policyholders holding certain pension products retire at a later age than they had originally advised. Also, included in non-operational items is interest payable on our subordinated debt of £19m, adverse impacts from Solvency UK reforms of £5m and various other one-off items totalling £5m.

Items relating to distribution of surplus of £29m (2023: £34m favourable) includes £20m of mutual bonus allocated during the year and £9m related to exit bonus payouts.

Economic fluctuations balanced out across the year generating an adverse impact on capital surplus of £1m (2023: £81m favourable). The pension scheme had an adverse impact of £18m (2023: £29m adverse), where we saw a fall in the value of the pension benefit asset driven by the Ockham scheme buy-in (see note 21 of our accounts) and changes to member data following the triennial valuation.

Solvency II capital position

At the end of 2024, the group capital surplus remained strong on a Solvency II Standard Formula basis and is estimated to be £411m (2023: £469m). The Capital Coverage Ratio (CCR) of both the group (192%) and the company (190%) is above our minimum risk appetite of 140%.

Capital surplus £m	Group		Company	
	2024	2023	**2024**	2023
Eligible own funds	**857**	920	**857**	920
Solvency Capital Requirement (SCR)	**446**	451	**451**	457
Surplus[1]	**411**	469	**406**	463
Capital Coverage Ratio (CCR)	**192%**	204%	**190%**	201%

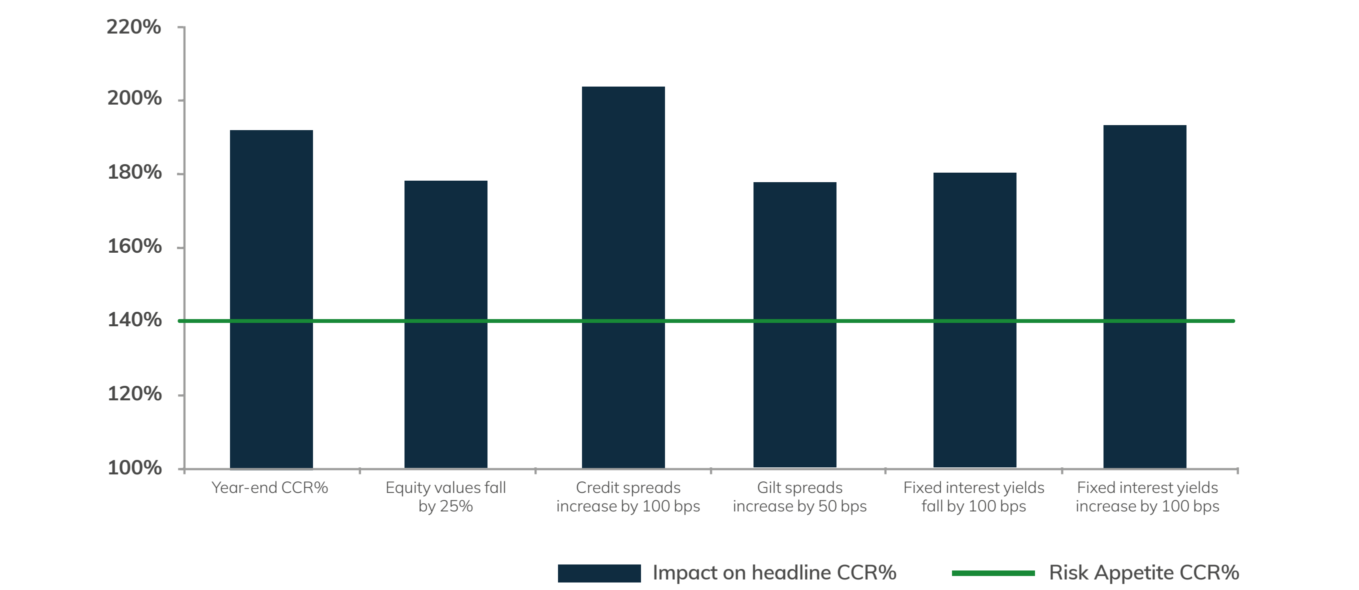
[1] The capital surplus reported in the Annual Report is based on the estimate of the results at the Annual Report signing date. It is possible that this result will be adjusted prior to the publication of the group Solvency Financial Condition Report later in 2025.

In order to report our CCR on a standard 'Investor view' basis, the Eligible own funds and SCR reported above exclude amounts attributable to ring-fenced funds (Royal National Pension Fund for Nurses (RNPFN) and Teachers Assurance). Including these funds, to provide a 'Regulatory view', would dilute the reported CCR to 187% for the group and 185% for the company as Eligible own funds and SCR would increase, however surplus would remain materially unchanged.

Eligible own funds for the group and company include the impact of £101m (2023: £120m) TMTP and are reconciled to the Fund for Future Appropriations (FFA) in note 2 of our accounts.

Sensitivity analysis of Solvency II group capital surplus

Capital sensitivity



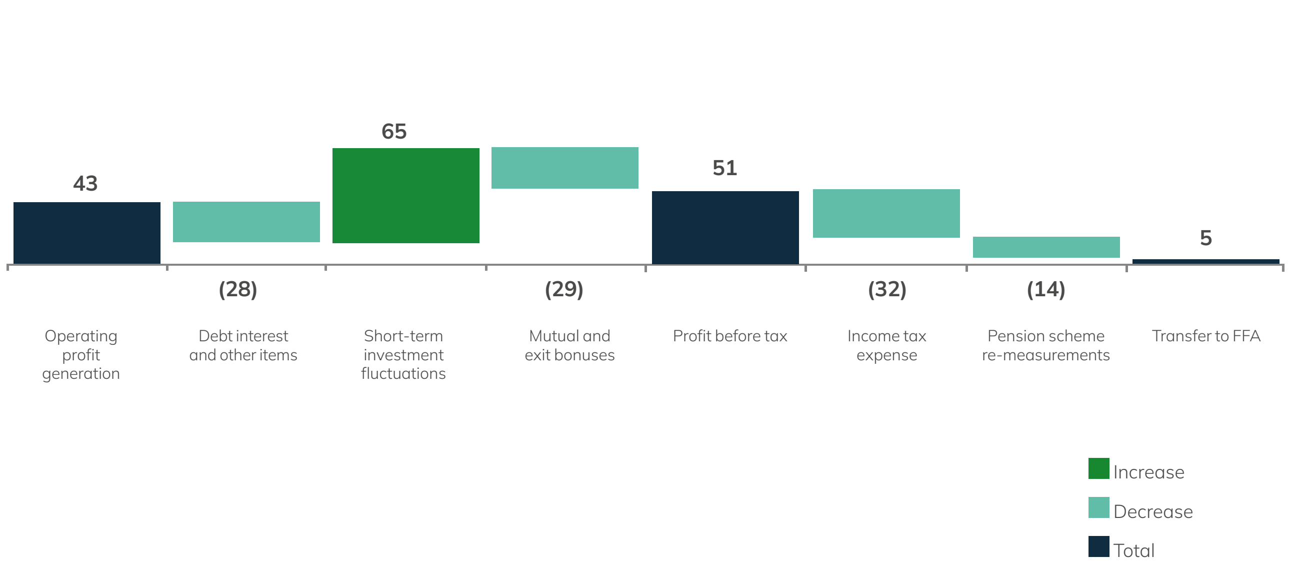
The table above shows the sensitivity of the group's Capital Coverage Ratio to economic assumptions. Following Solvency UK reforms to simplify the calculation method, TMTP is now recalculated on an ongoing basis and hence results are net of TMTP. The sensitivities allow for the impact of the group's hedging strategy. It can be seen that the group's Capital Coverage Ratio remains well above our minimum risk appetite CCR of 140% under all the economic sensitivities shown above.

The group's capital surplus position is sensitive to the above economic assumptions due to the following:

- A fall in equity values reduces the value of the group's defined benefit pension scheme, increases with-profits guarantee and smoothing costs and reduces the benefit of future charges on unit-linked business, all of which have partial hedges in place to limit the exposure to adverse equity market movements. A fall in equity values generates an increase in capital requirement because the cost of lapses on certain lines of business will increase. The severity of this sensitivity has been mitigated through a Smoothing Management Framework which permits management action to suspend smoothing on certain products to limit the extent of loss in severe market downturns.
- The credit spread sensitivity represents a widening of yields on relevant asset classes in basis points (bps) relative to swap rates. A widening of credit spreads, relative to swaps, increases the value of the group's defined benefit pension scheme by reducing the value of future liabilities. It also reduces the value of liabilities using the Volatility Adjustment.
- The gilt spread sensitivity represents a widening of yields on relevant asset classes in basis points (bps) relative to swap rates. A widening of gilt spreads, relative to swaps, reduces the value of the group's defined benefit pension scheme and the assets invested to support the group's liabilities.
- The group's yield exposure is hedged based on an internal metric similar to Solvency II Own Funds excluding the defined benefit pension scheme. The solvency capital requirement, risk margin and TMTP are unhedged. Exposure arises on all product lines from the impact of fixed interest rate yield movements on discounting of future cashflows and unhedged capital.

UK GAAP Result analysis

UK GAAP surplus reconciliation £m



The year-end 2023 UK GAAP Fund for Future Appropriations (FFA), as previously reported in the 2023 Annual Report, of £576m has been reduced by £46m to £530m following a restatement to reflect an increase in insurance liabilities which were omitted from the prior-period financial statements (further detail in relation to prior period adjustments is provided in note 1 of our accounts).

During 2024 the FFA increased by £5m (2023: £70m increase), to give a total FFA for the group at year-end 2024 of £535m (YE 2023 restated: £530m).

Operating profit generation of £43m (2023: £43m) is discussed in further detail in the operating capital and profit performance section on page 14. This was offset by £28m (2023: £9m) of non-operational items, which was made up of £19m of subordinated debt and various other one-off items totalling £9m.

Short-term investment fluctuations have had a £65m positive (2023: £18m positive) impact on profit before tax. This comprises a £38m favourable impact from economic movements across the year, including £24m generated by the rise in interest rates. This also includes a £27m reduction in the policyholders' asset shares generated by the deduction of tax from policyholders' investment gains. The overall impact on FFA of the policyholder tax expense is minimal as the tax expense itself is reported separately after profit before tax.

Profit before tax of £51m (2023: £107m) was also impacted by the mutual and exit bonuses allocated to our eligible with-profits members of £29m (2023: £30m).

The overall transfer to FFA was reduced by income tax expense of £32m (2023: £22m) and adverse pension scheme re-measurements of £14m (2023: £15m).

UK GAAP expenses

Expenses reconciliation £m	2024	2023
Business as usual expenses	116	109
Commission paid on acquisition of business	91	79
Investment fees	12	24
Strategic development costs	25	43
Operating Costs	**244**	255
Restructuring, one-offs and other	22	21
Claims handling cost adjustment	(7)	(7)
UK GAAP total expenses (see notes 9 and 12 of our accounts)	**259**	269

Operating expenses are discussed in more detail in our operating expenses performance review on page 15. The operating expenses metric incorporates the expenses included in our operating capital and operating profit generation metrics.

UK GAAP total expenses which are not incorporated into our operating costs include restructuring, one-offs and other costs of £22m (2023: £21m). Partially offsetting this in the reconciliation above is an accounting adjustment which removes claims handling costs of £7m (2023: £7m) because these costs are reported within gross claims paid under UK GAAP reporting rules.

Sales reconciliation to UK GAAP premiums

Sales reconciliation £m	2024	2023
Group sales (PVNBP basis)	**1,229**	1,187
Equity release mortgage advances	(94)	(40)
Gross written premiums for non-participating investment contracts which are deposit accounted	(187)	(173)
Self-Invested Personal Pension (SIPP) deposits	(103)	(124)
Effect of capitalisation factor on regular premium long-term business	(352)	(313)
New business gross premiums	**493**	537
Gross premiums from existing in-force business	267	256
UK GAAP gross premiums written (see note 4 of our accounts)	**760**	793

We report sales for the group on a Present Value of New Business Premiums (PVNBP) basis. Our PVNBP metric is defined in the alternative performance measures section on page 73. The 4% increase in group sales during 2024 to £1,229m (2023: £1,187m) is discussed in further detail in our new business performance review on page 15.

Capital Key Performance Indicators (KPIs)

The business is managed on a Solvency II basis. The capital based KPIs are defined in the table below:

Capital KPI	Definition
Operating capital generation	Operating capital generation is the primary KPI used by management to monitor the performance of our three business units. Operating capital generation is Solvency II surplus generated by the business, adjusted to remove the effects of temporary volatility from market movements. As a measure of the performance of the three business units rather than the overall group, it also excludes the revaluation of defined benefit pension schemes, mutual and exit bonus impacts, debt interest and other group items including restructuring, non-recurring costs and other one-off items. This alternative performance measure is reconciled to Solvency II surplus generation in the financial review on page 16. Operating capital generation and Solvency II surplus capital are reported in the Annual Report on an investor view basis, i.e. excluding the impact from ring-fenced funds.
Capital Coverage Ratio (CCR) %	The Capital Coverage Ratio is used by management for strategic planning purposes and to monitor the group's capital against our risk appetite. CCR% represents the ratio of our available capital to our required capital. CCR% is calculated as the ratio of Eligible own funds to the Solvency Capital Requirement (SCR) on an investor view basis. This reconciles to the Solvency II regulatory view capital figures for Eligible own funds and SCR by adding in the available and required capital for ring-fenced funds as shown in the financial review on page 17.

Risk Management

Introduction

Risk management is key to the success of LV=. We operate an integrated risk management framework (LV=RMF) which brings together the key processes and activities we undertake to ensure that our members' and customers' security is at the forefront of our decision making. Structuring risk management practices and embedding engagement in line with this framework and our values, enables senior management to demonstrate that risk is actively and appropriately managed across the business.

The Board is responsible for determining the acceptable level of risk to which we may be exposed and for ensuring that these risks are appropriately controlled. These include risks to the business strategy and future performance, potential threats to policyholder security, liquidity management, and adverse outcomes for members and customers.

The Board seeks to achieve this by ensuring that the LV=RMF continues to include the setting of a proportionate risk strategy, risk appetite and a clear risk mandate and associated organisational design. The Risk Committee, on behalf of the Board, regularly monitors the operational effectiveness of the LV=RMF to ensure that it continues to drive a mature risk culture across LV=.

Risk Environment

The external context has improved through 2024 but remains challenging. While there has been positive equity market performance, some volatility remained particularly from the elections during 2024 in the US, UK and France, and the prolonged conflicts in the Middle East and Ukraine which continued to have some impact on oil prices and global supply chains through the year.

Inflation has remained a key focus throughout 2024, with the Consumer Price Index (CPI) falling from 4.0% at the start of the year to 1.7% by September, fuelling optimism that through managing inflation, central bank interest rates would be reduced. This happened to some extent with the Bank of England reducing its interest rate by 0.5% over the year. However, inflation has remained unpredictable with CPI rising to 2.6% by November reducing optimism over further interest rate reductions.

This economic backdrop has had further implications for consumer sentiment. Findings from our Wealth and Wellbeing Research Programme confirms that there has been an increase in consumer optimism over the year, but the impacts of the cost of living crisis continue to be experienced. Four in ten people continue to report feeling concerned about increased food and utility costs, with only slightly over half (53%) saying they're comfortably able to afford to pay their bills.

In terms of the regulatory context, the Consumer Duty requirements, which include a clear focus on customer outcomes, came into force for products which are closed to new business in July 2024. There is also a continued regulatory focus on building operational resilience and ensuring it is embedded in decision making across the financial services sector.

In November 2024, the final piece of regulation was published for the Solvency UK reforms. The Risk Margin reform was implemented at the end of 2023 with changes to the Matching Adjustment, the Transitional Measures on Technical Provisions (TMTP) and other reporting changes made over 2024.

Over the year, we continued to observe increasing expectations over firms' environmental, social and governance (ESG) activities in response to global issues such as climate change, including external reporting disclosure requirements. A summary of the key activities undertaken and the risks and opportunities arising through climate change are discussed in the sustainable business review on pages 27 and 28.

Risk Profile

For 2024, the principal risks and uncertainties facing LV= are summarised in the table below.

Key risks	Impact and mitigation
Political, economic and regulatory uncertainty The risk of a reduction in solvency, policyholder value or customer returns resulting from prolonged uncertainty within the political, economic and regulatory landscape.	This risk continues to be significant as a result of the ongoing geopolitical risks, global macroeconomic uncertainty and the associated implications for the UK and other world economies. Inflation has remained persistent despite falling from the levels seen in 2022 and 2023, with high mortgage rates and high fuel and food prices continuing to squeeze household incomes, despite having somewhat improved over 2024. The impact of this squeeze (and potentially corresponding market volatility) on sales, persistency and customer outcomes is closely monitored by management to enable appropriate responses to be developed. The Solvency UK reforms have now been implemented and they provide opportunities to extend the range of asset investments utilised. We will fully explore these along with the wider industry. This may have implications for capital management and the competitive positions in some of the markets we operate in.
Financial market volatility The risk that the financial resilience of our business is adversely impacted by changes in the financial markets.	The value of assets and liabilities held on our balance sheet, including those related to our pension schemes, are impacted by movements in the financial markets, most notably the equity and fixed-interest markets. We manage the risk to solvency from changing market conditions through several actions including investing in high quality assets with durations closely matched to liabilities, making use of the Matching Adjustment allowance in regulatory reporting, product design to reduce risks related to our Smoothed Managed Funds, and where necessary, through supplementary equity, interest rate and inflation hedging programmes to reduce exposures to acceptable levels. These exposures are monitored regularly at the Asset and Liability Management Committee and through specific, active monitoring undertaken by our asset manager. Actions are taken to change exposures if required and we expect this to continue in 2025 due to ongoing market volatility. The strategy for managing financial market risks, which balances the best interests of members and the management of the regulatory solvency position, is also regularly monitored through the Asset and Liability Management Committee.

Key risks	Impact and mitigation
Increased competitor pressures or market contraction The risk of lower business growth resulting from increased competitor pressures or market contraction.	Increasing competitor pressures across our propositions or potential market contraction in certain areas could adversely impact the ability to deliver our Business Plan through reduced sales volumes. We continue to monitor developments and adjust our propositions and pricing where appropriate.
Business transformation The execution risks associated with pursuing the business plan priorities.	In 2024, the Board and management continued to progress the business strategy and transformation agenda. This includes a focus on delivering the business plan and managing the associated execution risks. There remains the risk that the expected strategic outcomes are not achieved or are delayed due to internal and external factors. We monitor this risk through ongoing review of key metrics and taking timely management actions to avoid potential adverse deviations to the business plan.
IT sustainability The risk that capacity, capability and control issues in relation to our IT systems lead to significant operational or customer risk events.	We currently operate with a number of legacy IT systems and infrastructure which can be exposed to capacity, capability or control issues including, for example, the system being unavailable for a period of time. These risks could result in adverse operational and customer impacts should they crystallise. During the year, significant investment was made in addressing IT sustainability risk. This remains a top strategic priority and the work to mitigate these risks is progressing as part of a multi-year project. We continue to develop and embed the regulatory requirements in relation to operational resilience, in line with regulatory timescales.
Cyber security The risk of customer data loss or a severe reduction in customer service as a result of a cyber-event.	The threat of external cyber-attacks remained heightened during 2024. We operate a comprehensive cyber-risk strategy which is designed to ensure that the business continues to identify, assess and respond to the evolving threat of a cyber-attack. In addition, a range of communications were delivered to improve both colleague and customer awareness of the threat of fraudulent activity. We continue to invest in our response to cyber security, and it remains a key priority to ensure the mitigating controls remain robust, while acknowledging the evolving external context.
Conduct risk The risk that key operational controls are ineffective, resulting in poor member or customer outcomes.	The complex and long-term nature of life and pensions products means that, as customer needs change over time, there is a risk that products do not perform as customers would expect and that they no longer deliver appropriate customer outcomes. We operate an embedded product governance framework which ensures that each new product or product change is subject to review. In addition, regular product reviews seek to ensure our existing products perform as customers would expect and continue to deliver appropriate customer outcomes, in line with the Consumer Duty regulations.

Emerging risks

As well as monitoring near-term risks, senior management and the Board also consider emerging risks and opportunities which may impact LV= in the future. The top themes from our latest review include:

Emerging risks	Example events/drivers
Potential impact of generative Artificial Intelligence (AI)	With the rapid advancement in AI technologies such as generative AI, there is an increased risk of cyber threats including more sophisticated phishing attacks and identity theft via deep fakes. Deep fake identity theft risk is now considered a current risk as this specific threat exists today. This emerging risk considers the wider emerging risks and opportunities associated with the advancements and increased availability of generative and other forms of AI.
Talent recruitment	Linked to the above, this includes a potential thematic shift in terms of the technical talent that companies such as LV= may need to leverage the potential opportunities that technological advancements offer and the resulting competition for this talent across a number of industries. This incudes consideration of potential changes in recruitment practices and the recruitment market.
Regulatory change	This includes a material shift in regulation together with regulators materially raising the standards required to demonstrate compliance or developing new significant regulations in response to other government or external developments. Examples include both Digital Reform of Data Protection and further changes in pension regulations. The impact would potentially include increased regulatory attention on both an individual company and industry-wide basis.

Each emerging risk is assigned to an Executive team owner with regular reporting to the Risk Committee. This includes, where appropriate, risk monitoring, the actions that can be taken to respond if required and the triggers for the action to be considered.

LV=RMF Overview

The LV=RMF is owned by our Chief Risk Officer on behalf of the Board. It provides a systematic set of processes, tools and behaviours which allow senior management to respond effectively to any potentially significant internal or external event that may have an impact on delivering the business strategy. The LV=RMF also enables us to enhance our business and risk-based decisions, while ensuring that we remain compliant with regulatory and legislative requirements, as well as internal policies.

The key elements of the LV=RMF are summarised below:	
Risk Universe	The risk universe is a standard set of key risk categories where LV= has, or is likely to have, material risk exposures. These are used for identifying, reporting and modelling our risk exposures.
Risk Strategy	This sets out our approach to risk management including providing a clear direction and preference for taking on or avoiding risk.
Risk Governance	This covers the framework and processes which demonstrate to the Board that appropriate and effective risk management, oversight and assurance is being undertaken for all material risks faced by the business.
Risk Appetite	These are a set of statements and supporting measures which clearly state the level of risk that the Board is willing to accept in order to achieve its business objectives.
Risk Policies and Standards	These set out the expectations and evidence requirements for how the Board expect the key risks within the risk universe to be identified, categorised, assessed, controlled, monitored and reported.
Risk and Control Assessment	This is an integrated and co-ordinated set of processes which facilitate the timely and effective identification, assessment and management of risks that could or will impact the business.
Own Risk and Solvency Assessment	The Own Risk and Solvency Assessment (ORSA) processes facilitate the timely and effective identification, assessment, monitoring and control of our risk, capital and liquidity positions.
Culture and Performance	This includes performance measures that drive appropriate behaviours and promote an effective risk culture.
Training and Communications	This is a programme of regular and timely risk-based training and communication across all areas of the business. It ensures that there is a clear understanding of risk management processes and controls.
Management Information and Reporting	This is the provision of complete, accurate and timely management information to senior management and the Board to allow them to discharge their risk management responsibilities and to facilitate risk-based decision making.

Risk universe

As a business we're exposed to both financial and non-financial risks. Profitability and growth, together with customer outcomes, are dependent upon the proactive management of these risk exposures. The risk universe sets out the key risk categories where we have, or are likely to have, material risk exposures. At a high level the risk categories to which we are exposed are:

- life insurance risk
- financial markets risk
- credit counterparty risk
- liquidity risk
- strategic risk
- conduct risk
- operational risk

Clear executive accountabilities for managing each of these risks have been agreed at the Risk Committee.

Risk strategy

The risk strategy is aligned with the business strategy and ensures that an effective approach to risk management is in place, in line with our business and financial goals. This risk strategy aims:

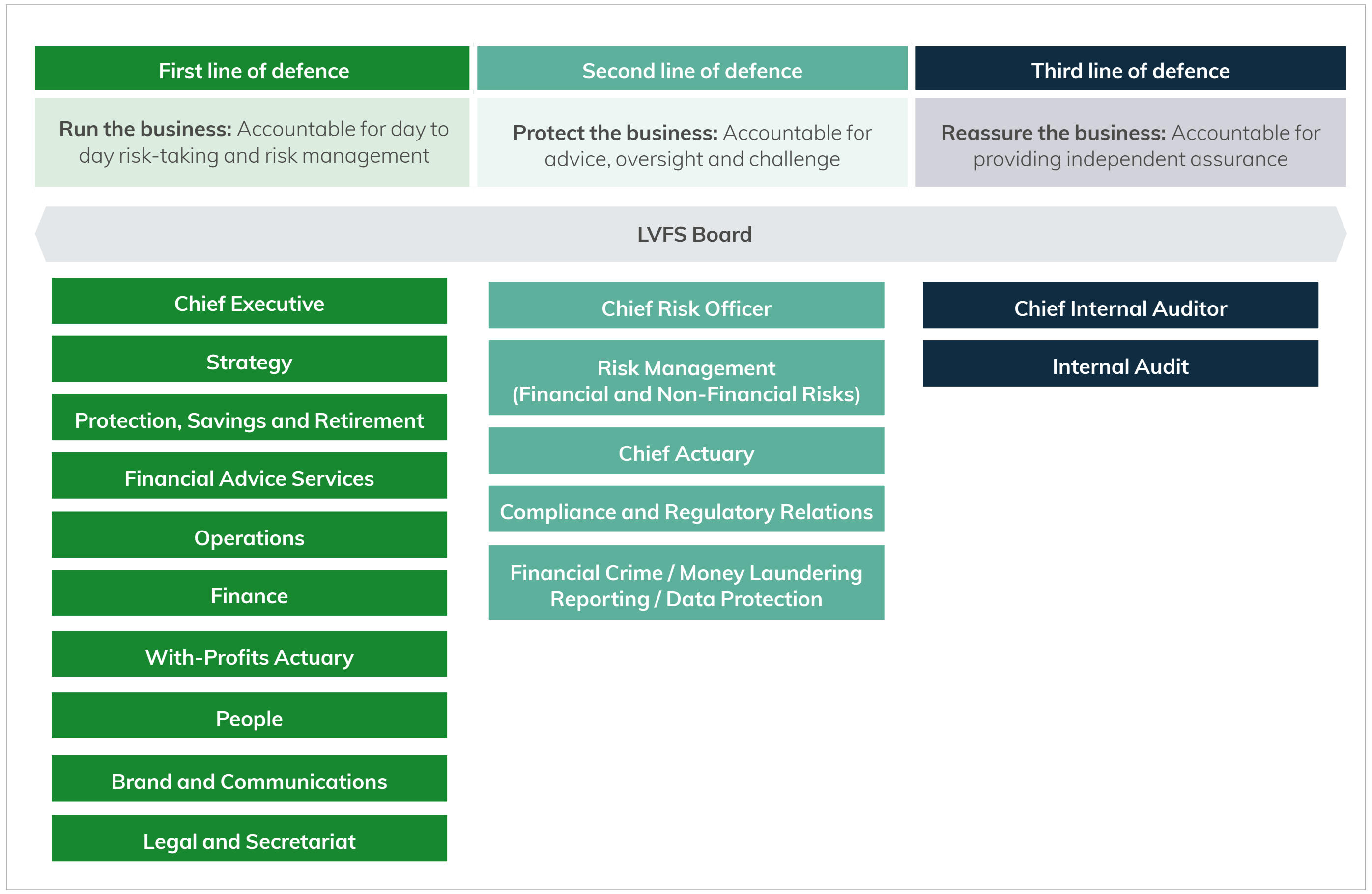
- to inform the Board in identifying the most attractive risks to accept and setting a robust risk appetite which ensures that the business model and strategy are designed and executed in a controlled manner to safeguard member value,
- to drive a strong risk culture that ensures the business is managed in line with the Board's risk strategy.

Risk governance

We operate a three lines of defence model as part of our day-to-day risk management operations, as set out within the Board-approved risk mandate. The Board delegates much of its oversight of risk matters to the Risk Committee, which together with the Executive Risk Committee, the Chief Risk Officer and the Risk Management team, ensures that the business is operating in line with the requirements of the LV=RMF.

The roles and responsibilities across the three lines of defence model are included within the risk strategy. Ownership of risk is summarised as follows.

- **First line of defence:** led by the Chief Executive who is supported by the Executive and Senior Leadership team. The Executive team are accountable for the management of risk and are required to identify, assess, manage and report on the risk profile on a current and forward-looking basis. Sound risk management tools, practices and knowledge facilitate informed business decision making in accordance with the LV=RMF and particularly our risk appetite.
- **Second line of defence:** led by the Chief Risk Officer who is supported by the Risk Management team, Compliance and Actuarial functions and other risk management professionals across the organisation. The Risk Management team develops and directs the implementation of the LV=RMF, monitors, reviews and challenges first line compliance with this framework, and escalates material breaches to the Board.
- **Third line of defence:** led by the Chief Internal Auditor who is supported by the Internal Audit team and the Audit Committee. The Internal Audit team provides independent and objective assurance to the Audit Committee and the Executive team on the effectiveness of the systems of risk management and internal controls across the business.



Risk appetite

Our risk appetite comprises a suite of quantitative and qualitative statements that are used to measure current and future business performance. These consider both financial risks (solvency and liquidity) and non-financial risks (people, product and sales, customer and adviser service, safeguarding, IT risk, information security, data and processes.

Each of the appetite statements provide direction to senior management regarding their priorities in the execution of the risk strategy and are underpinned by a suite of more granular supporting measures, limits and triggers relating to key risk drivers.

Risk and control assessment

Management undertake regular assessments to help determine whether the risk and control environment continues to operate in line with expectations. This helps ensure that the risks that we face are identified, understood and managed effectively. The conclusions of these assessments are used to inform our senior management and the Board as to whether there is an increasing likelihood that a single risk or group of risks could impact the business or our members and customers.

Own Risk and Solvency Assessment (ORSA)

The ORSA is an integral part of our capital management processes and the overall LV=RMF. It is an effective tool used to inform strategic decision making. The ORSA comprises iterative internal risk and capital assessment processes operated throughout the year to monitor ongoing risk exposures relative to appetite and ensure solvency and liquidity needs are met on both a current and forward-looking basis. These processes support the implementation and embedding of the LV=RMF and include risk strategy and risk appetite, risk identification, assessment and measurement, risk monitoring and reporting, linkages to business strategy and stress and scenario testing across both financial and non-financial risks.

An annual ORSA Report is developed and agreed with the Board and consolidates the findings from the ORSA processes performed throughout the year. For example, the ORSA Report includes key outcomes from the risk review of our financial plan, stress and scenario testing (including reverse stress testing), the assessment of the appropriateness of the Solvency II Standard Formula and regular solvency and risk exposure monitoring. The solvency position of the business is determined in accordance with the Solvency II Standard Formula requirements.

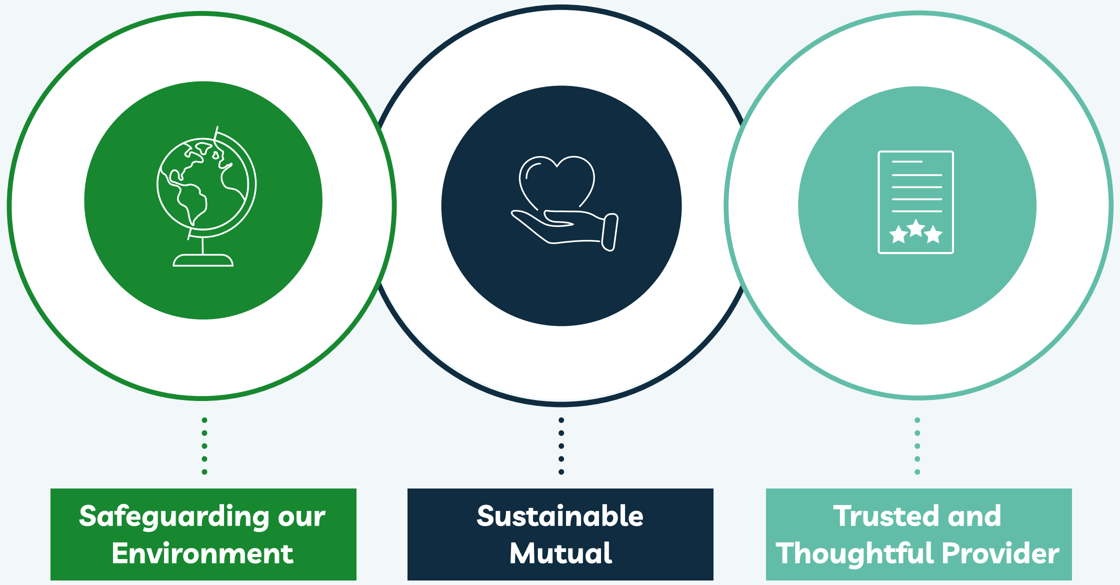
Key risk developments emerging throughout the year are escalated to the Board or Risk Committee as appropriate through regular risk reporting.

Risk management effectiveness

We conduct an annual risk maturity and culture assessment to assess the ongoing effectiveness of the embedding of the LV=RMF and to test how the risk culture of the business is evolving over time. The outputs from this assessment are used to determine areas for further development under our programme of continuous improvement. This is also included in the remuneration performance targets to directly link risk management performance to overall reward.

Sustainable Business Review

Sustainability is an integral part of the way we do business. This report aims to share with our members, customers, advisers and other stakeholders our approach and what we're doing at LV= to tackle Environmental, Social and Governance (ESG) issues. Further details are provided in our stand-alone Sustainability Report which can be found at LV.com/lvcares



Sustainability strategy

Our purpose has been to help people live financially confident lives since 1843. We do this by protecting their income while they are working and maximising it when they stop. This philosophy remains at the very heart of LV= and is the reason we exist.

Our sustainability strategy focuses on three core pillars that we believe are essential foundations in helping our members and customers for many generations to come.

Safeguarding our Environment

Commitment

Deliver strong, stable and sustainable value to our members and customers and achieve this in a way that protects and nurtures our planet for both current and future generations.

Goal

Strive to embed environmental considerations in everything we do. Safeguarding our environment is our first pillar because we believe looking after our environment is fundamental to ensuring a society and economy where all can thrive for generations to come.

Key initiatives

- Develop and share a transition plan to net zero.
- Invest responsibly. Consider environmental, social and governance (ESG) when making decisions. Invest in companies and assets that demonstrate they contribute to the long-term sustainability of the planet.
- Further reduce the environmental impact of our operations.

Sustainable Mutual

Commitment

Make a positive and lasting impact in our local communities because, as a mutual, we believe our role in society goes beyond supplying products and services. Empower our colleagues to deliver positive sustainable outcomes for our members, customers and wider stakeholders.

Goal

Be part of a society that works for everyone. Our priority is to ensure that we are here for our members and customers for generations to come.

Key initiatives

- Support our communities through activities and fundraising.
- Build talented diverse teams and prioritise the wellbeing of our colleagues.

Trusted and Thoughtful Provider

Commitment

Build on our strong governance and values-led culture to ensure we go above and beyond what is required to meet legal and regulatory obligations. The way we serve our members and customers is of equal importance to the products, services and advice that we offer.

Goal

Be a trusted and thoughtful mutual business that is member-focused and provides attractive and sustainable member returns through product, service and investment excellence.

Key initiatives

- Support our members and customers with excellent customer service and access to help when they need it.
- Embed a strong governance framework, which is driven by an ethical and values led culture.
- Collaborate with others in our industry to drive change.

Safeguarding our Environment

We all have an important part to play in safeguarding our environment by sustainably using our resources to protect and nurture our planet for current and future generations. Central to this is the collective reduction of greenhouse gas emissions.

Our ambition is to transform our business to become net zero in line with the UK government's commitment to net zero by 2050 and in support of the Paris Agreement's objective to limit global temperature increases[1]. As we prepare for this, we will continue to seek opportunities to accelerate this timeline.

Net zero is the goal of balancing greenhouse gases produced with those absorbed. This means reducing emissions and utilising methods of absorbing greenhouse gases from the atmosphere.

During 2024, we continued to develop our net zero transition plan. The plan focuses on enhancing the reporting of emissions and developing a set of meaningful medium-term targets. Across our investment portfolios, we have improved data coverage by adding sovereign bond emissions. Within our supply chain, we've moved to a hybrid emissions reporting model that supplements spend-based estimates with actual emissions for our highest emitting suppliers. We've also added emissions from colleague commuting and homeworking to our reporting.

Building on our strong progress since the end of 2020, we are pleased to announce that by 2030, we aim to reduce the carbon footprint of our publicly listed equity and corporate bond holdings by a further 25% from the end of 2024. If we achieve this, it would bring our total decarbonisaton from 2020 to 2030 to over 50%. This applies for assets that are not invested in policyholder funds. We explore this further in the responsible investment section on pages 29 and 30.

We know we cannot achieve our full ambitions in isolation and achieving net zero status is reliant on multiple stakeholders, including governments and policymakers, to ensure the goals of the Paris Agreement are achieved. We must also ensure that our ambitions for net zero outcomes are balanced against delivering the risk-adjusted investment performance our members expect. We plan to evolve our approach by considering developing interim targets for a greater proportion of our emissions, including policyholder investments.

Since 2022, we've been carbon negative in relation to our operational greenhouse gas emissions and have maintained our Carbon Neutral + accreditation. This means we have determined our carbon emissions for our business and more than offset both our direct and indirect operational emissions[2]. We achieved this by supporting one emissions removal project and two emissions avoidance projects that were voted for by our colleagues. The projects include reforestation in Ghana and safe water access in Zambia and Eritrea. We continue to identify and implement environmental initiatives to further lower our carbon footprint and reduce the reliance on offsetting.

Carbon Neutral + Organisation

Our operations are carbon negative

We calculated our operational carbon emissions and offset 110% of our total emissions which has supported worthwhile projects

Governance

The Board continues to sponsor our sustainability strategy, plays a key role in supporting our net zero ambition and plans to develop a detailed climate transition plan of how to achieve this goal. The Board is committed to assessing and addressing the financial risks associated with climate change and the framework to support this continues to be embedded and enhanced within our governance and risk management processes. The Board, with support from the Investment, Risk and Audit Committees, has mandated and monitored this progress throughout 2024 and continues to ensure appropriate oversight is maintained and enhanced over time.

Committee	2024 committee activity
Investment	The Investment Committee regularly considered the progress made in relation to our strategic aims and continued to monitor ESG metrics on the core With-Profits Funds. Development and approval of our 2030 net zero targets was a key focus and management information has been enhanced to track progress.
Risk	The Risk Committee continued to oversee sustainability risk, receiving updates on sustainability disclosure requirements and diversity, equity and inclusion. In response to newly released regulation, the committee commissioned a specific review of anti-greenwashing to ensure we have appropriate governance in place to maintain our high standards for public disclosure. In addition, the committee met in June 2024 to review the Own Risk and Solvency Assessment (ORSA) Report, which includes meaningful consideration of developments in the financial risks associated with climate change.
Audit	The Audit Committee supported our sustainability report development and ultimately approved it, with a focus on Task Force on Climate-related Financial Disclosures (TCFD) and Companies Act regulatory requirements.

[1] The Paris Agreement is a legally-binding international treaty on climate change. The goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

[2] This calculation focuses on our operational emissions including direct emissions from heating and cooling our offices, consuming electricity and estimates for homeworking and business travel. It does not include other indirect emissions such as those from our investment portfolio or the goods and services we purchase from third parties.

Our governance structures have been designed to achieve integration of the sustainability strategy into everything we do and leverages existing Board meetings and other Board committees to oversee this.

Board

Responsible for setting the business strategy including consideration of sustainability and climate risk.

Risk Committee

Monitor climate and other related risks.

Investment Committee

Develop and monitor the investment strategy with regard to the responsible investing framework.

Audit Committee

Review disclosures including the annual TCFD report.

Remuneration Committee

Oversee policy and governance of variable remuneration.

Executive Team

Responsible for implementing the agreed sustainability strategy, escalating any issues to Board as appropriate.

Executive Risk Committee

Advise on recommendations to the Board Risk Committee as set out in terms of reference.

Asset and Liability Committee

Advise on recommendations to the Board Risk Committee and Investment Committee as set out in terms of reference.

Other Committees

Discuss sustainability where appropriate.

Sustainability Steering Committee

Bring together key sustainability stakeholders to co-ordinate delivery of LV's sustainability strategy.

Sustainability Committee

The Sustainability Committee, chaired by our Chief Executive, brings together key stakeholders from across the business to drive change and deliver and evolve our sustainability strategy.

The membership includes the Chief Risk Officer, Chief People Officer, Chief Commercial Officer, Chief Investment Officer, Operational Resilience Director and Head of Third-Party Management. The seniority of the membership demonstrates our commitment to sustainability and supports the Chief Executive in implementing the sustainability strategy across the business. Issues raised at the Sustainability Committee can be escalated, where required, to the wider Executive team.

Over 2024, the committee met eight times with key activity including:

Supporting delivery of our first TCFD entity and product level reports, articulating what we do to help our members, colleagues, community and environment.

Monitoring the key risks and opportunities for the business including changes to the regulatory environment and assessing resilience to potential climate-driven events.

Reviewing our plans to achieve our net zero ambition including the development of 2030 investments targets.

Risks and opportunities

Identification and assessment of climate-related risks

Climate change and wider sustainability risks are incorporated within LV's risk management framework (LV=RMF) to enable us to assess these risks within our business strategy. The primary channel for identification of climate risks is our annual refresh of our risk universe and emerging risk register supported by a workshop held with key stakeholders to allow additional focus to be given to identifying the changing risks and opportunities that climate change presents. Further detail in relation to the LV=RMF can be found on pages 22 and 23, while the table below outlines how climate change and wider sustainability risks have been incorporated within the LV=RMF.

LV=RMF Element	Relevance for Climate Change and Sustainability
Risk Universe	Climate change risk has been classified as a driver of other potential risks, rather than a standalone risk – this reflects its wide-reaching potential impact. Climate change, and sustainability in general, may impact and evolve other risks within the risk universe. For example, the financial markets risk will change depending on the chosen investment strategy, which is influenced by our sustainability strategy. Potential movements in climate-related exposures are monitored and reported within the annual Own Risk & Solvency Assessment (ORSA) Report.
Risk Appetite	The risks from climate change and sustainability are reflected within the risk appetite framework of the business. Appetites relate to both financial and non-financial risks. Additional climate-specific risk indicators were introduced in 2023 to provide oversight over the level of risk.
Risk Policies and Standards	While climate change has been classified as a driver of risk, it has been explicitly flagged within the relevant risk policies and standards to ensure that any potential future impacts are given due consideration and reflect the long-term nature of the associated exposure.
Own Risk and Solvency Assessment	Risks to the business are assessed on an ongoing basis through the ORSA-related processes. These include assessing the potential impact of ESG-related factors on the risks and identifying any further emerging risks and opportunities. The scenario analyses, performed to support the ORSA and other business processes throughout the year, explicitly consider climate-related exposures and the potential implications within the scenarios.
Management Information and Reporting	Insights on the sustainability of our investments is provided to the Investment Committee on a regular basis and included in any new investment proposals. Where appropriate, sustainability factors are also included within reporting to the Board or Board committees to ensure there is appropriate consideration within key decision making.

Climate-related risks and opportunities

Uncertainty remains in the ways in which we, and the wider financial services sector, may be impacted by climate change while governments, industries and society more widely seek to determine the appropriate speed and actions required to protect the environment. In 2019, the UK government became the first major economy to pass a net zero emissions law; also supported at COP 26 where the Chancellor set out plans for the UK to be the world's first net zero aligned financial centre. The scale of change required to meet these targets, and the potential consequences if we don't, present both risks and opportunities for our business. These risks and opportunities will likely manifest over different time frames depending on the scale of intervention taken to protect the environment. In our analysis of the risks, we use the following time frames:

LV= Time frames

Short Term	Less than 5 years
Medium Term	Five to ten years
Long Term	Greater than ten years

As a UK life and pensions mutual insurer, the risks associated with climate change, particularly physical risk, may be less material than for other companies who carry out general insurance or global operations. However, the impact of climate change remains highly uncertain, particularly in relation to the extent to which different geographical locations may be affected.

The key risks and opportunities for our business from climate change include:

Risk or Opportunity	Description	Timeframe	Examples of Potential Impact	Approach
Physical Risk	Physical risks due to climate change arise from a number of factors and relate to specific weather events (such as heat waves, floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, extreme weather variability, sea level rise and rising average temperatures).	Medium to Long Term	• Fall in the value of investments or property backing equity release or commercial mortgage loans • Failure/disruption of a third party • Shifts in longevity, morbidity and mortality • Disruption of business operations • Inflation of business as usual costs due to scarcity of resources or increased geopolitical tension arising from climate changes	• Monitor via scenario analysis and sensitivities • Use of reinsurance to mitigate demographic risk exposures • Monitor evolving industry practice and regulatory guidance for assessing and adjusting to demographic risks • Business continuity planning and operational resilience testing
Asset Transition Risk	Asset transition risks can arise from the process of adjustment towards a low-carbon economy. A range of factors influence this adjustment, including climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations.	Short to Medium Term	• Fall in the value of investments which are perceived as environmentally unfriendly or which may be adversely affected by climate change • Failure or disruption of a third party who provides a service to us, adversely affecting delivery of that service	• Monitor via a transition risk indicator • Monitor via sensitivity testing • Ensure ESG considerations are embedded in investment processes
Policy and Legal Risk	Changes to regulation and disclosure requirements from governments encouraging firms to transition to a low-carbon economy have the potential to create compliance and legal risks as we adjust to new regulation.	Short to Medium Term	• Increased operating costs as a result of implementing regulatory requirements • Increased operating costs from third parties • Potential fines and litigation	• Emerging regulatory changes are tracked by our Compliance team • Operation of a 'three lines of defence' model to mitigate risk of non-compliance • Contract renegotiation and tender processes with third parties
Reputational Risk	Reputational risk may arise as a result of unfavourable market and consumer reactions if we're judged not to have responded appropriately to climate change and emerging regulatory requirements.	All	• Reduced new business volumes • Increased lapse/surrender rates • Potential litigation	• Integration of climate change and greenwashing risks within our risk management framework to ensure appropriate response • Monitoring to understand and explain any increases in the operational emissions of the business per full-time employee • Implementation and publication of our sustainability strategy • Ensure targets set are achievable with progress monitored
Product Innovation Opportunity	As regulations and consumer preferences change, opportunities for new and innovative products which meet consumer needs are likely to be created.	Medium Term	• Consumer demand creates opportunities for product innovation and growth, thereby addressing new and evolving consumer needs	• Monitor consumer sentiment by conducting surveys and watching industry trends
Investment Opportunities	Asset transition presents an opportunity for enhanced returns from assets that support the transition to a low-carbon economy. Longer term there is an opportunity for enhanced returns from assets which are resilient to the physical effects of climate change.	Medium to Long Term	• Increase in the value of our investments	• Ensure ESG considerations are embedded within our investment processes in order to identify and support new and emerging attractive investments

Embedding sustainability into the business planning process

The validity of the planning process is assessed by reconciling the projections to actual business outcomes experienced over the following year and understanding the differences that are identified. This is done to continually improve the process going forward. The business plan provides a road map for implementing the group's strategic objectives, including an assessment against ESG indicators where applicable. The plan is underpinned by a series of economic and other assumptions. These are subject to stress and scenario testing to understand potential downside risk and whether any actions are needed to enhance the resilience of the business.

While certain impacts relating to climate change may start to emerge in the short term, many of the more significant risks and opportunities are longer term in nature. For this reason, they are not necessarily captured within the current planning horizon. The identification of these climate-related risks and opportunities has driven the need for strategic investment to enhance our ability to manage climate-related risks. This includes making improvements to our offices to reduce our carbon footprint, the implementation of carbon offsetting, the development of climate-related scenario analysis and the sourcing of data to monitor and manage exposures. Our sustainability strategy ensures that climate change and other ESG considerations are appropriately incorporated within Board and management decision making.

Climate scenario analysis

While it is challenging to predict how climate change will evolve in the medium to long-term, scenario analysis is a key tool for assessing our potential business exposure to various plausible outcomes. The scale of global warming will depend significantly on the actions taken to protect the environment and the timing and impact of these actions.

Similarly, the effects that interventions may have on the economy are also uncertain. We'll continue to develop and embed climate scenarios within our scenario testing requirements to enable greater understanding and the continued management of potential risks and opportunities.

In 2023, our scenario analysis focused on the risks arising through the investment portfolio using three potential future pathways aligned to those developed by the Network for Greening the Financial System (NGFS).

These included acute and chronic changes to the climate out to 2100 (physical risk), as well as transition risk to 2050, which can include policy changes or changes in areas such as market, technology and demand. The impact on the investment portfolio from each of these scenarios was expected to have limited impact on our solvency position because of the diversification within our existing holdings and the hedging strategies in place. Similarly, the impact on our liquidity surplus was expected to be limited. However, it was also recognised that certain considerations and factors such as sea level rises or forced mass migration were not yet modelled within these scenarios.

Our 2024 scenario analysis sought to address some of the limitations from the 2023 exercise, increasing understanding of how climate change could impact our business.

The first step in the analysis was the creation of a qualitative scenario with the aim of exploring the physical and transition impacts of climate change. Sensitivity testing of the key assumptions then provided a perspective on how this could impact the business. These included:

- downside impacts to the value of property backing Commercial Mortgage Loans or Equity Release Mortgage (ERM) loans, as a result of flooding or Energy Performance Certificate requirement changes,
- the use of NGFS scenarios to stress the investment portfolio,
- changes to mortality, morbidity, or longevity assumptions as the climate shifts,
- consideration of how more significant litigation could impact the business.

Scenario testing was also performed within the business plan with the scenarios designed to consider how climate change could affect the strategic outlook. We assessed a transition headwinds scenario and a delayed transition scenario.

The transition headwinds scenario assumes our strategy experiences additional challenges from the external environment, both regulatory changes and the transition and physical impacts from climate change.

The delayed transition scenario assumes that there is a delay in implementing our climate change transition strategy and that we face regulatory, investment and expense challenges as a result.

The scenarios rely on a number of assumptions about the size and timing of impacts from climate change. Therefore, they are intended to promote discussion rather than fully predict and model the future. We expect to further enhance our climate scenario analysis as industry practice evolves and data improves.

Responsible Investment

We believe we have an obligation to our members to invest their money responsibly to manage investment risks. Our Responsible Investing Approach ensures we work closely with our external asset managers to ensure ESG considerations are firmly embedded in the origination and management of our investments. By doing so, we strive to deliver strong and stable member returns in a way that protects and nurtures our planet for both current and future generations.

During 2024, we prioritised the development of our net zero transition plans as the indirect emissions from the investments managed on behalf of our members are a considerable source of our total company emissions. The decarbonisation of investment portfolios, engagement with investee companies and allocation of capital to support the transition to a low-carbon economy are therefore core components of our wider ambition to reach net zero by 2050.

Over the year, we gathered data on our non-policyholder assets which include the assets that back our annuities business as well as our LV= Estate. We estimate the carbon footprint of these assets has fallen nearly 40% since year-end 2020. However, there is more to be done and we have set a medium-term decarbonisation objective to reduce the carbon footprint of these public equity and corporate bond holdings by an additional 25% from 2024 to 2030. From 2020, this represents an objective to reach more than 50% decarbonisation by 2030.

Estimated **40%** reduction in the carbon footprint of our non-policyholder funds **since 2020**

We expect to add additional assets to our medium-term objectives so that all assets under management fall into scope. Our non-policyholder funds typically support our estate and non-investment products, such as annuities. These assets currently represent approximately half of our assets under management and around 40% of these are invested in public equity or corporate bonds. In the coming years, we expect to gather further data to support target setting across our policyholder funds and add additional asset classes, such as real estate.

Responsible investment encompasses all ESG considerations. We undertake several actions which ensure ESG risks are identified and managed appropriately as we seek to drive strong and stable member returns and work towards our decarbonisation objective.

Metrics
The Investment Committee, With-Profits Committee and other relevant management committees regularly review a range of metrics including tracking progress against our decarbonisation objective.

Management
Our Investment Oversight team hold regular reviews with our fund managers to discuss performance and ensure ESG issues are appropriately considered in investment decisions.

Exclusion
While we prefer engagement over exclusion, we may divest from firms who fail to address ESG concerns. In our assets-backing annuity business, we screen our bonds using a framework outlined by the UN Global Compact initiative.

To support our approach, we require our asset managers to be signatories to either the United Nations Principles for Responsible Investment or the UK Stewardship Code. The high standards expected of signatories help us ensure our asset managers invest responsibly.

2024 highlights

Engaging for change

We believe that engagement with investee companies is an effective way to drive positive ESG change and contributes to the long-term success of the global economy. We ensure our investment partners engage with investee companies on our behalf.

During 2024, we refreshed our engagement approach to align with our net zero ambitions. We established a joint Sustainability Forum with BlackRock, our primary asset manager, focusing on engagement with our top twenty emitters. We recognise that BlackRock engage collectively, focusing on understanding material risks and opportunities. However, we believe regular engagement can influence change and ultimately our goal, through BlackRock, is to advocate a greater proportion of companies to make credible net zero commitments.

Evolving our investment

We believe that in the long term, we will achieve better financial returns by investing in assets that demonstrate they contribute to the long-term sustainable success of the global economy and that's why ESG considerations are firmly embedded in the management of our investments.

During 2024, we worked with BlackRock to update our strategic asset allocations, which incorporated financial risks arising from climate change. We believe that the transition to a low-carbon economy presents both investment risk and opportunity and for the first time, climate change has been factored into our capital market assumptions.

Funding the transition

We recognise that as well as encouraging decarbonisation through engagement activity, we have a part to play in ensuring capital is deployed to climate solutions that support the mitigation and adaptation of the real economy. Currently, we invest nearly half of our policyholder assets in funds which promote specific environmental or social characteristics. These funds range from operating simple exclusions to having specific objectives, such as the reduction of carbon emissions intensity over time. To ensure we support the transition to a low-carbon economy, we're exploring specific allocations to investments that provide climate solutions.

Metrics and Targets - Investments

We are pleased to report that we significantly enhanced the data coverage of our emissions reporting by incorporating sovereign emissions and collecting data for nearly all listed equity during 2024. The establishment of a broad and consistent set of emissions metrics is an important component of monitoring progress and identifying actions as we work towards our net zero ambition. As at the end of 2024, we reported the Scope 1 and 2 emissions from estimated and reported sources for 94% of our listed equity and 85% of our corporate bond holdings, where there is appropriate data. Within the mandates that we set, this asset coverage has increased to approximately 79%.

During the year, assets were transferred to our new primary asset manager, BlackRock. The Weighted Average Carbon Intensity of our investments has remained stable. The carbon footprint of our equity portfolio has reduced, offset by increases in our corporate bond emissions. Overall, we estimate that changes in the carbon footprint are driven by changes in portfolio emissions, such as updated company disclosures, data coverage or trading activity, rather than changes in the market value of investments.

		2024	2023
Listed Equity	Carbon Emissions[1]	87,588	87,800
	Carbon Footprint[2]	40	47
	WACI[3]	99	96
	Data Coverage[4]	94%	84%
Corporate Bonds	Carbon Emissions	120,190	80,592
	Carbon Footprint	51	36
	WACI[5]	118	117
	Data Coverage	85%	62%
Sovereign Bonds	Production Emissions Intensity[6]	143	n/a
	Consumption Emissions Intensity[7]	9	n/a
	Data Coverage	100%	n/a

Source: 2024 BlackRock, 2023 CTI, LV= Data provided for regulatory use only

[1] Carbon emissions are the annual greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent emissions (tCO2e). To attribute our share of investee companies' emissions, we use our market value divided by Enterprise Value Including Cash (EVIC) of the investee company. The metric can therefore be influenced by changes in market values, total assets under management and data coverage over the period.

[2] Carbon footprint is the total carbon emissions for the portfolio normalised by the market value of the portfolio, expressed in tonnes of carbon dioxide equivalent emissions per million US dollars invested (tCO2e/$m). This is our primary metric for monitoring progress against our decarbonisation reference objective.

[3] Weighted Average Carbon Intensity (WACI) is the tonnes of carbon dioxide equivalent emissions per million US dollars of revenue (tCO2e/$m). This is a company's carbon emissions relative to the size of the business adjusted for the weighting in a portfolio or benchmark. This is an alternative metric to measure emissions and can be influenced by revenue volatility.

[4] Data coverage represents the % of assets for which data is available (either reported or estimated).

[5] WACI figures have been realigned to correct a 2023 formatting issue. In the 2023 Sustainability Report Listed Equity and Corporate Bond WACI were reported as 117 and 96 respectively.

[6] Sovereign production emissions intensity is the tonnes of carbon dioxide equivalent emissions weighted by million US dollars of nominal Gross Domestic Product (GDP). (tCO2e/$m GDP nominal). Six greenhouse gases are considered consistent with the Kyoto Protocol.

[7] Sovereign consumption emissions intensity is the tonnes of carbon dioxide equivalent emissions per capita. (tCO2e/Capita). Six greenhouse gases are considered consistent with the Kyoto Protocol.

Operations

During 2024, we focused on three key areas

Planning for net zero - We've been using 100% renewable electricity since 2021. To reach operational net zero, we must further reduce the emissions from the heating and cooling of our offices. We continue to assess the best approach and have commissioned a number of independent surveys to help us develop these plans.

Colleague commuting and homeworking emissions - We introduced the capturing of our colleague commuting and homeworking carbon footprint was introduced in 2024 to identify a baseline of emissions, improve accuracy of reporting and determine possible initiatives to reduce emissions.

Supplier management - Our Third-Party Management team continue to support the purchase of goods and services through its framework and practices, in such a way as to maximise value for the business, our members and customers while identifying and mitigating risk. As part of our third-party engagement and risk management processes, we require prospective vendors to agree to our Third-Party Code of Conduct and Ethical Standards. This document outlines the standards we expect vendors to meet and is based on our core values.

It contains important requirements which include, but are not limited to, the following topics:

- compliance with laws and regulations,
- payment of a living wage,
- a zero-tolerance approach to modern slavery and the exploitation of child labour,
- minimum standards regarding health and safety.

In addition, we enhanced the reporting of our Purchased Goods and Services Scope 3 emissions data by adopting a hybrid method of calculation, as recommended by the Greenhouse Gas Protocol. We contacted vendors representing our largest emitters using their actual Scope 1 & 2 data to calculate more accurate Scope 3 emissions. Emissions for the remaining suppliers are calculated using an accepted spend methodology with industry-standard factors.

Metrics and Targets - Operations

For 2024, our Scope 1 and 2 energy consumption totalled 1,730,350 kWh (2023: 2,175,316 kWh), while our greenhouse gas emissions totalled 100 tCO2e (2023:157 tCO2e). This usage has generated reported intensity ratios for the year of:

Annual kWh per No. of FTE Employees 1,500 kWh (2023: 1,890)

Annual tCO2e per No. of FTE Employees 0.09 (2023: 0.14)

We monitor annual tCO2e per No. of FTE Employees for Scope 1 and 2 emissions as one of our key indicators of operational impact. Increases above our appetite are escalated to our Board Risk Committee. Consolidation of our offices was the biggest contributing factor to the reduction in emissions and business travel was significantly reduced, particularly international travel.

Further details relating to the sources of our energy consumption and greenhouse gas emissions are detailed below.

Definition

kWh: Kilowatt hour

We report our energy consumption using kWh, a standard measure of energy.

tCO2e: Tonnes carbon dioxide equivalent

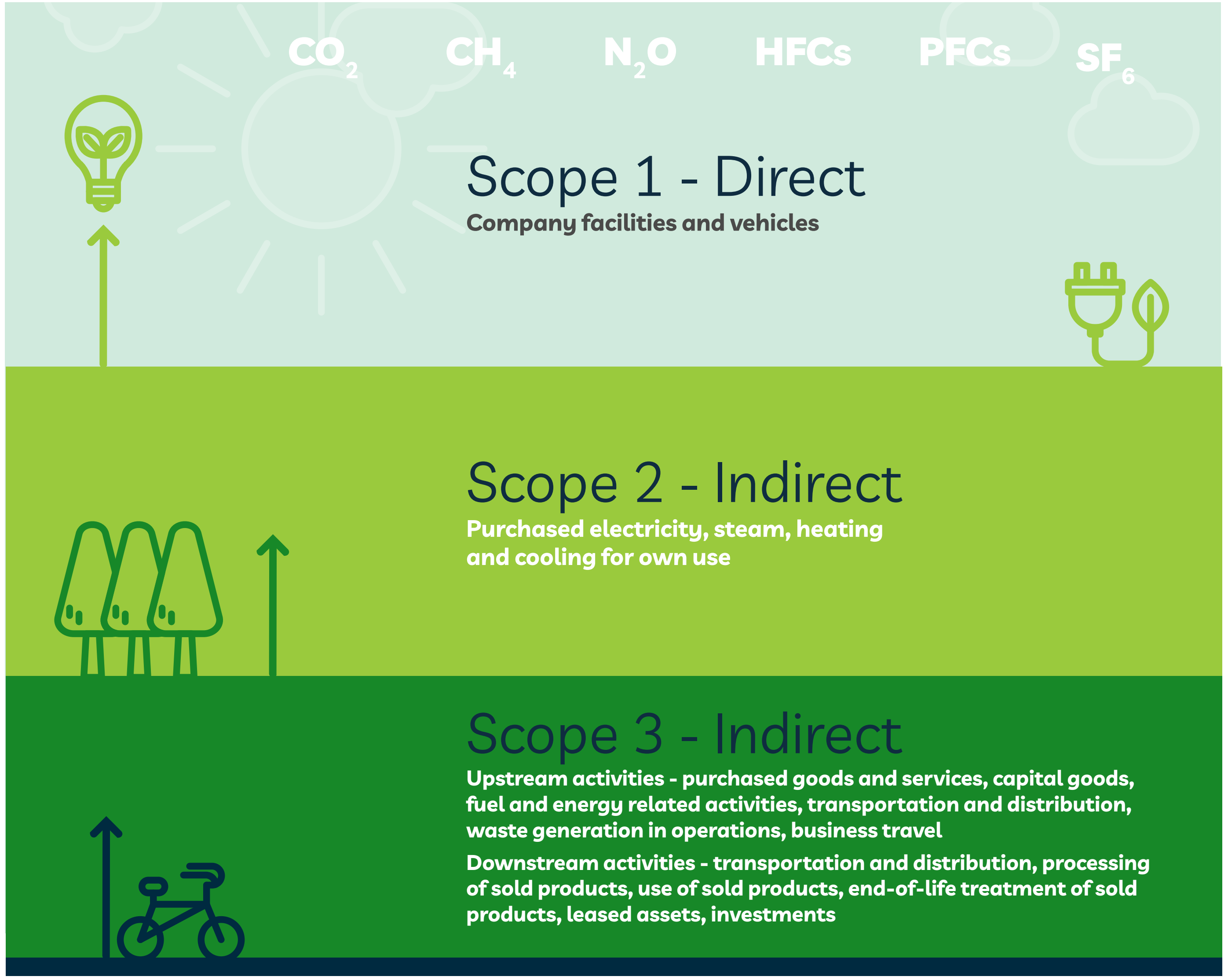
We report our greenhouse gas emissions using tCO_2e, a standard measure of greenhouse gas emissions.

In addition to energy and emissions, we also monitor waste across our offices. As a UK life and pensions mutual insurer, the amount of waste we produce is small in comparison to many other more resource intensive sectors. However, our aim is to further minimise our impact on the environment and we have a target to recycle 60% of our waste. 2024 was our first full year with improved waste segregation, the introduction of a new metal waste stream and colleague engagement which resulted in our recycling rate during the year increasing to 64%.

All our waste is either recycled, incinerated to produce electricity, used to produce gas via anaerobic digestion or reused as compost. We've sent zero waste to landfill since 2021.

New Scope 3 category added in 2024

We've added employee commuting and homeworking to our Scope 3 emissions reporting to provide greater accuracy and transparency for our overall emissions reporting. It was calculated by the results of a colleague survey, capturing details of journeys to work and energy used while working at home. Responses from 20% of our colleagues were used to approximate our emissions across the business. We believe this remains representative of our wider workforce and we will continue to encourage participation so we can gather more data in future years.



Source of Energy and Emissions (tCo2e)*	2024	2023
Combustion of natural gas	100	152
Combustion of other fuels	0.3	5
Scope 1 total (tCO2e)	**100**	**157**
Generation of purchased electricity	243	274
Renewable electricity	(243)	(274)
Scope 2 total	**0**	**0**
Scope 1 and 2 total	**100**	**157**
Intensity per no. full-time equivalent employee	0.09	0.14
Carbon offsets purchased	(1,145)	(1,212)
Purchased goods and services**	9,233	13,267
Fuel and energy related activities	128	243
Waste generated in operations***	0.6	1.2
Downstream leased assets****	376	361
Renewable electricity (from leased assets)****	(265)	(274)
Business travel	123	183
New Employee commuting and homeworking	460	n/a
Scope 3 total (Excluding Investments)	**10,056**	**13,781**
Total Scope 1, 2 & 3 (Excluding Investments and Offsets)	**10,156**	**13,938**

* We have used the UK government greenhouse gas conversion factors for company reporting within our methodologies.

** Using the spend methodology, we identified 27 suppliers which represent approximately 80% of our Scope 3 emissions. To obtain the total carbon emissions (tCO2e), we used a hybrid method. This combined actual emissions data (2023 Scope 1 and 2) from 48% of those identified suppliers, and the remainder of our supply chain that applied industry carbon factors, with the annual spend.

*** 2023 waste emissions were reported as 0 tCO2e. This figure has been restated in this Report to include emissions from recycling and energy generation from waste.

**** 2023 downstream leased assets and renewable electricity (from leased assets) were reported in the 2023 Sustainability Report as 313 tCO2e and (269) tCO2e respectively. These figures have been restated in this Report to correct a prior period calculation error.

We've been using **100%** renewable electricity since 2021.

Capturing of our colleague commuting and homeworking carbon footprint was introduced in **2024**.

Sustainable Mutual

Our purpose has been to help people live financially confident lives since 1843. Underpinning this purpose is our commitment to supporting communities where we live and work, making a positive and lasting impact. It's important to us that we're part of a society that works for everyone and our priority is to ensure that we, and the communities that we serve, are here for our members over many more years to come.

Community and Charity

We're passionate about helping communities both local to our offices and further afield. During 2024, we supported a variety of charities through corporate giving, fundraising, sponsorships, partnerships, volunteering and charity initiatives with the help of our colleagues.

Through colleague fundraising and corporate giving we made charity donations of over

£100,000

Corporate giving and fundraising

From challenges to bake sales, we hold events throughout the year to raise money. Through colleague fundraising and corporate giving, we donated over £100,000 to charity in 2024.

A highlight from the year was a fundraising challenge which saw our colleagues walk or run a total distance of 5,675 kilometres along the South Coast in one day. As a result of the challenge, we made donations to two charities: Julia's House, a children's hospice in Dorset, and Trussell, which supports 1,400 food bank centres across the UK.

Reinforcing our belief that fostering a diverse and inclusive culture is key to the successful delivery of our business strategy, we have five diversity, equity, inclusion and wellbeing networks. During 2024, these networks fundraised for charities linked to their awareness activities such as menopause, wellbeing and LGBTQIA+ charities. These events were further supported through our corporate giving programme. You can read more about our networks on page 34.

Volunteering

We're passionate about encouraging our colleagues to volunteer. Through our 'Time off to Volunteer' policy, colleagues can take up to two days each year to do something for their local community and in addition to this, they donate their time to support our initiatives and events.

During 2024, teams across LV= donated over 4,000 hours. To name but a few, community volunteering included working in charity shops, aiding the maintenance of a local protected area and community farm, and clearing litter from local beaches to protect our coastline.

Sponsorships and partnerships

We're a sponsor of the Julia's House 2025 Great Tail Trail: an outdoor exhibition across Bournemouth, Christchurch and Poole helping to raise important funds for a local children's hospice.

We've supported children and adults with profound physical and learning disabilities by sponsoring a learning kitchen for Diverse Abilities in their new specialist venue, The Treehouse.

We're also delighted to be an official partner of Trussell, contributing to its 'Help through hardship helpline' and our local food banks. The helpline supports people who are struggling to afford essentials like food, heating and toiletries and aims to understand individuals' circumstances so they can receive the support they need.

Charity initiatives

Pennies for Charity

Our Pennies for Charity initiative supports a nationwide scheme administered by Microhive. We take the odd pennies in our colleagues' net salary and send these to a chosen charity each month. We're proud to hold a Platinum Award in recognition for the high number of LV= colleagues that contribute. In 2024, over 75% of our colleagues participated in the scheme, with the proceeds donated to Trussell to support its network of food banks across the UK.

Collecting for communities

We have collection points in our offices so colleagues can donate items to their local communities, such as pre-loved clothes for charity shops and vital supplies for foodbanks.

microhive

We're dedicated to supporting society and adding value to charities and communities we care about

Colleagues and culture

We believe in a business that's diverse and inclusive

We embrace and celebrate our differences – diversity is our strength. We're committed to creating an inclusive culture and supportive working environment where all colleagues feel welcomed, respected and valued.

A key focus of our diversity, equity, inclusion and wellbeing (DEI&W) strategy is to ensure that everyone understands their role, responsibilities and the part they play in creating an inclusive culture. Not only do we want our colleagues to have an understanding and awareness of what DEI&W is, we'd also like them to see how they can personally have an impact, act as allies in the workplace and support the integration of our strategy, continuously living our LV= values.

"I believe that you get the best out of people when you allow them to bring their whole selves to work. DEI&W is close to my heart and I've championed equality in the workplace throughout my career. As a leader, my job is to create an environment where people can thrive, give their very best and enjoy what they do every day – and that's how we make a positive difference for our members and customers."

Our strategy is underpinned by our commitment pillars which are fundamental in ensuring our long-term commitment to our DEI&W journey.

Commitment pillar	Theme	2024 actions
Transparency	- Share our DEI&W strategy and openly report data and progress internally and externally. - Enable and encourage our colleagues to share their diversity data.	We continue to encourage our colleagues to confidentially share their diversity data and 84% have done so. This enables us to understand who we are as an organisation and provides us with insight that will help create a more inclusive environment for everyone. We're committed to extending the data to include socio-economic data and will publish our progress against our targets.
Accountability	- Ensure everyone has an equal chance. - Reflect the world we live in at every level of our organisation. - Zero-tolerance approach to discrimination of any kind.	We have behavioural, diversity and wellbeing training for line managers and colleagues and encourage allyship to build a culture of accountability and ownership for all. We introduced a new recruitment system which allows us to use blind CVs to ensure applicants do not face unconscious bias.
Engagement	- Educate ourselves on the world around us and learn from each other – we will listen and take action. We are all different. - Understand and remove any barriers, so everyone is confident that they have the same opportunity for success.	We continued to build on our colleague-led DEI&W networks. The networks celebrate events and share stories throughout the year to deepen understanding and educate others. We encourage our colleagues to bring their authentic whole selves to work.

Creating a diverse and inclusive culture

Our five diversity, equity, inclusion and wellbeing networks are sponsored by members of our Executive team. Each colleague-led network harnesses a diverse range of thoughts, ideas and perspectives and they're responsible for driving initiatives and activities.

Network	Sponsor
Pride (LGBTQIA+)	Samantha Preece Chief Brand and Communications Officer
Balance (Gender)	Emma Woodford Chief People Officer
Diversability (Disability)	Harry Hanscomb Chief Operating Officer
Respect (Multi-cultural)	Deirdre Davies Chief Internal Auditor
Wellbeing	Jean-Marc Robert Chief Risk Officer

During 2024, the networks have driven a series of collaborations and initiatives.

- The Pride network sponsored and joined the Bourne Free 2024 Pride parade and encouraged colleagues to step forward and become LGBTQIA+ allies.
- The Balance network introduced new family friendly policies and maintained its focus on supporting colleagues affected by the menopause through our network of menopause champions.
- The Diversability network introduced a line manager guide to aid understanding and support for seen and unseen disabilities and worked with an external charity to better support our colleagues who are carers.
- The Respect network signed up to the Race at Work Charter and ran a series of sessions on unconscious bias awareness and being an inclusive ally.
- The Wellbeing network increased the number of Mental Health First Aiders and rolled out training on Positive Mental Health at Work for all line managers.

Additionally, every year our networks come together to support and celebrate National Inclusion Week and the theme for 2024 was 'Impact Matters'.

Gender pay gap

We're confident that pay and reward at LV= is fair and unbiased. We believe that our gender pay gap is primarily driven by the structure of our workforce, with a greater representation of men in senior and specialist roles along with a higher representation of women in more junior roles. In 2024, we were pleased that our gender pay gap reduced to 28.4% (2023: 31.4%). More information can be found on LV.com

We're committed to improving gender balance across LV= and will continue to ensure that all colleagues have access to the same opportunities. For example, we will look at the talent that we already have and where there are opportunities to promote from within the business.

Women in Finance

Since 2016, we have been signed up to the Women in Finance Charter – another way we're supporting gender diversity. Board-endorsed and supported by our Executive team, our aim continues to focus on increasing the proportion of women in senior positions.

Our pledge under the Women in Finance Charter was to reach an ambitious target of 43% for female representation in senior roles by the end of 2025. We're pleased that we've achieved a 43% outcome by the end of 2024, which is an increase of 1% over the last year. This demonstrates our commitment to producing a diverse pool of leaders and senior managers.

43%

female representation in senior roles

Race at Work Charter

In 2024, we became a signatory of the Business in the Community Race at Work Charter. This means we've made a collective commitment to improve ethnic equality in the workplace. We've already implemented many of the seven calls to action, including appointing an executive sponsor for race and the collection of our colleagues' ethnicity data. As of the end of 2024, 81% of our colleagues have shared their ethnicity data with us, and of those 12% have shared with us that they are ethnically diverse. Compared to the 2021 census for England and Wales, our available data shows that we have a lower proportion of colleagues identifying as ethnic minorities than the general population but when we look at the areas in which our offices are based, we more closely reflect the census data in these areas. We're committed to improving this and are taking appropriate actions, for example mandatory unconscious bias training for all our line managers and introducing blind CVs into our recruitment process. We'll continue to introduce interventions to ensure ethnic minorities are represented at all levels in our organisation.

Mental health and wellbeing

Support for our colleagues' mental health, wellbeing and resilience will always be important.

Throughout Mental Health Awareness Week in May 2024, we held several wellbeing events including mental health drop-in sessions across our offices and sessions with our Employee Assistance Programme provider. We ran articles on men's mental health as part of International Men's Day and provided seminars on stress and burnout, resilience and anxiety.

In 2024, we gave more colleagues the chance to become Mental Health First Aiders (MHFA). MHFAs volunteer their time to provide a point of contact and reassurance for colleagues who may be experiencing emotional distress or mental ill health and can signpost appropriate support and information. Alongside this, our line managers received training on Positive Mental Health at Work so that they can signpost routes for support.

Colleague engagement

Keeping colleagues engaged is essential to our business performance. If colleagues feel energised, fulfilled and connected and believe in what we do, they're more likely to deliver great experiences for our members and customers.

We feel passionately about continuous listening and we use our engagement tool, BeMe at LV=, to conduct regular surveys as a temperature check on how we're doing. Our survey tool has an interactive element that enables colleagues to provide details on the things that matter the most to them and allows our leaders to directly respond and acknowledge comments and feedback. This is a great opportunity for us to truly understand the feedback we're being offered and really encourages two-way conversation.

Through BeMe at LV=, we track colleague engagement, which we use as a key non-financial indicator in our balanced scorecard. Averaged across 2024, our colleague total engagement score, using the eNPS methodology, was +38. Total engagement is comprised of four questions which focus on engagement, loyalty, belief and satisfaction. We've seen good improvements with each survey in 2024, and we're delighted that our average total engagement score is 28 points higher than the end of 2023. Additionally, on average, 88% of our colleagues shared their views and gave us feedback on each survey.

In terms of survey themes, we have received positive feedback in the areas of colleague and management support, openness and freedom of opinion. Future areas of focus for our Executive and Senior Leadership teams will include growth, strategy and development. They'll also produce localised action plans to support the areas that will have the greatest positive impact for their teams.

Reward and recognition

Paying our colleagues fairly and competitively continues to be a key component of our reward strategy and helps us to foster a positive and supportive culture. To ensure competitiveness, our salaries are regularly assessed against the market using reputable survey data, and account for ongoing pay trends and wider economic factors. We firmly believe colleagues should be justly remunerated for what they do and therefore, we also consider the complexities and responsibilities of their role. As a minimum, we continue to pay at least the Living Wage Foundation rate for our entry level roles as recommended by the Living Wage Foundation, which reflects our commitments around fair pay.

We recognise that a fully comprehensive benefits offering is an increasingly valuable part of a reward package. As such, we offer a wide range of core and flexible benefits designed to help our colleagues' mental, physical and financial wellbeing – to help them be their best self in and outside of work. Our core benefits (available to all colleagues) include life assurance, a virtual doctors service, an Employee Assistance Programme and competitive holiday entitlement. Our additional flexible benefits also give colleagues a chance to select from a wider range of options, including buying and selling holiday, private medical, health assessments, dental, critical illness, personal accident insurance and our cycle to work scheme. We also have a range of retail discounts that colleagues can access.

As a company that specialises in retirement solutions, we recognise that planning and saving for the future is an important part of financial wellbeing and we're proud to offer our colleagues a competitive pension where we double match their contributions up to a maximum of 14%. The minimum employee contribution is 3% of their gross salary via salary sacrifice. We continue to increase colleague engagement around our pension, providing a range of educational tools and online sessions to help our colleagues track their savings and furthermore, effectively plan for their future.

Our colleagues are also eligible to receive a bonus on top of their base pay. This is based on both our business performance against our annual strategic goals and colleague performance based on their delivery and behaviours (how they demonstrate, and role model our company values at work).

Trusted and Thoughtful Provider

The way we deliver our business is of equal importance to the products, services and advice that we offer. Through our values, we foster a culture that delivers positive outcomes for our members, customers and wider stakeholders. This also aligns with the new Consumer Duty requirements, which expanded to include products closed to new business in July 2024. Our Board Risk Committee also provides oversight to ensure we protect the interests of our members, customers and colleagues.

Supporting members and customers

Customer satisfaction

Our commitment to strong governance and a values-led culture that goes above and beyond what is required is at the core of our work as a trusted and thoughtful provider. Our members and customers rely on us to ensure they're protected from the unexpected. We believe it's important to look after our members and customers at all stages in their journey with us. This means we focus on providing great experiences in all the interactions we have, both directly and indirectly.

Customer satisfaction is **73%** more likely when the entire journey works well instead of when only the individual touchpoints do.

Our customer and adviser ambitions and objective

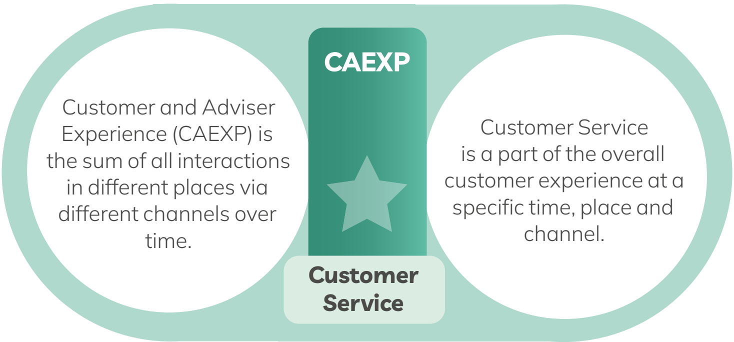
As we continue to develop our customer and adviser experience (CAEXP), we've made sure that we focus on the areas that mean the most to them.

We're committed to ensuring that the interactions customers have with us directly, or indirectly through their adviser, are those which would be expected from a trusted and thoughtful provider.

To support this, we've created customer and adviser ambitions.

Our Customer Ambition
To treat our customers fairly, consistently meeting their expectations and shining at the times it matters most.

Our Adviser Ambition
Build trust and confidence with advisers, provide a reliable experience and work in partnership with them to deliver good customer outcomes.



Customer and adviser NPS key performance indicators (KPIs)

One of our five KPIs is 'Best Loved'. This means we assess our success on our ability to deliver excellent customer experiences while consistently treating customers fairly.

We measure this KPI through our customer and adviser Net Promoter Scores (NPS), which separates our members, customers and advisers into a proportion of 'promoters' and 'detractors'.

Our promoters are defined as those that give us a score of at least 9 out of 10.

Through our customer insights, we know that easily obtaining accurate information matters as does their experience when interacting with our colleagues. That's why our customer experience ambitions target the service we give and the feedback from our customers and advisers.

Customer NPS	Adviser NPS
51	31

What's next for CAEXP

Members, customers and advisers have also told us that they want to see a continued focus on our digital offerings. We'll continue to invest in these, enabling us to continue building trust and confidence with our advisers and being there for our customers at the times it matters most.

> "I would like to **express my gratitude** to the team for all their kind, professional and considerate approach throughout the process of my claim. I have found the whole process of my diagnosis, surgery and ongoing recovery very hard to say the least. From the very first phone call to the ongoing process of the claim to the last call I had, I could not have wished for a more considerate and caring team."

> "Your actions have provided a **huge sense of relief** at what has probably been one of the most stressful situations of my entire life. Your support will never be forgotten!!"

Customer complaints resolution

Our colleagues across every office are committed to delivering great outcomes for all our members and customers. We want everyone to be happy with the interactions that they have with us and the service they receive. However, we realise we don't always get things right. That's why it's important that we fix any issues that arise and learn from them.

In 2024, the Financial Ombudsman Service (FOS) agreed with over 84% of the decisions we made on complaints referred to them. This shows that we continue to be committed to providing the right outcomes for our members and customers. Any dissatisfaction that we receive is addressed as quickly as possible and over 60% of complaints we received were resolved within three working days.

The Complaints team don't just deal with complaints. They also offer additional support to vulnerable members and customers. On an individual basis, and where appropriate, they will tailor our services and signpost to our member benefits, external charities and organisations that may be able to help. We assisted over 350 members through our member support programme. This ranged from individually tailored financial support to support services for their specific situation.

You can view our full complaints summary for 2024 on our website at LV.com

Engaging with our members

Our members are at the heart of all that we do – that's what being a mutual is all about. Through our products, services and advice, we look after our members' families, futures and finances. We're also dedicated to providing members with a variety of ways and opportunities to have their say, engage with us and stay informed.

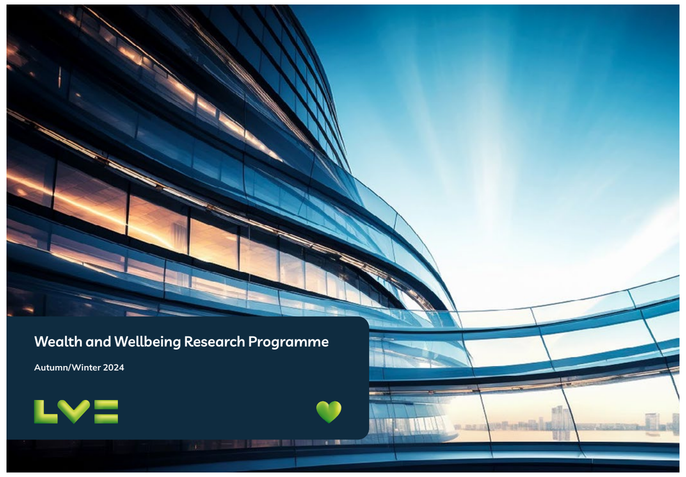
Through our Annual General Meeting (AGM), members are invited to have their say on the running of the business and attend the Meeting to hear directly from the LV= Board. Members can also join our Member Community, ensuring their voices are being heard on a variety of topics. Community members can take part in a range of quick polls, discussions, focus groups and surveys.

During 2024, Community members provided feedback on various research topics, including their views on environmental, social and governance investments, the important factors when choosing a life and pensions provider, and mutuality messaging. We also surveyed our members' views on customer service expectations and preferences. We know how important it is to give our members the right service and options on how they contact us; through the Community we explored our members' thoughts about two key additions to our customer experience – a call back option and live chat service. Both of which launched during the year after a positive response.

Members of the Community were also given another exclusive opportunity to ask our CEO a question. This can be viewed on our website a LV.com

Both the AGM and Member Community enable members to keep up to date with the business and take part in conversations with us, helping to shape the running and future direction of LV=.

We send a quarterly member email, which includes a regular round up of news and insights – all of which can help members whenever they might need it.



Our Wealth and Wellbeing Research Programme celebrated its fourth year during 2024. Each quarter, we survey the nation about financial matters and gauge consumer sentiment on a range of topical issues. The hub on our website is a space for members to read the latest results from our research and access useful resources and guides that could help them increase their financial awareness and plan for a secure future – helping them to live financially confident lives.

Financial crime

The robust systems and controls that we have in place via our financial crime policy continues to effectively prevent financial crime and losses across LV=. Over 2024, we successfully prevented financial losses of £9.7m through protecting our members, customers and the wider business from potential financial crime. We continue to do this by, for example:

- carrying out verification checks to ensure we're dealing with the appropriate individual and we know where funds are transferring from and to,
- carrying out enhanced due diligence on higher risk customers,
- investigating suspicious policy applications and insurance claims,
- reviewing pension transfers to protect our members from potential pension scams.

Bribery and fraud

The financial crime policy mentioned above includes a framework for mitigating crime that may arise from bribery and corruption, fraud, money laundering, terrorism proliferation financing, facilitation of tax evasion and financial and market abuse. Our Financial Crime team monitors adherence to this policy across the business.

To help detect and prevent bribery and fraud, our colleagues can report any suspicious activity or wrong doings via our 'Speak Up' service.

Human rights and modern slavery

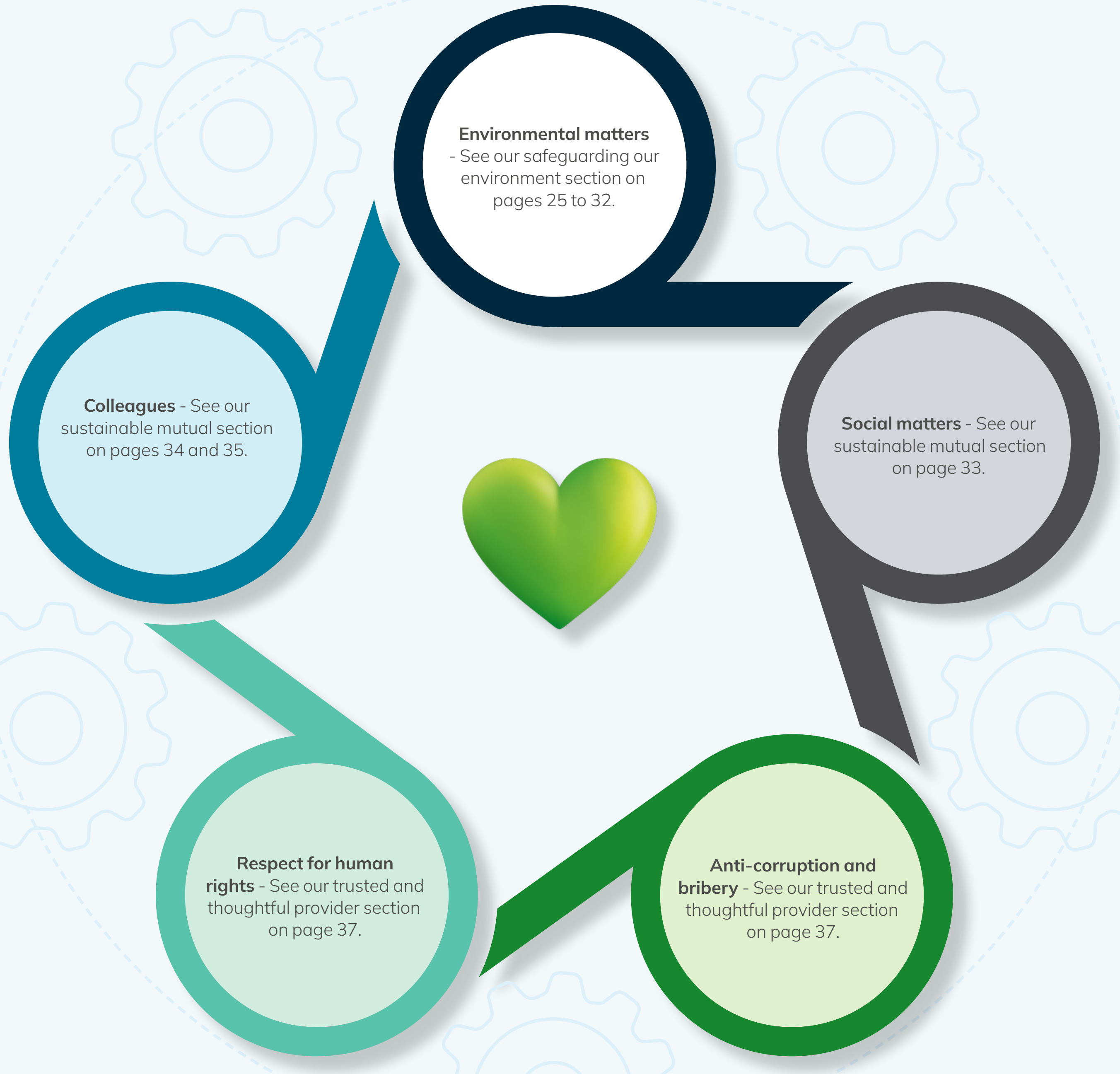
We understand the importance of human rights and, as a responsible business, we have fair and transparent employment and supply chain practices in place. We have no tolerance of slavery and human trafficking and have continued to consider ways to minimise the risk of modern slavery in our business and our supply chain. To support us in meeting our modern slavery responsibilities, we developed a third-party code of conduct for our suppliers and ensure colleagues are appropriately trained, and supported via our Employee Assistance Programme and Speak Up policy.

You can read our full Modern Slavery Statement on our website at LV.com

Non-financial and sustainability information statement

Under sections 414CA and 414CB of the Companies Act 2006, we are required to include in our strategic report a non-financial and sustainability information statement.

This sustainable business review section of the strategic report provides the following information required to be included in the non-financial and sustainability information statement:



Specific risks relating to non-financial information are discussed further in the Sustainability Report, the risk management section on pages 20 and 21 and also within note 3 in the financial statements. It should be noted that we will always seek to uphold our brand image with members, customers, colleagues and other external parties and that we have no appetite whatsoever for regulatory weakness or failings that lead to censure actions.

In addition to the above, further information required by these regulations can be found on pages 10 to 12 in our business strategy and mutual model section and on page 13 in our key performance indicators section.

Section 172 Statement

Directors are bound by Section 172 of the Companies Act 2006, which requires each director and the Board as a whole to have regard, among other matters to the:

- likely consequences of any decision in the long term,
- interests of the company's employees,
- need to foster the company's business relationships with suppliers, customers and others,
- impact of the company's operations on the community and the environment,
- desirability of the company maintaining a reputation for high standards of business conduct,
- need to act fairly between members of the company.

The directors recognise the importance of considering the views and interests of its stakeholders when making decisions. For LV= this includes our members, customers, colleagues, regulators, suppliers, and communities we work in and the wider environment.

The directors acknowledge that a decision will not necessarily have a positive outcome for all stakeholders. However, through wide-ranging engagement, listening to their views, and assessing the impact of any decisions, our stakeholders' views are incorporated into our decision-making process.

In accordance with our governance framework, the Board has delegated some of its responsibilities to a Board committee, but the Board retains responsibility for all final decisions. During 2024, all strategic decisions and business matters were assessed by the Board or a Board committee and both the views of and the impact on our stakeholders were considered and are outlined below.

You can find more information about our governance structure and the Board and Board committees' role and responsibilities in the governance report on pages 47 to 57.

Key stakeholders

Our members and customers

Understanding what's important to our members and customers is key to our long-term success as a mutual company.

Members

Our LV= Member Community celebrated its first anniversary in March 2024. It continues to ensure the voice of our members is being heard on a variety of topics. Through joining the Member Community, members can take part in a range of quick polls, discussions, focus groups and surveys. Members of the Community were also given another exclusive opportunity to ask our CEO a question. This can be viewed on our website at LV.com

During 2024, Community members provided feedback on research topics, including their views on environmental, social and governance investments, the important factors when choosing a life and pensions provider, and mutuality messaging. The findings from the surveys were incorporated into our business plan to ensure the Board's future strategy focused on matters important to our members.

We also surveyed our members' views on customer service expectations and preferences. We know how important it is to give our members the right service and options on how they contact us and through the Community we explored our members' thoughts about two key additions to our customer experience – a call back option and live chat service. Both of which launched during the year.

The Board was given regular updates on these initiatives through the Chief Executive's report at each Board meeting to ensure that members' views were integrated into management's day-to-day decision making and incorporated into our future strategy, ideas and decisions. As such, members were a consideration in each report and/or decision that was presented to the Board. In particular, the approval of the 2025-2029 business plan and the various policy bonus declarations that are made during the year.

Customers

In line with the requirements of the Financial Conduct Authority (FCA)'s Consumer Duty regulations which came into force in July 2023, the Board nominated Susan McInnes, Non-Executive Director, as the Board Consumer Duty Champion. Susan's primary role is to ensure that we are meeting the expectations of the Duty, management are challenged on the embedding of the Duty and consumer outcomes are considered in the decision-making process. Susan is a member of the Customer Committee which meets quarterly to receive updates on customer service, complaints, vulnerable customers, and delivering good outcomes to our customers. Susan provides a direct link between the business and the Board to ensure that the customer voice is always present in Board discussions.

During the year, the Risk Committee and With-Profits Committee received regular reports on the implementation of our consumer duty project ahead of the regulatory deadline for the closed book. Regular reports were also provided to the Risk Committee on outcomes being delivered for our customers to ensure the fair treatment and appropriateness of management's decision making. The committees reviewed the Annual Consumer Duty Report ahead of the Board's approval in July 2024 to ensure that the right processes were in place and we are delivering customer outcomes in line with the regulations. The Consumer Duty has been integrated into all reports and decisions presented to the Board and is a principal focus of the Customer Committee.

The Board also receives customer feedback in many forms, whether directly from the customer, as part of our overall customer insight or, in the form of results and feedback from customer satisfaction surveys which are all reported to the Board by the Chief Executive.

Key stakeholders

Our members and customers

Annual General Meeting (AGM)

The 2024 AGM was held on Thursday 27 June as a hybrid meeting, at the Hilton Hotel, Bournemouth and online. This meant that members could join us on the day in person or view the proceedings online. Members were able to vote in advance via proxy or on the day, either in person or via the online meeting platform. Members were provided with an update on our financial performance and member initiatives and were able to engage directly with the Board via a question and answer session. All Resolutions were passed with at least 94% of votes in favour.

The Board considered and agreed how the AGM would be held to ensure that it was accessible to all our members, and that they could fully participate however they chose to join. A recording of the AGM and the minutes from the Meeting were uploaded to LV.com after the Meeting to ensure that those members who were unable to attend were still able to access and view the event. Members continue to have the opportunity to ask the Board questions throughout the year and can be involved in the Member Community (as outlined in the members section of this table).

The Remuneration and Nomination Committee considered the skills, knowledge and experience of the Board to support the Resolutions relating to the re-appointment of the directors ahead of the Board approving the full suite of Resolutions and Notice of Meeting.

Our colleagues

The wellbeing and engagement of our colleagues continues to be a key focus for the Board and senior management. We are committed to creating an inclusive culture where all colleagues feel welcomed, respected, supported and valued.

During the year, focus was placed on our diversity, equity and inclusion (DEI) strategy plans, as we work towards celebrating our colleagues' differences and embedding an inclusive culture and supportive working environment. Our DEI strategy was revised to include short and long-term ambitions and, following approval by the Board, was published on **LV.com**

The Employee Consultative Forum (ECF) is made up of elected representatives from across our three offices who can raise workplace matters with senior management, on our colleagues' behalf. The forum is neutral and independent from management and is a key method used by the Board to assess and monitor the culture within LV=. The Board invited ECF representatives to present regular updates to ensure any colleague-related views or concerns were discussed or escalated where appropriate. In 2024, we provided additional training and increased the visibility of our representatives, for example through their presenting at all colleague meetings.

Our Speak Up policy allows colleagues to report concerns confidentially and anonymously. It also informs colleagues of the process and reporting avenues available for raising suspicions and concerns relating to non-compliance with our legal and regulatory obligations, criminal activity, a miscarriage of justice, health and safety, bullying and harassment, or process and control worries.

The Risk Committee has oversight of the internal Speak Up framework and controls and receives regular reports on the remit and findings of the service. The Speak Up policy is also reviewed and approved annually by the committee. There were no speak up cases raised or escalated to either the Risk Committee or the Board during 2024.

The Board continues to support initiatives to engage with all colleagues and bring their voice into the boardroom. Their views help shape our initiatives and are incorporated within the Board's decision making. The Chief People Officer presents regular people updates to the Remuneration and Nomination Committee and provides information on the issues affecting colleagues and the culture at LV=.

In addition to this, the views of our colleagues are gauged quarterly through our colleague engagement survey. This enables management and the Board to continuously listen to the views of our colleagues, as well as offering two-way communication on the topics that matter to them. The results of our engagement surveys are reviewed, and action plans are developed to address the outcomes and are put in place at both individual team level and business wide. There has been positive participation with the engagement survey throughout 2024 and 90% of employees participated in the final survey of the year.

The Board understands that each and every one of its decisions will directly or indirectly impact colleagues which is why our colleagues remain an important stakeholder.

Key stakeholders

Other stakeholders

With-Profits Committees

The With-Profits Committee (WPC) is an important stakeholder. The WPC provides advice and challenge ahead of each Board meeting to ensure consideration is given to the fairness of proposals and decisions for with-profits policyholders.

The committee's views during the year were considered, and proposals were revised where appropriate before being presented to the Board for approval. The WPC chair attended the Board meetings which were of most relevance to with-profits policyholders to present the views of the committee back to the Board.

The interests of the Royal National Pension Fund for Nurses (RNPFN) policyholders are looked after by a Supervisory Board which acts as the With-Profits Committee for the fund. During the year, reports from the RNPFN Supervisory Board were regularly considered by the Board.

External auditors and the quality of financial reporting

On an annual basis, the Board strives to present to members and customers a fair, balanced, and understandable assessment of our financial position and prospects through the publication of this Annual Report and our Solvency and Financial Condition Report. Both of which are reviewed and validated by our external auditors, Forvis Mazars LLP.

We do this by following our internal governance and financial reporting processes, internal control framework and risk management systems.

The Audit Committee has oversight of the financial reporting and internal control framework. It receives regular reports on the progress of the year-end process and exercises its challenge on the integrity of the financial information and internal control conclusions.

Once the Audit Committee has robustly reviewed the Annual Report and Solvency and Financial Condition Report and is satisfied with the integrity of the information, and the external auditors are of the same opinion, these reports are recommended to the Board for approval. This process has been adopted for the 2024 year-end before the reports' formal publication to members. The Board ensures that copies of both reports are made available to members on LV.com.

Environment

The Board always seeks to protect and improve the interests of our current and future members. This includes safeguarding our environment by pro-actively considering the growing climate change risk as well as wider environmental, social and governance (ESG) issues.

Sustainability is an integral part of the way we do business, and the Board strives to embed environmental considerations in everything we do. Our sustainability strategy ensures that climate change and other ESG considerations are appropriately incorporated within the Board and management's decision making.

The Board regularly receives reports from the Chief Executive and Chief Risk Officer which provides perspectives on key risks and opportunities across the business, including sustainability where appropriate. Insights on the sustainability of our investments is provided to the Investment Committee on a regular basis and included in any new investment proposals. Sustainability factors are also included within reporting to the Board or Board committees to ensure that there is appropriate consideration within key proposals.

During the year, the Board approved a net-zero ambition statement to transform LV= to be net zero in line with the UK government's commitment to net zero by 2050 and in support of the Paris Agreement's objective to limit global temperature increases.

Further information is available in our sustainable business review on pages 25 to 32.

Business relationships

We operate and work with a wide range of suppliers to deliver services to our members and customers. It is vital that we build and foster strong working relationships with all our suppliers, financial advisers and business partners.

We assess all suppliers for risk and cost reduction opportunities and monitor compliance with all major contracts to ensure the required service levels are met, with any risks managed appropriately.

The Risk Committee received regular updates on our activities aimed at ensuring compliance with the Prudential Regulation Authority's regulatory requirements and expectations on outsourcing and third-party risk management. The committee was updated on the adequacy of our supplier processes and internal framework and controls, the accountability in place, and how the current procurement arrangements and contracts aligned to the regulator's expectations.

Regulators

As a financial services business, we are regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

We have a constructive and open relationship with both regulators and, as part of the PRA's supervision programme, our senior management team and Board regularly meet with its supervisory teams.

The Chief Risk Officer provides a regular report to the Board and the Risk Committee on regulatory engagement and relationship matters and the Regulators are kept informed of any matters which require their attention.

Corporate Governance Report

Board of Directors

Our Board

Board of Directors - as at 31 December 2024

Simon Moore, Chairman

David Hynam, Chief Executive (CEO)

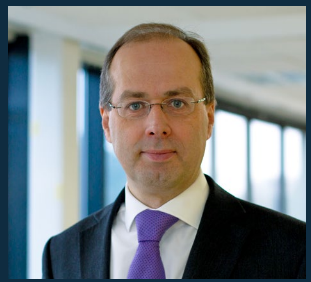
Natalie Ceeney CBE, Senior Independent Director

Colin Ledlie, Non-Executive Director

Susan McInnes, Non-Executive Director

Suzy Neubert, Non-Executive Director

David Rogers, Non-Executive Director



Stephen Percival, Chief Financial Officer (CFO)

Key

B	Board
RN	Remuneration and Nomination Committee
A	Audit Committee
Ri	Risk Committee
I	Investment Committee
W	With-Profits Committee
*	Committee chair

Simon Moore, Chairman

B * RN

Appointment:

Simon joined the Board on 17 June 2022 as a Non-Executive Director. He was formally appointed by our members at the 2022 AGM.

Skills and experience:

Simon has over 30 years' experience in financial services. He began his career as a credit analyst, specialising in insurance at Lloyds Banking Group and went on to join the global insurance team at Chase Manhattan Bank in London and New York in 1994. In 2004 he was appointed regional director for the corporate banking business at Barclays Bank (South-West of England and Wales). He spent three years as the international director of the Confederation of British Industry (CBI) and as a member of its management board. In 2022, Simon completed a ten-year term as a director and chair at Cambridge and Counties Bank and in 2024 stepped down from his appointments as chair of RCI Bank UK (the UK arm of the French bank RCI Banque Groupe) and PCF Bank Group. He has also been a governor at the University of the West of England, a non-executive board member of the Government Office of the South-West and chairman of Pennant International Group PLC. As well as LV= Chair, Simon is also the chair of WH Ireland plc and chair of Principality Building Society.

David Hynam, Chief Executive (CEO)

B I

Appointment:

David was appointed as CEO on 26 September 2022 and joined the Board on 24 October 2022. He was formally appointed by our members at the 2023 AGM.

Skills and experience:

David has over 30 years' experience in the financial services and insurance sector. He began his career at Barclays in 1992 working in a variety of roles before becoming chief operating officer at Barclays' Offshore business. He joined AXA UK in 2001 in a senior operations role, ultimately overseeing operations for the UK and Ireland. When Resolution acquired the majority of the UK life business from AXA, merging the business with the Friends Provident business to create Friends Life, David joined Friends Life as group chief operating officer, leaving as UK chief executive officer in 2013. He joined Bupa UK in 2014 and led the transformation agenda for the UK business as well as running the health clinics division. His most recent role was as chief executive officer of Bupa's UK and Global markets, which included all the UK businesses and international health insurance. As well as LV= Chief Executive, David is chair of HomeServe Membership Limited.

Natalie Ceeney CBE, Senior Independent Director

B RN * A Ri

Appointment:

Natalie joined the Board on 1 March 2022 as a Non-Executive Director and Senior Independent Director. She was formally appointed by our members at the 2022 AGM.

Skills and experience:

Natalie is an experienced non-executive director with a strong background in financial services and regulation. Natalie's early career was at McKinsey & Company and she subsequently held three chief executive roles, including at the National Archives, HM Courts and Tribunal Service, and the Financial Ombudsman Service. She's also served on the UK executive of HSBC. Natalie's non-executive experience includes Countrywide plc, Innovate Finance, Ford Credit Europe (Bank) and Anglian Water. Her current non-executive commitments include OpenReach, Spire Healthcare and she is chair of Cash Access UK Limited. She was awarded a CBE in the 2010 New Year Honours.

Colin Ledlie, Non-Executive Director

B A Ri * I W

Appointment:

Colin joined the Board on 1 August 2017 as a Non-Executive Director. He was formally appointed by our members at the 2018 AGM.

Skills and experience:

Colin is an experienced actuary and risk professional with over 30 years' experience in the insurance industry. He has previously held a number of senior executive roles at Standard Life, including as chief actuary and chief risk officer. Colin's non-executive experience includes Bupa, ReAssure and the National Records of Scotland and in 2025, he joined Reclaim Fund Ltd as a non-executive director.

Susan McInnes, Non-Executive Director

B RN Ri W

Appointment:

Susan joined the Board on 1 April 2020 as a Non-Executive Director. She was formally appointed by our members at the 2020 AGM.

Skills and experience:

Susan has worked in the life and pensions sector for over 40 years. She was at the Phoenix Group for over 12 years where she was customer director of the life companies and chief risk officer, before being appointed chief executive officer of Standard Life Assurance in September 2018. Susan was previously appointed as a board member of the Association of British Insurers (ABI) and chair of the ABI's Long-Term Savings Committee. Susan's non-executive experience includes Rowanmoor Group and Curtis Banks Group. Susan currently sits on the boards of Royal and Sun Alliance, and Diligenta.

Suzy Neubert, Non-Executive Director

B RN A I *

Appointment:

Suzy joined the Board on 1 March 2022 as a Non-Executive Director. She was formally appointed by our members at the 2022 AGM.

Skills and experience:

Suzy has deep financial services experience as both an executive and non-executive director. Her executive roles have included managing director of equities at Merrill Lynch followed by 14 years at J O Hambro Capital Management where she was global head of distribution. Suzy sits on the boards as a non-executive director and senior independent director of Jupiter Asset Management and LondonMetric Property PLC and is a trustee of the King's Trust. During 2024, Suzy joined the board of Howden Joinery Group plc as a non-executive director. She was previously a non-executive director of Witan Investment Trust plc and ISIO. Suzy is also a qualified barrister.

David Rogers, Non-Executive Director

B A * Ri I

Appointment:

David joined the Board on 1 March 2023 as a Non-Executive Director. He was formally appointed by our members at the 2023 AGM.

Skills and experience:

David has more than 25 years' experience of financial services with a deep knowledge of the insurance and life and pensions industry. He worked at Aviva for more than 20 years in a variety of senior roles including chief finance officer of Aviva's UK Life and Pensions business. David's current non-executive experience includes AA Insurance Services Limited and musical charities Hounslow Music Service, The Vauxhall Band and Fieri Consort. He is also a senior advisor for McKinsey.

Stephen Percival, Chief Financial Officer (CFO)

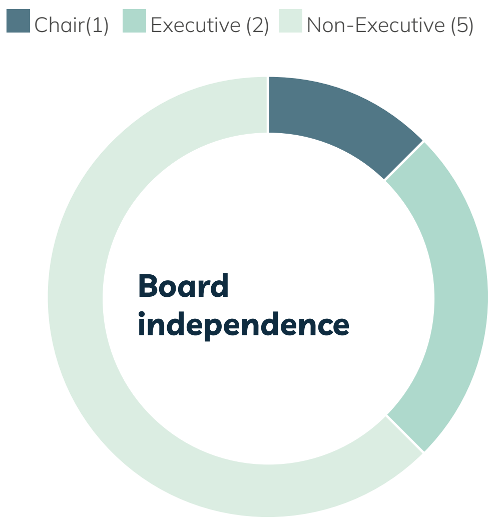
B I

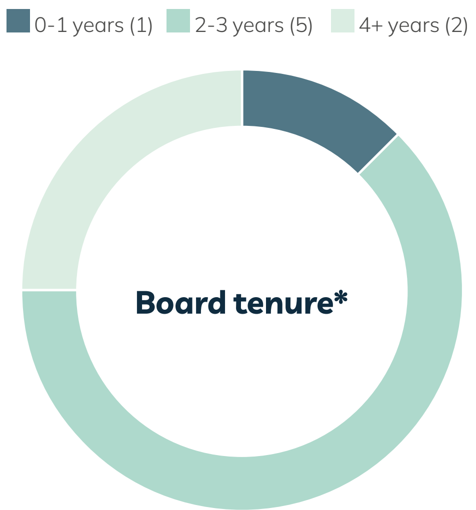
Appointment:

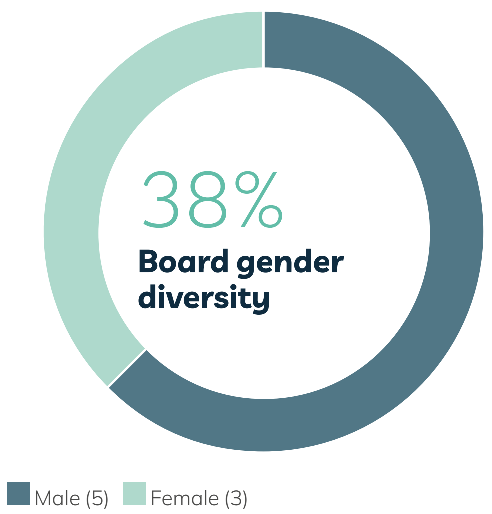
Stephen was appointed as CFO on 15 May 2023 and joined the Board on 22 June 2023 as an Executive Director. He was formally appointed by our members at the 2024 AGM.

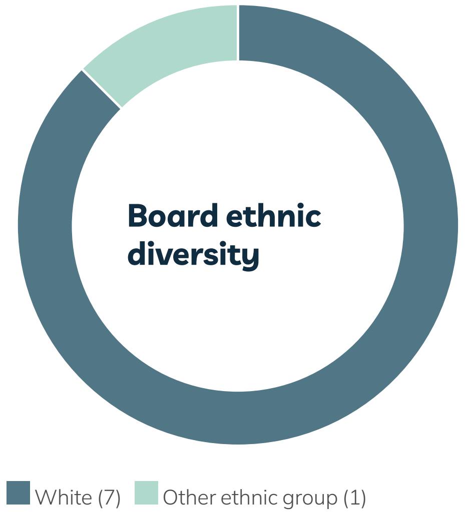
Skills and experience:

Stephen has enjoyed a successful career in financial services and has extensive life insurance experience from 25 years in the industry. He has held a wide range of senior finance roles including CFO of Standard Life's insurance business and CFO of the life businesses within the Phoenix Group. He also has international experience gained from working in China, India and Canada. As well as LV= Chief Financial Officer, Stephen is also director of The Aquila Foundation.









* Tenure is calculated from the date of the director's first appointment at an AGM

Corporate Governance Statement

Our governance

The Board is committed to the highest standards of corporate governance and stewardship. As a mutual, we are owned by our members and strive to provide long-term benefit and confidence through the operation of an effective governance framework, efficient controls and transparent decision making.

To reflect our commitment to mutuality, we are a member of the Association of Financial Mutuals (AFM) and we adhere to the principles of the AFM's Corporate Governance Code (AFM Code). The AFM Code supports its members in delivering the highest standards of corporate governance.

The Board fully supports the aims of the AFM Code and believes that effective corporate governance ensures that there is clarity of roles and responsibilities which enhances accountability and transparency. Good governance helps to create a sustainable business and support the delivery of our long-term strategy.

The AFM Code has six overarching principles. The table below sets out how we have applied each principle.

The AFM Code – six principles

Principle	Applied	How the principle has been applied
Principle one **Purpose and leadership** An effective Board promotes the purpose of an organisation and ensures that its values, strategy and culture align with that purpose.	Yes	Our purpose is to help people live financially confident lives by protecting their income while they are working and maximising it when they stop. We regularly question how we deliver this purpose recognising that we each have a role to play. We also have a wider social purpose to be a good corporate citizen and to remember our heritage – we were founded to help people in need. During 2024, the Board continued to develop our business strategy and the opportunities that it presents for our members, customers, advisers and colleagues. The business strategy, developed by the Board to deliver our purpose, is clearly articulated and communicated to all colleagues who have the collective responsibility for its implementation. Colleagues are asked to consider their role in delivering our aims and how they can contribute directly and indirectly through their everyday activities. Further details on our strategy and how it was applied during the year can be found on pages 10 to 12. The role of the Board is to set the tone from the top for the group's governance, culture and values, and to be collectively responsible for the long-term success of the group. This means running our business with integrity, complying with all relevant laws and regulations and enabling the highest standards of internal control and risk management. The Board ensures that we truly live our values every day and we strive to be trusted, courageous, curious and inclusive in all that we do. We strive to ensure our values are clear and meaningful for colleagues. The Board is proud of the culture we have developed. Regular updates were provided to colleagues throughout the year outlining our strategic priorities and how they aligned with our vision, mission, purpose, values and business plan. The Executive team regularly gauges colleague understanding and support for the positive culture it has cultivated through our engagement surveys, diversity, equity and inclusion initiatives, exit interviews and learning and development programmes. Regular feedback on the initiatives is reported to the Board.
Principle two **Board composition** Effective Board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge with individual directors having sufficient capacity to make a valuable contribution. The size of the Board should be guided by the scale and complexity of the organisation.	Yes	We recognise that the Board is likely to make good decisions if the directors contribute a range of perspectives and experiences. The Board is composed of six Non-Executive Directors and two Executive Directors with a broad range of skills, experience and knowledge which is appropriate for our purpose and size. Each role on the Board has a specific responsibility and a summary of each can be found on page 50. Biographies of the Board directors can also be found on pages 45 and 46. The Board is committed to diversity in line with the Board's Diversity Policy (page 54). Diversity in the boardroom reduces the risk of group think and strengthens the quality of decision making. The Board is mindful of ensuring diversity in all Board succession and recruitment activity. The Chair's performance is appraised annually by the Senior Independent Director. Each Non-Executive Director's performance and the Chief Executive's performance is evaluated by the Chair. It was agreed that all directors performed effectively during the year and would be put forward for re-appointment by members at the 2025 Annual General Meeting (AGM). The Board and each Board committee undertook an internal evaluation of its effectiveness in 2024 and assessed its responsibilities, performance, composition and engagement. The findings of the review are outlined on page 53.

The AFM Code – six principles

Principle	Applied	How the principle has been applied
Principle three **Director responsibilities** The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making and independent challenge.	Yes	Our governance framework defines the decision-making authorities and responsibilities of the Board, its committees and the Executive team's delegated authorities. Where appropriate, the Board delegates some of its responsibility to Board committees but retains overall responsibility for all matters. The composition of the Board committees is regularly reviewed to ensure that the members have a range of relevant skills, professional qualifications and experience relevant to the committee's role and remit. The terms of reference of the Board and its committees are reviewed annually, or more frequently if required, and are publicly available on LV.com. Some matters remain reserved for the Board or members in accordance with our Articles of Association and relevant company laws. A copy of our Articles of Association is also available on LV.com Each director is aware of their responsibility to act in accordance with the duties outlined in the Companies Act 2006. These include a duty to promote the success of the company, consider the long-term consequences of decisions and its impact on stakeholders including colleagues, members and the environment. Our Section 172 statement is available on pages 39 to 41 for more information. As a financial services business, the directors are also bound by the Financial Conduct Authority's (FCA) code of conduct which sets out certain rules to be adhered to. These regulatory responsibilities include acting with integrity, acting with due skill, care and diligence, being open and cooperative with the regulators, paying due regard to the interests of customers and treating them fairly, acting to deliver good outcomes for retail customers and observing proper standards of market conduct. Those holding key roles within our business also have additional responsibilities which are clearly mapped. All of these responsibilities are captured in each director's and approved person's 'statement of responsibilities' which were reviewed and updated during the year and provided to the FCA. Each director has complied with the code of conduct throughout 2024. We have a comprehensive conflicts of interest policy which is updated annually and reviewed by the Risk Committee. Each director is aware of their obligations and any potential conflicts are identified and mitigations put in place. Directors declare any new conflicts at the start of each Board meeting and all external appointments are approved by the Chair, prior to the Board formally approving the appointment. The Company Secretary and Secretariat team ensure that adequate resources are available to the Board and each committee to enable each director to fulfil their obligations. Regular training is coordinated for the Board throughout the year which covers developments within the market, corporate reporting and regulation, sector trends and best practice, and future areas of concern.
Principle four **Opportunity and risk** A Board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.	Yes	The Board is responsible for all strategic decision making. During the year, the Board reviewed and agreed its business plan, held one formal strategy session and identified and assessed opportunities to create greater sustainability and member value. Our viability statement is available on pages 59 and 60 and sets out our long-term prospects, the factors considered when assessing future viability and the risks that we consider might impact on those prospects. The Board has overall responsibility for setting the risk strategy, risk framework and the risk appetite. The risk strategy and principal risks are updated and reviewed by the Risk Committee and the Board through the annual Own Risk and Solvency Assessment (ORSA) process. The principal risk and uncertainties are disclosed in the risk management section on pages 20 and 21. The Risk Committee and Audit Committee have responsibility for overseeing the development, maintenance and effectiveness of a risk management and internal control system. The Risk and Audit committees consider whether the framework is appropriate to the organisation and test that it is embedded and operating effectively. Further information is detailed on pages 55 to 57.

The AFM Code – six principles

Principle	Applied	How the principle has been applied
Principle five **Remuneration** A Board should promote executive remuneration structures aligned to the long-term success of an organisation, taking into account pay and conditions elsewhere in the organisation.	Yes	The role and activities of the Remuneration and Nomination Committee is outlined on page 66. Our remuneration policy can be found on pages 64 and 65. The committee's role is to ensure that there is alignment between executive remuneration and the long-term success of the business. Performance is assessed on a range of financial and non-financial measures that fully align with our strategic aim to deliver value to members. The committee reviews salary and bonus levels, considers gender pay reporting and wider workforce pay trends and policies. We strive to ensure that the highest levels of governance are followed and that the committee's decisions are compliant with best practices, the principles of the AFM Code and Solvency II regulations. The remuneration of the Non-Executive Directors is reviewed by the Board annually and no director is involved in deciding their own remuneration. Non-Executive Directors are paid fees at market competitive rates and there are no incentivisation or performance related conditions in their contracts.
Principle six **Stakeholder relationships and engagement** Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	Yes	Understanding and maintaining good relationships with our stakeholders is a primary focus of the Board. The Board firmly believes that understanding what's important to our members and customers is key to our long-term success as a company and as a mutual. Details of our engagement with members, colleagues, suppliers, regulators, our community and the wider environment are detailed below and an explanation of how the long-term consequences of Board decisions impact our stakeholders is included within our Section 172 statement on pages 39 to 41.

Key Stakeholders

Our members: Our LV= Member Community celebrated its first anniversary in March 2024 and it continues to ensure the voice of our members is being heard on a variety of topics. We also engage with our members through our AGM. Members have the opportunity to attend either in person or virtually and can ask questions in advance of the Meeting or directly to the Board during the Meeting.

Our customers: Susan McInnes, our Non-Executive Director and Consumer Duty Champion, ensures that the customer's voice is present in decision making outcomes and that the Board delivers good outcomes for customers. Susan is a member of the Customer Committee which meets quarterly to receive updates on customer service, complaints and vulnerable customers. The Board also receives customer feedback in many forms, whether directly from the customer, as part of our overall customer insight or in the form of results and feedback from customer satisfaction surveys.

Our colleagues: The wellbeing and engagement of our colleagues continues to be a key focus for the Board and senior management. We are committed to promoting equality of opportunity for all colleagues, ensuring that they are informed and empowered to make positive choices to maintain their wellbeing. We have several initiatives in place to ensure the right support and information is available. We also gauge the views of our colleagues regularly through engagement surveys or via reports to the Board from our Chief People Officer and Employee Consultative Forum representatives. Further details of these initiatives can be found on pages 34 and 35.

Our regulators: As a financial services business, we are regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). We have a constructive and open relationship with both regulators and, as part of the PRA's supervision programme, our senior management team and Board regularly meet with its supervisory teams.

Our business partners: We operate and work with a wide range of suppliers to deliver services to our customers. The Board recognises the importance of building and fostering strong working relationships with all our suppliers, advisers and business partners.

Our community: We are passionate about helping communities both local to our offices and further afield. During 2024, we supported a variety of charities through corporate giving, fundraising, sponsorships, partnerships, volunteering and charity initiatives with the help of our colleagues. You can read more about this in our sustainable business review on page 33.

Our environment: Sustainability is an integral part of the way we do business, and the Board strives to embed environmental considerations in everything we do. Our 2024 Sustainability Report outlines our aims and core strategies. The Report also shares our net zero targets on decarbonisation, engagement and climate solutions. You can read more about this on pages 25 to 32.

Our bondholders: We continue to engage and develop our relationship with bondholders as key stakeholders. During 2024, we met with several investors and attended the Barclays European Investment Grade Credit Conference enabling us to strengthen our relationship with existing and prospective bondholders.

Corporate Governance Structure

Roles and responsibilities

The Board is comprised of an independent Non-Executive Chair, five independent Non-Executive Directors and two Executive Directors (the CEO and CFO). The directors collectively have the appropriate balance of skills, knowledge and experience in the financial services industry, in particular life insurance, with-profits, investments, risk and governance to make an effective contribution to the Board's discussions. The Non-Executive Directors remain independent and have sufficient capacity to fulfil their role on the Board.

Each role on the Board has a specific responsibility and a summary of each can be found below. The skills and experience that each director brings to the Board is included in their biographies on pages 45 and 46.

Board of Directors - as at 31 December 2024	
Chair Simon Moore	▌ Ensures the Board is effective and fosters honest and open debate in the boardroom. ▌ Ensures effective decision making and robust challenge of management. ▌ Sets the tone from the top both in terms of our culture and in setting the strategic direction. ▌ Oversees and supports the CEO. ▌ Promotes high standards of corporate governance.
Senior Independent Director Natalie Ceeney CBE	▌ Acts as a sounding board to the Chair. ▌ Leads the annual review of the Chair's performance by the Board. ▌ Available to the directors and members when contact through the usual channels (Chair or CEO) may not be appropriate.
Non-Executive Directors Colin Ledlie Susan McInnes Suzy Neubert David Rogers	▌ Contribute to discussions and challenge and hold management to account to ensure transparent decision making and oversight. ▌ Contribute to the development of the business plan, strategy and risk appetite. ▌ Promote the long-term success of the business.
Chief Executive (CEO) David Hynam	▌ Leads the Executive team in the day-to-day running of the business. ▌ Delivers the business strategy and the business plan agreed by the Board. ▌ Implements and monitors the controls for best practice, policy and practices to maintain operational efficiency and high standards of business conduct.
Chief Financial Officer (CFO) Stephen Percival	▌ As a member of the Board, collectively with the Non-Executive Directors, sets the business strategy and monitors performance to ensure the long-term success of the business. ▌ Provides the Board with additional insight into the operation and performance of the business and its subsidiaries. ▌ Leads the Finance function and delivers the financial strategy for the business.
Supporting the Board	
Company Secretary Oliver Wilson	▌ Ensures the Board has high quality information, adequate time and appropriate resources in order to function effectively and efficiently. ▌ Advises and keeps the Board updated on corporate governance matters and developments. ▌ Considers Board effectiveness in conjunction with the Chair. ▌ Facilitates the directors' induction programmes and assists with professional development. ▌ Provides advice, services and support to all directors as and when required. Each director has unrestricted access to the Company Secretary and Secretariat team.

The Board's activities during 2024

In addition to the six standard meetings, a formal strategy meeting was held during the year to discuss the purpose, vision and future strategy of the business. Ad-hoc Board meetings were also arranged to discuss the business plan, strategy and consumer duty. The Board delegated its authority to a sub-committee and meetings were convened to approve with-profits bonuses and governance, and the year-end 2023 Financial reporting.

The agenda for each Board meeting is carefully considered in advance by the Chair, CEO and Company Secretary to ensure that any standing or situational matters follow the correct governance process. The CEO reviews all papers before they are submitted to the Board to ensure that the Board has confidence in the quality and integrity of the information used for decision making and reporting. The Chair ensures that all directors have the appropriate information available, in a timely manner, to enable a constructive discussion in the boardroom.

A typical meeting will comprise of reports from:

- the CEO on the performance and strategy,
- the CFO on the trading and financial performance,
- the Chief Risk Officer on risk and regulatory matters.

The remainder of the agenda focuses on member, customer, colleague and governance matters, and topics of current interest. The Board also has an annual learning and development programme and will typically receive training on a relevant topic at each Board meeting.

There is a clear list of reserved matters which only the Board can decide on and these are outlined in the Board's terms of reference and summarised below. Other matters are delegated to the Chief Executive or a Board committee. The Board's terms of reference are available on LV.com

Reserved matter which only the Board can decide on	Specific items contained within such matters
Strategy and planning	The annual business plan, budget and strategic plans for the group.
Financial matters	▌ Expenditure (whether capital or revenue) greater than £5m, or £2.5m over the agreed budget or outside of the normal course of business. ▌ The authority limits for the CEO. ▌ The remuneration of the Non-Executive Directors including the members of the With-Profits Committee and RNPFN Supervisory Board.
Mergers, acquisitions and disposals	▌ Changes to the group's legal entity structure, including the incorporation of new entities, mergers, acquisitions and disposals, either by LV= or its subsidiaries.
Governance and compliance	▌ The notice of General Meetings. ▌ Proposed amendments to the Articles of Association (which would be recommended to members for approval at a General Meeting). ▌ The terms of reference of the Board, Board committees (including Board sub-committees) and the subsidiaries' board. ▌ Appointment of directors to the Board (subject to approval by members at an Annual General Meeting) and our subsidiaries. ▌ Changes to the Board or Board committee's composition.
With-profits	▌ Annual bonus declaration. ▌ Membership entitlement.

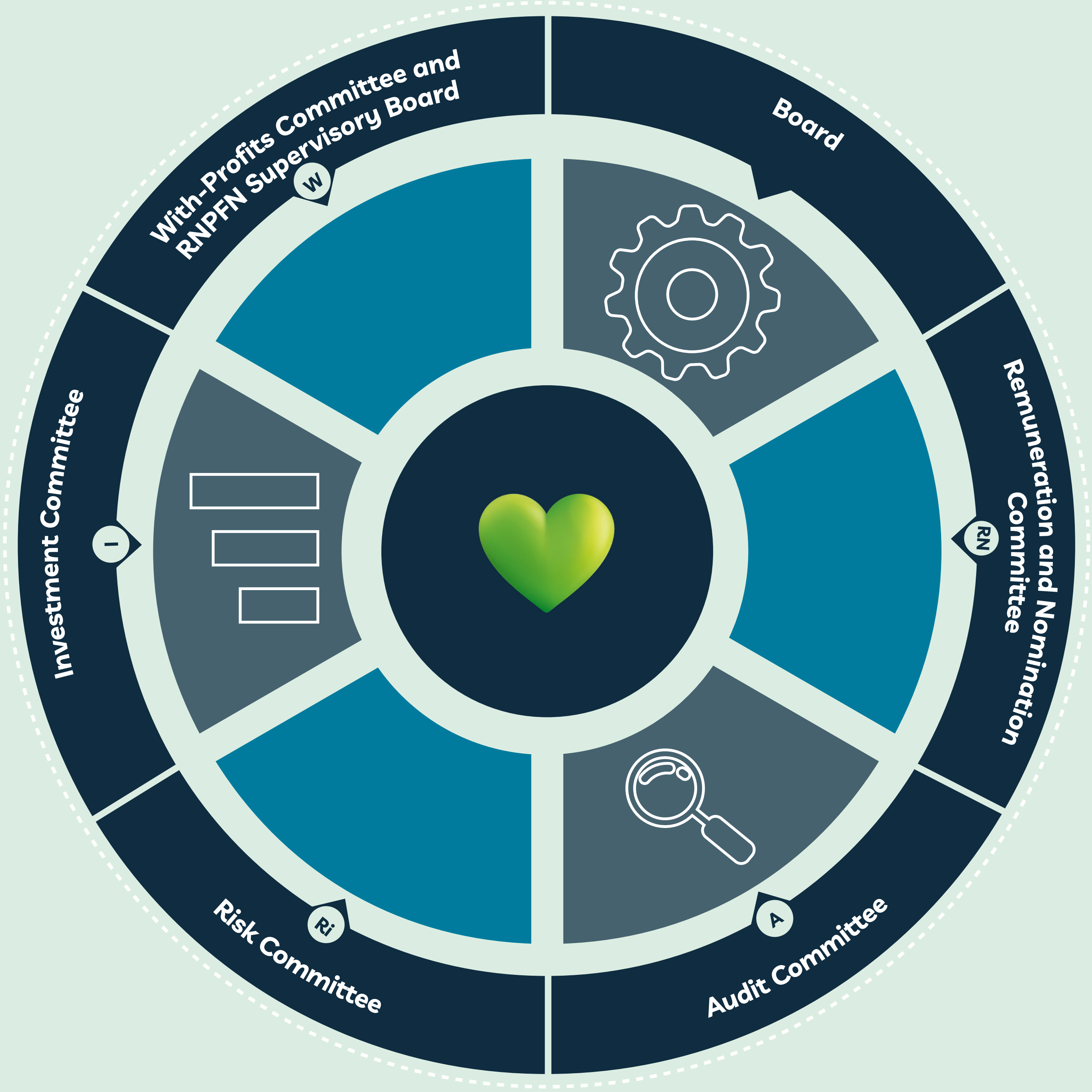
Attendance table for current Board members as at 31 December 2024

Total formal Board meetings held: six

Board member	No. eligible to attend	No. attended	% of those eligible to attend
Simon Moore	6	6	100%
David Hynam	6	6	100%
Natalie Ceeney CBE	6	6	100%
Colin Ledlie	6	6	100%
Susan McInnes	6	6	100%
Suzy Neubert	6	6	100%
David Rogers	6	6	100%
Stephen Percival	6	6	100%

Board Committees

The Board has delegated its authority to six committees that each have a specific role and remit. Each is chaired by an independent Non-Executive, with terms of reference available on LV.com



Board

- The Board has oversight of all matters delegated to its committees and retains responsibility for any final decisions.

Remuneration and Nomination Committee (see page 53)

- The remuneration policies and practices of the Executive team and wider workforce.
- Succession planning, appointment process, diversity and governance.

Audit Committee (see page 55)

- The financial reporting process.
- The internal control framework and risk management systems relating to financial controls.
- The effectiveness of the internal and external audit functions.

Risk Committee (see page 57)

- Risk strategy, appetite and tolerances including emerging and principal risks.
- Identify and embed risk culture.

Investment Committee (see page 57)

- The investment strategy and responsible investing framework.
- The performance of the investment funds and the asset managers.

With-Profits Committee and RNPFN Supervisory Board (see page 58)

- Overseeing the interests of members.
- Adhering to the Principles and Practices of Financial Management and ensuring customers are treated fairly.

Performance evaluations

The Remuneration and Nomination Committee oversees the annual effectiveness reviews of the Board as a collective, its committees, individual directors and the Chair.

Board and committee evaluation

In accordance with the AFM code and best practice, the Board and each committee considers its effectiveness and performance during the year and, at least every three years, the Board invites an independent third party to assist with the review. The Board's last externally facilitated review was conducted for year-end 2022.

For 2024, the process was facilitated internally through questionnaires. The Board and regular attendees including the Chief Risk Officer, Chief Commercial Officer and Chief Internal Auditor were asked their views on the effectiveness of the meeting cycle, the contribution and challenge of individual directors and how well the Board achieved the aims set out in its charter. The Board charter sets out how the Board and individual directors will:

- lead the culture of a proud mutual,
- constructively challenge, coach and guide,
- serve our members and customers,
- build resilience and create value,
- develop our colleagues,
- ensure diversity of thought,
- continue to professionally develop.

Outcome:

Overall, the results were very positive and indicative of an effective and high-functioning Board. The results demonstrated a cohesive relationship between the Executive Directors and Non-Executive Directors and that the Board is a strong collective that continually challenges itself to improve. It was clear that the Board had met the aims set out within its charter by leading the culture of a proud mutual and ensuring that our purpose, values and strategy aligned to our culture.

The recommendations from the review were developed into an action plan and progress will be monitored regularly throughout 2025 by the relevant committee and the Board.

Chair

The Senior Independent Director, Natalie Ceeney, conducted the evaluation of the Chair's performance through a series of individual discussions with the Board members. The report was shared with the CEO and Company Secretary following discussion with the Chair. The Chair's performance was also assessed in the Board's internally facilitated annual effectiveness review where questions regarding the Chair's effectiveness were asked to the participants. The review identified no areas of concern, with a consensus that the Chair's open and inclusive style was very effective. It was unanimously agreed that the Chair created an environment where all Board members could contribute to discussion and challenge and share their views. Outside of meetings, the chair is accessible to Executive and Non-Executive Directors and takes time to ask the Executive team questions and add his own knowledge, which is appreciated by the Executive Directors.

Non-Executive Directors

The Chair held individual meetings with each Non-Executive Director. The Chair discussed the director's role and their views on the Board's performance and areas for development. These conversations identified the strong, positive and diverse contribution being made by the directors collectively and individually. Individual development areas were discussed.

RN Remuneration and Nomination Committee

Membership as at 31 December 2024	Attendance
Natalie Ceeney CBE (Chair)	5/5
Susan McInnes	5/5
Simon Moore	5/5
Suzy Neubert	5/5

We operate a combined Remuneration and Nomination Committee as it allows cohesive oversight of talent, succession and remuneration. We believe that it is critical to the success of the company that we have the right expertise in the right places, an inclusive culture aligned to the values of a mutual and with incentives (financial and non-financial) which drive the right behaviour and performance. The main focus of the committee is to consider the overall remuneration structure of the organisation, to review salary and bonus levels and metrics, to have oversight of the wider workforce's wellbeing and culture (including diversity, equity and inclusion, remuneration and any gender pay analysis), and to ensure that we have appropriate succession and retention strategies in place. It also ensures that the highest levels of governance are followed and that its decisions are compliant with the Solvency II regulations and relevant legislation.

During 2024, the committee determined the remuneration packages for joiners, promotions and leavers for senior management and the Executive team. The committee reviewed the annual bonus and Long-Term Incentive Plan (LTIP) measures for the group. Further information regarding the committee's role in relation to remuneration matters and the group's policy on executive and senior management remuneration during 2024 is set out in the report on directors' remuneration on page 66.

In its nomination role, the committee has responsibility for reviewing and evaluating the size, structure and composition of the Board and its committees. Working with the Company Secretary and Chief People Officer, the committee makes sure robust succession plans are in place for the Board, the Executive team and senior management. The committee also leads the annual review process of the Board and its committee's effectiveness.

Throughout 2024, the committee discussed in depth the succession plans for the Executive team and our key people in each business unit to ensure appropriate contingency arrangements and development opportunities were in place for individuals and the wider business. The committee also had oversight of the diversity, equity and inclusion (DEI) strategy and the plans for developing and embedding DEI into the heart of our culture.

External appointments, time commitment and training

The AFM Code requires that Non-Executive Directors have sufficient time available to meet their responsibilities. The committee reviews each director's time commitment both annually and throughout the year following any changes to external appointments or the membership of Board committees.

It is recognised that additional external appointments provide an opportunity for the director to gain broader experience outside of LV= and can be a benefit and advantage to the Board and the business as a whole. All external appointments are subject to approval by the Board prior to acceptance of the role, providing that the appointment is not likely to lead to a conflict of interest and the director continues to be able to dedicate sufficient time to their current role.

At each Board and committee meeting, any material or situational conflicts relating to the matters of the meeting are considered. Any such conflicts are disclosed and recorded in the minutes with appropriate approval and/or mitigation agreed and taken at each meeting. The agreed mitigation for standing conflicts is reviewed annually and standing conflicts are also reviewed as part of the annual fitness and propriety exercise overseen by the committee.

During 2024, the committee assessed the fitness and propriety, and time commitment of each of the Non-Executive Directors to ensure that they remained independent, fit and proper, and able to dedicate sufficient time to their roles. The committee is satisfied that all directors can commit the necessary time to fulfil their roles and responsibilities and that no external appointments are considered significant or a conflict requiring mitigation.

Each director is asked to complete a skills gap analysis annually following the identification of any new and emerging risks, and before any change to the composition of the Board. The review, which is presented to the committee, also considers whether the Board is the right size and structure to meet our strategic needs and challenges. Following the skills gap analysis undertaken during the year, the committee concluded that no change was required to the composition of the Board and its committees. The Board has established a training schedule to address any gaps identified. Throughout the year, the Board completed training on a wide selection of topics, including (but not limited to) artificial intelligence opportunities, the future of financial advisers, Smoothed Managed Funds and mutuality. Each director is also encouraged to undertake their own personal continuous professional development. A record of all training is held by the Company Secretary and reviewed annually by the committee to ensure the director's skills and knowledge remain current and relevant.

Diversity, equity and inclusion

We are committed to equality of opportunity and treatment for all those who work for us, at all levels throughout the business. In line with our values, we agree to treat all colleagues, workers and applicants with dignity, fairness, respect and consideration.

The Board is committed to diversity, equity and inclusion ensuring it remains well informed, balanced, innovative and open-minded to continue to drive the business forward. The Board has adopted a Board diversity policy which was reviewed and revised by the committee during the year.

Board diversity policy

The Board has adopted the following diversity policy:
We recognise and embrace the benefits of having a diverse Board and we see it as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, education and professional background, race, ethnicity and gender. Other personal attributes of the directors which are likely to support high performance, such as courage, openness, honesty, tact, ability to listen, strength of character and judgement are also considered beneficial in developing a truly diverse Board. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

All Board appointments will be made on merit and reflect the skills and experience the Board as a whole requires to be effective. The Remuneration and Nomination Committee (Rem&NomCo) reviews and assesses the Board's composition to ensure that, between them, the directors have sufficient current and relevant knowledge and experience to understand the key activities and risks in the business. In reviewing Board composition, Rem&NomCo will consider the benefits of all aspects of diversity to reduce groupthink, while maintaining an appropriate range and balance of skills, experience and background on the Board.

The Board supports ethnic and gender diversity and is aware of the target for women to represent 40% of Board membership and to have one senior Board position held by a female. The Board also supports the Parker Review recommendation to have at least one director from an ethnic minority background by 2024. However, in identifying suitable candidates for appointment to the Board, Rem&NomCo will consider candidates on merit against objective criteria as well as having due regard for the benefits of diversity on the Board.

The Board is committed to ensuring continued focus on the diversity of its membership, and the business, with the aim of better reflecting the demographics of our members and customers. We are a signatory of the Women in Finance Charter and have pledged a target for women to represent 43% of senior management roles within LV=. In addition, management monitors the diversity at each level within our workforce to foster a diverse, equitable and inclusive culture where colleagues are encouraged to bring their whole selves to work, develop a diverse talent pool and grow future leaders. The Rem&NomCo will continue to challenge management to improve policies and processes to ensure diversity remains a key focus and targets are progressed and achieved.

Application and performance against the Board diversity policy

Throughout 2024, the committee evaluated the Board and its committees' composition and considered the benefits of all aspects of diversity to maintain an appropriate range and balance of skills, experience and knowledge.

The Board supports the recommendations set out in the FTSE Women Leaders Review (previously Hampton-Alexander Reviews and Davies Reviews) and the Parker Review on ethnic diversity. The Board therefore commits to having at least 40% female representation in its membership and at least one Board member from a Black, Asian and Minority Ethnic (BAME) background.

The Board is comprised of two Executive Directors and six Non-Executive Directors. Three of our Non-Executive Directors are female which results in 38% female representation overall and we are proud that we have a 50:50 ratio within our Non-Executive Directors. The role of Senior Independent Director is held by a female Non-Executive Director and our Board also includes one Non-Executive Director from a BAME background. Each Non-Executive Director has a different area of expertise and professional background which balances the skills and experience of the Board. For more details of the composition of the Board see pages 44 to 46.

Senior management

The Board is committed to developing a diverse workforce and is dedicated to promoting women in leadership. The FTSE Women Leaders Review set the target to have 40% of women not just appointed to the main board of directors, but also a 40% representation on executive committees and their direct reports. As at 31 December 2024, we were slightly above this target for senior management (the Executive team and direct reports) at 41%. Our pledge under the Women in Finance Charter was to reach an ambitious target of 43% female representation in senior roles by the end of 2025. We achieved the target of 43% throughout the management bands C-E, which demonstrates our continuing commitment to producing a diverse pool and pipeline of leaders and senior managers. In accordance with our commitments, we pledge to continue to target female representation at senior levels and to publish our progress against our targets. A member of our Executive team is responsible and accountable for gender diversity, equity and inclusion, and our targets are embedded in our Executive team members' performance plans and are directly linked to their performance-related pay.

Looking ahead

Over 2025, the committee will continue to fulfil its remuneration and nomination responsibilities. The balance of skills, experience, gender and diversity of the Board, its committees and senior management will continue to be monitored to ensure an adequate talent pipeline and succession plans are in place. The time commitments of each Non-Executive Director, and their training, will be monitored to ensure the Board has the sufficient scope of skills and expertise to effectively challenge management. The committee will also continue to focus on diversity, equity and inclusion to harness a diverse range of thoughts, ideas and perspectives in the boardroom and the wider business.

A Audit Committee

Membership as at 31 December 2024	Attendance
David Rogers (Chair)	6/6
Colin Ledlie	6/6
Natalie Ceeney CBE	6/6
Suzy Neubert	5/6

The role of the committee is to oversee and challenge the integrity of the group's financial reports and the robustness of the financial internal controls. It also maintains oversight of the external and internal auditors, and monitors their objectivity, independence and operation. The main issues considered by the committee in relation to the 2024 Annual Report, along with the work that the committee has carried out during the year in relation to the group's internal control and external auditors, are set out in this Report.

The committee received all the assurances required from management to conclude satisfactorily on the robustness of the Annual Report.

Significant matters considered in relation to financial reporting

In fulfilling its duties to ensure the integrity of financial reporting across the group, the committee focused on the following significant matters during the year.

External reporting

The committee reviewed and challenged the financial reporting documents, including the Annual Report and associated press release, considering both financial and non-financial disclosures as part of these reviews. In performing their reviews, the committee considered the balance of good and bad news, and the explanations included regarding one-off items impacting the results, ensuring that our reporting complied with the fair, balanced and understandable criteria. The committee reviewed the report of the external auditors on the Annual Report and noted that there were no significant findings to report.

Areas of reporting which required specific focus for the 2024 year-end included:

Restatement adjustments – An ad-hoc meeting was held to allow the committee to review the appropriateness of the group's accounting treatment regarding the two restatement adjustments described in note 1 of the financial statements. Judgement was required when deciding whether to classify the adjustments as changes in accounting estimates or accounting errors in prior period financial statements. The committee considered these judgements and confirmed their agreement to management's classification of both adjustments as prior period adjustments, requiring correction retrospectively. These restatements were identified as a result of an improvement in financial controls during 2024 arising from actuarial model baselining.

Reviewing and recommending the 2023 Single Group Solvency and Financial Condition Report, released in April 2024, was also part of the committee's responsibilities during 2024. Meetings were held for the committee to discuss and challenge the Solvency II results and their presentation within the Solvency and Financial Condition Report, before recommendations for approval were made to the Board.

During the year, the committee received training covering financial reporting and regulatory developments relevant to the group. This included sessions covering the Solvency UK reforms, proposed changes to UK GAAP accounting standards, thematic reviews issued by the Financial Reporting Council (FRC) and alignment of our corporate governance disclosures to recent guidance issued by the AFM to support boards in applying the AFM Code.

Areas of reporting which required specific focus for the 2024 year-end included the use of significant accounting estimates and judgements, and disclosures made in the Annual Report in relation to these. The key items discussed are set out below.

Long-term insurance and investment contract liabilities

The valuation of long-term insurance and investment contract liabilities is an area of significant estimation requiring management judgement. The methodology and assumptions used for UK GAAP and Solvency II reserving were assessed by management and the Chief Actuary and recommended to the committee.

The key assumptions discussed were:

- persistency assumptions, including gone-aways, cash and guaranteed annuity option take-up rates and early and late retirement rates,
- expense assumptions, reflecting the group's long-term cost base and the allocation of these costs between acquisition and maintenance related activities,
- longevity, mortality and morbidity assumptions, including mortality improvements,
- economic assumptions including future investment returns and discount rates.

The committee reviewed and challenged the reports from management and the Chief Actuary and considered feedback from the external auditors in order to satisfy itself that the reserving methodology and assumptions were appropriate.

Pensions

The measurement of the defined benefit pension schemes requires judgement, particularly in relation to discount rates, inflation and longevity assumptions used when calculating the present value of the scheme obligations. The committee is satisfied that the measurement of the defined benefit pension schemes has been calculated using appropriate assumptions.

Fair value of financial assets

The committee received information on the carrying value of investments, including property investments, in the group's balance sheet. Discussions focused on how those values were calculated for investments which require more judgement. In particular, the discount rate used when calculating the fair value of loans secured on residential property and loans secured on commercial property. The committee satisfied itself that investments were valued appropriately.

Going concern assumption and the longer-term viability statement

The committee reviewed and challenged the principles underpinning the longer-term viability statement for 2024 and concluded that the group will be able to continue in operation and meet its liabilities as they become due. The committee considered information on the risks to the group's liquidity and capital when making this assessment.

In assessing viability, the committee considered the group's position presented in the Board approved business plan. The committee confirmed the appropriateness of a three-year assessment period for the longer-term viability statement.

Internal control

The Board has overall responsibility for the group's internal control systems and for monitoring the effectiveness of these. The Audit Committee facilitates the Board in executing this responsibility by ensuring that the internal control environment and risk management across the organisation is sufficiently robust. The group's internal control systems are designed to manage, rather than eliminate, the risk of failure to meet business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. Implementation and maintenance of the internal control systems are the responsibility of the Executive Directors and senior management.

Internal control and risk management in relation to financial reporting

Internal control and risk management systems are used to ensure the accuracy and robustness of financial reporting. Key controls which mitigate risks are identified across the processes that impact financial reporting. The design and operation of these controls is monitored by process and control owners with regular risk and control assessment and reporting.

Oversight of the internal control framework

The Audit Committee assesses the performance of the internal control systems through review of reports from the Internal Audit and Risk functions. Annually, the committee receives an attestation and exception report regarding the effectiveness of internal controls and the risk management system. The committee also seeks the opinion of Internal Audit which provides objective assurance on the internal control environment. The committee approves the scope of Internal Audit's plan, including the activities and controls subject to review, and monitors the work performed through:

- review of key findings and emerging themes,
- challenge of management's response to control weaknesses identified.
- oversight of the resolution of action plans.

The committee evaluates the effectiveness and independence of Internal Audit on an annual basis to ensure that the function has the relevant experience, expertise, objectivity and quality to add value to the business.

During 2024, the committee also approved the implementation of an enhanced model risk management framework.

The regular review of the effectiveness of the system of risk management and internal control concluded that these systems remain effective and there were no significant failings or weaknesses to report.

Finance Transformation Programme

During 2023, the Finance function commenced a significant transformation programme. The committee reviewed and provided input into the delivery plans of the programme including the objectives and desired outcomes. During 2024, phase one of the programme was successfully completed and work commenced on phase two. The committee reviewed progress and provided challenge and oversight to ensure key milestones were being met and the programme remained on target to deliver the benefits which will enable the Finance function to create value for members and support the business into the future. The committee's oversight included receiving the results of the actuarial model baselining activities undertaken in 2024, which has ensured the baselining activity is within risk appetite under the enhanced model risk management framework.

External audit

Effectiveness

The committee reviewed a report evaluating the effectiveness of the external auditor. Key stakeholders involved in the 2023 year-end audit process completed a questionnaire and a number of them were also interviewed to evaluate the effectiveness of the external audit processes. Areas assessed were expertise, communication, team, delivery and value for money. The committee concluded that the external audit was effective.

The committee also reviewed the FRC's Forvis Mazars Audit Quality Inspection and Supervision report (their annual assessment of Forvis Mazars' audit quality, published in July 2024). The FRC reviewed nine individual Forvis Mazars audits as part of their overall inspection and assessed four as requiring no more than limited improvements, four where improvements were required and one audit which required significant improvements. The Audit Committee expressed their concern that overall results were worse than the prior year and appear to have partially reversed the improvement seen between the previous two cycles. However, the committee did note that the 2022 audit of LV= was one of the audits inspected by the AQR as part of the 2023/24 inspection cycle and that no significant findings were identified. The inspection results were discussed at the Audit Committee's meeting in March 2024. The committee is content that the wider matters raised as a result of the firm-wide inspections do not give it concerns over the quality, objectivity or independence of the 2024 audit.

The committee will continue to monitor Forvis Mazars' progress on actions to address previous findings in relation to its firm-wide procedures and the results of any further inspections of Forvis Mazars' firm-wide audit quality.

Independence

The committee reviewed the policy for and monitored the use of the external auditors for any non-audit related work. The policy clearly identifies permitted services for which it is appropriate to use the external auditors, where the independence of the external auditors would not be threatened. The policy also regulates the appointment of former audit employees to senior positions in the group.

The committee ensured that the external auditors have reviewed their own independence in line with these criteria and their own ethical guidance standards and have confirmed to the committee that following their review they are satisfied that they have acted in accordance with relevant regulatory and professional requirements and that their objectivity is not impaired.

Fees for non-audit services in 2024 were negligible. See note 10 of our accounts for details of fees incurred.

Having considered compliance with our policy and the fees paid to the external auditors, the committee is satisfied as to the continued independence and objectivity of the external auditors.

Looking ahead

Over 2025, the committee intends to meet to review, challenge and, if appropriate, recommend to the Board the 2024 Single Group Solvency and Financial Condition Report.

The committee will continue to meet regularly to oversee and, as appropriate, challenge the integrity and development of the group's financial reports.

In addition, the committee will continue to monitor the work of the Internal Audit function and the effectiveness of the group's internal control systems and external auditors. The committee will also continue to monitor the delivery of the finance transformation programme.

Ri Risk Committee

Membership as at 31 December 2024	Attendance
Colin Ledlie (Chair)	4/4
Susan McInnes	4/4
Natalie Ceeney CBE	4/4
David Rogers	4/4

Throughout the year, the committee gave regular consideration to the group's risk profile including both current and emerging risks. The committee contributed to the ORSA processes both in setting out key areas of focus for the year and challenging analysis and recommendations provided by management. The committee remained focused on operational and conduct risks, including those relating to the ongoing transformation agenda, IT sustainability, cyber security and data. The committee had a particular focus on operational resilience and the regulatory deliverables. The Chief Risk Officer provided updates on the regulatory engagement and the current priorities for the business with the FCA and PRA.

Looking ahead, the committee will continue to review and evaluate the risk profile and concentrate on the principal and emerging risks affecting the company.

More details of the risk management framework, appetite and strategy are set out in the risk management section on pages 22 and 23.

I Investment Committee

Membership as at 31 December 2024	Attendance
Non-Executive Members	
Suzy Neubert (Chair)	4/4
Colin Ledlie	4/4
David Rogers	4/4
Executive Members	
David Hynam	4/4
Stephen Percival	4/4

The committee's role is to act for the group by ensuring that assets are prudently and appropriately invested to meet the needs and expectations of our members and policyholders. This is achieved by designing, developing and overseeing the various investment strategies for the group on behalf of the Board. The committee ensures the strategy is within risk appetite and is developed in accordance with the requirements for the fair treatment of with-profits policyholders and are in line with our Principles and Practices of Financial Management (PPFM), which is a document that outlines our approach to the financial management of with-profits investments to make sure that customers are treated fairly.

In April 2023, it was agreed to transition most of the assets under management to BlackRock to serve as our primary asset manager. The committee oversaw the full transition plan and updates on the different activities involved in a large asset manager transition project were presented at each meeting. The committee's support and approval, as required, on a range of matters including the design of a new Investment Management Agreement (IMA), due-diligence and approval of the permitted investment universe of BlackRock funds and strategies for use in our investment strategies was sought throughout the year. The asset manager transition project is regarded as a strong success and was closed by the committee in September 2024.

Throughout the transition, the committee received updates and presentations on the investment portfolio performance at each meeting. The committee considered each asset manager's compliance with delegated authorities approved by the committee. During the year, the committee considered new asset classes and asset allocations across our portfolios. The committee regularly discussed updates on Environmental, Social and Governance (ESG) metrics and initiatives, and provided support and challenged management's efforts to continue to enhance responsible investing as part of our sustainability strategy. The committee also supported our ambition to become net zero by 2050, oversaw the publication of our 2023 Sustainability Report and the development of interim net zero targets. Further information on our approach to responsible investing and our net zero ambitions is available on pages 29 and 30.

The committee undertook a number of deep dives into our investments to ensure the investment strategy was still aligned to our business strategy and risk appetites, and challenged management where necessary. BlackRock also provided training to the committee and the Board during the year covering a variety of relevant topics to our business, our products and the industry we operate in.

During 2025, the committee will continue to monitor all of our assets under management and advise the Board on the investment options available to ensure that investment objectives align with policyholder expectations. The committee will continue to monitor the regulatory landscape which we operate in and develop its approach to responsible investing, sustainability strategy and net zero targets.

With-Profits Committee (WPC)

Membership as at 31 December 2024	Attendance
Ian Blanchard (Chair)	5/5
Colin Ledlie	5/5
Susan McInnes	5/5
Veronica Oak	5/5
Gordon Wood	5/5

The WPC membership currently comprises an independent Chair, two independent members (Veronica Oak and Gordon Wood) and two Non-Executive Directors who sit on the LV= Board (Susan McInnes and Colin Ledlie). All five members are experienced financial services professionals with considerable experience of with-profits business.

The role of the WPC is primarily to do two things.

- Act in an advisory capacity to inform the decision making of the Board.
- Act as a means by which the interests of with-profits policyholders are appropriately considered within an insurer's governance structures.

The committee's terms of reference (ToR) cover all the minimum regulatory requirements of a with-profits committee. In addition, the ToR contains a number of other specific duties that reflect aspects of the court-approved legal scheme that transferred the business of Teachers Assurance Limited into the LV= With-Profits Fund in 2016. The ToR is subject to annual review by both the WPC and the Board and was recently updated in line with the new Consumer Duty regulations.

The WPC met five times in 2024 to cover its business as usual responsibilities. This included reviewing proposed bonus declarations and payout-setting approaches, investment strategy and performance, customer service levels, policyholder communications and ongoing compliance with the PPFM. In addition to the business as usual meetings, the committee met a further two times to discuss the group's business plan and the strategic asset allocation applicable to the with-profits fund's investments.

The committee's key focus and activities during 2025 will be to continue to protect the interests of with-profits policyholders and to advise the Board how business decisions may affect with-profits policyholders' interests.

RNPFN Supervisory Board

Membership as at 31 December 2024	Attendance
Mike Kipling (Chair)	5/5
Ian Blanchard	5/5
Veronica Oak	5/5
Colin Ledlie**	4/4
Susan McInnes**	4/4
Jenny Briars*	0/1
Paul Downey*	1/1

* Jenny Briars and Paul Downey left the supervisory board on 20 March 2024
** Colin Ledlie and Susan McInnes both joined the supervisory board on 20 March 2024

The RNPFN fund is a ring-fenced sub-fund within LVFS which holds the remaining business transferred from the Royal National Pension Fund for Nurses (RNPFN) on 31 December 2001. The RNPFN Supervisory Board, established in accordance with the Scheme of Transfer and at the request of our Board, also fulfils the function of the RNPFN With-Profits Committee.

The Supervisory Board comprises of three Independent Members, one of which is the Chair, and two LV= Nominated Members. In 2024, both Paul Downey and Jenny Briars stepped down and were replaced by Non-Executive Directors Colin Ledlie and Susan McInnes.

During 2024, the Supervisory Board continued to monitor the changing balance of the fund and any actions that needed to be taken to ensure its smooth running going forward, while maintaining compliance with the scheme documents. Acting as a with-profits committee, the Supervisory Board continued to consider and advise on the interests and views of RNPFN policyholders and brought independent judgement of the assessment of compliance with the PPFM and the Scheme of Transfer. The committee's focus for 2025 will include monitoring the run-off of the fund to achieve a fair distribution of the available surplus to with-profits policyholders over time and providing comments on strategic proposals from the business that may affect RNPFN policyholders.

Directors' Report

Oliver Wilson Company Secretary and General Counsel

The directors consider that all the activities undertaken by the group during the year were within the company's rules and relevant regulatory permissions

Business strategy

The Board has chosen to set out the group's full strategic report, required under applicable law and regulations, in this Report which can be found on pages 6 to 41.

The Board sets objectives and priorities which are supported by key performance indicators and targets. These are monitored by the Board on an ongoing basis throughout the year. The key objectives and priorities were aligned to our business strategy which you can read more about on pages 10 to 12. We've also included our strategy for the current year and the years ahead.

Going concern and longer-term viability statement

Under the Association for Financial Mutuals (AFM) Corporate Governance Code, the Board is required to present a fair, balanced and understandable assessment of the company's position and prospects to members and make this available to them on an annual basis. The Board has decided that the most appropriate way to do this is by disclosing an annual going concern and longer-term viability statement as part of this Directors' Report.

Going concern

In considering this requirement, the directors have taken into account the following:

- The Board approved group financial plan and in particular the forecast regulatory solvency position. Sensitivity analysis is included within this forecast. For the group, regulatory solvency is given more attention than liquidity. This is because, by the nature of our business, the group holds very substantial liquid assets on its balance sheet which would enable us to pay claims and expenses as they fall due for at least a 12-month period.
- The principal risks and uncertainties that could impact the group's solvency and liquidity over the next 12 months, including stress and scenario testing focused on the main risks to future trading such as the ongoing uncertainty over global macroeconomic growth.

Having due regard to these matters and after making appropriate enquiries, the directors have a reasonable expectation that both the group and the company have adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements, including when considering a range of reasonably plausible downside scenarios. For this reason, they consider it appropriate to prepare the financial statements on a going concern basis.

Longer-term viability statement

Our members rely on the sustainability of the group over the longer term, and this is reflected in our business strategy, mutual model and management of risk. An assessment of viability is integral to our strategic planning and decision-making process so that we can continue in operation and meet our obligations to our members and customers. Our strategy is developed considering members' best interests, value accretion, solvency and liquidity. The principal risks and uncertainties that the group is exposed to underpin the strategic planning process and are outlined in further detail on pages 20 and 21.

Period of assessment

In the Board's assessment of viability, a three-year period has been used. Each year a financial plan is developed and is subject to robust review and challenge by the Board. This plan is over a five-year horizon, with greater certainty associated with the first three years. The further two years are included to provide the Board with an extended plan for strategic decision making. The Board recognises that uncertainty increases over time, and this is reflected in the period used in the assessment of viability. The Board have reviewed the outer two years of the plan and assessed they do not contain any information which would impact the conclusion reached regarding the longer-term viability of the group. By restricting the period of assessment to the first three years of the plan, this takes into account the uncertainty of future external developments and the typical timescale over which changes to major regulations tend to take place. Future external developments may include longer-term socioeconomic changes, increasing impacts relating to climate change and also other changes in the economic, political and regulatory environment in which we operate.

Summary of capital position

The capital position has remained above minimum risk appetite (Capital Coverage Ratio (CCR) of 140%) throughout 2024. At the end of 2024, the capital position was well above this level with a CCR of 192%, reflecting the strength of our balance sheet. The capital position and ongoing operating capital generation are a priority for the group and are monitored as key performance indicators (see page 13), ensuring an appropriate level of focus on the continued sustainability of the group.

Strategic planning process

The strategic plan aligns to our strategic agenda which you can read more about on pages 10 to 12. The strategic planning process includes an assessment of the sustainability and resilience of our business strategy and an in-depth analysis of the group's forecast risk profile, capital, solvency and liquidity.

The validity of the planning process is assessed by reconciling the projections to actual business outcomes over the past planning cycle, and understanding differences that are identified in order to continually improve the process going forward. The plan provides a road map for implementing the group's strategic objectives and is underpinned by a series of economic and other assumptions which are subject to stress and scenario testing.

Stress and scenario testing

An integral part of the planning process is an assessment of the risks to achieving the projected performance. As part of the Own Risk and Solvency Assessment (ORSA) process, we perform stress tests to assess the capital resilience of the group to a range of severe, but plausible, scenarios (see page 23 for more information). As part of this process, the ORSA considers scenarios that include the potential effects of climate change on economic and insurance risks. This is outlined in more detail on page 27.

In addition to this, the group conducts stress tests which gives the Board an understanding of the maximum resilience of the group to extremely severe adverse scenarios. In considering these scenarios the impacts of mitigating management actions designed to maintain or restore capital, solvency and liquidity to within risk appetite are taken into account. These tests allow the Board to review and challenge the strategic plan and risk management strategy. In addition, the results of stress tests form part of the process to set the group's minimum risk appetite CCR of 140%, equivalent to a buffer of £178m above the solvency capital requirement at 31 December 2024. Our risk appetite is set to above the regulatory capital requirement to protect us against any shocks and stresses.

The updated strategic plan for 2025 to 2029 was approved by the Board in November 2024. As in previous years, the plan resilience was tested by applying a number of adverse stress tests and holistic scenarios. These included:

- a range of stresses to product sales, business mix and profitability levels,
- a sustained fall in the yield curve coupled with ongoing higher inflation with likely changes in the mix of new business,
- an increase to the planned level of costs in isolation,
- a sustained period of poor fund returns and policy lapses with associated reduction in sales potential,
- a combined scenario including new business stresses, higher expenses and lower benefits from change delivery.

The plan concluded that the financial metrics were resilient to these scenarios with none reducing CCR to below the minimum risk appetite level of 140%. Although all of these negatively impacted the profitability assessment of new business, the most onerous impacts on solvency were from the combined stress incorporating sustained poor fund returns coupled with lapses and reduced sales potential. The scenario results were presented before the impact of mitigating actions to improve the capital position, which could include a review of discretionary distributions to members, heightened focus on cost efficiencies in order to align costs to revised sales potential, suspension of smoothing to limit losses crystallised on lapse (if not triggered within the scenario) or hedging to further reduce volatility on the regulatory balance sheet.

Overall, under the central plan assumptions, headline financial metrics of solvency, new business profitability and liquidity consumption were maintained within risk appetite.

Formal viability statement

The directors make this viability statement based on a robust assessment of those risks that could threaten the business strategy, future profitability, capital adequacy, solvency or liquidity of the group. Based on this assessment, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2027.

Margin of solvency

Throughout the year, and as at 31 December 2024, we held the required capital resources for each business class as prescribed by the Prudential Regulation Authority (PRA).

Assessment of risk

We look to create value for members by maintaining an appropriate balance between the returns that we seek and the level and type of risk we take on to achieve these returns.

In accordance with the AFM Corporate Governance Code, the directors have carried out a robust assessment of our principal risks, including those which would threaten the business strategy, future performance, solvency or liquidity of the group.

A full overview of our risk management can be found on pages 20 to 23. In the Audit Committee report on page 56, you can find further details of the ongoing monitoring and the annual review of the effectiveness of our risk management systems. See note 3 of our accounts for further detail about our risk management and control.

Internal control

The Board has overall responsibility for the group's internal control systems and for monitoring the effectiveness of these. Implementation and maintenance of the internal control systems are the responsibility of the Executive Directors and senior management. The performance of the internal control systems is reviewed by the relevant Board committees, principally the Audit Committee which receives reports from the Internal Audit, Compliance and Risk functions. The Audit Committee report on page 56 describes the main features of the internal control and risk management systems in relation to the financial reporting process and the process for preparing consolidated accounts. These are a subset of the internal control systems under the supervision of the Board's committees.

The group's internal control systems are designed to manage, rather than eliminate, the risk of failure to meet business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board has regard to materiality and to the relationship between the cost of, and benefit from, internal control systems. The regular review of the effectiveness of our risk management and internal controls concluded that these systems remain effective and there were no significant failings or weaknesses to report.

Independent auditors

At the 2025 Annual General Meeting (AGM) we will propose a Resolution for the re-appointment of Forvis Mazars LLP as auditors of LV=.

Legislation regarding audit firm rotation requires the external audit contract to be tendered at least every ten years. Forvis Mazars have been our auditors since 2021 and were formally appointed at the 2021 AGM following a competitive tender in 2020.

Board directors and interests

The current members of the Board and details of its various committees are shown on pages 44 to 58.

The directors have the benefit of a qualifying third-party indemnity provision, as defined in Section 234 of the Companies Act 2006.

The group also maintains directors' and officers' liability insurance in respect of itself and its directors and officers.

Our colleagues

Our colleagues are key to the success of our business. We are committed to creating an inclusive culture and supportive working environment where all colleagues feel welcome, respected and valued. This is reflected in our employment policies and reward and recognition schemes. You can find out more about our policies and action taken on employment, development and incentivisation of our colleagues, including colleagues with disabilities, in our sustainable business review on pages 34 and 35. We actively create talent pipelines that promote a diverse and inclusive workforce and offer a range of development opportunities for further growth. Through a well-developed network of colleague communication channels, including working groups, forums and our engagement survey (BeMe at LV=), colleagues have opportunities to share their views on matters that are really important to them, as described on page 40.

We are fully committed to equal opportunities in our human resources practices, regardless of age, sex, ethnic origin, religion or disability.

Our policy gives full consideration to suitable applications for employment by people with disabilities. Opportunities also exist for our colleagues who become disabled while in service to continue in their employment, or to be offered training for other more suitable positions within LV=.

Sustainability

Our environmental, social and governance activities are set out in the sustainable business review on pages 24 to 37. Also included on these pages are details of our greenhouse gas emissions in line with the requirements of the streamlined energy and carbon reporting framework.

Customers, suppliers and others

Our directors engage with and consider the needs of wider stakeholders when making principal business decisions as described in the Section 172 statement on pages 39 to 41. The responsible business practices employed in the way we work with members, customers, advisers, suppliers and others is part of our culture. You can find out more about this in the sustainable business review on pages 36 and 37.

Financial instruments

The group uses financial instruments to manage certain types of risks. The group's financial risk management objectives and exposure to risks arising from its investments in financial instruments including price risk, credit risk and liquidity risk are described in note 3 of our accounts. Derivative contracts are entered into for financial risk management purposes as described in note 18. There are no designated hedging relationships within the group.

Political donations

The group made no political donations in 2024 (2023: £nil).

Statement of disclosure of information to the auditors

As at the date of this Report each director confirms that:

- so far as they are each aware, there is no information relevant to the audit of the company's and the group's financial statements for the year ended 31 December 2024 that the auditors are unaware of,
- each director has taken all steps they ought to have taken in their duty as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' statement of responsibility

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the company and group financial statements in accordance with UK Generally Accepted Accounting Practice (UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', FRS 103, 'Insurance contracts') and applicable law. Under company law the directors must not approve the Annual Report unless they are satisfied that it provides a true and fair view of the state of affairs of the company and the group, and of the profit or loss of the group for that period. In preparing the Annual Report, the directors are required to:

- select suitable accounting policies and ensure they are applied consistently,
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the company and the group will continue in business,
- make judgements and accounting estimates that are reasonable and prudent,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- state that the company and the group have complied with applicable UK accounting standards, subject to any material departures disclosed and explained in the accounts.

The directors are also responsible for maintaining:

- proper accounting records which are intended to disclose with reasonable accuracy, at any time, the financial position of the company and the group,
- appropriate internal control systems to safeguard our assets and to prevent and detect fraud and other irregularities,
- the integrity of the corporate and financial information included on our website LV.com.

Each of the directors, whose names and functions are shown on page 44, confirm that to the best of their knowledge and belief:

- the company and the group financial statements, which have been prepared in accordance with UK accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company and the group,
- the financial review on pages 14 to 19 of the Annual Report includes a fair review of the development and performance of the business during the financial year and the financial position of the group at the end of 2024,
- a description of the group's principal risks and details of the group's risk governance structure are provided on pages 20 to 23.

The directors are satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for our members, customers and investors to assess the company's and the group's position and performance, business strategy and mutual model.

By order of the Board of Directors

Oliver Wilson

Company Secretary 26 March 2025

Report on Directors' Remuneration

Natalie Ceeney CBE
Chair of the Remuneration and Nomination Committee

Annual statement

2024 marked another strong year for LV=. In what continues to be a challenging economic backdrop, we were able to drive positive outcomes for our members – a testament to the unwavering dedication of our colleagues and the strength of our leadership team.

While we reflect on the achievements over the year, we commit to building on this momentum going forward, with an ongoing focus on delivering strong and sustainable growth and creating the very best value for our members. As a mutual, how we do this is of great importance. Our purpose is to help our members and customers live financially confident lives – delivering fair returns while protecting their interests. In doing so, we recognise that continued financial stability and strong risk management form key foundations to this success.

Our remuneration structures are very much designed to support this approach. By rewarding the right behaviours and incentivising the delivery of these objectives our colleagues are best positioned to drive strong performance for our members over the short, medium and longer term.

Our Colleagues

The Remuneration and Nomination Committee continues to recognise that our colleagues drive our success. Our remuneration policies and principles are designed to attract, retain and nurture top talent. The total colleague experience also forms an integral part of our people strategy and by the end of 2024, we were pleased to receive our highest engagement scores to date, building on the strong progress made over the past few years. Coupled with our low rates of attrition, we are encouraged to see a high level of satisfied colleagues who continue to demonstrate great pride in working for LV=.

Recognising the challenges many are facing in what remains an uncertain financial climate, we were pleased to pay (as a minimum) the Real Living Wage to all colleagues in 2024, as recommended by the Living Wage Foundation. We plan to maintain this approach for 2025, reflecting our commitment to paying fairly and competitively at an entry level, at a rate designed to reflect the real cost of living in the UK. For those eligible, colleagues will also receive an annual pay increase effective 1 April 2025.

For 2024, we achieved an above-plan outcome against our Balanced Scorecard (comprising of our key performance indicators and other key metrics), signifying a year of strong performance for LV=. In turn, this resulted in the outperformance of our group bonus scheme, enabling colleagues to share financially in this success.

Our comprehensive benefits package is also a key component of our total reward offering, and is designed to support the physical, mental and financial wellbeing of all our colleagues. In 2024, we were pleased to enhance this for those at entry levels, by increasing the number of core holiday days to a position above market.

An Inclusive workplace

Our core values are centred around creating an environment where all colleagues can thrive. We are proud to have a Chief Executive who has long championed the importance of fostering a diverse and inclusive workplace, a principle that has been central to his leadership throughout his career.

We believe that cultivating an environment that supports all, increases our ability to attract and retain talent and get the best out of our colleagues.

In 2024 we made positive progress towards the targets we set for diversity and inclusion. We successfully launched our refreshed DEI strategy (approved by our Board) and continued to enhance our approach through several key initiatives. These included the introduction of new hybrid working and fertility and carer frameworks that further support inclusive and flexible working patterns. Other completed initiatives included signing up to the Race at Work charter and the initiation of collecting socio-economic data to gain further insight into our colleague demographic.

At the end of 2024 we launched a new recruitment system, designed to mitigate bias in hiring decisions. In addition, the rollout of our unconscious bias training, made mandatory for all managers, further supports our aim to provide the fairest and most equal opportunities to all applicants.

Our reward policy and frameworks are designed to ensure fair pay across all levels of the organisation and our succession principles enable us to identify and progress key talent.

We are a proud signatory of the Women in Finance Charter, with a pledged target for 43% of senior roles to be occupied by women by the end of 2025. As at the end of 2024, we were pleased to already be at this target level. This is not only a result of fair and effective recruitment processes, but a positive by-product from delivering on our talent and succession pipeline.

Our mentoring programme is also designed to support career progression across the business.

Colleague engagement and talent development remain key priorities for our people strategy, and we will continue to focus on these areas in 2025. While we are pleased to have delivered against our targets in 2024, our aim is to build and progress in this space in the coming years.

Overall business performance and remuneration outcomes

Financial performance across key operating measures was again strong in 2024. We were pleased to share £29m with eligible members, in the form of member bonuses, and achieve this for our members despite ongoing uncertainty from financial markets and wider external factors.

Our Solvency II capital position remains strong, with a capital surplus of £411m and our Capital Coverage Ratio is well above minimum risk appetite at 192%. Trading profits remain stable with costs well controlled, and the business has continued to deliver on our strategic objectives.

Regardless of their role and level, virtually all our colleagues participate in the same group bonus scheme and are subject to the same company-wide targets, through our balanced scorecard. These cover a blend of performance measures centred around strategic objectives that play a critical role in LV's overall success.

As in 2023, 60% of the 2024 Balanced Scorecard was weighted towards financial measures with a focus on delivering financial stability and growth; ensuring that our spend was controlled and optimised in a way to help deliver sustainable gains and that our capital was deployed to generate value without undue risk to our long-term financial health.

Aligned to our values and business strategy, how we deliver for our members, customers, advisers and colleagues is at the heart of what matters to us. The non-financial measures that make up the remaining 40% of the balanced scorecard are designed to reflect this. They measure our success in creating value for and protecting members, while providing an excellent level of service and customer experience. They also ensure this is driven and delivered by an engaged, diverse and talented colleague base.

The bonus structure is based around our target level of performance (at plan) for each measure in the balanced scorecard. If, overall, we achieve performance at plan, then this results in a 100% outturn for our balanced scorecard. Performance at a lower pre-set level (threshold) results in a 60% outturn and performance at a higher pre-set level (maximum) results in a 140% outturn – with straight line vesting in-between. The outcome of the balanced scorecard directly correlates to the total pool used to distribute bonuses to our colleagues. Payouts are not guaranteed and failure to achieve an overall threshold level, results in no payment.

For 2024, we performed well against the agreed balanced scorecard, achieving an above plan result of 118% (further details on page 67). Following a high performing year in 2023, our 2024 outturn marks a period of continued strength, with our resilience and stability positioning us well for future success as a financially strong mutual.

Details of the bonuses awarded to our Executive Directors, David Hynam (CEO) and Stephen Percival (CFO), are detailed on page 68. As with other colleagues, the CEO and CFO are awarded bonuses based on the same company-wide targets and against their personal objectives.

Neither of our executive directors were eligible to be considered for a long-term incentive vesting in 2024 as they both joined after the relevant grant three years ago.

For 2025, we intend to operate annual bonus and Long-Term Incentive Plan (LTIP) awards in a similar manner to 2024. We believe that this balance and structure of awards will continue to motivate and retain colleagues, align their interests to our members, and help LV= to achieve its strategic objectives. All Executive Directors will be participants, in line with our Remuneration Policy.

The Committee will continue to consider the mutual bonus allocated to eligible members' policies, and performance in the round, when determining the size of any colleague bonus pool and individual bonus awards. As a mutual, we consider it important that the rewards given to our colleagues are aligned to the rewards given to our members.

Board changes

There were no Board changes to note in 2024.

Remuneration Policy

Our last Directors' Remuneration Policy was approved at the 2023 AGM and I was pleased that members supported the policy with a 91.56% vote in favour.

Other disclosures

Our 2024 Directors' remuneration report is prepared in line with best practice and the reporting requirements which apply to listed companies (which we voluntarily comply with where possible, considering our mutual status).

The Executive team has proactively remained engaged with our National Employee Consultative Forum (NECF) during the year and further engagement with the Board took place in January and November 2024.

Our 2024 gender pay gap report was published on our website, LV.com, in March 2025. Our pay gap is driven primarily by having a greater representation of men in senior roles, together with a higher representation of women in more junior roles. We are encouraged to see that our average hourly pay gap has reduced to 28.4% (from 31.4% in 2023). This reduction is driven by having an increasing number of women in middle and senior management roles. There is still work to be done and, as we continue to strengthen and embed our DEI and wider people initiatives, we remain committed to closing our pay gap over time.

Committee evaluation

For 2023, an internal Board and Committee effectiveness review process was undertaken to gauge opinions on improvements made to those areas highlighted in the external 2022 review. The results of the evaluation were positive, with no formal action plan required for the Committee.

For 2024, an internal effectiveness review was undertaken. Further information on the Board and committee evaluation process, conclusions and actions can be found in the governance report on page 53.

Yours sincerely

Natalie Ceeney CBE

Chair of the Remuneration and Nomination Committee

Remuneration policy

We continue to compare our business to others, and particularly financial services organisations of a similar size and complexity. We aim to ensure our policy is designed to support the recruitment and retention of talented people who are able to achieve stretching targets and deliver greater benefits for our members. Our aim, where possible, is to provide remuneration packages that take account of the external market pay position, and which have a significant proportion dependent upon the delivery of strong performance. Our remuneration policy is governed by good risk management practices to ensure that management are incentivised appropriately to support the short, medium and long-term interests of our members. The policy for Executive Directors (described below) was applicable from 1 January 2023 and was approved at the 2023 AGM. LV= is subject to the Solvency II regulations and fully adheres to the remuneration aspects of those, which have been incorporated within the policy.

Details of our full policy on recruitment and promotions, service contracts, payments for loss of office and Non-Executive Directors can be found in our remuneration policy as set out in the 2022 LV=Annual Report, which is available on LV.com

Remuneration policy for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measure
Salary			
To attract high performing individuals to lead the company and continue to reward them fairly in the context of alternative opportunities open to them.	Salaries are reviewed annually (but not necessarily increased) taking account of several factors including individual experience, responsibilities, function, and sector, along with individual and group performance. The committee also reviews benchmarking information on pay levels in organisations of comparable size and complexity to LV=. If salaries are increased, they are normally effective from 1 April each year.	There is no prescribed maximum annual increase. The committee is guided by the general increase for the LV= colleague population and wage increases generally, but on occasions may need to consider factors such as retention risk, development in the role and/or changes in responsibility.	Individual performance is considered when salary levels are reviewed.
Benefits			
To operate a competitive benefits structure that provides adequate protection to our colleagues and aids recruitment and retention.	The company currently provides: - Car allowance - Medical insurance - Income protection cover - LV= product discounts or any other benefits, which are available to all colleagues and directors on equal terms Other benefits may be introduced if considered appropriate by the committee.	Market level benefits are offered to ensure LV= remains competitive. The values of benefits are based on the cost to the group and are not subject to a pre-determined maximum.	N/A
Pension			
To provide the facility for a competitive contribution towards Executive Directors' funding for retirement.	Directors can elect to join a defined contribution pension scheme or receive a cash sum in lieu of pension contributions.	Up to 14% of base salary may be paid as a cash sum and/or contribution to a defined contribution pension scheme.	N/A

Purpose and link to strategy	Operation	Maximum opportunity	Performance measure
Annual Bonus			
To drive and reward delivery of near-term business objectives.	Annual bonus awards are discretionary but are based on business performance against an agreed balanced scorecard and individual performance measures that are reviewed at the end of the performance year with advice sought from the Risk Committee. The annual bonus is not pensionable. Part of the annual bonus may be deferred. Any amount deferred will usually be paid over a period of three years and may be subject to the performance of an appropriate LV= policyholder fund over the deferral period.	Chief Executive Officer: Maximum opportunity of 150% of salary (with 75% paid for on target performance). Other directors: maximum opportunity of 120% of base salary (with 60% paid for on target performance).	The annual bonus pool is normally measured against annual financial objectives, accounting for at least 50% of the assessment and a balanced scorecard of non-financial objectives accounting for the balance of the assessment. These normally include strategy and change, customer and member, risk and compliance, and people. Risk is taken into account when assessing performance against all the measures in the balanced scorecard and the committee may reduce or cancel any bonus payment if it considers that risk exceeded acceptable levels. The committee has the discretion to adjust the formulaic outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance.
Long-Term Incentive Plan (LTIP)			
To drive and reward the achievement of longer- term business objectives. The scheme provides further alignment between the interests of executive directors and members.	LTIP payouts will be made in cash and may be subject to the performance of an appropriate LV= policyholder fund over the performance and/or deferral period. Performance against the overall performance objectives agreed by the committee will be measured over a period of at least three years and is followed by a two-year holding period.	Maximum initial award levels are: Chief Executive: 150% of base salary. Other Board Executive Directors: 125% of base salary.	The LTIP structure is based on a series of underpinning factors that determine if a payment should be made without any increase in value above the initial award (excluding any movement in the LV= policyholder fund). The committee has the discretion to adjust the formulaic outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance.
Deferral, Variable Pay and Malus			
In line with the requirements of the Solvency II regulations and PRA and FCA guidance, LV= operates a policy of deferral that covers the annual bonus scheme and the LTIP. This includes the option for the committee to reduce or cancel completely any deferred awards.	At least 40% of the total variable remuneration paid to Executive Directors is delivered in long-term pay. If this ratio is not met, then a portion of the annual bonus payment for that year will be deferred. Long-term remuneration is normally paid over a five-year period. Performance is measured over a three-year period, which is then followed by a two-year holding period. The committee may operate malus and two-year clawback following vesting in respect of annual bonus awards deferred and/or LTIP awards. This will cover circumstances such as a misstatement of financial results, an error in assessing vesting levels, gross misconduct or a failure of risk management or any other circumstances in which the committee, in its absolute discretion, considers that the company is required by any remuneration code to reduce or cancel any deferred awards.		

Annual report on remuneration

The Remuneration and Nomination Committee

The committee determines the remuneration policy and agrees the remuneration of each Executive Director and other senior managers. The committee reviews the effectiveness of the remuneration policy and strategy at least once a year and all incentive and bonus schemes are established and monitored by the committee.

The committee also ensures that the highest levels of governance are followed and that the committee's decisions are compliant with remuneration regulations in the AFM 's Corporate Governance Code (AFM Code) and the Solvency II regulations.

During 2024, the committee determined the remuneration packages for joiners, promotions and leavers and reviewed the annual bonus and LTIP measures for the group. The committee also considered gender pay reporting and wider workforce pay trends.

Advisors to the committee

Members of the committee continue to be provided with regular updates on developments and trends in executive and wider colleague remuneration, particularly regarding the financial sector, via its advisors.

The committee has continued to be advised by FIT Remuneration Consultants LLP. The committee continues to ensure that its advisors remain independent, and that the advice provided is impartial and objective. FIT Remuneration are members of the Remuneration Consultants' Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK.

The total fees paid to FIT Remuneration in respect of services that materially assisted the committee during the year were £12,971 (excluding VAT) for LVFS.

All-employee remuneration

While the committee does not consult directly with employees specifically when setting the remuneration for directors, it is mindful of pay and employment conditions elsewhere in the group when doing so, and when considering potential payments under the policy. At the same time as approving directors' and the Executive team members' pay outcomes, the committee also approves the overall pay and bonus outcomes for all colleagues.

LV= continues to voluntarily pay at least the Living Wage Foundation's minimum hourly rates of pay to all colleagues, with the minimum pay of £12.60 per hour (outside of London) which will be effective 1 April 2025, which is within the timeframe to implement as recommended by the Foundation.

Directors' remuneration for the past year (year ended 31 December 2024)

Summary table of Executive Directors' remuneration – audited

The remuneration of individual directors, including that of the highest paid director, was as follows:

£'000	Year	Salary and fees	Other benefits[1]	Pension[2]	Annual bonus[3]	Long term incentives[4]	Total	Total variable remuneration	Total fixed remuneration
David Hynam	2024	669	12	76	935	-	1,692	935	757
	2023	650	13	75	910	-	1,648	910	738
Stephen Percival[5]	2024	338	47	38	400	-	823	400	423
	2023	189	28	22	200	-	439	200	239

1 Benefits include car allowance, medical insurance and taxable travel and subsistence.
2 These amounts have been taken as cash in lieu of forgone pension contributions by all executive directors.
3 This relates to the annual bonus awarded for the year (not paid in the year).
4 First LTIP awards for David Hynam (joined 26 September 2022) and Stephen Percival (joined 15 May 2023) were made under the 2023-25 and 2024-26 plans, respectively. Therefore, no awards for these directors were scheduled to vest or be paid during the year.
5 For 2023, Stephen Percival's remuneration covers the period from his start date of 15 May 2023 (Stephen was appointed to the Board on 22 June 2023).

Summary table of Non-Executive Directors' remuneration – audited

Non-Executive Directors' fees include a base fee plus other committee chair and member fees. See pages 45 and 46 for details of committee membership.

£'000	Year	Base fee	Other fees[1]	Other benefits[2]	Total
Simon Moore (Chair)	2024	208	-	3	211
	2023	200	-	8	208
Natalie Ceeney CBE	2024	73	30	2	105
	2023	66	32	2	100
Colin Ledlie	2024	73	21	4	98
	2023	66	23	8	97
Susan McInnes	2024	73	21	5	99
	2023	66	23	9	98
Suzy Neubert	2024	73	15	1	89
	2023	66	19	2	87
David Rogers[3]	2024	73	15	-	88
	2023	58	15	-	73

1 Other fees relate to committee Chair and membership fees.
2 Other benefits include taxable travel and subsistence.
3 David Rogers was appointed on 1 March 2023.

Annual bonus for the year ended 31 December 2024 – audited

The annual bonus for the year under review was based on the performance against a scorecard of financial objectives, risk metrics, customer and people objectives. The financial performance of the group accounts for 60% of the annual bonus target, which is made up of three measures.

The group operates a performance range for all measures in the scorecard (see table below), from a threshold to a maximum level.

If, overall, the scorecard outturn is at plan then 100% of the bonus pool is released. An outturn of just below plan (threshold) results in the release of 60% of the bonus pool and an outturn of just above plan (maximum) results in the release of 140% of the bonus pool – with straight line vesting in-between.

Details of actual performance against targets are as follows:

Financial measures	Weighting	Threshold (12%)	Plan (20%)	Maximum (28%)	Actual	Outcome
Operating Capital Generation	20%	£16.8m	£36.8m	£56.8m	£54.6m	27.2%
Total business as usual and strategic development costs	20%	£146.2m	£142.2m	£138.2m	£142m	20.4%
EVNB[1]	20%	3.1%	4.6%	6.1%	4.6%	20%
Total	**60%**					**67.6%**

1 EVNB is Economic Value of New Business.

Non-financial measures	Weighting	Threshold	Plan	Maximum	Highlights	Rating	Outcome
Delivering successful member outcomes	20%	12%	20%	28%	• Customer satisfaction scores remained strong, with continued improvements leading to an above plan level. • Customer complaints were resolved quickly, to an above plan level. • Customer service levels around death claims continued to improve, resulting in an above plan level. • Customer risk events were successfully closed at an above plan level with plans in place for all other risks.	Plan to max	25.6%
Risk	10%	6%	10%	14%	• LV= continued to prioritise effective risk management, with the overall risk maturity across LV= continuing to be rated as 'good'. There were no outstanding risk assurance or audit actions at year end. • There was significant focus on strengthening the regulatory engagement, including through the closure of certain required actions.	Above plan	11.5%
Leadership and diversity	10%	6%	10%	14%	• LV= continued to improve colleague engagement scores to an above plan level. • LV= successfully delivered against several key DEI initiatives, including the launch of the refreshed Board approved DEI strategy and ensuring strong female representation across the senior leadership population.	Plan to max	13.3%
Total	**40%**						**50.4%**

For 2024, LV= performed well against the Balanced Scorecard, achieving an above plan result of **118%** (equating to 84% of the maximum possible outturn).

Individual Objectives

The table below gives a high-level overview of the headline objectives assigned to the Executive Directors for 2024.

	Individual objectives
David Hynam	❙ Drive a sustainable, mutual business for our members. ❙ Steward our members' value through disciplined cost and benefit management. ❙ Continue to improve LV's risk maturity. ❙ Lead LV= to be a place where people are proud to be. ❙ Increased focus on member and colleague communications, building the 'This is US' and 'This is LV=' brand. ❙ Deliver key change initiatives and drive for improvement.
Stephen Percival	❙ Provide leadership to drive a sustainable mutual business for our members. ❙ Deliver the Finance Transformation Programme. ❙ Steward our members' value through disciplined cost management. ❙ Ensure a strong risk and control environment around all key financial processes. ❙ Lead the Finance function with sufficient capability to deliver high quality outputs.

Before determining the appropriate level of bonus to be awarded, the Remuneration Committee looked at the performance of the business and the individual in the round - to understand any internal and external factors that have impacted performance as well as the broad trajectory of the business and market conditions. This assessment included consideration of member mutual bonus outcomes for the year.

The total bonus awarded to each director and the percentage deferred is set out below.

	Maximum as % of salary	Payout (% of maximum)	Total 2024 bonus (£'000s)	Total 2024 bonus (% of bonus-able earnings)	2024 bonus deferred[1] (£'000s)
David Hynam	150%	93%	935	140%	70
Stephen Percival	120%	99%	400	118%	13

1 At least 40% of the total variable remuneration paid to Executive Directors is delivered in long-term pay. If this ratio is not met, then a portion of the annual bonus payment for that year is deferred to meet this requirement. Total variable remuneration is calculated using the 2024 bonus and the 2025-2027 LTIP award where applicable. Any variable pay amount deferred will be paid in equal instalments over the following three years. During the deferral period, the value of deferred amounts will be tied to the value of members' invested funds. Thereby, creating a tangible link to ongoing performance.

LTIP payments made in the year – audited

Due to their hire dates, the first LTIP awards for David Hynam and Stephen Percival were made under the 2023-25 and 2024-26 plans, respectively. Therefore, no awards for these Directors were scheduled to be paid during the year.

Group LTIP summary of awards and amounts vested during 2024 – audited

£'000	Plan	Unvested awards at 1 January 2024	Awards made in the year	Awards vested during the year	Unvested awards at 31 December 2024[1]
David Hynam	2023-2025	488	-	-	488
	2024-2026	-	488	-	488
Stephen Percival	2024-2026	-	210	-	210

1 Unvested awards reflect the initial award value.

Group LTIP awards made in the year (2024 - 2026 scheme) – audited

	Type of award[1]	Initial award (£'000)	% of initial award that would vest if performance objectives are achieved	Performance Period
David Hynam	Cash	488	100%	1 January 2024 to 31 December 2026
Stephen Percival		210		

1 LTIP awards move in line with the main LV= investment fund over the performance and deferral periods..

Pensions – audited

In line with the Remuneration Policy, directors have the choice of receiving contributions into the LV= Future Saving section of the Aon MasterTrust (a multi-employer occupational pension scheme where each employer has its own distinct section within the arrangement) or being paid an equivalent cash allowance. All Executive Directors elected to receive a cash allowance in lieu of pension contribution.

Additional information on 2024 remuneration

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits, and annual bonus for all directors between the current and previous financial year compared to the same elements for all employees. Percentage changes for individual directors are calculated on absolute remuneration amounts, rather than time apportioned equivalents.

	Salary [1]		Other benefits [2]		Bonus	
	2024	2023	2024	2023	2024	2023
David Hynam[3]	3%	272%	(8)%	333%	3%	304%
Stephen Percival[4]	78%	n/a	68%	n/a	100%	n/a
Simon Moore	4%	75%	Note 7		n/a	n/a
Natalie Ceeney CBE	5%	31%	Note 7		n/a	n/a
Colin Ledlie	6%	5%	Note 7		n/a	n/a
Susan McInnes	6%	7%	Note 7		n/a	n/a
Suzy Neubert	4%	23%	Note 7		n/a	n/a
David Rogers[5]	21%	n/a	Note 7		n/a	n/a
% change based on a static population excluding the Executive Directors	4.9%[6]	3.7%	9%	20%	5.2%	61%

1 Salary for Non-Executive Directors includes a base fee and other fees relating to Committee Chair and membership fees.

2 Other benefits include car allowance, medical insurance and taxable travel and subsistence.

3 David Hynam's changes in remuneration for 2024 are based on a full year for 2024 and 2023. For 2023 they are based on a full year for 2023 and the period from his start date on 26 September 2022 to 31 December 2022.

4 Stephen Percival's changes in remuneration for 2024 are based on a full year for 2024 and the period from his start date on 15 May 2023 to 31 December 2023. It was therefore not possible to provide a year-on-year percentage change for 2023.

5 David Rogers' changes in remuneration for 2024 are based on a full year for 2024 and the period from his date of appointment on 1 March 2023 to 31 December 2023. It was therefore not possible to provide a year-on-year percentage change for 2023.

6 The increase in employee salary reflects the average annual pay rise based on a static population from 1 April 2024 and excludes the impact of promotions.

7 Other benefits for Non-Executive Directors comprise taxable travel and subsistence. In 2023 and 2024, no individual Non-Executive Director received other benefits greater than £10,000 in either year. Because of the relatively small size of amounts received in relation to year-on-year fluctuations, it was not appropriate to report the percentage change for these amounts.

CEO pay ratio

In January 2019, the UK Government introduced new regulations that would require certain UK companies to disclose their executive pay ratios. This does not apply directly to us, but we believe it is best practice to meet the requirements where practical and helpful. In doing so, we have chosen to use the Option A methodology, where the ratio compares the total remuneration of the CEO against the total remuneration of the median employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles). This is considered the most robust approach which is favoured by investors in the listed environment. This ratio will continue to build annually to cover a rolling ten-year period.

Year	Method	Employee population		
		25th percentile	Median	75th percentile
2019	Option A	77:1	51:1	32:1
2020	Option A	49:1	34:1	21:1
2021	Option A	39:1	26:1	17:1
2022	Option A	39:1	29:1	19:1
2023	Option A	53:1	39:1	24:1
2024	Option A	57:1	40:1	25:1
Salary	CEO £668,750	£25,561	£34,330	£54,794
Total Remuneration	CEO £1,692,283	£29,827	£41,830	£68,574

The CEO's remuneration package is made up of a proportion of performance related variable pay - the ratio can therefore vary year-on-year depending on the performance of the individual and group. No adjustments have been made to the calculation. The committee will take the CEO pay ratio into account as another useful reference point when setting and determining executive pay.

Relative importance of the spend on pay

The table below shows the group's actual spend on pay (for all colleagues) relative to the mutual bonus, which represents a significant, discretionary disbursement of profit to members.

	Total remuneration		
	2024 £m	2023 £m	% change
Colleague costs	83	81	2%
Mutual bonus[1]	19	20	(5)%

1 Mutual bonus does not include exit bonus, which is specifically related to the sale of the general insurance business.

Chief Executive's remuneration over ten financial years

The total remuneration figures for the CEO during each of the last ten financial years is shown below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards based on three-year performance periods ending in the relevant year. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	2015	2016		2017	2018	2019	2020	2021	2022		2023	2024
	Mike Rogers	Mike Rogers	Richard Rowney	Richard Rowney	Richard Rowney	Richard Rowney	Mark Hartigan	Mark Hartigan	Mark Hartigan	David Hynam	David Hynam	David Hynam
Total remuneration (£'000)	1,970	891	610	1,719	1,029	1,911	1,210	1,013	767	423	1,648	1,692
Bonus % of maximum awarded	86%	13%	79%	80%	44%	40%	94%	69%	58%	86%	93%	93%
LTIP % of maximum vesting	59%	49%	50%	100%	0%	92%	n/a	n/a	n/a	n/a	n/a	n/a

Payments to past directors – audited

There were no new payments to past directors to be disclosed.

Directors' loans

As of 31 December 2024, there were no loans outstanding to directors (2023: £nil).

Results of members' votes on remuneration Resolutions at the 2023 AGM

At the company's AGM in 2024, the members approved the 2023 remuneration report, with 94.06% of the 17,278 total votes cast in favour (there were 463 abstentions to this Resolution).

Remuneration decisions taken in respect of the coming year (year ending 31 December 2025)

Chief Executive's arrangements

David Hynam's salary will be increased to £706,000 and Stephen Percival's salary will be increased to £365,000 with effect from 1 April 2025. There are no other changes to their remuneration arrangements.

Annual bonus

There are no significant changes planned for the annual bonus for 2025, which will continue to include performance conditions based on a mixture of financial and non-financial measures. The specific measures and actual targets associated are considered commercially sensitive at this time.

2025 - 2027 LTIP

For David Hynam the LTIP 2025-27 will be 75% and for Stephen Percival it will be 70%. The LTIP award is based on the 1 January 2025 salary.

The proposed approach is that LTIPs will be paid in full, after five years (three years' deferral and then a two-year holding period), at the granted rate subject to:

- An underpin of LVFS maintaining solvency, measured by solvency capital requirement (SCR) compliance being met, with no breaches of red risk appetite for regulatory solvency unless approved by the Board.
- Individual remaining in employment and not on notice at the payroll date, post vesting date.
- Application of the normal malus and clawback risk assessment.
- The Remuneration and Nomination Committee retain discretion for any payments made.

Non-Executive Directors' fees

Fees for LVFS Non-Executive Directors are determined by the Board, based on the responsibility and time committed to the group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees.

The fees have been reviewed against the current market to ensure they remain appropriate. The changes proposed have been set out below and are effective from 1 April 2025.

Measure	
Chair[1]	£217,000
Non-executive director base fee	£75,700
Additional fees	
Senior independent director	£15,000
Committee chair (various)	£15,000
Consumer Duty champion	£15,000
With-Profits Committee membership	£6,000

1 The Chair receives an all-encompassing fee and doesn't receive additional remuneration for Committee responsibilities.

The directors approved the Report on Directors' Remuneration on 26 March 2025.

Natalie Ceeney CBE

Chair of the Remuneration and Nomination Committee

Glossary

AFM Corporate Governance Code: Guidance provided by the Association of Financial Mutuals for its members, which sets out standards of good governance practice. It covers, among other things, board composition and its accountability and relations with business owners.

Annuity: An insurance policy that provides a regular income in exchange for a lump-sum payment.

Asset shares: Asset shares reflect the amount of money paid into policies by way of premiums and investment returns, less the costs of administering those policies.

Business plan: An internal forecast, which is approved by the Board annually. This sets out our forecast and targets over a five-year planning horizon.

Company: Liverpool Victoria Financial Services Limited.

Economic Value of New Business (EVNB): The total profit expected from new business after allowing for all expected expenses and the cost of the solvency capital required to support it.

Eligible own funds: Capital resources held; this includes the excess of assets over liabilities (excluding the subordinated debt) in the Solvency II balance sheet and is subject to tier restrictions.

Equity release: A lifetime mortgage where interest is added to the loan and is settled by the property sale proceeds when the borrower dies or enters permanent residential care.

Environmental, Social and Governance (ESG): Financially material environmental, social and governance risks and opportunities being embedded into investment and operational decisions.

Estate: Surplus funds of the group, invested to generate returns and provide capital security.

Exit bonus: A discretionary enhancement to asset shares, allocated at the point the policy is exited.

Financial Conduct Authority (FCA): A body that regulates the conduct of retail and wholesale financial services firms.

Financial Reporting Council (FRC): The FRC is the UK's independent regulator responsible for promoting high-quality corporate governance and reporting to foster investment.

Fund for Future Appropriations (FFA): The amount of surplus that has not been allocated to policyholders at the balance sheet date.

Group: Consolidated reporting for Liverpool Victoria Financial Services Limited and its subsidiaries.

Heritage: The LV= business unit that derives its income from savings and investments products that are no longer actively marketed.

Industrial Branch (IB): Small premium Whole-Of-Life and endowment policies.

Longevity risk: The risk associated with increased life expectancy of customers.

LVFS: Liverpool Victoria Financial Services Limited.

Morbidity risk: The risk associated with the likelihood that a customer will fall ill during the period of insurance cover.

Mortality risk: The risk associated with the likelihood that a customer will die during the period of insurance cover.

Mutual: A business that is owned by its members rather than by shareholders.

Mutual bonus: A discretionary enhancement to asset shares.

Non-profit policies: Also known as non-participating policies, non-profit policies are types of contracts where the policyholder does not receive profits or surplus from the insurance company.

Ordinary Branch (OB): With-profits endowments, Whole-Of-Life, annuities and pensions policies.

Persistency: The expectation of the level of policies that will be retained by customers over their contract terms.

Profit-related bonuses: Discretionary bonuses we share with our eligible members. These comprise our mutual bonus and exit bonus.

Protection: A policy providing a cash sum on the death or critical illness of the life assured. Also, the LV= business unit that derives its income from life insurance and income protection products.

Prudential Regulation Authority (PRA): A regulatory body that is responsible for the prudential regulation and supervision of financial services firms.

Regular premium: Premiums received in respect of long-term contracts where the customer agrees to make regular payments throughout the term of the contract.

Risk margin: Forms part of the calculation of technical provisions under Solvency II requirements and represents the amount needed, should all surplus and capital be used up, to transfer all obligations to another insurer. The risk margin is sensitive to interest rate changes.

RNPFN: Royal National Pension Fund for Nurses.

Savings and Retirement: The LV= business unit that derives its income from pensions, savings, investments and equity release products and provision of financial advice.

Short-term Investment Fluctuations: Short-term Investment Fluctuations is the difference between the longer-term average expected return on invested assets, and the actual investment return in the current year. Current year investment returns are impacted by market volatility, whereas the longer-term average expected return excludes such short-term volatility as it is expected to be temporary.

Single premium: Premiums received in respect of long-term contracts where one premium is paid at inception and there is no obligation for the customer to make subsequent payments.

Smoothed Managed Funds: Smoothed Managed Funds are a range of multi-asset, risk-rated funds intended to grow the policyholder's investment while providing protection against unpredictability in the market. In comparison to traditional investments, Smoothed Managed Funds undergo a smoothing process which shelters the policyholder returns from the impact of sudden market shocks.

Solvency II: The capital adequacy regime for the European insurance industry that establishes a comprehensive framework for insurance supervision and regulation. UK insurance firms now follow an amended version of Solvency II, adapted to incorporate the Solvency UK reforms, which amended the rules in the PRA Rulebook during 2023 and 2024. To help with understandability, the term Solvency II has been used throughout this document to encompass both the existing Solvency II rules, which still apply in the UK, and the Solvency UK reforms.

Solvency Capital Requirement (SCR): The amount of regulatory capital that we are required to hold. LV= applies the Standard Formula in calculating the SCR. The capital required is based on our ability to survive a 1 in 200 year stress event, considering our investment strategy, risk profile and allowing for diversification.

Subordinated debt: In the event of bankruptcy, dissolution or winding-up, the payments arising from this debt rank after the claims of other creditors.

Transitional Measures on Technical Provisions (TMTP): Transitional relief for the higher capital requirements of Solvency II compared with the previous capital regulatory regime. This is amortised over a 16 year period from 1 January 2016.

UK Generally Accepted Accounting Practice (UK GAAP): The body of accounting standards published by the UK's Financial Reporting Council (FRC). LV's financial statements are prepared in accordance with these standards.

With-Profits Fund: An investment fund where we combine all of our with-profits members' money and manage it on their behalf.

With-profits policies: Also known as participating policies, with-profits policies are types of contracts where the policyholder is entitled to a share of the profits or surplus of the insurance company.

Alternative Performance Measures

In addition to Generally Accepted Accounting Practice in the UK (UK GAAP) the group uses Alternative Performance Measures (APMs) to report on the performance of the group. APMs are non-GAAP measures which are used to supplement UK GAAP disclosures. Management believe that APMs provide insight into the underlying trading performance of the business or are more useful measures than the pure UK GAAP measures.

Trading APMs

Non-GAAP measure	Why we use the non-GAAP measure
New business contribution	New business contribution is used to monitor the contribution to the UK GAAP result from new business written in the year. New business contribution is reconciled to the UK GAAP Total comprehensive income for the year of £nil in the table below.
Trading profit generation	Trading profit generation is used to report the underlying trading results of our three business units from new and existing business prior to the impact of experience variances and model and basis changes. Trading result is reconciled to the UK GAAP Total comprehensive income for the year of £nil in the table below.
Operating profit generation	Operating profit generation is used as a measure of the overall performance of our three business units rather than the overall group. Operating profit generation is reconciled to the UK GAAP Total comprehensive income for the year of £nil in the table below.
Operating expenses	Operating expenses is used by management to assess performance against our strategic goal of actively managing our operating costs. Operating expenses includes business as usual expenses, commission paid on acquisition of business, investment fees and strategic development costs. This cost grouping incorporates the expenses included in our operating capital and operating profit generation metrics. Operating expenses excludes restructuring and one-off costs. Operating expenses are reconciled to UK GAAP Total expenses in the financial review on page 18.
Present value of new business premiums (PVNBP)	PVNBP provides a measure of the value of new business written in the year that is more useful than UK GAAP new business premiums as it includes the present value of the regular premiums we expect to receive over the term of contracts sold in the year. PVNBP is the total of new single premium sales received in the year, plus the discounted value at the point of sale of the regular premiums we expect to receive over the term of the new contracts sold in the year, adjusted for expected levels of persistency. In addition to UK GAAP premiums, this metric includes the amount of LV= Equity Release loans advanced and policyholders' deposits to their unit-linked pensions and Self Invested Personal Pension funds. These items generate fee and commission income, which is reported in the financial statements as Other technical income. PVNBP is reconciled to the UK GAAP Gross premiums written in the financial review on page 19.

Reconciliation of Trading APMs to UK GAAP Total comprehensive income for the year £m	2024	2023
New business contribution	**10**	2
Existing business	**30**	42
Trading profit generation	**40**	44
Estate investment income and other operating items	**20**	25
Experience variances	**(13)**	(16)
Model and basis changes	**21**	33
Strategic development costs	**(25)**	(43)
Operating profit generation	**43**	43
Restructuring and one-off items	**(8)**	11
Solvency UK reform	**(1)**	85
Interest payable on subordinated debt	**(19)**	(20)
Short-term investment fluctuations and related items	**65**	18
Mutual and exit bonuses	**(29)**	(30)
Profit before tax	**51**	107
Tax expense attributable to long-term business	**(32)**	(22)
Remeasurement of defined benefit pension scheme	**(14)**	(15)
Transfer to the fund for future appropriations	**(5)**	(70)
UK GAAP Total comprehensive income for the year	**-**	-

Our Accounts

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Liverpool Victoria Financial Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statements of Comprehensive Income, the Balance Sheets and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2024 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance
- Obtaining the Board approved group financial plan and in particular the forecast regulatory solvency position and the forecast liquidity position which covers at least 12 months from the date of approval of the financial statements;
- Challenging the appropriateness of the directors' key assumptions in their solvency and liquidity forecasts within the group financial plan. This included reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the viability of mitigating actions within the directors' control;
- Considering the directors' assessment of the regulatory solvency coverage and liquidity position in the forward-looking scenarios which have been derived from the company's Own Risk and Solvency Assessment. This included assessing the directors' consideration of severe but plausible scenarios in their stress and scenario testing of the principal risks and uncertainties that could impact the group's solvency and liquidity over the next 12 months;
- Conducting a retrospective review of the historical forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusion on going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Liverpool Victoria Financial Services Limited's reporting on how it has applied the Association of Financial Mutuals (AFM) Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation of long-term business provision – expense assumptions *Long-term business provision – group £7.2 billion (2023: £7.7 billion), parent company £7.2 billion (2023: £7.7 billion)* ***Refer note 29: Technical provisions: Long-term business, note 33: Long-term insurance and investment contract liabilities valuation assumptions and note 1 Significant accounting policies (including Significant accounting estimates and judgements)*** The liabilities within the group financial statements include an implicit allowance for the estimated future expenses that would be incurred in continuing to maintain the existing policies over their duration. The expense assumptions are calculated using significant judgement, particularly over removal of designated 'one-off' costs and achieved cost savings, together with the cost allocations between acquisition and maintenance and then between products. Products have different expected durations ('capitalisation factors'), and therefore the allocation of costs impacts the long-term business provision. The estimated unit cost is calculated as allocated maintenance expense over policy in force. Unit costs, number of policies in force, along with their decrement, are used to estimate the expenses that will be incurred in the coming year. These future expenses are deflated to the valuation date using the inflation assumptions to arrive at the assumed expenses. Note that the actuarial model then projects the expenses over the lifetime of each contract again using an inflation assumption. The most significant areas of risk with expense assumptions lie in the methodology used to categorise expenses as one-off, to split amounts between acquisition and maintenance, split by product, as well as the projection of policies in force. Judgements applied in these areas could have a significant impact on the quantum of the expense liabilities. Given the level of subjectivity and judgement, there is a risk that inappropriate expense assumptions are made, and we therefore identified the valuation of long-term business provision – expense assumptions as a significant risk and a key audit matter.	With the assistance of our actuarial specialists, our audit procedures included, but were not limited to: - Evaluating the design and implementation of key controls in place around the setting of expense assumptions. - Challenging the methodology for setting the expense assumptions, including considering the changes made to the methodology in the year (for example a change in the driver of one cost centre and changes in the allocation rules of some cost centres between acquisition and maintenance). - Sensitivity testing the strategic investment costs and the assumed level of new business volumes to analyse the unit cost impact on the long-term business provision in adverse scenarios. - Back-testing on the new business policy counts to challenge the reasonableness of the projections, including management's basis for developing its expense assumption methodology. - Verifying the cost centres and allocation percentages of acquisition and maintenance expenses, as well as for product groups. For a sample cost centres where changes had occurred, we verified that the changes were appropriate, and significant changes were investigated and challenged. We challenged the allocation of percentages to cost centres. - Verified the mathematical accuracy of the unit cost working. - Validating the accuracy of projected policies-in-force at HY25 by reapplying the valuation lapse basis over the reconciled HY24 policies-in-force. - Assessed the appropriateness of the expense inflation assumption by reviewing available benchmarking information and independently sourcing the PRA published inflation rates to validate the proposed assumptions. With the assistance of our actuarial specialists, we performed the tests above rather than seeking to rely on the group and parent company's controls because the nature of the balance is such that we would expect to obtain evidence primarily through the detailed procedures described. **Our observations** Based on these procedures, we consider the valuation of long-term business provision – expense assumptions to be appropriate and consistent with the evidence obtained.

Key Audit Matter	How our scope addressed this matter
Valuation of long-term business provision – annuitant mortality assumptions *Long-term business provision – group £7.2 billion (2023: £7.7 billion), parent company £7.2 billion (2023: £7.7 billion)* ***Refer to note 3: Risk Management and control, note 29: Technical provisions: Long-term business, and note 33: Long-term insurance and investment contract liabilities valuation assumptions.*** Annuity liabilities are valued using a discounted cashflow method with assumptions over the mortality rate of policyholders. These annuitant mortality assumptions are an area of significant management judgement, due to the inherent uncertainty involved in forecasting mortality rates several decades into the future. The annuitant mortality assumption has two main components: - Base mortality assumption – which reflects current mortality experience, which the audit team identifies as significant risk; and - Rate of mortality improvements – recognising that mortality rates have tended to reduce over time due to factors such as improved standards of living and healthcare, which the audit team identifies as significant risk and a key audit matter. Whilst the group and parent company manages the extent of its exposure to annuitant mortality risk through reinsurance, we consider the mortality assumptions underpinning the valuation of the gross long-term business provision to be a significant risk and the rate of mortality improvement to also be a key audit matter given level of subjectivity and judgement in setting these assumptions and the group's exposure to a large volume of annuity business.	With the assistance of our actuarial specialists, our audit procedures included, but were not limited to: - Meeting with senior members of the actuarial team involved in the annuitant mortality assumptions setting process to understand the methodology and the governance over the process. - Evaluating the design and implementation of the controls in place around the performance of annuitant mortality experience analysis studies, approval of the proposed assumptions and implementation within actuarial models. With the assistance of our actuarial specialists, we performed the tests below rather than seeking to rely on the group and parent company's controls because the nature of the balance is such that we would expect to obtain evidence primarily through the detailed procedures described. - Validated the appropriateness of the data, models and methodology used to perform the annual experience studies, including the Continuous Mortality Investigation ("CMI") model selection and parameterisation used to model mortality improvements. - Reperformed the calculations performed by the group's actuarial team to determine current mortality experience and perform goodness of fit tests over the use of industry standard tables. - Validated the appropriateness of areas of expert judgement used in the development of the mortality improvement assumptions. - In respect of COVID-19, assessed the group's considerations and any allowances made for changes in current and future expected rates of annuitant mortality; and - Validated that the valuation models make appropriate allowance for both management and policyholder actions, including appropriate demographic assumptions on option or guarantee dates. **Our observations** Based on these procedures, we consider the valuation of long-term business provision – annuitant mortality assumptions to be appropriate and consistent with the evidence obtained.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Our overall materiality was £16.1 million for the group and £15.9 million for the parent company (2023: £16.5 million (group and parent company)).
How we determined it	3% of Fund for future appropriations (FFA) (2023: 2.86% of FFA).
Rationale for benchmark applied	In determining our materiality, we considered the financial metrics which we believe in our professional judgment to be most relevant to the members of the group and the parent company, as a body. Members' interests in the group are represented primarily by the FFA and, consequently, we concluded that the FFA was considered to be the primary metric to use to determine materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £11.2 million for the group (2023: £11.6 million) and £11.1 million for the parent company (2023: £11.6 million), which represents 70% of overall materiality (2023: 70%). When determining performance materiality, we considered our knowledge of the group and parent company, the overall control environment, as well as the number, nature and size of misstatements identified in previous audits.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.5 million for the group and the parent company (2023: £0.8 million for group and the parent company) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. A full scope audit was performed of the parent company. In addition, we performed a specific scope audit covering specific financial statement line items for a further six components. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatements.

Taken together, the procedures we performed over one full audit scope entity, six components above and the group consolidation entries accounted for 94% (2023: 95%) of the group's FFA and over 99% (2023: over 99%) of the group's net earned premiums.

All audit procedures across all entities were performed by the group engagement team. At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information.

In order to gain appropriate audit evidence over the group and parent company financial statements, we performed a combination of testing the internal controls over financial reporting and testing transactions and balances to supporting evidence.

Some activities are outsourced to third party providers including investment administration and payroll processing. In respect of these service providers, we were able to gain appropriate audit evidence through a combination of evaluating the providers' published assurance reports on internal control and performing substantive procedures over information held by those third parties.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group or parent company; or
- the group and parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report on directors' remuneration

The group and the parent company prepare a report on directors' remuneration in accordance with the provisions of the Companies Act 2006. The Directors have requested that we audit the part of the report on directors' remuneration specified by the Companies Act 2006 to be audited as if the group and the parent company were each a quoted company. In our opinion, the part of the report on directors' remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 61, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: breaches of the regulatory requirements of the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and parent company and the industry in which they operate, and considering the risk of acts by the group and parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and parent company are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with regulatory authorities including the PRA and the FCA;
- Reviewing minutes of directors' meetings in the year and up to the date of issue of the audit report; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: UK tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the areas detailed in our key audit matters, the presumed risk of fraud in revenue recognition, specifically relating to the cut-off assertion for single premium policies, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Critically assessing accounting estimates impacting amounts included in the financial statements for evidence of management bias;
- Performing journal entries testing based on defined risk criteria to address the risks of fraud related to management override of controls;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of material and immaterial financial statement line items; and
- Considering significant transactions outside of the normal course of business. Our approach included attendance at all Audit Committee meetings as well as reviewing other relevant Board and committee meeting minutes and correspondences with regulators.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website **frc.org.uk**. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were first appointed by the members at the Annual General Meeting on 30 September 2021 to audit the financial statements for the year then ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2021 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Andrew Jones (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey
London

EC4M 7AU

26 March 2025

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

		Group 2024	2023
Technical account – long-term business	Notes	£m	£m
Gross premiums written	4	**760**	793
Outwards reinsurance premiums	4	**(308)**	(298)
Earned premiums, net of reinsurance	4	**452**	495
Investment income	5	**462**	285
Unrealised gains on investments	6	**179**	618
Other technical income	7	**46**	39
Total income		**1,139**	1,437
Claims paid			
Gross claims paid	8	**(1,189)**	(1,172)
Reinsurers' share	8	**282**	286
Change in provision for claims			
Gross amount	8	**14**	9
Claims incurred, net of reinsurance	8	**(893)**	(877)
Change in long-term business provision, net of reinsurance			
Gross amount	32 (a)	**511**	(36)
Reinsurers' share	32 (a)	**(119)**	176
		392	140
Change in technical provision for linked liabilities, net of reinsurance	32 (b)	**(303)**	(300)
Change in technical provisions, net of reinsurance		**89**	(160)
Net operating expenses	9	**(247)**	(245)
Investment expenses and charges	12	**(12)**	(24)
Other technical charges	13	**(25)**	(24)
Total operating expenses		**(284)**	(293)
Profit before tax and before transfer to the fund for future appropriations		**51**	107
Tax attributable to long-term business	14	**(32)**	(22)
Transfer to the fund for future appropriations	23	**(19)**	(85)
Balance on technical account - long term business		**-**	-
Other comprehensive income, net of tax:			
Remeasurement of defined benefit pension schemes	21	**(14)**	(15)
Deduction from the fund for future appropriations	23	**14**	15
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**-**	-

As a mutual, all net earnings are for the benefit of participating policyholders and are carried forward within the fund for future appropriations. Accordingly, the total comprehensive income for the year is always £nil after the (transfer to) / deduction from the fund for future appropriations.

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to include a Company Statement of Comprehensive Income.

The Group and the Company have not presented a Statement of Changes in Equity as there are no equity holders in either the Group or the Company.

Balance Sheets

As at 31 December 2024

Assets	Notes	Group 2024 £m	Group 2023 Restated – see Note 1 £m	Company 2024 £m	Company 2023 Restated – see Note 1 £m
Investments					
Land and buildings		**9**	6	**-**	-
Investments in Group undertakings	15	**-**	-	**24**	28
Other financial investments	16 (a)	**7,188**	7,701	**7,152**	7,659
		7,197	7,707	**7,176**	7,687
Assets held to cover linked liabilities	16 (b)	**3,305**	3,368	**3,305**	3,368
Reinsurers' share of technical provisions					
Long-term business provision	29	**752**	871	**752**	871
		752	871	**752**	871
Debtors					
Debtors arising out of direct insurance operations	19	**21**	28	**20**	27
Debtors arising out of reinsurance operations	19	**107**	94	**107**	94
Other debtors	20	**21**	36	**36**	41
		149	158	**163**	162
Other assets					
Tangible fixed assets		**2**	3	**1**	1
Cash at bank and in hand		**61**	73	**39**	64
Deferred taxation	24	**3**	26	**-**	22
		66	102	**40**	87
Prepayments and accrued income					
Other prepayments and accrued income		**53**	64	**49**	60
		53	64	**49**	60
Pension scheme asset	21	**-**	12	**-**	12
Total assets		**11,522**	12,282	**11,485**	12,247
Liabilities					
Subordinated liabilities	22	**200**	200	**200**	200
Fund for future appropriations	23	**535**	530	**529**	527
Technical provisions					
Long-term business provision	29	**7,207**	7,718	**7,199**	7,709
Claims outstanding	30	**93**	105	**92**	104
		7,300	7,823	**7,291**	7,813
Technical provisions for linked liabilities	31	**3,259**	3,329	**3,259**	3,329
Provisions for other risks					
Deferred taxation	24	**6**	4	**5**	4
Other provisions	25	**11**	12	**11**	12
		17	16	**16**	16
Creditors					
Creditors arising out of direct insurance operations	26	**24**	29	**24**	28
Creditors arising out of reinsurance operations	26	**12**	13	**12**	13
Amounts owed to credit institutions	27	**2**	11	**1**	11
Other creditors including taxation and social security	28	**113**	263	**107**	256
		151	316	**144**	308
Accruals and deferred income		**58**	65	**44**	51
Pension scheme liability	21	**2**	3	**2**	3
Total liabilities		**11,522**	12,282	**11,485**	12,247

The financial statements on pages 81 to 138 were approved by the Board of Directors on 26 March 2025 and signed on its behalf by:

Stephen Percival
Director

Registered number: 12383237

Significant accounting policies

This section describes the Group's significant accounting policies and accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or an accounting estimate relates to a specific note, the applicable accounting policy and/or accounting estimate is contained within the relevant note. These policies have been consistently applied to all years presented, unless otherwise stated.

1. Significant accounting policies

Basis of presentation

The Group financial statements consolidate the results of Liverpool Victoria Financial Services Limited ('LVFS' or 'the Company') and its subsidiary companies. The Group's and LVFS's financial statements have been prepared in accordance with UK accounting standards, including Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and FRS 103, 'Insurance contracts'. The financial statements are also prepared in compliance with the Companies Act 2006 and under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Group and the Company are exempt from the requirements of Section 7 of FRS 102 to prepare a cash flow statement, as mutual life assurance companies are excluded from compliance with that section.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivatives and non-participating investment contract liabilities) at fair value as permitted or required by FRS 102.

The primary economic environment which the Group operates in is the United Kingdom. The consolidated financial statements are presented in millions of pounds sterling, which is the Group's presentation and functional currency.

As described in the Directors' Report on page 59, after making appropriate enquiries, including gaining an understanding of the maximum resilience of the group to extremely severe adverse scenarios, the directors are satisfied that the Group and Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements. The directors have also concluded that there are no material uncertainties to the Group's or Company's ability to adopt the going concern basis of accounting.

Restatements

Amendments to net Technical provisions: Long-term business

Within the Group and Company prior period Balance sheets, Technical provisions: Long-term business provision has increased by £9m and Reinsurers' share of technical provisions: Long-term business provision has decreased by £37m to reflect the impact of the two adjustments described below. This has resulted in a reduction in the prior period Fund for future appropriations of £46m. If restated Balance sheets had been presented as at 31 December 2022, the restatement impact would have been the same. Therefore, the restatement has no impact on the Group's or Company's 2023 Statement of Comprehensive Income.

Adjustment one

In prior years, the actuarial modelling used to calculate insurance contract liabilities had not allowed for the differences in future claims payments which arise when policyholders holding certain LV= pension products retire at a later age than they had originally advised. A new model has now been introduced that captures these differences in expected future claims payments, increasing the value of the Group and Company's insurance contract liabilities. This adjustment represents the correction of an omission from the Group and Company's prior period financial statements requiring a prior year restatement in accordance with FRS102.10.

Adjustment two

As part of a review exercise over actuarial models that was carried out during 2024, it was identified that an incorrect set of assumptions had been used when modelling the expected future claims payments associated with the Group and Company's critical illness protection policies. This resulted in an overstatement of the value of the Group and Company's insurance contract liabilities and reinsurance assets. The correct set of modelling assumptions was applied in 2024, decreasing the value of the Group and Company's insurance contract liabilities and reinsurance assets. This adjustment represents the correction of a misstatement in the Group and Company's prior period financial statements requiring a prior year restatement in accordance with FRS102.10.

Impact of restatement adjustments to the 2023 Balance sheets

Group Impact on the 2023 Balance sheet	2023 as previously reported £m	Adjustment one £m	Adjustment two £m	2023 restated £m
Reinsurers' share of technical provisions: Long-term business provision	908	(2)	(35)	871
Total assets	**12,319**	**(2)**	**(35)**	**12,282**
Fund for future appropriations	576	(53)	7	530
Technical provisions: Long-term business provision	7,709	51	(42)	7,718
Total liabilities	**12,319**	**(2)**	**(35)**	**12,282**

Company Impact on the 2023 Balance sheet	2023 as previously reported £m	Adjustment one £m	Adjustment two £m	2023 restated £m
Reinsurers' share of technical provisions: Long-term business provision	908	(2)	(35)	871
Total assets	**12,284**	**(2)**	**(35)**	**12,247**
Fund for future appropriations	573	(53)	7	527
Technical provisions: Long-term business provision	7,700	51	(42)	7,709
Total liabilities	**12,284**	**(2)**	**(35)**	**12,247**

1. Significant accounting policies (continued)

Significant accounting estimates and judgements

The preparation of financial statements in accordance with FRS 102 and 103 requires the use of estimates. Furthermore, complex estimates often involve a significant level of management judgement. These significant accounting estimates are disclosed separately from significant judgements made in application of accounting policies.

The following areas involve significant judgement by management on policy application.

Area	Significant accounting judgements	Note
Insurance contract classification	Whether significant insurance risk has been transferred to the Group.	1(b)
Reinsurance assets	Transfer of significant insurance risk for reinsurance arrangements entered into.	29

The following areas include significant estimates and assumptions, including the exercise of management judgement. Although these estimates are based on management's best knowledge of current circumstances and potential future events and actions, material adjustments could be made to the carrying amounts of assets and liabilities within the next financial year.

Area	Significant accounting estimates	Note
Fair value financial assets	Inputs to the estimate of fair value where there is no or limited market data for assets classified within Level 3 of the fair value measurement hierarchy. In particular, the discount rate used when calculating the fair value of loans secured on residential property and loans secured on commercial property.	16, 17 and 18
Insurance and participating investment contract liabilities and associated reinsurance assets	Assumptions used in determining insurance contract and participating investment contract liabilities and associated reinsurance assets. The key assumptions are: – Persistency assumptions, including gone-aways, and cash and guaranteed annuity option take-up rates. – Expense assumptions. – Longevity, mortality and morbidity assumptions, including mortality improvements. – Economic assumptions including future investment returns and discount rates.	29
Pension benefit obligation	Assumptions used to measure the pension benefit obligation, particularly discount rates, inflation and longevity assumptions used when calculating the present value of the scheme obligations.	21

Additional considerations impacting significant accounting estimates and judgements due to increased market uncertainty and volatility are outlined within these notes as required.

The preparation of the financial statements has also considered the impact of climate change. As at 31 December 2024, management does not consider this to be a significant area of accounting judgement or source of estimation uncertainty. The uncertainty associated with the future impact of climate change on the Group's results, runs too far into the future and is not yet well enough understood, leading to an absence of data required for a reliable estimate of these impacts to be factored into the financial statements.

The majority of the Group's financial assets are required to be held at fair value using quoted market prices or observable market inputs to determine their fair value. These market prices and inputs take into account current information regarding the effects of climate change. For the valuation of level 3 financial instruments, there are no material unobservable inputs in relation to climate risk.

The valuation assumptions used to determine insurance and investment contract liabilities are described in note 33. The potential impact of climate change on longevity, mortality and persistency assumptions has been considered as part of the assumptions setting process. Based on the range of likely scenarios, the impact of climate risk is not expected to affect the best estimate demographic assumptions materially and as such no specific allowance has been made as at 31 December 2024.

Management do not currently consider that climate change will generate a risk of a material adjustment to carrying values of assets and liabilities in the next year, but recognise that it could have medium or longer-term impacts.

1. Significant accounting policies (continued)

Accounting policies

a) Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group directly or indirectly, has control. The Group controls an entity when it has power to govern its financial and operating policies.

The assessment of control is based on the consideration of all the facts and circumstances. The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group using uniform accounting policies consistently applied across the Group. They are excluded from consolidation from the date on which control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. Accordingly, the cost of an acquisition is measured as the fair value of the cash or other assets given, equity instruments issued and liabilities incurred or assumed at the date control passes. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life. Provision is made for any impairment. Negative goodwill is similarly included in the Balance sheet and is credited to the technical account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Details of the company's subsidiaries are given in Note 34.

(ii) Associates and jointly controlled entities in property holding companies

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, and can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The Group does not currently have any associates, which are any entities over which the Group has significant influence but are not joint ventures or subsidiaries.

The Group currently has a joint venture in an investment property holding company which is held as part of an investment portfolio, hence under FRS 102, Section 15, it is measured at fair value through profit or loss within UK unlisted investments.

b) Contract classification

The Group issues contracts that transfer insurance risk, financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Significant insurance risk is transferred where the occurrence of an insured event could result in significant additional payments to the policyholder. Such contracts may also transfer financial risk. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Management have applied judgement in determining whether contracts entered into transfer significant insurance risk and can therefore be accounted for as insurance contracts. In making this judgement management review all contract terms and conditions and obtain the opinion of an independent expert where necessary.

Contracts are also classified as either participating or non-participating. Participating contracts are those contracts that entitle the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are contractually based on:
  - (i) the performance of a specified pool of contracts or a specified type of contract;
  - (ii) realised and/or unrealised investment returns on a specified pool of assets held by the fund; or
  - (iii) the unallocated surplus of the fund that issues the contract.

All with-profits contracts have been classified as participating contracts.

1. Significant accounting policies (continued)

Product classification

Business area	Product classification: Insurance (Participating)	Insurance (Non-participating)	Investment (Participating)	Investment (Non-participating)
Savings & Retirement	**Smoothed Managed Funds** Smoothed Managed Funds include a significant death benefit. Policyholders are entitled to a share of the surplus of the with-profits fund.	**Retirement non-profit funds (fixed term / enhanced annuities)** Significant insurance risk is transferred (mortality / longevity) from the policyholder to LV= Policyholders are not entitled to a share of the surplus of the funds.		**Unit-linked pensions, including SIPP** No significant insurance risk is transferred to LV=; the customer chooses their investment(s) and is exposed to the associated financial risk with no additional participation benefits.
Protection		**All protection products** Significant insurance risk (primarily morbidity and mortality) is transferred from the policyholder to LV= whereby the policyholder is financially compensated on occurrence of the insured event (such as injury, illness or death). Policyholders are not entitled to a share of the surplus of the funds.		
Heritage	**LVFS Heritage (including Royal National Pension Fund for Nurses (RNPFN) and Teachers Assurance Funds) with-profits life and pensions policies** These policies transfer significant insurance risk (mortality / longevity) from the policyholder to LV=. Policyholders are entitled to a share of the surplus of their respective with-profits fund.	**LVFS Heritage (including RNPFN and Teachers Assurance Funds) conventional non-profit life, pensions and annuities in payment** These policies transfer significant insurance risk (mortality / longevity) from the policyholder to LV=. Policyholders are not entitled to a share of the surplus of the funds.	**LVFS Heritage (including Teachers Assurance Fund) with-profits investments** These investment products provide the policyholder with market returns. The value paid to the policyholder is not significantly impacted by whether pay-out is on surrender, maturity or death, therefore this is not an insurance contract. The investments entitle the policyholder to a share of the surplus of the with-profits fund. In line with the requirements of FRS 103, these products are accounted for as insurance.	**LVFS Heritage (including RNPFN Fund) linked life and pensions** These products do not transfer significant insurance risk from policyholder to LV=. Policyholders are not entitled to a share of the surplus of the funds.

1. Significant accounting policies (continued)

c) Foreign currencies

Investment assets and liabilities denominated in foreign currencies are translated to sterling at rates of exchange in force at the end of the year. Purchases and sales of investments denominated in foreign currencies are translated at the rates prevailing at the transaction date. Exchange gains and losses are dealt with in that part of the Statement of Comprehensive Income in which the underlying transaction is reported.

d) Financial assets and liabilities

As permitted by FRS 102, section 11, the Group has taken the option to apply the recognition and measurement requirements of IAS 39 (prior to its amendment on the publication of IFRS 9 'Financial Instruments').

Recognition and measurement

The Group classifies financial assets and liabilities upon initial recognition as shown below. The classification is impacted by the nature of the instrument and the purpose for which the investments were acquired:

Financial Instrument	Basis of classification and initial measurement	Subsequent Measurement	Recognition of change in fair value
Debt Securities, Equity Securities	Where the investment return is managed on the basis of the total return on investment, the investment is designated as fair value.	Fair value using prices at the end of the period.	Technical account – Unrealised gains/(losses) on investments.
Loans secured on residential and commercial property		Fair value on a discounted cash flow basis, taking into account no negative equity guarantees (NNEG) where relevant – see Note 16.	
Non-participating investment contract liabilities	Designated as fair value in order to avoid a measurement inconsistency with the associated unit-linked financial assets.	Amount equal to the fair value of the associated unit-linked financial assets. The valuation of technical provisions for linked liabilities also contains an adjustment to reflect the present value of expected future profits of the linked investment business.	
Derivative assets/(liabilities)	Derivatives are classified as held for trading and designated as fair value.	Carried at fair value. Asset / (liability) classification dependent on whether fair value is positive or negative.	Technical account – Unrealised gains/(losses) on investments.
Loans, debtors and other financial assets arising from non-investment activities.	Financial assets with fixed or determinable payments not quoted in an active market are initially recognised at the fair value of the consideration paid.	Amortised cost using the effective interest method. Reviewed for impairment whenever events indicate that the carrying amount may not be recoverable.	N/a
Deposits with credit institutions	Consist of highly liquid investments that are readily convertible into a known amount of cash, with a minimal chance of a change in value. Initially recognised at the fair value of the consideration paid.	Amortised cost using the effective interest method.	N/a
Cash at bank and in hand	Consist of bank balances, excluding non-offsetable overdrafts. Initially recognised at the fair value of the consideration paid.	Amortised cost using the effective interest method.	N/a
Subordinated debt	Financial liabilities with fixed or determinable payments and maturity date. Initially recognised at the fair value of the proceeds.	Amortised cost using the effective interest method.	N/a
Creditors and other financial liabilities	Financial liabilities with fixed or determinable payments. Initially recognised at the fair value of the proceeds.	Amortised cost using the effective interest method.	N/a

The accounting policy for each type of financial asset or liability is included within the relevant note for the category.

1. Significant accounting policies (continued)

Derecognition

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and has:
  - transferred the risks and rewards of the asset; or
  - transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

e) Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Collateral

Collateral is received or pledged in the form of cash collateral and non-cash collateral.

Cash collateral received, which is not legally segregated from the Group, is recognised as Cash at bank and in hand with a corresponding liability for its repayment in the Group's Balance sheet. Cash collateral pledged which is legally segregated from the Group, is derecognised from Cash at bank and in hand and a corresponding asset for its return is recognised in the Group's Balance sheet.

Non-cash collateral received that is neither sold nor re-pledged, and where the counterparty is not in default is not recognised in the Group's Balance sheet. Non-cash collateral pledged where the Group is not in default is not derecognised from the Group's Balance sheet and remains within the appropriate asset classification.

Capital and risk management

This section details the capital and risk management approach of the Company and Group. The Group seeks to create value for its members by investing in the development of the business while maintaining an appropriate level of available capital. The risk appetite for each type of principal risk is set with reference to the amount necessary to meet the PRA's capital requirements.

2. Capital management

Policies and objectives

Capital is managed on a regulatory basis to ensure the Group has sufficient funds to meet its business objectives, the promises made to members and policyholders and regulatory requirements.

The Group's key capital management objectives are that:

(i) Regulatory capital will be managed to remain within upper and lower limits agreed by the Board;

(ii) The regulatory risk profile will be monitored against that projected in our business plan to ensure any deviation from the expected position is understood and acted upon if appropriate; and

(iii) Sources of capital which are considered to be of a lower quality will not be over-relied upon to meet regulatory capital requirements.

These objectives are reviewed at least annually and benchmarks are set by which to judge the adequacy of the Group's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Group.

The Group complied with all regulatory capital requirements that it was subject to throughout the reporting period.

Capital Management (Unaudited)

Capital is monitored and managed at a Group and entity level. The Group manages capital resources under Solvency II at the level of Eligible Own Funds. Excluding RNPFN and Teachers ring–fenced funds, Eligible Own Funds were £857m for both the Group and the Company (2023: £920m for both the Group and the Company). Including RNPFN and Teachers ring-fenced funds, Eligible Own Funds were £885m for both the Group and the Company (2023: £950m for both the Group and the Company). See further details on the Group's and Company's Solvency II capital position on page 17.

The Group seeks to deploy capital where it believes the risk is properly rewarded. Asset and liability matching is extensively used, and risks are hedged where the Group believes it would otherwise receive insufficient return for the risk taken or to reduce volatility.

The Eligible Own Funds figures disclosed above are based on the estimate of the results at the Annual Report signing date. It is possible that this result will be adjusted prior to final publication of the Group Solvency Financial Condition Report later in 2025.

Risk appetite

The Group has embedded its approach to risk management through its risk appetite. The risk appetite for capital management is that sufficient solvency capital is held to ensure that the Group can continue to trade following a severe adverse movement in markets or other risks. As at 31 December 2024, the capital risk appetite was set to target a minimum Capital Coverage Ratio of 140%. See further details on risk management on pages 20 to 23.

Measurement and monitoring of capital

The capital position of the Group and regulated entities within the Group is monitored and reviewed formally on a regular basis within the monthly Business Performance Pack. The capital management objectives are reviewed by the Asset and Liability Committee (ALCO), and benchmarks are set by which to judge the adequacy of the Group's capital and ensure that sufficient capital is available.

The Group's capital requirements are forecast on a regular basis and compared against the available capital and the Group's risk appetite. The forecast includes the trading outlook and the benefits of any strategic investment, where the impact on the balance sheet, available liquidity and payback period are all considered, taking into account the risks associated with the investment.

Methodology

The Group adopts a methodology aligned to the Solvency II regime adapted to incorporate the Solvency UK reforms, which amended the rules in the PRA Rulebook during 2023 and 2024.

Eligible Own Funds comprise the excess of the value of assets over the liabilities, as valued on a Solvency II basis. Subordinated debt issued by the Group is considered to be part of Eligible Own Funds, rather than a liability, as it is subordinate to policyholder claims.

Assets are valued at fair value in accordance with FRS 102.

Liabilities are valued on a best estimate market consistent basis, with the application of a Matching Adjustment for valuing qualifying annuity liabilities, and a Volatility Adjustment for other qualifying business. TMTP is recognised on the balance sheet which seeks to capture the differences between the Technical Provisions (net of reinsurance arrangements) under the previous Solvency I regime and the current Solvency II regime.

The liabilities include the Risk Margin, which represents an allowance for the cost of capital for a purchasing insurer taking on the portfolio of liabilities and residual risks that are deemed to be not hedgeable under Solvency II. This is calculated using a prescribed cost of capital of 4% (2023: 4%) and represents the cost to the purchaser of raising capital to meet the regulatory capital requirements.

The Solvency Capital Requirement (SCR) is the amount of capital required to cover a prescribed 1-in-200 year outcome in the year following the valuation, allowing for realistic management and policyholder actions and the impact of the stress on the tax position of the Group where permitted or approved by the PRA. This allows for diversification between the different risk exposures within the Group. All non-insurance regulated businesses are included using their current regulatory surplus.

Allowance is made within the Solvency II balance sheet for the Group's defined benefit pension schemes using results on a UK GAAP basis.

2. Capital management (continued)

Assumptions
The calculation of the Solvency II balance sheet and associated capital requirements requires a number of assumptions, including:

(i) assumptions required to derive the present value of best estimate liability cash flows. The assumptions are the same as those used to derive the Group's UK GAAP disclosures and are structured so as to capture both short-term and long-term behaviour. Future investment returns and discount rates are those defined by the PRA, which means that the risk-free rates used to discount liabilities are market SONIA-derived swap rates. For eligible annuity business, the liability discount rate includes a Matching Adjustment. For other eligible business, the liability discount rate includes a Volatility Adjustment.

(ii) assumptions regarding management actions. The only management actions allowed for are those that have been approved by the Board and are in place at the balance sheet date.

Use of and limitations of sensitivity analysis
Sensitivity analysis is used to determine the effect of a change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. These sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the Solvency II position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations.

As investment markets move past various trigger levels, management options could include selling investments, changing investment portfolio allocation, adjusting bonuses credited to policyholders, and taking other protective actions.

Other limitations of sensitivity analysis include the use of hypothetical and simplified market movements to demonstrate potential risk exposures that may exist.

Stress and scenario testing
Due to the limitations of sensitivity analysis in isolation, the Group undertakes a series of stress and scenario tests to ensure the robustness of its solvency position in regard to different levels of new business growth, movements in investment markets and changes in other assumptions such as the expected future mortality of our customers.

When looking at movements in investment markets the Group considers a number of single stresses (e.g. a significant fall in equities) but more importantly because investment markets are highly correlated consideration is given to how they might move together in stressed conditions. The Group uses the outcomes of the stress and scenario testing to develop the management options that would be undertaken if capital or other performance measures move outside of the defined risk appetite.

To support the future operations of the Group, forecast plans are produced including stress and scenario testing to provide the Board with assurance that the Group will be able to withstand adverse events if they arise.

Reconciliation of the Group's UK GAAP Fund for Future Appropriations to Solvency II Eligible Own Funds (Unaudited)
The table below gives a reconciliation of the Group's Fund for Future Appropriations to the Group's Eligible Own Funds on a Solvency II basis.

The Group Solvency II results disclosed below are based on the unaudited estimate of the year-end results at the Annual Report signing date. It is possible that the Solvency II results will be adjusted prior to final publication of the Group Solvency Financial Condition Report later in 2025.

	2024 £m	2023 Restated – see Note 1 £m
Group Fund for Future Appropriations	**535**	530
Prior year adjustment* – see Note 1	-	46
Add subordinated debt treated as available capital	211	211
Solvency II impact of TMTP	101	120
Other	10	13
Estimated Eligible Own Funds (excluding ring-fenced funds)	**857**	920
RNPFN – Eligible Own Funds	58	65
Restriction of Eligible Own Funds in respect of RNPFN	(34)	(41)
Teachers – Eligible Own Funds	5	12
Restriction of Eligible Own Funds in respect of Teachers	(1)	(6)
Group Eligible Own Funds	**885**	950

* The prior year adjustments impacting the 2023 Fund for Future Appropriations do not apply to prior year Eligible Own Funds.

3. Risk management and control
The Group's primary business activities include the provision of insurance, investment and retirement products to UK-based customers. In providing these products the Group accepts and needs to manage risk. A description of these risks and how they relate to the Group's products is outlined below. The Group's approach to managing and controlling these risks through its governance and risk management framework is set out on pages 20 to 23.

As part of its risk management framework, the Group measures its current and projected internal view of risk in the setting of its risk appetite thresholds for solvency and liquidity. Also, more widely, this includes stress testing over a range of deterministic scenarios on the full balance sheet to assess the sensitivity of Regulatory Solvency and long-term available Liquidity.

Management uses the insight gained through these sensitivities to help manage the Group's risk exposure and sustainability. The models, scenarios and assumptions used are reviewed regularly and updated as necessary including any interdependencies between risk types.

Risk environment
2024 has been characterised by relative stability in macroeconomic factors versus previous years, despite ongoing uncertainty and volatility from geo-political risks. Further detail in relation to this can be found on page 20. Climate change continues to have a focus from regulators and government bodies. Further details in relation to the climate change risks impacting LV= are shown in the sustainable business review on pages 24 to 32.

Principal risks and categories
The Risk Management section of the Strategic Report on pages 20 to 23 sets out the principal risks and uncertainties that the Group faces. The Group uses a standard categorisation to combine and assess similar risks. All such risks are subject to a consistent risk management and control framework. However, they impact the business and its financial performance in different ways. The following sections provide more detail on these main risk categories and how they may impact the Group.

a) Insurance risk
Insurance risk arises from both the claims commitment that the group has made to its policyholders and the pricing assumptions made in respect of the insurance policies. As such, this covers the following risks:

- The timing and the amount of the claim is uncertain and hence there is a risk that the exposure to loss arising from this claims experience is different to that anticipated.
- The product is priced using certain assumptions covering how long the policies will be maintained by the customer (persistency risk) and the cost of administering the product over its life cycle (expense risk). There is a risk that across the group's insurance portfolio the actual experience is different to previously assumed levels. This is more likely the longer the term of the product.

The Group's insurance activities primarily involve the provision of protection, retirement and savings products. These products are long term in nature and provide key benefits to the policyholder and their dependants.

A number of key assumptions are made when determining the future claims liability that will arise from these policyholder commitments. These are based on prior experience and latest forecasts in trends and patterns and include the future life expectancy and health of policyholders, the extent to which contracts will be terminated earlier or later than expected, the extent to which insurance contract administration costs may increase and changes in the value of investments, interest rates and tax rates.

Details of the long-term business provision and associated valuation assumptions are disclosed in Notes 29 and 33 respectively.

Differences in actual experience versus the previous assumptions will give rise to liabilities that differ from those previously anticipated. Wherever these outcomes vary from the original or most recent estimates they may give rise to a change in insurance risk exposure. The primary insurance risks prevalent within the Group's products are described below:

Mortality, longevity and morbidity
Life protection and annuity business is exposed to changes in life expectancy (mortality - reduced life expectancy, longevity - increased life expectancy) and health expectancy (morbidity) experience.

Protection product liabilities (with the exception of Lifetime+) are exposed to mortality and morbidity risks whereby higher mortality rates and adverse morbidity will lead to increases in contract liabilities. Protection Lifetime+ and Annuity product liabilities are exposed to longevity risk whereby contract liabilities, net of reinsurance, increase with life expectancy.

Mortality, longevity and morbidity risks in the Group are managed through the assessment of the risk associated with individual policyholders against a set of acceptance (underwriting) criteria, which may include an individual's medical history, occupation and lifestyle (i.e. indicators of life expectancy and morbidity). The actual experience of policyholders is then regularly monitored to assess that the underwriting criteria remain appropriate and that the level of risk being assumed by the Group remains within its risk appetite. A large amount of this risk is managed through the use of reinsurance.

Persistency
In pricing life insurance business, the Group makes assumptions as to how long the policyholder is likely to retain the product, which includes the timing of any applicable retirement events for pensions business. Persistency risk arises from the actual experience being different to the assumptions. The level of persistency influences the ability to recover initial costs of sale from the premiums and charges that relate to the product, as well as the overall claims cost. The Group is exposed to persistency risk whereby the profitability can be adversely impacted by changes in the length of time that policies remain in force.

For certain Heritage products the level of persistency influences the estimated cost of guarantees and options. The risk for these products is that a larger proportion of the portfolio remains in-force to take advantage of these guarantees and options.

Persistency risk in the Group is managed through the active management of intermediary relationships and the feedback of experience variances into business decisions. The actual lapse experience segmented into appropriate product groups is regularly monitored to assess whether the pricing and valuation assumptions remain appropriate and that the level of risk being assumed by the Group remains within its risk appetite.

3. Risk management and control (continued)

Cash take-up

For specific products where these options exist, the Group makes assumptions as to how many policyholders are likely to take the lump-sum cash option at retirement. Cash take-up risk arises from the actual experience being different to the assumptions. The assumed level of cash take-up influences the future cost of the product, for example the projected cost of paying a guaranteed annuity income for life is more onerous than the lump-sum cash at retirement option.

Cash take-up risk is managed in the Group through regular monitoring to assess whether the valuation assumptions remain appropriate and that the level of risk being assumed by the Group remains within its risk appetite.

Expense

In pricing life insurance business, assumptions are made as to how long the Group will need to continue to service and maintain the product and communicate with the policyholder. The Group is exposed to the risk that the charges it deducts from policyholder benefits or the costs which were assumed in pricing protection and annuity products are not sufficient to cover the full extent of these expenses. In addition, the Group makes an assumption as to how much this service and maintenance will cost each year, allowing for the impact of inflation. Expense risk arises from higher than expected expenses reducing profits.

The Group proactively manages this risk through an ongoing assessment of the factors that will generate additional expenses in the product servicing costs and the number of life insurance products over which costs are spread. Actual experience is monitored against planned levels to manage costs.

Reinsurance

In order to mitigate the mortality, longevity and morbidity risks within the Group's life insurance book described earlier, a material proportion of mortality, and morbidity risk on protection business and longevity risk on annuity business is transferred via reinsurance agreements. The most material counterparties are leading global reinsurers Pacific Life Re and RGA.

In addition, the main staff pension scheme holds a bulk annuity policy with Phoenix Life which provides an income to the scheme that exactly matches some of the benefit obligations of the scheme. The Ockham staff pension scheme holds a buy-in insurance policy with Just Group that matches the majority of the scheme's liabilities.

Insurance concentration risk

The Group is not exposed to significant concentrations of insurance risk. Experience shows that the larger the portfolio of similar independent insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategies to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group writes a diverse mix of life insurance business across a wide group of people and businesses. However, as the Group has substantially written all of its business in the UK, results are sensitive to demographic and economic changes arising in the UK.

The Group minimises the level of insurance concentration through the use of portfolio analysis and reinsurance. The Group's exposure to life insurance risk is captured in the long-term insurance and investment contract liabilities set out below. The products listed below cover the Group's protection, annuity and pensions products and also the investment exposure arising from the Group's savings, pensions, retirement and investment products. The Company's exposure to life insurance risk is consistent with that of the Group.

Group	2024 Gross £m	2024 Reinsurance £m	2024 Net £m	2023 Gross Restated – see Note 1 £m	2023 Reinsurance Restated – see Note 1 £m	2023 Net Restated – see Note 1 £m
Whole life	**2,867**	**(39)**	**2,828**	3,075	(46)	3,029
Endowment	**101**	**-**	**101**	132	-	132
Term Assurance	**139**	**(347)**	**(208)**	284	(453)	(169)
Immediate and deferred annuity contracts	**2,455**	**(339)**	**2,116**	2,694	(371)	2,323
Unitised with-profits pensions and protected retirement plans	**1,632**	**-**	**1,632**	1,524	-	1,524
Critical illness	**(51)**	**10**	**(41)**	(48)	10	(38)
Income protection	**(133)**	**(37)**	**(170)**	(164)	(11)	(175)
Legacy with-profits ISA	**141**	**-**	**141**	149	-	149
Other	**56**	**-**	**56**	72	-	72
	7,207	**(752)**	**6,455**	7,718	(871)	6,847
Claims outstanding	**93**	**-**	**93**	105	-	105
Unit linked	**3,259**	**-**	**3,259**	3,329	-	3,329
	10,559	**(752)**	**9,807**	11,152	(871)	10,281

The restatements referred to in Note 1 impact the Immediate and deferred annuity contracts and Critical illness lines respectively in the above table.

3. Risk management and control (continued)

Life insurance risk sensitivities

The table below sets out the impact on Profit before tax and the Fund for future appropriations of reasonably possible movements in key assumptions. The Company's exposure to life insurance risk is materially consistent with that of the Group.

Sensitivity analysis for the change in assumptions used in long-term insurance and investment contract liabilities	Impact on Profit before tax 2024 £m	Impact on Profit before tax 2023 £m	Impact on the Fund for future appropriations 2024 £m	Impact on the Fund for future appropriations 2023 £m
Increase in mortality rates by 5% - Non annuity products	**(4)**	(4)	**(4)**	(4)
Decrease in mortality rates by 5% - Annuity products	**(3)**	(4)	**(3)**	(4)
Increase in morbidity rates by 5%	**(10)**	(10)	**(10)**	(10)
Increase in persistency by 10%	**14**	16	**14**	16
Decrease in OB pensions cash take-up rates by 50%	**(28)**	(34)	**(28)**	(34)
Increase in expenses by 10%	**(40)**	(46)	**(40)**	(46)

The sensitivities above are performed on our insurance and investment contract liabilities net of reinsurance. They do not generally include the potential impacts on financial assets as the impacts are not material.

The impact of an adverse or favourable movement in the assumptions is largely symmetric. The persistency sensitivity is performed as stresses to the persistency assumptions proportionally for all products and therefore implicitly allows for offsets between products exposed to different directional sensitivities.

b) Financial markets risk

As a result of the insurance, investment and retirement products offered to policyholders, the Group is exposed to financial markets through the investment of premiums and investment lump sums in various investment assets such as equities, gilts, corporate bonds and property.

Financial markets risk is defined as the risk that arises from adverse fluctuations or increased volatility in asset values, asset income or interest rates. This includes credit spread widening. The Group manages these risks through a Group policy and aligning the investment strategy, asset allocation and performance benchmarks with the Group's risk appetite and utilising asset and liability matching and stochastic modelling techniques. These actions aim to match the risks arising from the liabilities under the Group's insurance and investment contracts with the risks inherent in its assets and seek to ensure there is sufficient capital available such that the Group is able to meet policyholder commitments when they fall due and to achieve a sufficient return for members.

Inflation risk arises when there is an inflationary mismatch between the assets and liabilities. This mainly arises due to inflation-linked benefit payments and maintenance expenses. The Group manages this risk through hedging using the same calculation methodology and techniques as the hedging strategy for interest rate exposures.

In addition to the actions summarised above, the Group may also look to use derivative instruments particularly to assist in hedging policyholder guaranteed options and, where cost effective, to transfer risks it believes are either unrewarded or which it believes can be better managed by a third party. For example, derivatives are used to reduce exposure to fluctuations in interest rates, exchange rates and for efficient portfolio management purposes. The main derivatives used for this function are interest rate contracts (including interest rate swaps), forward foreign exchange contracts and equity derivatives (index futures and options) respectively. The Group does not hold derivatives for investment purposes, they are held purely as a risk management technique to manage financial market risk exposures within its investment holdings (see Note 18 on how these are used).

The investment management agreements between the Group and BlackRock specify the limits for holdings in certain asset categories and currencies. Asset allocation and performance benchmarks are set, which ensure that each fund has an appropriate mix of assets and is not over or under exposed to a particular asset category, currency or specific investment relative to its risk appetite. The Investment team monitors the actual asset allocation and performance against benchmarks with oversight provided by the Asset and Liability Committee (ALCO) and the Investment Committee.

The Group is not exposed to significant financial markets risk in respect of assets held to cover unit linked and with-profit liabilities as these risks are borne by the holders of the contracts concerned, except to the extent that income from the fund based management charges levied on these contracts varies directly with the value of the underlying assets and where policyholder smoothing and guarantees exist on Smoothed Managed Funds (SMF) and legacy with-profit policies. Where appropriate the Group manages this exposure via internal and external hedging arrangements.

The key types of financial markets risk to which the Group is exposed are set out in more detail in the following paragraphs. Sensitivities to key market risks are shown on page 95.

(i) Asset performance risk

Asset performance risk is the risk that the fair value or future cash flows of an asset or liability will fluctuate because of changes in market prices, other than those arising from interest rate or foreign currency risks.

The Group is primarily exposed to asset performance risk arising from its investment in equities, property, gilts and corporate bonds.

Equity price risk

The Group is exposed to equity price risk from daily fluctuations in the market values of the equity portfolio. These assets are used to support contractual liabilities arising from investment and long-term insurance contracts. For investment and long-term linked insurance contracts the price movements are matched with corresponding movements in contractual obligations except where policyholder smoothing and guarantees exist on SMF or legacy with-profit policies. For participating insurance contracts, internal hedges are calibrated such that growth in assets is in line with growth in the obligations in reasonably foreseeable scenarios. Decreases in the market price of equities will negatively impact the profits and capital of the Group. The risks from investing in equities are managed by investing in a diverse portfolio of high-quality securities ensuring that holdings are diversified across industries and geographies, and concentrations in any one company or industry are limited by parameters established by the Investment Committee. In addition, the Group may use derivatives to reduce the level of equity price risk.

3. Risk management and control (continued)

Property price risk

The Group is subject to property price risk due to its exposure to the residential and commercial property market through its equity release and commercial mortgage products, where sustained underperformance in property prices could result in proceeds on sale being exceeded by the mortgage debt at the date of redemption (see Note 16 for disclosures relating to loans secured on residential and commercial property). This risk is managed through limits on the maximum loan to value ratio and seeking to limit concentrations in particular geographic areas. Monitoring of actual experience in house prices versus expected is also undertaken.

In addition, the Group is exposed to property price risk from property investments held to support contractual liabilities arising from investment and long-term insurance contracts. For investment and long-term linked insurance contracts the price movements are matched with corresponding movements in contractual obligations. For participating insurance contracts, internal hedges are calibrated such that growth in assets is in line with growth in the obligations in reasonably foreseeable scenarios. The risks from investing in property are managed by investing in a diverse portfolio of high-quality properties ensuring that holdings are diversified across sector and location.

Corporate bond price risk (Credit spread risk)

The credit spread risk represents the risk of adverse fluctuation in the values of assets and liabilities due to changes in the level of corporate bond credit spreads.

A widening in credit spreads, over and above risk-free yields, causes bond values to decrease, although there is an offset where the value of certain insurance liabilities fall in value. The Group monitors credit spread risk by regularly reviewing its exposure to corporate bonds by sector (e.g. financial or non-financial), credit rating and duration and through its asset and liability matching tools.

(ii) Interest rate risk

Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of specific assets and liabilities arising from changes in underlying interest rates.

Interest rate risk arises primarily from the Group's investments in long-term debt and fixed income securities and their movement relative to the value placed on the insurance liabilities. A number of products sold by the Group have features that influence the Group's exposure to interest rate risk. These features include guaranteed surrender values, guaranteed annuity options and minimum surrender and maturity values, which can lead to the present value of claims being higher than the value of the backing assets when interest rates change.

The Group manages interest rate risk by investing in fixed income securities which closely match the interest rate sensitivity of the liabilities (using an internal view of the exposure), where such investments are available. The Group also makes use of derivatives in addition to physically held assets to manage the interest rate exposure resulting from the liabilities. These derivatives are principally interest rate swaps. The Group also considers its exposure on both a UK GAAP basis and a regulatory capital basis under Solvency II.

Exposure to interest rate risk is monitored using several techniques, including scenario testing, stress testing and asset liability duration control.

(iii) Investment concentration

Investment concentration risk arises through exposure to particular asset types, geographical markets, industry sectors, groups of business undertakings or similar activities. The Group may suffer losses in the investment portfolio as a result of over exposure to particular sectors engaged in similar activities or similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. The Group's trading activities are UK-based and associated insurance and investment contract liabilities are impacted by the UK marketplace and hence there is a high concentration in corresponding matching UK investment assets.

The Group invests in a portfolio of assets and seeks to maximise portfolio expected return for a given amount of portfolio risk, or equivalently minimise risk for a given level of expected return, by carefully choosing the proportions of various assets. The Investment Committee sets the Group's investment strategy and recommends to the Board the policy and limits required. Responsibility for implementation is delegated to the chief investment officer, with day-to-day investment activities primarily being undertaken by the Group's investment manager, BlackRock.

The Investment team monitors the actual asset allocation and performance against benchmarks with oversight provided by the ALCO and the Investment Committee.

3. Risk management and control (continued)

(iv) Foreign currency risk

The Group predominantly operates within the UK and is therefore not significantly exposed to currency exposures within its normal trading activities. However, the Group's investment strategy and policies allow for a mandated level of investment in overseas markets, via both equities and fixed interest securities. The main currency exposures here are to the Euro and US dollar and a large percentage of the exposure is hedged back to GBP.

The risk to the Group is that the fair value or future cash flows of an overseas investment asset will change as a result of changes in foreign exchange rates. Residual currency risk is managed by the use of exposure limits and authorisation controls operated within the Group's Risk Management Framework.

The table below summarises the Group's exposure to foreign currency exchange risk, excluding exposure arising from any investments held in GBP denominated collective investment funds that are not hedged back to GBP, reflecting strategic asset allocation to currencies in our policyholder funds. Linked assets are also excluded from the table because any currency risk associated with these assets is borne by the policyholder rather than the Group.

	2024			2023 Restated*		
	Euro £m	US Dollar £m	Total £m	Euro £m	US Dollar £m	Total £m
Derivatives	-	(212)	(212)	(125)	(898)*	(1,023)
Equity securities	-	7	7	-	89	89
Debt securities	-	234	234	123	779	902
Cash at bank and in hand	-	2	2	1	7	8
	-	31	31	(1)	(23)	(24)

*Certain derivatives previously described as cashflow derivatives have now been re-classified as cross currency swaps, predominantly hedging the currency risk exposure of overseas debt securities and hence these derivatives have been included in the US Dollar Derivatives category above. The impact of the restatement is to increase the 2023 US Dollar Derivatives amount by £237m.

A strengthening of the value of sterling against the foreign currency (increase in exchange rates), in which the investment asset is denominated, will lead to a devaluation of the asset value and any associated income flows. A weakening of the value of sterling against the foreign currency will have the reverse impact.

The sensitivity of investment assets to a 10% increase/decrease in Euro and US Dollar exchange rates, net of derivatives, is £nil (2023: £nil) and £3m (2023: £2m) respectively. In determining the percentage rates to use in this sensitivity the movements in the actual market rates of Euro and US Dollars during 2024 were taken into account. The above table incorporates all material currency risk to Profit before tax. Therefore, a 10% increase/decrease across all currencies could impact Profit before tax by up to £3m (2023: £2m).

Some overseas investments are denominated in sterling so bear no direct currency risk and have not been included within the above table.

(v) Summary of market risk sensitivities

The table below sets out the impact on Profit before tax and the Fund for future appropriations net of the impact on derivatives for movements in sectors of the market that the Group is invested in including equity release mortgages but excluding the Group's defined benefit pension schemes. Explanations of the movements are provided below. The Company's exposure to market risk is materially consistent with that of the Group.

In determining the percentage rates to use in the sensitivity analysis reference has been made to those used for internal reporting within the Group. Where sensitivities have not been produced in both directions, the impact of the sensitivity in the other direction is materially consistent with the sensitivity provided.

	2024		2023	
Sensitivity analysis to movements in key market sectors	Impact on Profit before tax £m	Impact on the Fund for future appropriations £m	Impact on Profit before tax £m	Impact on the Fund for future appropriations £m
Equity values fall by 20%	(46)	(16)	(57)	(25)
Property values fall by 12.5%	(6)	(4)	(8)	(5)
Credit spreads increase by 100bps relative to swap yields	(1)	5	-	6
Government Bond spreads increase by 50bps relative to swap yields	(24)	(20)	(31)	(27)
Fixed interest yields fall by 100bps	(20)	(33)	(17)	(33)
Fixed interest yields increase by 100bps	10	21	11	24
Inflation increases by 50bps	3	3	-	-

The table demonstrates the effect of a change in a key assumption, while other assumptions remain unchanged. In practice there may be dependencies between the underlying risks. It should also be noted that the impact on the Fund for future appropriations from changes in these assumptions may not be linear as implied by these results. Larger or smaller impacts should not be interpolated or extrapolated from these results.

The Group interest rate hedging strategy is defined relative to an internal metric similar to Solvency II Own Funds, including relevant portions of the capital requirements. In particular, the assets used to hedge the regulatory capital requirement exposure to interest rates materially affect the interest sensitivity on a UK GAAP basis, with no offsetting capital movement to counteract the movements in the assets. The effectiveness of the hedging strategy is monitored by ALCO and rebalanced where necessary.

The main change in exposure since last year is the reduction in equity sensitivity, due to a number of small impacts from business changes and underlying assets and hedging.

Asset values and, where appropriate, asset share changes are reflected in each sensitivity. With-profits future policy related liabilities are recalculated using these revised values and, where appropriate, economic scenarios generated by an asset model calibrated to the revised risk-free rate.

3. Risk management and control (continued)

c) Credit counterparty risk

Credit counterparty risk is defined as the risk of loss if another party defaults on its obligations or fails to perform them in a timely fashion. Exposure to credit counterparty risk may arise in connection with a single transaction or an aggregation of transactions (not necessarily the same type) with a single counterparty.

The Group is exposed to credit counterparty risk from different sources, firstly within the business activities associated with its insurance, investment and retirement products and associated reinsurance assets, and secondly, in the financial assets held in the Group's investment portfolio.

Credit counterparty risk is managed via a Group policy and risk limits covering aspects such as total exposure, and concentration. Group counterparty exposures are monitored by ALCO, with ultimate oversight of risk being undertaken by the Risk Committee.

(i) Sources of exposure to credit counterparty risk

The main credit counterparty risks within the Group are as follows:

Investment counterparties

The key source of credit counterparty risk arises from the assets held in the investment portfolio. The risk is that the investment counterparty enters financial difficulties and the fair value of the asset diminishes or the income stream is not paid; alternatively the counterparty becomes insolvent and the value of the asset is written off.

The investment portfolio contains a range of assets including equities, corporate bonds and other fixed income securities and cash deposits. The credit counterparty risk policy stipulates that there must be a list of approved counterparties, permitted investments, geographical territories and specific asset class exposure limits. These are implemented within the investment management agreement with BlackRock, and risk appetite statements. The agreements also require that asset holdings are within limits that restrict excessive concentrations with individual counterparties or with particular asset classes. In order to minimise its exposure to credit counterparty risk the Group invests primarily in higher graded assets, rated BBB and above. The main exception to this is in the high-yield bond portfolios where lower rated bonds can be held.

In addition, the Group uses derivatives to transfer elements of financial markets risk exposures. Counterparty exposures from over-the-counter derivatives are mitigated by the use of collateral. The fair value of the derivative is matched by collateral received from the counterparty, which increases or reduces in line with the contract's fair value. The collateral can be sold or re-pledged by the Group and is repayable if the contract terminates or the contract's fair value decreases. Details of collateral received and pledged is included within the offsetting disclosure on page 109.

Loans secured on residential and commercial property

Residential (equity release) mortgage loans and commercial mortgage loans are held to match certain insurance obligations. Holding these loans creates an exposure to credit counterparty risk from the borrower. This risk is managed by using the property as security against the loan, assessment of the risk and maintaining a low loan to value ratio. While the cost-of-living crisis and move to a high interest rate environment led to increased uncertainty around property valuations and the prospects of certain types of commercial property, for new lending LV= exercises strong controls around the types of assets lent against, while the performance of existing loans are closely monitored such that covenants can be enacted at appropriate times if required.

aberdeen group and AgFe are mandated to originate new and manage existing commercial mortgages for the Group. They provide expertise to source and underwrite loan prospects within an agreed mandate and perform on-going management of the existing commercial mortgages which they have sourced.

Exposure to 'No Negative Equity Guarantees' (NNEG) on equity release mortgages is limited by low loan to value ratios and the use of third-party funders (who have the exposure to this risk) for certain tranches of business. Note 16 provides further disclosure and provisions for NNEG on equity release mortgages. The prevailing higher interest rates may lead to fewer early repayments of residential mortgages and consequentially increased exposure to NNEG. This has been allowed for (determined by expert judgement) when calculating the value of the loans, by using early repayment rates lower than would have been set based purely on recent experience.

Reinsurance counterparties

Reinsurance agreements are entered into to transfer an element of potential insurance risk exposure from contract liabilities. This does not however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a reinsurance claim, the Group remains liable for the payment to the policyholder. To manage this exposure the creditworthiness of reinsurers is considered by reviewing their financial strength prior to finalisation of any contract, which is then regularly reviewed. In addition, under certain contracts collateral is held to manage the counterparty exposure to the reinsurer. At 31 December 2024, £575m of off-balance sheet collateral was held in relation to reinsurance assets (2023: £611m).

3. Risk management and control (continued)

Reinsurance concentration risk

Reinsurance concentration risk is minimised through contracting with a diverse range of reinsurance counterparties with credit ratings within our risk appetite. Reinsurance concentration risk is managed through reviewing the credit rating of reinsurance counterparties and exposure limits at inception of a contract and on an ongoing basis.

Insurance receivables

Insurance sales expose the Group to credit counterparty risk from policyholders and intermediaries for outstanding premiums or for unearned indemnity commission paid at outset. The creditworthiness of the intermediaries is assessed and credit limits are used to manage any potential concentration risk associated with individual counterparties.

No further credit counterparty risk provision is required in excess of the normal provision for doubtful receivables.

(ii) Credit counterparty risk exposure

The tables below show the credit profile of the Group's assets. The credit counterparty risk profile of the Company is materially consistent with that of the Group. The credit counterparty risk in relation to Assets held to cover linked liabilities is borne by the holders of the contracts concerned and is therefore excluded from the table below.

Credit counterparty risk exposure 2024	AAA £m	AA £m	A £m	BBB £m	Below BBB £m	Not rated £m	Total £m
Debt and other fixed income securities	136	950	897	279	13	-	2,275
Loans secured on residential and commercial property	111	45	184	103	9	367	819
Derivative assets	-	-	11	-	-	-	11
Reinsurers share of technical provisions	-	763	(12)	-	-	1	752
Debtors arising out of insurance operations	-	-	-	-	-	21	21
Debtors arising out of reinsurance operations	-	98	8	-	-	1	107
Other debtors	-	-	7	-	-	14	21
Cash at bank and in hand	-	-	61	-	-	-	61
	247	1,856	1,156	382	22	404	4,067

Credit counterparty risk exposure 2023	AAA £m	AA Restated – see Note 1 £m	A Restated – see Note 1 £m	BBB £m	Below BBB £m	Not rated £m	Total Restated – see Note 1 £m
Debt and other fixed income securities	384	1,148	1,393	649	8	-	3,582
Deposits with credit institutions	-	2	25	12	-	-	39
Loans secured on residential and commercial property	84	30	227	140	7	390	878
Derivative assets	-	-	20	-	-	-	20
Reinsurers share of technical provisions	-	882	(12)	-	-	1	871
Debtors arising out of insurance operations	-	-	-	-	-	28	28
Debtors arising out of reinsurance operations	-	85	9	-	-	-	94
Other debtors	-	-	10	-	-	26	36
Cash at bank and in hand	-	-	73	-	-	-	73
	468	2,147	1,745	801	15	445	5,621

Impairment

The Group reviews the carrying value of its financial assets held at amortised cost at each Balance sheet date. If the carrying value of a financial asset is impaired, the carrying value is reduced through a charge to the Statement of Comprehensive Income.

3. Risk management and control (continued)

d) Liquidity risk

Liquidity risk is the risk that the Group cannot make payments as they become due because there are insufficient assets in cash form, or in a form that can be converted to cash in a timely fashion at close to fair market value.

The Group encounters potential liquidity risk exposures from its different business activities. It principally arises from its insurance and investment contracts and the timing of the associated policyholder commitments. Increased liquidity demands can arise from events such as higher instances of death/sickness claims or mass surrenders/lapses of policies. In addition, where the Group uses derivatives to manage financial market risks, it creates an additional liquidity risk due to the need to post collateral under certain scenarios.

Liquidity risk is managed in line with the board risk appetite which requires that sufficient liquid resources are maintained to cover net cash outflows under stressed conditions. Assets identified for liquidity purposes are classified as primary liquid assets (realisable over a very short time horizon even in stressed conditions) and secondary liquid assets (realisable over a short to medium-term time horizon). Liquidity metrics are monitored at least monthly by the ALCO, or its mandated forums such as the Liquidity Working Group.

Liquidity risk exposures are managed using several methods and techniques, which include:

- Management of a liquidity stock metric which identifies assets available to meet liquidity demands and assets which are classified as 'primary' and 'secondary' liquid assets.
- Policyholder sub-funds are cash-flow/duration matched as appropriate and monitored regularly.
- Two liquidity adequacy tests are performed against the liquidity stock, one short term and one long term. The short-term adequacy test is assessed against the primary liquidity stock while the long-term adequacy test is assessed against the sum of primary and secondary liquidity. The short-term adequacy test is scenario based and calibrated to ensure the Group has sufficient liquid assets to withstand a 1-2 month period of adverse strain while maintaining its normal business activities. The long-term liquidity adequacy test uses a comparable methodology to determine the Solvency II Solvency Capital Requirement, with adjustments made such that the stresses are appropriate for liquidity.
- The liquidity adequacy tests allow for the liquidity commitments of the business plan and a liquidity risk management options catalogue is maintained to ensure suitable options are available should action need to be taken to restore liquidity within risk appetite.
- The proportion of illiquid assets held is monitored regularly against board approved thresholds.

The table below summarises the maturity profile of the financial and insurance related assets of the Group and the Company.

	Group			Company		
Maturity profile of assets 2024	**Within 1 year £m**	**Over 1 year £m**	**Total £m**	**Within 1 year £m**	**Over 1 year £m**	**Total £m**
Other financial investments	**3,207**	**3,981**	**7,188**	**3,179**	**3,973**	**7,152**
Assets held to cover linked liabilities	**3,216**	**89**	**3,305**	**3,216**	**89**	**3,305**
Reinsurers' share of technical provisions	**(13)**	**765**	**752**	**(13)**	**765**	**752**
Debtors arising out of direct insurance operations	**21**	**-**	**21**	**20**	**-**	**20**
Debtors arising out of reinsurance operations	**65**	**42**	**107**	**65**	**42**	**107**
Other debtors (excluding current tax)	**21**	**-**	**21**	**36**	**-**	**36**
Cash at bank and in hand	**61**	**-**	**61**	**39**	**-**	**39**
Prepayments and accrued income	**53**	**-**	**53**	**49**	**-**	**49**
	6,631	**4,877**	**11,508**	**6,591**	**4,869**	**11,460**

	Group			Company		
	Within 1 year	Over 1 year Restated – see Note 1	Total Restated – see Note 1	Within 1 year	Over 1 year Restated – see Note 1	Total Restated – see Note 1
Maturity profile of assets 2023	£m	£m	£m	£m	£m	£m
Other financial investments	3,728	3,973	7,701	3,695	3,964	7,659
Assets held to cover linked liabilities	3,351	17	3,368	3,351	17	3,368
Reinsurers' share of technical provisions	(5)	876	871	(5)	876	871
Debtors arising out of direct insurance operations	28	-	28	27	-	27
Debtors arising out of reinsurance operations	56	38	94	56	38	94
Other debtors (excluding current tax)	36	-	36	41	-	41
Cash at bank and in hand	73	-	73	64	-	64
Prepayments and accrued income	64	-	64	60	-	60
	7,331	4,904	12,235	7,289	4,895	12,184

3. Risk management and control (continued)

The tables below summarise the maturity profile of insurance contracts and financial liabilities of the Group and the Company. The Fund for future appropriations represents a surplus for which the allocation between participating policyholders has yet to be determined and has therefore been excluded from the table below.

As permitted by FRS 103, the maturity profiles for insurance and participating investment contracts are presented based on the estimated timing of the amounts recognised in the Balance sheet.

The remaining financial liabilities are presented based on the undiscounted contractual obligations and as such will not tie into the balances disclosed within the Balance sheet. Unit-linked contracts can be called upon immediately by the policyholder and are therefore presented as 'on demand'.

Group Maturity profile of financial, insurance and investment contract liabilities 2024	**Unit-linked (on demand)[1] £m**	**Within 1 year £m**	**1-3 years £m**	**3-5 years £m**	**Over 5 years £m**	**Total £m**
Participating insurance contract liabilities	**-**	**449**	**682**	**547**	**2,299**	**3,977**
Participating investment contract liabilities	**-**	**74**	**72**	**69**	**393**	**608**
Non-participating insurance contract liabilities	**-**	**212**	**487**	**488**	**1,435**	**2,622**
Total long-term technical provisions	**-**	**735**	**1,241**	**1,104**	**4,127**	**7,207**
Claims outstanding	**-**	**93**	**-**	**-**	**-**	**93**
Technical provisions for linked liabilities	**3,259**	**-**	**-**	**-**	**-**	**3,259**
Subordinated liabilities	**-**	**-**	**-**	**-**	**200**	**200**
Creditors arising out of direct insurance operations	**-**	**24**	**-**	**-**	**-**	**24**
Creditors arising out of reinsurance operations	**-**	**12**	**-**	**-**	**-**	**12**
Amounts owed to credit institutions	**-**	**2**	**-**	**-**	**-**	**2**
Derivative financial liabilities	**-**	**10**	**8**	**5**	**118**	**141**
Finance lease liabilities	**-**	**1**	**3**	**3**	**17**	**24**
Other creditors	**-**	**30**	**-**	**-**	**7**	**37**
Accruals and deferred income	**-**	**58**	**-**	**-**	**-**	**58**
	3,259	**965**	**1,252**	**1,112**	**4,469**	**11,057**

Group Maturity profile of financial, insurance and investment contract liabilities 2023	Unit-linked (on demand)[1] £m	Within 1 year Restated – see Note 1 £m	1-3 years Restated – see Note 1 £m	3-5 years Restated – see Note 1 £m	Over 5 years Restated – see Note 1 £m	Total Restated – see Note 1 £m
Participating insurance contract liabilities	-	476	730	581	2,514	4,301
Participating investment contract liabilities	-	80	71	67	413	631
Non-participating insurance contract liabilities	-	247	450	483	1,606	2,786
Total long-term technical provisions	-	803	1,251	1,131	4,533	7,718
Claims outstanding	-	105	-	-	-	105
Technical provisions for linked liabilities	3,329	-	-	-	-	3,329
Subordinated liabilities	-	-	-	-	200	200
Creditors arising out of direct insurance operations	-	29	-	-	-	29
Creditors arising out of reinsurance operations	-	13	-	-	-	13
Amounts owed to credit institutions	-	11	-	-	-	11
Derivative financial liabilities	-	4	8	2	274	288
Finance lease liabilities	-	1	3	3	18	25
Other creditors	-	33	-	-	6	39
Accruals and deferred income	-	65	-	-	-	65
	3,329	1,064	1,262	1,136	5,031	11,822

[1]For investment and long-term linked insurance contracts (unit linked) the Group matches all the assets on which the unit prices are based with assets in the portfolio. The Group is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable liabilities to unit-linked policyholders to be met as they fall due.

3. Risk management and control (continued)

Company Maturity profile of financial, insurance and investment contract liabilities 2024	Unit-linked (on demand)[1] £m	Within 1 year £m	1-3 years £m	3-5 years £m	Over 5 years £m	Total £m
Participating insurance contract liabilities	-	449	682	547	2,299	3,977
Participating investment contract liabilities	-	74	72	69	393	608
Non-participating insurance contract liabilities	-	211	486	487	1,430	2,614
Total long-term technical provisions	-	734	1,240	1,103	4,122	7,199
Claims outstanding	-	92	-	-	-	92
Technical provisions for linked liabilities	3,259	-	-	-	-	3,259
Subordinated liabilities	-	-	-	-	200	200
Creditors arising out of direct insurance operations	-	24	-	-	-	24
Creditors arising out of reinsurance operations	-	12	-	-	-	12
Amounts owed to credit institutions	-	1	-	-	-	1
Derivative financial liabilities	-	10	8	5	118	141
Other creditors	-	42	-	-	7	49
Accruals and deferred income	-	44	-	-	-	44
	3,259	959	1,248	1,108	4,447	11,021

Company Maturity profile of financial, insurance and investment contract liabilities 2023	Unit-linked (on demand)[1] £m	Within 1 year Restated – see Note 1 £m	1-3 years Restated – see Note 1 £m	3-5 years Restated – see Note 1 £m	Over 5 years Restated – see Note 1 £m	Total Restated – see Note 1 £m
Participating insurance contract liabilities	-	476	730	581	2,514	4,301
Participating investment contract liabilities	-	80	71	67	413	631
Non-participating insurance contract liabilities	-	246	449	483	1,599	2,777
Total long-term technical provisions	-	802	1,250	1,131	4,526	7,709
Claims outstanding	-	104	-	-	-	104
Technical provisions for linked liabilities	3,329	-	-	-	-	3,329
Subordinated liabilities	-	-	-	-	200	200
Creditors arising out of direct insurance operations	-	28	-	-	-	28
Creditors arising out of reinsurance operations	-	13	-	-	-	13
Amounts owed to credit institutions	-	11	-	-	-	11
Derivative financial liabilities	-	4	8	2	274	288
Other creditors	-	45	-	-	6	51
Accruals and deferred income	-	51	-	-	-	51
	3,329	1,058	1,258	1,133	5,006	11,784

e) Operational risk

Operational risk is defined as the potential for loss resulting from inadequate or failed internal processes, people and systems or from external events. It is inherent in every part of the business and covers a wide spectrum of issues, including operational failures, management stretch, cyber risk and emerging areas of operational risk (see page 21). Senior management is responsible for ensuring that the material operational risks as relevant to their area of responsibilities are identified, assessed and managed using the approach as outlined in the LV= Risk Management Framework. A formal internal attestation process provides assurance on the effectiveness of the overall control environment and any material exceptions.

LV= is materially exposed to operational failures as a result of the high level of customer service inherent in its business model and reliance on third parties, for example reinsurers, investment managers, technology suppliers and other suppliers. It therefore looks to limit and reduce its exposure to operational risk and does so by establishing a robust control environment and maintaining/enhancing this through a combination of assessment, testing and audit. LV= will always seek to uphold its brand image with customers, members, employees and other external parties and LV= has no appetite whatsoever for regulatory weaknesses or failings that lead to censure actions.

In late October 2024, the UK Court of Appeal handed down an unexpected judgment in three motor finance cases where discretionary commission arrangements were not adequately disclosed to the borrower. We are monitoring this case and any impacts across the wider industry and await the outcome of the appeal that will be heard by the UK Supreme Court in 2025.

Performance

The notes included within this section focus on the performance and results of the Group. Information on the income generated, benefits and claims paid and expenditure incurred are presented here.

4. Earned premiums, net of reinsurance

Accounting for premiums

Written premiums include new business premiums plus ongoing regular premiums received for in-force policies. Earned premiums are arrived at following deduction for premiums ceded to reinsurers.

Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct business being reinsured.

Long-term insurance and participating investment contracts

Regular premiums on long-term insurance and participating investment contracts are recognised as earned income when due for payment. For single premium business, recognition occurs on the date from which the policy is effective. For insurance policies the effective date is the point at which insurance coverage begins and for an investment policy the effective date is the policy commencement date communicated to the policyholder.

Pensions vested into annuity contracts during the year are included as new annuity single premium business at the annuity purchase price.

Non-participating (unit-linked) investment contracts

Premiums relating to non-participating (unit-linked) investment contracts are not recognised in the Statement of Comprehensive Income but are accounted for as deposits received and are added to the value of unit-linked contracts in the Balance sheet.

	Group	
Gross premiums written	**2024** **£m**	2023 £m
Long-term insurance and participating investment contracts		
Single premium		
Investments and savings	**89**	105
Annuities	**358**	389
Regular premium		
Investments and savings	**8**	11
Pensions and annuities	**4**	5
Life and health protection	**301**	283
Gross premiums written	**760**	793
Outward reinsurance premiums		
Long-term insurance premiums	**(308)**	(298)
Earned premiums, net of reinsurance	**452**	495
Gross premiums written for non-participating (unit-linked) investment contracts which are deposit accounted for and not included above (refer to Note 31)	**187**	173

All contracts are written in the UK.

5. Investment income

Accounting for investment income

Investment income includes dividends, interest and realised investment gains and losses.
Dividends are recorded on the date on which the shares are declared ex-dividend. Interest receivable from investments at fair value through profit or loss (FVTPL) is accounted for on an accruals basis. Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price.

	Group 2024 £m	Group 2023 £m
Income from investments at FVTPL:		
– Dividend income	**70**	88
– Interest income from debt and other fixed income securities	**101**	107
– Interest on loans secured on residential property	**23**	24
– Interest on loans secured on commercial property	**23**	19
Net realised gains on investments held at FVTPL	**234**	42
Other investment income	**11**	5
	462	285

6. Unrealised gains on investments

Accounting for unrealised gains/(losses) on investments

Unrealised gains and losses arise on investments held at the Balance sheet date that are classified as fair value through profit or loss. Unrealised gains and losses represent the change in valuation of such investments over the period less the reversal of previously recognised unrealised gains and losses associated with investments disposed of in the period.

	Group 2024 £m	Group 2023 £m
Net unrealised gains on investments held at FVTPL:		
– Debt and other fixed income securities	**2**	201
– Equity securities	**132**	393
– Loans and mortgages	**(17)**	12
– Derivative financial instruments	**62**	12
	179	618

7. Other technical income

Accounting for other technical income

Other technical income includes revenue from contracts with customers relating to fee and commission income. Fee and commission income arises from contracts to provide annual asset management services on policyholder investments, contracts whereby the Group acts as an agent for the origination of equity release mortgages and an introducer for insurance products of certain third parties.

Fee and commission income is recognised in the Statement of Comprehensive Income as performance obligations are satisfied, including the provision of asset management services over time and the completion of origination of equity release mortgages. Asset management services are performed on policyholder investments on an ongoing basis over the policy term and this is reflected in the pattern of revenue recognition over time. Fee and commission income is settled at the transaction date as asset management charges are levied directly on policyholder asset shares at the contractual rate and commission based on the terms of the equity release mortgage is deducted from the mortgage amount.

	Group 2024 £m	Group 2023 £m
Revenue from contracts with customers		
Asset management fee income	**23**	22
Commission	**13**	8
Other fee income	**10**	9
	46	39

8. Claims incurred, net of reinsurance

Accounting for claims incurred, net of reinsurance

Claims arising on long-term insurance and participating investment contracts include amounts paid to policyholders, claims handling costs and also the change in provision for outstanding claims. Reinsurance recoveries are accounted for in the same period as the related claim and amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

Maturity claims and regular annuity payments are accounted for when due for payment. Surrenders are accounted for on the earlier of the date when paid or when the policy ceases to be included within the long-term insurance contract liability. Death claims and other claims are accounted for when the Group is notified. The value of claims on participating contracts includes bonuses paid or payable.

The change in adjustment to reinsurance receivable is the change in fair value of amounts due from reinsurers that are contracted to be settled over an extended period of time (see Note 19).

Non-participating (unit-linked) investment contracts

Claims relating to non-participating (unit-linked) investment contracts are not recognised in the Statement of Comprehensive Income but are recorded as deductions from the technical provisions for linked liabilities recorded in the Balance sheet.

	2024			2023		
Group	Gross £m	Reinsurance £m	Net £m	Gross £m	Reinsurance £m	Net £m
Long-term insurance and participating investment contracts						
Gross claims paid	**1,189**	**(277)**	**912**	1,172	(277)	895
Fair value adjustment to reinsurance receivable	**-**	**(5)**	**(5)**	-	(9)	(9)
Claims paid	**1,189**	**(282)**	**907**	1,172	(286)	886
Change in the provision for claims	**(14)**	**-**	**(14)**	(9)	-	(9)
Claims incurred, net of reinsurance	**1,175**	**(282)**	**893**	1,163	(286)	877
Claims paid for non-participating (unit-linked) investment contracts which are deposit accounted for and not included above (refer to Note 31)	**560**	**-**	**560**	524	-	524

9. Net operating expenses

Accounting for net operating expenses

Net operating expenses are accounted for on an accruals basis as incurred.

	Group 2024 £m	Group 2023 £m
Commission paid on acquisition of business	**91**	79
Depreciation and impairment of property and equipment	**1**	11
Loss on disposal of property and equipment	**1**	-
Auditors' remuneration (see Note 10)	**2**	1
Staff costs (see Note 11)	**83**	81
Facilities expense	**9**	9
Marketing and advertising	**3**	3
Other staff costs	**2**	8
IT costs	**34**	40
Legal, consultancy and other fees	**18**	23
Other expenses	**10**	(3)
Claims handling cost recognised in Claims paid	**(7)**	(7)
	247	245

10. Auditors' remuneration

	2024 £000	2023 £000
Audit of LVFS	**1,156**	1,012
Fees payable to the company's auditors for other services:		
– Audit of subsidiaries	**122**	69
– Audit-related assurance services	**280**	268
– Other non-audit services not covered above	**25**	21
	1,583	1,370

Audit-related assurance services include the audit of the Solvency II regulatory return for LVFS Group. The figures in the table above are shown net of VAT.

In addition to the amounts disclosed above, an additional final settlement of £100k was paid to the auditors during 2024 in relation to the completion of the 2023 audit.

11. Staff costs

Accounting for staff costs

Staff costs includes the expense incurred in the period relating to both short and long-term employee benefits. Short-term employee benefits include salaries, accrued bonuses and social security costs and are recognised over the period in which the employees provide the services to which the payments relate. Expenses related to long-term employee benefits include pension contributions to defined contribution schemes made in exchange for employee service and pension costs relating to defined benefit schemes. Other long-term benefits include amounts for long-term incentive plans (LTIPs), the expense for which is accrued over the plan term.

a) Analysis of staff costs

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Wages and salaries	**67**	67	**67**	67
Social security costs	**6**	5	**6**	5
Other pension costs	**10**	9	**10**	9
	83	81	**83**	81

Of the £83m (2023: £81m) employee benefit expense in LVFS, £10m (2023: £10m) is recharged to other Group companies, leaving £73m (2023: £71m) of staff costs directly relating to LVFS.

Wages and salaries include charges for the long-term incentive plans (LTIPs) of £1.5m in 2024 (2023: £1.3m). The LTIP plan terms are described in the Report on Directors' Remuneration on page 65.

The number of employees during the year, including executive directors, calculated on a monthly average basis, was as follows:

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Member and customer contact	**635**	613	**635**	613
Administration	**584**	603	**584**	603
	1,219	1,216	**1,219**	1,216

b) Directors' emoluments

	Company	
	2024 £000	2023 £000
Total emoluments	**3,206**	2,764

Full details of the directors' emoluments for the year ended 31 December 2024 are set out in the Directors' Remuneration Report on pages 62 to 71. The disclosures required by the Companies Act 2006 are covered by the table above and the Directors' Remuneration Report.

c) Key management remuneration

The remuneration of key management personnel is disclosed separately within the Related Party Transactions Note 39.

12. Investment expenses and charges

Accounting for investment expenses and charges

Investment expenses and charges are accounted for on an accruals basis as incurred.

	Group	
	2024 £m	2023 £m
Investment management expenses	**10**	22
Commercial mortgage fees	**2**	2
	12	24

13. Other technical charges

	Group	
	2024 £m	2023 £m
Interest payable on subordinated liabilities (see Note 22)	**19**	20
Other interest payable	**6**	4
	25	24

14. Tax attributable to long-term business

Accounting for tax

Tax expense/(credit)

The tax expense/(credit) recorded in the Statement of Comprehensive Income represents the current year corporation tax charge/(credit). As a mutual, the corporation tax charge/(credit) for LVFS relates to policyholder tax payable/(receivable) on the net investment return levied on certain types of business. Whereas for Group subsidiaries corporation tax is charged on trading profits arising in the year. The tax charge/(credit) excludes movements in deferred tax relating to items reported in Other Comprehensive Income, including the re-measurements of the defined benefit pension schemes.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Both current and deferred tax are calculated using tax rates enacted or substantively enacted at the balance sheet date.

See Note 24 for details of the deferred tax accounting policy.

a) Tax attributable to long-term business in the Statement of Comprehensive Income

	Group	
	2024 £m	2023 £m
Current tax		
Current year	**3**	-
Adjustment in respect of prior years	**-**	-
Total current tax	**3**	-
Deferred tax		
Excess of depreciation	**-**	(2)
Temporary differences	**(1)**	5
Excess management expenses	**29**	22
Adjustment in respect of prior years	**1**	(3)
Total deferred tax	**29**	22
Total tax expense	**32**	22

b) Reconciliation of tax expense

	Group	
	2024 £m	2023 £m
Profit before tax	**51**	107
Tax calculated at the average standard rate of corporation tax in the UK at 25% (2023: 23.5%)	**12**	25
Permanent differences		
Income and expenses not subject to tax	**(1)**	-
Mutual (profit)/loss not subject to tax	**(11)**	(28)
Policyholder I-E tax	**31**	28
Adjustment to deferred tax charge in respect of prior years	**1**	(3)
Total tax expense	**32**	22

The standard rate of corporation tax in the UK changed from 19% to 25% with effect from 1 April 2023.

Balance sheet

This section gives further details and disclosures on the non-technical provisions of the Balance sheets of the Company and Group. The technical provisions and related reinsurers' share of technical provisions are covered separately.

15. Investments in group undertakings

Accounting for investments in group undertakings

Shares in subsidiaries

The subsidiaries are held in the Company's Balance sheet at cost less any provision for impairment. An assessment of the realisable value is made at the Balance sheet date and, if the Directors assess that there has been a permanent fall in that value below the carrying value, a provision is made to bring the carrying value down to the assessed realisable value. Where required, an impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Company	2024 £m	2023 £m
Shares in subsidiaries		
Cost less provisions at 1 January	**28**	249
Additions	**3**	12
Reduction in carrying value including impairment	**(7)**	(233)
	24	28

During the year the Company made a capital contribution of £3m (2023: £12m) to a subsidiary company. The Company has examined the carrying value of its subsidiaries and concluded that an impairment of £5m (2023: £6m) was required in regard to these investments. The remaining £2m (2023: £227m) relates to an impairment in carrying value down to the underlying net asset value of a subsidiary as a result of dividends paid by the subsidiary company to LVFS during the year.

Further details of the Group's investments are given in Notes 34 and 35.

16. Financial assets

Accounting for financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that are held for trading and financial assets that are designated as FVTPL on inception.

Derivatives are classified at FVTPL as they are held for trading (see Note 18). Financial instruments are designated as FVTPL on inception where they are part of a group of financial assets or liabilities that are managed and their performance evaluated and reported to the Board on a fair value basis in accordance with the Group's documented investment strategy. These financial instruments are measured at market prices, or prices consistent with market ratings should no price be available. Day one gains are recognised only where valuations use data from observable markets. Any unrealised or realised gains or losses are taken to the Statement of Comprehensive Income, as fair value gains or losses, or realised gains or losses respectively, as they occur.

Financial assets at FVTPL include listed and unlisted investments, units in authorised unit trusts and open-ended investment companies (OEICs) and loans secured on residential and commercial property.

Financial liabilities at FVTPL include derivative financial instruments and technical provisions for linked investment contract liabilities; see Notes 18 and 31 respectively.

Further information about the valuation techniques and inputs used to develop the Group and Company's fair value measurements are disclosed within Note 17.

Deposits with credit institutions are short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Accordingly, these are viewed as cash equivalents and valued at amortised cost using the effective interest rate, rather than at FVTPL.

Loans secured on residential property

The fair value of loans secured on residential property (arising from the equity release mortgage business) is determined using a discounted cashflow approach. The cashflow profile is calculated by applying the demographic and economic assumptions over the projection period to the initial loan amount rolled forward by the contractual interest. The discount rate is based on the swap yield curve increased by a spread and an allowance for risks associated with the 'No Negative Equity Guarantee'.

The key economic assumptions are the swap yield curve, RPI, future house price inflation (allowing for dilapidation) and its volatility. The key demographic assumptions are early loan repayment rates, mortality rates and long-term care rates.

The loans incorporate a 'No Negative Equity Guarantee' to customers. The contractual terms of these guarantees require the Group to accept the lower of the market value of the customer's property and the value of the loan plus accrued interest at the date of redemption as full settlement of the mortgage. For almost all loans it is expected that the 'No Negative Equity Guarantee' will not be invoked and the value of the loan plus accrued interest will be received.

The fair value of the 'No Negative Equity Guarantee' is determined using a closed form solution and is included in the fair value of the loans through adjusting the discount rate.

The loans secured on residential property within LVFS were purchased from a subsidiary company that is authorised to initiate these loans. This is now a closed book, other than increments added to existing loans.

Loans secured on commercial property

The fair value of the loans secured on commercial property is determined using discounted cash flows to reflect changes in underlying gilt yields and debt margins. Where the value is not expected to be recovered through ongoing loan payments, the fair value represents the recoverable value of the property net of transaction costs.

Significant accounting estimates

Fair value of financial assets

Financial assets are valued at fair value using market observable inputs wherever possible. Judgement is applied to determine whether a market is active based upon the facts and circumstances of the relevant market. In the absence of an active market, estimation of fair value is achieved by using valuation techniques such as recent arm's-length transactions, discounted cash flow analysis and option pricing models. For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. This valuation will also take into account the marketability of the assets being valued.

Details of the key assumptions used in the absence of an active market for level 3 financial instruments are contained in the fair value estimation tables disclosed in Note 17.

The inputs to level 3 valuations, in particular the discount rate used when calculating the fair value of loans secured on residential property and loans secured on commercial property, are a source of significant estimation uncertainty which bears the risk of a material adjustment to the carrying amounts of these financial assets within the next financial year.

16. Financial assets (continued)

a) Other financial investments

The carrying value of the Group and Company's Other financial investments are summarised below:

	Group 2024	Group 2023 restated *	Company 2024	Company 2023 restated *
	£m	£m	£m	£m
Derivatives - see Note 18	**11**	20	**11**	20
Shares, other variable yield securities and units in OEICS and unit trusts				
– UK Listed	**1,781**	2,643	**1,760**	2,616
– UK Unlisted	**46**	46	**46**	46
– Overseas Listed	**2,248**	484	**2,241**	480
– Overseas Unlisted	**8**	9	**8**	9
Debt and other fixed income securities				
– UK Listed	**1,458**	1,898	**1,450**	1,888
– Overseas Listed	**817**	1,684	**817**	1,684
Deposits with credit institutions	**-**	39	**-**	38
Loans secured on residential property	**367**	386	**367**	386
Loans secured on commercial property	**452**	492	**452**	492
Total Other financial investments	**7,188**	7,701	**7,152**	7,659

*Certain offshore funds were previously reported within UK Listed shares, other variable yield securities and units in OEICS and unit trusts in error. Following the move to BlackRock as Investment Manager, more granular data is available and hence these assets have been reclassified and reported within the Overseas Listed category above. The impact of the restatement is £401m for the Group and £397m for the Company. There is no impact on the Balance sheet or Statement of Comprehensive Income as a result of this restatement.

b) Assets held to cover linked liabilities

The carrying value of the Group and Company's assets held to cover linked liabilities are summarised by category below:

	Group 2024	Group 2023	Company 2024	Company 2023
	£m	£m	£m	£m
Shares, other variable yield securities and units in OEICS and unit trusts	**3,305**	3,350	**3,305**	3,350
Debt and other fixed income securities	**-**	19	**-**	19
Cash at bank	**7**	6	**7**	6
Net other (liabilities)/assets	**(7)**	(7)	**(7)**	(7)
Total assets held to cover linked liabilities	**3,305**	3,368	**3,305**	3,368

The total assets held to cover linked liabilities of £3,305m (2023: £3,368m) are greater than the technical provisions for linked liabilities £3,259m (2023: £3,329m). The difference of £46m (2023: £39m) comprises the value of future profits included within the technical provisions for linked liabilities.

Included within Net other (liabilities)/assets are deferred tax balances of £(3)m (2023: £(6)m) – see Note 24.

16. Financial assets (continued)

c) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset in the Balance sheet when the Group intends to apply a current legally enforceable right to offset. Master netting arrangements and collateral are utilised by the Group to minimise credit risk exposure.

The following financial assets and liabilities of the Group are subject to offsetting, enforceable master netting arrangements and similar agreements. LVFS's exposure to credit risk associated with offsetting is materially consistent with that of the Group.

An analysis is included of netting arrangements which meet the offsetting criteria and are set off in the Balance sheet and related amounts which do not meet the criteria.

	Amounts recognised in the Balance sheet			Related amounts not set off in the Balance sheet		
As at 31 December 2024	Gross amount £m	Amounts offset £m	Net amount £m	Financial Instruments* £m	Collateral pledged/ (received) £m	Net amount £m
Financial assets						
Derivative financial assets	**11**	**-**	**11**	**(6)**	**(5)**	**-**
	11	**-**	**11**	**(6)**	**(5)**	**-**
Financial liabilities						
Derivative financial liabilities	**(61)**	**-**	**(61)**	**6**	**52**	**(3)**
Bank overdrafts	**(39)**	**38**	**(1)**	**-**	**-**	**(1)**
	(100)	**38**	**(62)**	**6**	**52**	**(4)**

	Amounts recognised in the Balance sheet			Related amounts not set off in the Balance sheet		
As at 31 December 2023	Gross amount £m	Amounts offset £m	Net amount £m	Financial Instruments* £m	Collateral pledged/ (received) £m	Net amount £m
Financial assets						
Derivative financial assets	807	(787)	20	(1)	(10)	9
	807	(787)	20	(1)	(10)	9
Financial liabilities						
Derivative financial liabilities	(984)	787	(197)	1	184	(12)
Bank overdrafts	(39)	33	(6)	-	-	(6)
	(1,023)	820	(203)	1	184	(18)

* Collateral requirements arising from derivatives between LVFS and its counterparties are managed on a net basis.

The collateral reported in the table above is limited to the amount reported in the Balance sheet for the associated financial instrument.

Total collateral held by the Group in relation to derivative financial assets is £5m (2023: £14m). This comprises cash collateral received. No collateral received from the counterparty has been sold or repledged (2023: £nil).

Total collateral pledged by the Group in relation to derivative financial liabilities is £53m (2023: £195m) and is split between corporate bonds pledged in relation to cash flow swaps of £nil (2023: £144m), collateral in relation to cross currency swaps £46m (2023: £41m), future margin of cash of £1m (2023: £6m) and cash collateral paid of £6m (2023: £4m).

Collateral posted to LV= by the counterparty to a derivative contract which is valued as being 'in-the-money' can be drawn upon following certain events of default as defined in the relevant International Swaps and Derivatives Association (ISDA) agreement. This includes failure by the counterparty to comply with or perform any agreement or obligation defined in the ISDA or Credit Support Annex. Bankruptcy of the counterparty to a trade could also result in collateral posted being drawn upon to mitigate any financial exposure to the Group.

17. Fair value measurement

Fair value measurement

The following fair value measurement tables present the Group's and Company's assets and liabilities measured at fair value by level of the fair value measurement hierarchy at 31 December 2024.

Level 1 – quoted prices

The fair value of financial instruments included in the Level 1 category is based on the value within the bid-ask spread that is most representative of fair value quoted in an active market at the year-end date. An instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – observable inputs

Level 2 financial instruments are not traded in an active market and their fair value is determined using valuation techniques. These valuation techniques maximise the use of data from observable current market transactions (where it is available) using pricing obtained via pricing services, even where the market is not active. It also includes financial assets with prices based on broker quotes.

Specific valuation techniques used to value financial instruments classified as Level 2 include:

- Derivatives are valued by discounted cash flow techniques, using observable yield curves and models such as Black Scholes using implied market forward rates and volatilities.
- Units in listed investment funds are valued using quoted prices from external pricing services.
- Debt securities that are valued using quoted prices from external pricing services.
- Non-participating investment contract liabilities are valued on a basis consistent with the underlying assets in the investment fund.

Level 3 – significant unobservable inputs

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments and other financial investments held at fair value classified as Level 3 include:

- Private equity holdings are valued on a net asset value basis using unobservable external unit prices factoring in distributions or calls since the latest valuations. The private equity valuations are reviewed regularly to ensure ongoing validity and accuracy.
- The fair value of the loans secured on residential property is determined using discounted cash flow projections. The expected value of redemptions is estimated based on the assumed prepayments over future time periods (months), mortality and long-term care entry rates including any early redemption charges. The expected redemptions are discounted at swap rates plus spread plus allowances for risk factors, liquidity and profit deferral. The full swap curve is used so each discount rate is matched to the appropriate cash flow. The risk factors in the discount rate are an allowance for the 'No Negative Equity Guarantee' provided to the policyholder with the loan, the value of which depends on the projection of the underlying property value and how this compares to the projected loan value (see Note 16 for further details). The assumptions used for prepayment, mortality and long-term care are based on the experience of the in-force book supported by industry data. The assumptions are set by the Board upon recommendation by the Audit Committee.
- Loans secured on commercial property are valued using discounted cash flows to reflect changes in underlying gilt yields, discount spreads and debt margins. There are two factors used to create the discount rate that is used to value the loans secured on commercial property. Firstly, the prevailing gilt rate at point of valuation which is fully market observable. Secondly, the credit spread which is based on the managers' expectation of the level that they would price the loan at if it were funding in the market at that point in time. The managers base their assessment of the spread on comparable loans they fund in the market and considerations specific to the funded asset or the sponsor. Where the value is not expected to be recovered through ongoing loan payments, the fair value represents the recoverable value of the property net of transaction costs.

There were no changes to the valuation techniques during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1,2 or 3 during the year.

The valuation of all of the Group's investment holdings is performed by independent and qualified valuers.

Any changes to fair value are recognised within net gains/losses on investments within the Statement of Comprehensive Income with the exception of Investment contract liabilities where the movement is recognised within the Change in technical provisions, net of reinsurance. Details of these gains/losses are disclosed within Notes 5, 6 and 32 respectively.

17. Fair value measurement (continued)

	2024				2023 restated *			
Group	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Assets held at fair value								
Derivative financial instruments								
Interest rate swaps	-	10	-	10	-	12	-	12
Forward exchange contracts	-	-	-	-	-	6	-	6
Equity/index derivatives	1	-	-	1	-	-	-	-
Bond futures	-	-	-	-	2	-	-	2
	1	10	-	11	2	18	-	20
Other financial investments held at fair value								
Shares, other variable yield securities and units in unit trusts								
– UK listed	130	1,651	-	1,781	238	2,405	-	2,643
– UK unlisted	-	-	46	46	-	-	46	46
– Overseas listed	386	1,862	-	2,248	85	399	-	484
– Overseas unlisted	-	-	8	8	-	-	9	9
Debt and other fixed income securities								
– UK listed	367	1,091	-	1,458	352	1,546	-	1,898
– Overseas listed	6	811	-	817	17	1,667	-	1,684
Loans secured on residential property	-	-	367	367	-	-	386	386
Loans secured on commercial property	-	-	452	452	-	-	492	492
	889	5,415	873	7,177	692	6,017	933	7,642
Assets held to cover linked liabilities **	4	3,301	-	3,305	18	3,351	-	3,369
Total assets held at fair value ***	894	8,726	873	10,493	712	9,386	933	11,031
Liabilities held at fair value								
Non-participating investment contract liabilities	-	3,259	-	3,259	-	3,329	-	3,329
Derivative financial instruments								
Cash flow swaps	-	-	-	-	-	142	-	142
Interest rate swaps	-	12	-	12	-	10	-	10
Cross currency swaps	-	49	-	49	-	42	-	42
Equity/index derivatives	-	-	-	-	1	-	-	1
Interest rate futures	-	-	-	-	1	-	-	1
Bond futures	-	-	-	-	1	-	-	1
	-	61	-	61	3	194	-	197
Total liabilities held at fair value	-	3,320	-	3,320	3	3,523	-	3,526

* Offshore funds previously reported within UK Listed shares, other variable yield securities and units in OEICS and unit trusts have been reclassified and reported within the Overseas Listed category above. The impact of the restatement is £401m for the Group - see Note 16.

** Assets held to cover linked liabilities exclude cash and net current assets balances - see Note 16b.

*** Total assets held at fair value excludes deposits with credit institutions, as they are not measured at fair value.

17. Fair value measurement (continued)

Company	2024 Level 1 £m	2024 Level 2 £m	2024 Level 3 £m	2024 Total fair value £m	2023 restated * Level 1 £m	2023 restated * Level 2 £m	2023 restated * Level 3 £m	2023 restated * Total fair value £m
Assets held at fair value								
Derivative financial instruments								
Interest rate swaps	-	10	-	10	-	12	-	12
Forward exchange contracts	-	-	-	-	-	6	-	6
Equity/index derivatives	1	-	-	1	-	-	-	-
Bond futures	-	-	-	-	2	-	-	2
	1	10	-	11	2	18	-	20
Other financial investments held at fair value								
Shares, other variable yield securities and units in unit trusts								
– UK listed	109	1,651	-	1,760	211	2,405	-	2,616
– UK unlisted	-	-	46	46	-	-	46	46
– Overseas listed	386	1,855	-	2,241	85	395	-	480
– Overseas unlisted	-	-	8	8	-	-	9	9
Debt and other fixed income securities								
– UK listed	360	1,090	-	1,450	343	1,545	-	1,888
– Overseas listed	6	811	-	817	17	1,667	-	1,684
Loans secured on residential property	-	-	367	367	-	-	386	386
Loans secured on commercial property	-	-	452	452	-	-	492	492
	861	5,407	873	7,141	656	6,012	933	7,601
Assets held to cover linked liabilities **	4	3,301	-	3,305	18	3,351	-	3,369
Total assets held at fair value ***	866	8,718	873	10,457	676	9,381	933	10,990
Liabilities held at fair value								
Non-participating investment contract liabilities	-	3,259	-	3,259	-	3,329	-	3,329
Derivative financial instruments								
Cash flow swaps	-	-	-	-	-	142	-	142
Interest rate swaps	-	12	-	12	-	10	-	10
Cross currency swaps	-	49	-	49	-	42	-	42
Equity/index derivatives	-	-	-	-	1	-	-	1
Interest rate futures	-	-	-	-	1	-	-	1
Bond futures	-	-	-	-	1	-	-	1
	-	61	-	61	3	194	-	197
Total liabilities held at fair value	-	3,320	-	3,320	3	3,523	-	3,526

* Offshore funds previously reported within UK Listed shares, other variable yield securities and units in OEICS and unit trusts have been reclassified and reported within the Overseas Listed category above. The impact of the restatement is £397m for the Company - see Note 16.

** Assets held to cover linked liabilities exclude cash and net current assets balances - see Note 16b.

*** Total assets held at fair value excludes deposits with credit institutions, as they are not measured at fair value.

17. Fair value measurement (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Included below are the significant unobservable inputs that impact the valuation of material level 3 assets and liabilities for the Group, these apply equally to the Company.

Group	Fair value at 31 December 2024 £m	Fair value at 31 December 2023 £m	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Financial assets held at fair value through income						
Shares, other variable yield securities and units in unit trusts						
– UK unlisted	46	46	Adjusted net asset method	Net asset value per unit	Could vary significantly due to the range of holdings	The higher the net asset value per unit, the higher the fair value.
				Distributions or calls since last valuation	Could vary significantly due to the range of holdings	The fair value varies on distributions/calls and period since last valuation.
– Overseas unlisted	8	9	Adjusted net asset method	Net asset value per unit	Could vary significantly due to the range of holdings	The higher the net asset value per unit, the higher the fair value.
				Distributions or calls since last valuation	Could vary significantly due to the range of holdings	The fair value varies on distributions/calls and period since last valuation.
Loans secured on residential property	367	386	Discounted cash flow	Spread	Varies based on cohorts of loans	The spread (together with the underlying risk free yield curve) forms the discount rate used to value the cashflows.
				Prepayments	Varies by policy year: Min 3.0% - Max 10.2%.	Prepayment rate will determine the profile of expected cashflows.
				Mortality and long-term care assumptions	Annuitant mortality tables are applied, with an uplift for long-term care rates	Mortality and long-term care rate will determine the profile of expected cashflows.
Loans secured on commercial property	452	492	Discounted cash flow	Debt margin	Varies based on cohorts of loans	The debt margin (together with the underlying gilt rate) forms the discount rate used to value the cashflows.
	873	933				

17. Fair value measurement (continued)

Sensitivity to changes in unobservable inputs (Level 3)

The only financial instruments which are significantly impacted by reasonably possible changes in unobservable inputs are the loans secured on commercial and residential property. These loans are sensitive to changes in discount rate spread, which includes the profit and liquidity premium as well as the No Negative Equity Guarantee risk allowance for loans secured on residential property. An increase/decrease in the discount rate spread will lead to a decrease/increase in the fair value of the loan respectively.

The impact of reasonably possible alternative assumptions is shown in the table below:

		2024			2023		
		Reasonably possible alternative assumptions			Reasonably possible alternative assumptions		
Description	Unobservable input	Current fair value £m	Increase in fair value £m	Decrease in fair value £m	Current fair value £m	Increase in fair value £m	Decrease in fair value £m
Loans secured on residential property	Discount rate +/- 100bps	**367**	**26**	**(23)**	386	29	(25)
Loans secured on commercial property	Discount rate +/- 100bps	**452**	**16**	**(15)**	492	19	(18)

18. Derivative financial instruments

Accounting for derivative financial instruments

Derivatives are classified at fair value through profit or loss as they are held for trading. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are settled on a gross basis.

Changes in the fair value of derivative instruments are recognised immediately in gains or losses on investments in the Statement of Comprehensive Income for the period. Realised gains or losses are taken to the Statement of Comprehensive Income as they occur.

The Group uses derivatives primarily to reduce its exposure to interest rate risk on its Solvency II balance sheet and to protect against fluctuations in equity values. The cross currency swaps manage long-term foreign exchange risk within the annuity fund. Due to a portfolio restructure and the transition to BlackRock as primary asset manager, the cash flow swaps and forward exchange contracts were unwound in 2024. There are no designated hedging relationships within the Group.

	2024			2023		
Group and Company	Contract/ notional amount £m	Fair value - asset £m	Fair value - liability £m	Contract/ notional amount £m	Fair value - asset £m	Fair value - liability £m
Interest rate swaps	**208**	**10**	**(12)**	165	12	(10)
Cash flow swaps	**-**	**-**	**-**	789	-	(142)
Cross currency swaps	**357**	**-**	**(49)**	350	-	(42)
Forward exchange contracts	**-**	**-**	**-**	793	6	-
Equity/index derivatives	**39**	**1**	**-**	40	-	(1)
Interest rate futures	**-**	**-**	**-**	29	-	(1)
Bond futures	**-**	**-**	**-**	37	2	(1)
	604	**11**	**(61)**	2,203	20	(197)

19. Debtors arising out of direct insurance operations and reinsurance operations

Accounting for debtors arising out of direct insurance operations and reinsurance operations

Debtors arising out of direct insurance operations and debtors arising out of reinsurance operations are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method with the exception of amounts Due from reinsurers – held at fair value.

The amounts 'Due from reinsurers - held at fair value' relate to reinsurance amounts that are contracted to be settled over an extended period of time, in excess of 10 years. The future cashflows are discounted using prevailing risk-free swap yields to account for the long settlement term. The movements are disclosed separately in Note 8.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Debtors arising from direct insurance operations				
Due from policyholders	**21**	28	**20**	27
	21	28	**20**	27
Debtors arising from reinsurance operations				
Due from reinsurers	**64**	56	**64**	56
Due from reinsurers - held at fair value	**43**	38	**43**	38
	107	94	**107**	94

The carrying amounts disclosed above reasonably approximate fair value at the Balance sheet date.

20. Other debtors

Accounting for other debtors

Other debtors, excluding current tax, are initially measured at fair value and then subsequently measured at amortised cost using the effective interest method. Other debtors are recognised when due.

The Group assesses at each Balance sheet date whether there is any indication that a loan or receivable, or a group of loans or receivables, is impaired. For loans, the amount of any impairment loss is measured as the difference between the carrying amount and the present value of future cash flows (discounted at the original effective interest rate). For other receivables, the impairment loss is measured as the difference between the carrying value and the estimated recoverable amount. Impairment losses are recognised within operating expenses in the Statement of Comprehensive Income.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Cash collateral pledged	**7**	10	**7**	10
Amounts due from group undertakings	**-**	-	**17**	7
Investments receivable	**3**	14	**3**	14
Other receivables	**11**	12	**9**	10
	21	36	**36**	41

Details of impairments on financial assets held at amortised cost are included within the credit counterparty risk section (c) of Note 3. The carrying amounts disclosed above reasonably approximate fair value at the Balance sheet date.

21. Pension scheme asset/(liability)

Accounting for pensions

For defined benefit schemes, the net surplus or deficit is calculated annually with the assets measured at fair value at the Balance sheet date and the liabilities discounted at the rate of return available on high quality corporate bonds.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. FRS 102, Section 28 requires that an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Any surplus arising from both the LV= Employee Pension Scheme and Ockham Pension Schemes can be recognised in full because the terms of the pension scheme trust deeds state that LVFS has an unconditional right to any assets of the schemes which ultimately remain following the schemes' termination, assuming the gradual settlement of the scheme liabilities over time until all members have left the schemes.

The pension cost for the schemes is analysed between current service cost, past service cost, net interest on the net defined benefit asset/liability and any gain or loss on settlement. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised on a straight-line basis over the period in which the increases in benefits vest or are earned. The current and past service costs are recognised in Net operating expenses in the Statement of Comprehensive Income, whereas net interest income is credited to Investment income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as re-measurements in Other Comprehensive Income in the period in which they arise.

The pension scheme asset or liability is reported gross, with the associated tax liability reported as a deferred tax liability or asset.

For defined contribution plans, the Group pays contributions to an independently administered pension fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as a staff cost when they are due.

Significant accounting estimate

The valuation of the pension benefit obligations for the Group's defined benefit schemes is a significant accounting estimate, requiring the use of management judgement.

Assumptions used to measure the pension benefit obligation

The valuations of the pension benefit obligations for the Group's defined benefit schemes require actuarial assumptions about discount rates, inflation, longevity and future pension increases. These inputs and the long-term nature of these obligations, are a major source of estimation uncertainty which has a significant risk of resulting in a material adjustment to the carrying amounts of the pension benefit obligation within the next financial year.

Details of the principal assumptions used for each of the material defined benefit schemes are disclosed within the valuations of the individual schemes disclosed in section (iv). Sensitivities are performed against the assumptions and disclosed in section (v).

Defined benefit pension schemes

The Group operates two pension schemes with defined benefit sections, the LV= Employee Pension Scheme ("LV= Scheme") and the Ockham Pension Scheme. LVFS is the principal employer for both the LV= Scheme and the Ockham Pension Scheme. The LV= Scheme and the Ockham Pension Scheme are both hybrid schemes with a defined benefit section and a defined contribution section. The defined contribution sections of both schemes were closed in prior years and the assets from these defined contribution sections were transferred to the LV= Future Savings Section of the Aon MasterTrust in April 2023.

The Aon MasterTrust

All LVFS employees are eligible to join the LV= Future Saving section of the Aon MasterTrust, a multi-employer occupational pension scheme where each employer has its own distinct section within the arrangement. The LVFS section is the LV= Future Savings section of the Aon MasterTrust and is a Defined Contribution pension scheme. The Aon MasterTrust has a board of independent Trustees to oversee and monitor the MasterTrust in the best interest of its members. LVFS is a participating employer. Employee contributions are double matched by LVFS up to a maximum employer contribution of 14%. The assets of this scheme are held separately from those of the Group in an independently administered fund. The Group's contribution under this scheme during the year amounted to £6m (2023: £6m).

21. Pension scheme asset/(liability) (continued)

a) Summary of defined benefit schemes

	2024			2023		
Pension scheme asset/(liability)	LV= Scheme £m	Ockham £m	Total £m	LV= Scheme £m	Ockham £m	Total £m
Asset	-	-	-	-	12	12
Liability	(2)	-	(2)	(3)	-	(3)
	(2)	-	(2)	(3)	12	9

	2024			2023		
Re-measurements	LV= Scheme £m	Ockham £m	Total £m	LV= Scheme £m	Ockham £m	Total £m
Re-measurements	(4)	(14)	(18)	(17)	-	(17)
Income tax credit/(expense)	-	4	4	3	(1)	2
Amount charged to Comprehensive Income	(4)	(10)	(14)	(14)	(1)	(15)
Cumulative re-measurements recognised in the Statement of Comprehensive Income	(57)	(39)	(96)	(53)	(25)	(78)

Further details of the Group's defined benefit pension schemes are disclosed below.

b) LV= Scheme

(i) Information about the scheme

The defined benefit section of the LV= scheme provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits depends upon the member's length of service and their final salary. This section is closed to new entrants and to future accrual.

The scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees.

The liabilities of the scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method, which is an accrued benefits valuation method.

The scheme has a Corporate Trustee required to act in the best interests of the scheme's beneficiaries. The Trustee may be removed at the discretion of LVFS, in its capacity as principal employer, provided that the board of any new trustee company comprises three directors representing the members and a further four directors selected by LVFS. With the agreement of LVFS, the directors of the Corporate Trustee may co-opt one other director.

On 29 May 2020 the Trustee closed out the longevity swap (which was taken out in 2012) and purchased a bulk annuity policy with Phoenix Life Limited. The Trustee holds this bulk annuity policy as an investment for the benefit of all Scheme members. It provides an income to the Scheme that exactly matches some of the benefit obligations of the Scheme.

NTL/Virgin Media pensions case

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pensions Scheme Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying that may retrospectively validate certain rule amendments. In addition, there is a possibility that the case could go to the Supreme Court.

Given these uncertainties it is not currently possible to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. The Trustee is consulting with its advisors on any possible implications for the Scheme while monitoring developments.

Any implications for the Scheme will be considered by the Trustee and Company in due course.

21. Pension scheme asset/(liability) (continued)

(ii) Net amount recognised in the Balance sheet

	2024 £m	2023 £m
Present value of defined benefit obligation	(817)	(932)
Fair value of plan assets	815	929
Pension benefit liability at the end of the year	(2)	(3)

(iii) The movement in the net defined benefit liability over the year is as follows:	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2024	(932)	929	(3)
Pension costs:			
Current service cost	(3)	-	(3)
Interest (expense)/income	(41)	41	-
	(44)	41	(3)
Re-measurements:			
– Return on plan assets, excluding amounts included in interest (expense)/income	-	(114)	(114)
– Gain from changes in demographic assumptions	8	-	8
– Gain from changes in financial assumptions	99	-	99
– Impact of new valuation data	4	-	4
– Experience loss	(1)	-	(1)
	110	(114)	(4)
Other movements:			
– Contributions by employer	-	8	8
– Benefits paid	49	(49)	-
	49	(41)	8
At 31 December 2024	(817)	815	(2)
At 1 January 2023	(933)	942	9
Pension costs:			
Current service cost	(3)	-	(3)
Interest (expense)/income	(44)	44	-
	(47)	44	(3)
Re-measurements:			
– Return on plan assets, excluding amounts included in interest (expense)/income	-	(18)	(18)
– Gain from changes in demographic assumptions	31	-	31
– Loss from changes in financial assumptions	(22)	-	(22)
– Experience loss	(8)	-	(8)
	1	(18)	(17)
Other movements:			
– Contributions by employer	-	8	8
– Benefits paid	47	(47)	-
	47	(39)	8
At 31 December 2023	(932)	929	(3)

21. Pension scheme asset/(liability) (continued)

b) LV= Scheme (continued)

(iv) Principal assumptions used	Bulk annuity policy 2024	Whole scheme 2024	Bulk annuity policy 2023	Whole scheme 2023
Discount rate	5.40%	5.50%	4.50%	4.55%
RPI inflation	3.25%	3.15%	3.15%	3.05%
CPI inflation	2.55%	2.45%	2.45%	2.35%
Pension increases for in-payment benefits:				
– RPI price inflation capped at 5% pa, floor of 3% pa	3.65%	3.60%	3.60%	3.55%
– RPI price inflation capped at 5% pa	3.15%	3.05%	3.05%	2.95%
– RPI price inflation capped at 2.5% pa	2.20%	2.15%	2.15%	2.10%
– CPI price inflation capped at 3.0% pa	2.50%	2.45%	2.45%	2.40%

The discount rate and inflation rate assumptions for 2024 and 2023 have been set with reference to yield curves. The single rates disclosed above represent the weighted average equivalent rate based on the yield curve used. The pension increase assumptions disclosed represent spot rates on the yield curve at the approximate duration of the scheme's liabilities.

For 2024, mortality for members is assumed to follow LV= specific Club Vita individual base tables, published in 2023, based on pooled experience during the period 2019 to 2021, scaled by 104% (2023: LV= specific Club Vita tables 2020 based on pooled experience during the period 2016 to 2018, scaled by 104%).

The table below shows the life expectancy assumptions used in the accounting assessments based on the average future life expectancy of a scheme member who is a pensioner aged 65 (non-pensioner is assumed to be 45 now).

Future life expectancy assumptions (in years) as at 31 December	2024	2023
Pensioner (currently aged 65)		
– Male	21.8	21.9
– Female	23.9	23.8
Non-pensioner (at age 65, currently aged 45)		
– Male	22.7	22.8
– Female	25.4	25.3

Uncertainty remains over future mortality improvements and given the immaterial impact of moving from the CMI 2022 to the CMI 2023 improvement model, the decision was taken to retain the CMI 2022 improvements model with the same weights as last year (25% for 2022 data and no weight given to 2020 and 2021 data).

The decision was also taken based on CMI feedback to equalise the initial addition to mortality improvements for both males and females. Otherwise, the base assumptions have not been changed and for the year-end 2024 valuation are: Long-term rate of improvement: 1.5% p.a., smoothing parameter of 7.0, initial addition to mortality improvements: 0.25% for males and females.

(v) Sensitivity analysis: Impact on defined benefit obligation of making changes to key assumptions

2024	Change in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 1.0%	Increase by £111m (14%)
Discount rate	Increase by 1.0%	Decrease by £92m (11%)
Inflation rate (both RPI and CPI)	Increase by 0.5%	Increase by £16m (2%)
Inflation rate (CPI)	Increase by 0.1%	Increase by £1m (0%)
Life expectancy	Increase by 1 year	Increase by £33m (4%)

2023	Change in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 1.0%	Increase by £139m (15%)
Discount rate	Increase by 1.0%	Decrease by £111m (12%)
Inflation rate (both RPI and CPI)	Increase by 0.5%	Increase by £24m (3%)
Inflation rate (CPI)	Increase by 0.1%	Increase by £1m (0%)
Life expectancy	Increase by 1 year	Increase by £33m (3%)

The sensitivity analysis has been calculated by valuing the defined benefit obligation using the amended assumptions shown in the table above and keeping the remaining assumptions the same as disclosed in the principal assumptions table for the scheme, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. These sensitivities demonstrate the impact on the gross liability so make no allowance for the impact on the buy-in contract.

21. Pension scheme asset/(liability) (continued)

b) LV= Scheme (continued)

(vi) Plan asset information

The following table shows a breakdown of the plan assets

	2024				2023			
	Quoted £m	Unquoted £m	Total £m	%	Quoted £m	Unquoted £m	Total £m	%
Equities and unit trusts	-	1	1	-	-	2	2	-
Debt securities	474	-	474	58	534	-	534	58
Cash and cash equivalents	27	-	27	3	26	-	26	3
Derivatives and REPOs	-	(65)	(65)	(8)	-	(73)	(73)	(8)
Buy-in	-	350	350	43	-	410	410	44
Other	-	28	28	4	-	30	30	3
	501	314	815	100	560	369	929	100

The use of derivatives includes gilt repos of £(58)m (2023: £(85)m), swaps of £(2)m (2023: £3m) and currency derivatives of £(2)m (2023: £2m) to hedge the interest, inflation and currency exposures. In addition, total return swaps of £(3)m (2023: £7m) are used to gain exposure to global equity markets through derivative contracts rather than by physically investing in equities.

In determining and reviewing the Scheme's investment strategy, the Trustee adopts a Pensions Risk Management Framework (PRMF). This framework translates the principal goal of paying member benefits into measurable funding objectives and risk constraints, agreed by the Trustee. The PRMF is reviewed and monitored by the Trustee on at least a quarterly basis.

The Trustee is required to adopt a statutory funding objective. The statutory funding objective is that the Scheme must have 'sufficient and appropriate' assets to meet the expected cost of providing members' past service benefits which we refer to as technical provisions. In setting the statutory funding objective, the Trustee wants to:

- be highly certain of delivering members' benefits in full and on time.
- set its statutory funding basis in a manner consistent with moving towards a long-term funding target; and
- minimise the risk of the funding level dropping below the current level.

To help meet these objectives, the Trustee and the Company have agreed to develop a long-term funding target consistent with the new funding regulations. This target will be used as the foundation of the Scheme's future funding and investment strategies.

Following the triennial scheme valuation which took place as at 31 March 2023, LVFS as principal employer agreed, on behalf of participating employees, to continue to pay monthly contributions of £416,667 until 31 March 2028 to meet the Trustees' primary funding objective. In addition to these funding contributions, LVFS continues to make payments of £265,477 per month towards the regular expenses of administering the defined benefit section of the Scheme plus payments equal to the pension protection fund (PPF) levies.

(vii) Pension scheme risks

Through its defined benefit pension schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility:	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan assets are predominantly held in debt securities which match the liabilities with a small holding of equities that are expected to outperform corporate bonds in the long term.
Changes in bond yields:	A decrease in corporate bond yields will increase plan liabilities, although this will be offset by an increase in the value of the scheme's bond holdings.
Inflation risk:	The majority of the scheme's benefit obligations are linked to inflation, therefore an increase in inflation will lead to an increase in liabilities. In most cases, caps on the level of inflationary increases and derivatives are in place to protect the scheme against significant rises in inflation.
Life expectancy:	The scheme's obligations are to provide benefits for the life of the member, so any increases in life expectancy will result in an increase in the scheme's liabilities. On 29 May 2020 the Trustee converted the longevity swap to a bulk annuity policy with Phoenix Life. This provides an income to the Scheme that exactly matches some of the benefit obligations of the Scheme.

(viii) Expected maturity analysis of undiscounted pension benefits:

	Less than a year £m	Between 1-2 years £m	Between 2-5 years £m	Over 5 years £m	Total £m
At 31 December 2024	**48**	**49**	**154**	**1,683**	**1,934**
At 31 December 2023	48	49	154	1,718	1,969

The weighted average duration of the gross defined benefit obligation is 13 years (2023: 14 years). The duration of the buy-in policy is 8 years (2023: 9 years).

The expected contributions to the scheme for the year ending 31 December 2025 are £8m.

21. Pension scheme asset/(liability) (continued)

c) Ockham Scheme

(i) Information about the scheme

The defined benefit section of the Ockham scheme provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits depends upon the member's length of service and their final salary. The scheme is closed to new entrants and future accrual.

The scheme assets are held in separate trustee-administered funds to meet long-term pension liabilities to past employees. The liabilities of the scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method, which is an accrued benefits valuation method.

The scheme has a Corporate Trustee required to act in the best interests of the scheme's beneficiaries. The Trustee may be removed at the discretion of LVFS, in its capacity as principal employer, provided that any new trustee board comprises two directors representing the members and up to four directors selected by LVFS.

In January 2024, the Trustee authorised the purchase of a buy-in insurance policy as an investment of the scheme from retirement specialist Just Group. The buy-in insurance policy was designed to match the majority of the scheme's liabilities, providing funding to the scheme for members' benefit payments as they fall due. As part of the transaction, LVFS as the principal employer paid additional contributions of £2m to fund the buy-in with Just Group.

(ii) Net amount recognised in the Balance sheet	2024 £m	2023 £m
Present value of defined benefit obligation	(96)	(104)
Fair value of plan assets	96	116
Pension benefit asset at the end of the year	-	12

(iii) The movement in the net defined benefit asset over the year is as follows:	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2024	**(104)**	**116**	**12**
Pension costs:			
Interest (expense)/income	(5)	5	-
	(5)	5	-
Re-measurements:			
– Return on plan assets, excluding amounts included in interest (expense)/income	-	(21)	(21)
– Gain from changes in demographic assumptions	1	-	1
– Gain from changes in financial assumptions	10	-	10
– Impact of changes in inflation	(1)	-	(1)
– Impact of new valuation data	(3)	-	(3)
	7	(21)	(14)
Other movements:			
– Contributions by employer	-	2	2
– Benefits paid	6	(6)	-
	6	(4)	2
At 31 December 2024	**(96)**	**96**	**-**
At 1 January 2023	(107)	116	9
Pension costs:			
Interest (expense)/income	(5)	6	1
	(5)	6	1
Re-measurements:			
– Return on plan assets, excluding amounts included in interest (expense)/income	-	(2)	(2)
– Gain from changes in demographic assumptions	6	-	6
– Loss from changes in financial assumptions	(3)	-	(3)
– Impact of changes in inflation	(1)	-	(1)
	2	(2)	-
Other movements:			
– Contributions by employer	-	2	2
– Benefits paid	6	(6)	-
	6	(4)	2
At 31 December 2023	(104)	116	12

21. Pension scheme asset/(liability) (continued)

c) Ockham Scheme (continued)

(iv) Principal assumptions used	2024	2023
Discount rate	5.45%	4.55%
RPI inflation	3.20%	3.10%
CPI inflation	2.50%	2.40%
Pension increases for in-payment benefits		
– RPI price inflation capped at 5% pa	3.10%	3.00%
– linked to RPI inflation	3.20%	3.10%

The discount rate and inflation rate assumptions for 2024 and 2023 have been set with reference to yield curves. The single rates disclosed above represent the weighted average equivalent rate based on the yield curve used. The pension increase assumptions disclosed represent spot rates on the yield curve at the approximate duration of the scheme's liabilities.

Mortality rate assumptions are based on the same mortality tables as disclosed within the LV= Scheme, but using Ockham specific individual base tables.

Future life expectancy assumptions (in years) as at 31 December	2024	2023
Pensioner (currently aged 65)		
– Male	21.5	22.7
– Female	24.4	24.2
Non-pensioner (at age 65, currently aged 45)		
– Male	23.2	23.3
– Female	26.5	25.9

(v) Sensitivity analysis: Impact on defined benefit obligation of making changes to key assumptions

2024	Change in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 1.0%	Increase by £11m (11%)
RPI rate	Increase by 0.5%	Increase by £3m (3%)
Life expectancy	Increase by 1 year	Increase by £4m (4%)

2023	Change in assumption	Impact on defined benefit obligation
Discount rate	Decrease by 1.0%	Increase by £13m (12%)
RPI rate	Increase by 0.5%	Increase by £4m (4%)
Life expectancy	Increase by 1 year	Increase by £4m (4%)

The sensitivity analysis has been calculated by valuing the defined benefit obligation using the amended assumptions shown in the table above and keeping the remaining assumptions the same as disclosed in the principal assumptions table for the scheme, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly.

The sensitivities above only show the impact on the defined benefit obligation. The majority of the movements would be matched by the buy-in insurance policy.

(vi) Plan asset information

Plan assets are comprised as follows:

	2024				2023			
	Quoted £m	Unquoted £m	Total £m	%	Quoted £m	Unquoted £m	Total £m	%
Buy-in	-	95	95	99	-	-	-	-
Debt securities	-	-	-	-	116	-	116	100
Cash and cash equivalents	1	-	1	1	-	-	-	-
	1	95	96	100	116	-	116	100

In January 2024, the Trustee authorised the purchase of a buy-in insurance policy as an investment of the scheme from retirement specialist Just Group. Consideration for the buy-in insurance policy was made up of the scheme's complete portfolio of debt securities. In addition to this, the principal employer paid additional contributions of £2m to fund the buy-in.

Following the buy-in transaction, LVFS as principal employer agreed, on behalf of participating employees, to continue to make payments to settle expenses of the scheme and known benefit corrections.

21. Pension scheme asset/(liability) (continued)

c) Ockham Scheme (continued)

(vii) Pension scheme risks

Details of the pension scheme risks that the Group is exposed to are disclosed within the LV= Scheme.

(viii) Expected maturity analysis of undiscounted pension benefits:

	Less than a year £m	Between 1-2 years £m	Between 2-5 years £m	Over 5 years £m	Total £m
At 31 December 2024	7	7	21	158	193
At 31 December 2023	6	7	20	158	191

The weighted average duration of the defined benefit obligation is 11 years (2023: 12 years).
The expected contributions to the Ockham pension scheme for the year ending 31 December 2025 are £1m.

22. Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are initially measured at the fair value of the proceeds less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost. The transaction costs are amortised over the period to the earliest redemption date on an effective interest rate basis. The amortisation charge is included in the Statement of Comprehensive Income within 'Interest payable on subordinated liabilities' within 'Other technical charges'. An equivalent amount is added to the carrying value of the liability such that at the redemption date the value of the liability equals the redemption value.

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Subordinated notes GBP 200m (2023: GBP 200m)	200	200	-	-
Subordinated notes due to group undertakings	-	-	200	200
	200	200	200	200

In 2013, LVFS issued £350m of Fixed Rate Reset Subordinated Notes at par. The directly related costs of £4m incurred to issue the Notes have been capitalised as part of the carrying value and have been amortised using the effective interest rate basis over the period to the first call date in 2023.

The Notes have a maturity date of 22 May 2043, but the issuer had the option to redeem the Notes at the first call date of 22 May 2023 and annually thereafter up to the maturity date. The initial first call date was 22 May 2023, prior to which the issuer redeemed £150m Notes at par by way of a tender offer. No additional Notes were redeemed at the first call date.

Interest was payable on the Notes at a fixed rate of 6.5% per annum for the period until the first call date on 22 May 2023, payable annually in arrears on 22 May each year. For Notes not redeemed on 22 May 2023, the interest rate was reset on that date and will be reset at five yearly intervals thereafter at a rate equal to the five-year gilt rate quoted on the day before the reset date plus an initial margin of 463 basis points and a step-up margin of 100 basis points. Interest is currently payable on the Notes at a fixed rate of 9.44% per annum. This reset rate will remain the effective rate payable on the Notes until the next reset of the Interest Rate on 22 May 2028.

In order to comply with requirements of the Companies Act 2006 following transition to UK GAAP, LVFS carried out a substitution of issuer prior to 31 December 2023, transferring the Notes to one of its subsidiaries, LV Bonds PLC. Following the substitution of Issuer, LVFS acts as guarantor for the Notes. Consideration paid by LVFS to LV Bonds PLC in exchange for taking on the obligation associated with the Notes constituted the par value of the Notes. These proceeds were loaned back to LVFS on the same interest, final repayment and subordination terms as those applicable to the Notes.

There is an option of cumulative deferral of interest at the issuer's discretion and mandatory interest deferral in the event that a regulatory deficiency interest deferral event has occurred or is continuing (breach of the applicable regulatory solvency capital requirement of the issuer, guarantor or group) or would occur if payment of interest on the subordinated notes were to be made. Following any deferral of a principal or interest payment, LVFS would be prevented from declaring any distribution to members which falls within the Mutual Bonus arrangements. The issuer has the option to elect to defer payment of interest in whole or in part and this will not constitute a default or give the right to the noteholders or the trustee to accelerate repayment of the Notes or to take any enforcement action.

Subordinated liabilities are held in the Balance sheet at amortised cost. The fair value at 31 December 2024 was £202m (2023: £195m). The valuation of the subordinated notes was determined by reference to the bid price obtained from the markets as at 31 December 2024. Management consider this to be representative of fair value.

23. Fund for future appropriations

Accounting for the Fund for future appropriations

The Fund for future appropriations represents the excess of assets over and above the long-term business provision and other liabilities. It represents amounts that have yet to be formally declared as bonuses for the participating contract policyholders. Any profit or loss for the year arising through the Statement of Comprehensive Income (for the Company and for the Group) is transferred to or deducted from the Fund for future appropriations.

UK regulations, the Group's Principles and Practices of Financial Management, and the terms and conditions of participating contracts set out the bases for the determination of the amounts on which the participating additional discretionary contract benefits are based and within which the Group may exercise its discretion as to the quantum and timing of their payment to contract holders.

The nature of benefits for participating contracts is such that the allocation of surpluses between participating policyholders is uncertain. The amount not allocated at the balance sheet date is classified within liabilities as the fund for future appropriations.

	Group		Company	
	2024	2023 Restated – see Note 1	**2024**	2023 Restated – see Note 1
	£m	£m	**£m**	£m
Balance at 1 January	**530**	460	**527**	447
Transfer included within the technical account	**19**	85	**16**	95
Transfer included within other comprehensive income	**(14)**	(15)	**(14)**	(15)
Balance at 31 December	**535**	530	**529**	527

24. Deferred tax

Accounting for deferred tax

Deferred income tax arises on the temporary differences between the tax bases and carrying amounts of assets and liabilities in the Balance sheet. Deferred income tax is recognised using the liability method by applying tax rates (and laws) that have been enacted or substantively enacted by the Balance sheet date and are expected to apply when the related deferred income tax balance is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Disclosed on the Balance sheet				
– Deferred tax asset	**3**	26	**-**	22
– Deferred tax liability	**(6)**	(4)	**(5)**	(4)
– Deferred tax included within Assets held to cover linked liabilities	**(3)**	(6)	**(3)**	(6)
Net deferred tax (liability)/asset	**(6)**	16	**(8)**	12

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
a) Movement on the net deferred tax (liability)/asset				
Balance at 1 January	**16**	36	**12**	35
Amounts recorded within the Technical account - long-term business	**(29)**	(22)	**(28)**	(25)
Amounts recorded within Other Comprehensive Income	**4**	2	**4**	2
Other movements	**3**	-	**4**	-
Balance at 31 December	**(6)**	16	**(8)**	12

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
b) Analysis of deferred taxation temporary differences				
Temporary differences on acquisition expenses	**1**	1	**1**	1
Temporary differences on re-measurement of available for sale financial assets	**(1)**	-	**-**	-
Temporary differences on unrealised gains	**(28)**	(28)	**(28)**	(28)
Temporary difference on re-measurement of defined benefit pension schemes	**-**	(4)	**-**	(4)
Excess management expenses	**22**	47	**19**	43
Net deferred tax (liability)/asset	**(6)**	16	**(8)**	12

A net £0.5m of the losses and timing differences are expected to unwind in 2025.

Other movements relate to balance sheet movements from deferred tax to current tax.

The valuation and recoverability of deferred tax assets relating to capital allowances in excess of depreciation, temporary differences on acquisition and excess management expenses is dependent on the availability of future taxable profits within the Company and Group. Management forecasts currently support the future recoverability of deferred tax assets recognised in the Balance sheet as at 31 December 2024.

For the accounting period ended 31 December 2024, the LV= Group is required to report under the OECD Pillar II rules. The OECD Pillar II rules are designed to implement an international minimum effective tax rate of 15% on income, assessed per each jurisdiction in which a group has operations. As LV= is a UK-only mutual insurance company, our current understanding of the operation of Pillar II is to expect no top up taxes to result from Pillar II. Therefore, no adjustment has been made to current or deferred taxes in respect of either Multinational Top up Taxes (MTT) or Domestic Top up Taxes (DTT).

The LV= Group is required to comply with reporting obligations under Pillar II in 2024 and subsequent years.

25. Provisions

Accounting for provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the Group expects some or all of a provision to be reimbursed this is recognised as a separate asset when the reimbursement is certain. Provisions are measured at the present value of the expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The expense relating to provisions is presented in the Statement of Comprehensive Income within 'Net operating expenses'.

Movement during the year on provisions	Group £m	Company £m
Balance at 1 January 2024	12	12
Utilised during the year	(1)	(1)
Balance at 31 December 2024	**11**	**11**

Provisions relate to:	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Teachers mis-selling compensation	9	10	9	10
Other	2	2	2	2
	11	12	11	12

The provision for Teachers mis-selling compensation is held to cover the expected customer redress costs in respect of mis-selling claims on products sold by the Teachers Assurance Group prior to it being transferred into the LV= Group in 2016. Because the majority of the provision relates to potential future mis-selling claims which have not yet been received, there is uncertainty about the amount and timing of the future redress outflows provided for.

Accounting for Creditors

Creditors arising from insurance operations are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Trade and other creditors are recognised when they fall due. They are initially measured at fair value and subsequently at amortised cost.

The accounting policies for derivative and lease liabilities are disclosed separately in Note 18 and Note 38 respectively.

26. Creditors arising out of direct insurance and reinsurance operations

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Creditors arising out of direct insurance operations				
Due to policyholders	23	29	23	28
Due to intermediaries	1	-	1	-
	24	29	24	28
Creditors arising out of reinsurance operations				
Due to reinsurers	12	13	12	13
	12	13	12	13

27. Amounts owed to credit institutions

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Bank overdrafts	2	11	1	11
	2	11	1	11

The bank overdrafts are repayable on demand.

28. Other creditors including tax and social security costs

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Derivative liabilities (see Note 18)	61	197	61	197
Cash collateral received	4	14	4	14
Trade creditors	6	8	6	8
Finance lease liabilities (see Note 38)	18	19	-	-
Other taxes and social security costs	10	9	10	9
Other creditors	14	16	26	28
	113	263	107	256

Cash collateral received relates to Over The Counter (OTC) cash collateral on derivatives. See Note 16 (c) for more details. The carrying amounts disclosed above reasonably approximate fair value at the Balance sheet date.

Technical provisions, reinsurers' share of technical provisions and related movements

This section presents information relating to contracts accounted for in accordance with FRS 103 'Insurance contracts'. This includes amounts relating to insurance contracts, participating investment contracts and reinsurance contracts. The assumptions used in the valuation of insurance and investment liabilities are disclosed within Note 33. Sensitivities are provided within Note 3.

29. Technical provisions: Long-term business

Accounting for insurance contract liabilities

Insurance contract liabilities are recognised for insurance contracts in existence at the end of the reporting period. Such liabilities are only derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Insurance contract liabilities are calculated in accordance with FRS 103 'Insurance Contracts', using a reserving methodology aligned to Solvency II, adapted to incorporate the Solvency UK reforms. Insurance contract liabilities are calculated as the sum of the best estimate liability and the risk margin. The best estimate liability is the present value of the expected future cash inflows and outflows required to settle the insurance obligations over their future lifetime. The best estimate liability is calculated gross of any expected future reinsurance recoveries. A separate estimate is made of the expected amounts that will be paid to and recovered from reinsurers. The risk margin is the amount a third party would be expected to be compensated to takeover and meet the insurance contract obligations over their lifetime.

During 2024, the PRA introduced reforms on the calculation of the matching adjustment and the method in which TMTP is calculated until the calendar year 2032, where the latter affects the Solvency II results only. The matching adjustment reforms have led to management explicitly attesting to the appropriateness of the discount rate used to value annuity liabilities within the matching adjustment portfolio. The level of matching adjustment used within the Solvency II results is also used to assess the technical provisions within these financial statements.

Liability adequacy testing is performed for all long-term insurance and participating investment contract liabilities. At each reporting date, an assessment is made of whether the recognised long-term contract liabilities are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient given the estimated future cash flows, the deficiency is recognised in the Statement of Comprehensive Income by setting up an additional liability.

a) Participating business

In calculating participating insurance and participating investment contract liabilities, allowance is made for expected bonus payments (declared and future, reversionary and terminal) consistent with the relevant fund's Principles and Practices of Financial Management (PPFM) where there is a constructive obligation to policyholders. The liabilities include an allowance for the time and intrinsic value of options and guarantees granted to policyholders and for future management actions.

The realistic participating liabilities are based on the aggregate value of policyholder asset shares reflecting past premiums, investment return, expenses and charges applied to each policy. Allowance is also made for policy related liabilities such as guarantees, options and future bonuses calculated using a stochastic model simulating investment returns, asset mix, expense charges and bonuses.

There are a large number of IB Whole of Life policies where the customer is either no longer aware of the policy's existence or has died and no claim has been submitted, despite extensive tracing activity having been undertaken in the past in an attempt to identify these customers or their next-of-kin. A proportion of these policies are treated as "gone-away" and reserves are reduced by applying reduction factors dependent on age, policy type and premium paying status. These reduction factors are determined based on analysis of historical actual mortality experience versus that expected. If a valid claim is made on a 'gone-away' policy, the Group will still be liable to settle that claim.

b) Non-participating business

Liabilities for non-participating insurance contracts are calculated as described above, as the sum of the best estimate liability and the risk margin.

Significant accounting estimates

The assumptions used in determining insurance contract liabilities are a significant accounting estimate, requiring the use of management judgement, which has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The key assumptions are:

- Persistency assumptions, including gone-aways, cash and guaranteed annuity option take-up rates, and early, normal and late retirement rates.
- Expense assumptions.
- Longevity, mortality and morbidity assumptions, including mortality improvements.
- Economic assumptions including future investment returns and discount rates.

The assumptions used for persistency and expenses reflect product characteristics and are primarily based on relevant internal experience. The assumptions used for longevity, mortality and morbidity are based on standard industry or reinsurers' tables. Net exposure to longevity, mortality and morbidity is significantly hedged by reinsurance. Economic assumptions are based on market-consistent expectations with stochastic projections for contingent liabilities.

29. Technical provisions: Long-term business (continued)

Assumptions and adjustments applied in the valuation of insurance liabilities

The valuation of insurance liabilities is based on assumptions reflecting management's best estimate, which are typically reviewed annually. Assumptions used are described in Note 33.

Notable changes to assumptions in the year include:

- The development of a more comprehensive basis for retirement incidence and cash take-up rates for OB Pensions, treated as a prior year adjustment – see Note 1.
- The Term mortality basis has been developed to introduce adjustments by sum assured, as a proxy for socio economic risk. This decreases the gross insurance liabilities by £135m, with an offsetting reduction on the reinsurance asset of £135m.

Management have applied judgement in setting assumptions. The assumptions for longevity, mortality and morbidity have been set by applying adjustments to reflect the Group's own experience.

Due to the long-term nature of the liabilities, the estimates are subject to significant uncertainty. Sensitivities are performed against the assumptions and disclosed in Note 3 a).

Assessment of future options and guarantees

The value of options and guarantees on with-profits business is valued within the market-consistent discounted cash flow valuation, the most material of which are minimum benefit guarantees on LVFS with-profits business and guaranteed annuity options on RNPFN.

Due to the asymmetric nature of these liabilities, stochastic valuation techniques are required. A market consistent economic scenario generator is used with a wide range of future economic conditions to capture the asymmetry, and a discounted cash flow model is used to derive a value of the liability at the valuation date. These techniques are widely used in the life insurance industry to value liabilities with embedded options and guarantees.

The valuation models make appropriate allowance for both management and policyholder actions, including demographic assumptions on option or guarantee dates.

Details of the key long-term insurance and investment contract liabilities valuation assumptions are disclosed separately within Note 33.

Accounting for reinsurers' share of technical provisions

The Group transfers certain risks arising on its underlying insurance contracts through entering into contracts with reinsurers. Reinsurance assets are the net contractual rights arising from cashflows due from and to reinsurers regarding ceded insurance liabilities. Amounts are estimated in a consistent manner with the gross reserves of the underlying policies and in accordance with the relevant reinsurance contract.

An impairment review is performed at the Balance sheet date. Impairment occurs when there is evidence that the Group will not recover outstanding amounts under the contract, such losses being recorded immediately in the Statement of Comprehensive Income.

All reinsurance contracts are classified as non-participating as the Group and the reinsurer do not share in the returns on underlying items. This is consistent with the treatment of reinsurance contracts being reported separately from the underlying insurance contracts issued.

Significant accounting judgements

Classification of the Group's contracts with reinsurers as reinsurance contracts.

Management have applied judgement in determining whether contracts entered into with reinsurers transfer significant insurance risk and can therefore be accounted for as reinsurance contracts. In making this judgement management review all contract terms and conditions and obtain the opinion of an independent expert where necessary.

In order for significant insurance risk to be transferred the following conditions must be met:

- The reinsurer must have an obligation to compensate the Group if an uncertain future event that is insured by the Group occurs;
- It is reasonably possible that the reinsurer may realise a significant loss from the contract; and
- There is a reasonable possibility of a significant range of outcomes from the contract.

There were no material external reinsurance contracts entered into in 2024.

29. Technical provisions: Long-term business (continued)

a) Summary

	Note	2024 Gross £m	2024 Reinsurers' share £m	2024 Net £m	2023 Gross Restated – see Note 1 £m	2023 Reinsurers' share Restated – see Note 1 £m	2023 Net Restated – see Note 1 £m
Group							
Participating insurance contract liabilities *	29 b	**3,977**	**(544)**	**3,433**	4,301	(603)	3,698
Participating investment contract liabilities	29 c	**608**	**n/a**	**608**	631	n/a	631
Non-participating insurance contract liabilities	29 d	**2,622**	**(208)**	**2,414**	2,786	(268)	2,518
Total long-term business provision		**7,207**	**(752)**	**6,455**	7,718	(871)	6,847
Company							
Participating insurance contract liabilities *	29 b	**3,977**	**(544)**	**3,433**	4,301	(603)	3,698
Participating investment contract liabilities	29 c	**608**	**n/a**	**608**	631	n/a	631
Non-participating insurance contract liabilities	29 d	**2,614**	**(208)**	**2,406**	2,777	(268)	2,509
Total long-term business provision		**7,199**	**(752)**	**6,447**	7,709	(871)	6,838

* Reinsurance contracts are precluded from being classified as participating contracts as payments are not subject to discretion. For clarity reinsurance assets relating to participating insurance contracts that have been reinsured are presented alongside participating contracts.

b) Movement in participating insurance contract liabilities and related reinsurance assets

Group and Company	2024 Gross £m	2024 Reinsurance £m	2024 Net £m	2023 Gross Restated – see Note 1 £m	2023 Reinsurance Restated – see Note 1 £m	2023 Net Restated – see Note 1 £m
Balance at 1 January	**4,301**	**(603)**	**3,698**	4,539	(599)	3,940
Expected changes during the year	**(200)**	**(9)**	**(209)**	(148)	(4)	(152)
Expected closing position	**4,101**	**(612)**	**3,489**	4,391	(603)	3,788
New business	**88**	**-**	**88**	103	-	103
Experience variances	**(96)**	**1**	**(95)**	(130)	-	(130)
Changes in assumptions	**(136)**	**78**	**(58)**	(29)	(2)	(31)
Solvency UK Reforms **	**-**	**-**	**-**	(26)	-	(26)
Mutual bonus	**14**	**-**	**14**	15	-	15
Other	**6**	**(11)**	**(5)**	(23)	2	(21)
Balance at 31 December	**3,977**	**(544)**	**3,433**	4,301	(603)	3,698

c) Movement in participating investment contract liabilities

Group and Company	2024 £m	2023 £m
Balance at 1 January	**631**	636
Expected changes during the year	**(37)**	(26)
Expected closing position	**594**	610
Experience variances	**18**	18
Changes in assumptions	**(5)**	(1)
Solvency UK Reforms **	**-**	(2)
Mutual bonus	**5**	5
Other	**(4)**	1
Balance at 31 December	**608**	631

29. Technical provisions: Long-term business (continued)

d) Movement in non-participating insurance contract liabilities

Group	2024 Gross £m	2024 Reinsurance £m	2024 Net £m	2023 Gross Restated – see Note 1 £m	2023 Reinsurance Restated – see Note 1 £m	2023 Net Restated – see Note 1 £m
Balance at 1 January	**2,786**	**(268)**	**2,518**	2,507	(96)	2,411
Expected changes during the year	**(81)**	**(42)**	**(123)**	(77)	(44)	(121)
Expected closing position	**2,705**	**(310)**	**2,395**	2,430	(140)	2,290
New business	**231**	**(76)**	**155**	254	(41)	213
Experience variances	**2**	**(4)**	**(2)**	1	1	2
Changes in assumptions	**(324)**	**182**	**(142)**	143	(97)	46
Solvency UK Reforms **	**1**	**-**	**1**	(42)	-	(42)
Other	**7**	**-**	**7**	-	9	9
Balance at 31 December	**2,622**	**(208)**	**2,414**	2,786	(268)	2,518

Company	2024 Gross £m	2024 Reinsurance £m	2024 Net £m	2023 Gross Restated – see Note 1 £m	2023 Reinsurance Restated – see Note 1 £m	2023 Net Restated – see Note 1 £m
Balance at 1 January	**2,777**	**(268)**	**2,509**	2,498	(96)	2,402
Expected changes during the year	**(81)**	**(42)**	**(123)**	(76)	(44)	(120)
Expected closing position	**2,696**	**(310)**	**2,386**	2,422	(140)	2,282
New business	**231**	**(76)**	**155**	254	(41)	213
Experience variances	**2**	**(4)**	**(2)**	1	1	2
Changes in assumptions	**(323)**	**182**	**(141)**	143	(97)	46
Solvency UK Reforms **	**1**	**-**	**1**	(42)	-	(42)
Other	**7**	**-**	**7**	(1)	9	8
Balance at 31 December	**2,614**	**(208)**	**2,406**	2,777	(268)	2,509

** Solvency UK reforms implemented in 2023 have reduced the risk margin component of the Technical Provisions, reflecting a lower cost required by a third-party to acquire the insurance risks associated with the contractual liabilities. This change was treated as a change in accounting estimate, with the impact reported prospectively as part of the 2023 result.

30. Technical provisions: Claims outstanding

Claims outstanding

Claims outstanding on insurance contracts represents the best estimate of the expected future cashflows resulting from settling all outstanding claims reported by the balance sheet date. The outstanding claims balance is subject to a valuation adjustment, based on an ageing analysis and historical settlement data.

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Claims outstanding	**93**	105	**92**	104
	93	105	**92**	104

31. Technical provisions for linked liabilities

Technical provisions for linked liabilities

The technical provisions for linked liabilities include liabilities for linked investment contracts.

Linked investment contracts

Linked Investment contract liabilities are initially recognised upon receipt of premium from the policyholder. The contracts are accounted for as a financial liability and are initially recognised at the value of premium received. The liability is designated as fair value through profit or loss on inception and subsequently measured at fair value in order to avoid a measurement inconsistency with the associated financial assets.

Subsequent deposits and withdrawals are recorded directly as an adjustment to the contract liability in the Balance sheet, a method known as deposit accounting. Fees charged and investment income received are recognised in the Statement of Comprehensive Income when earned.

Fair value adjustments are measured at each reporting date and are recorded within Change in technical provision for linked liabilities in the Statement of Comprehensive Income. Fair value is calculated as the number of units allocated to the policyholder in each unit-linked fund multiplied by the unit price of those funds at the reporting date. The unit prices are determined with reference to the fund assets and liabilities, which are valued on a basis consistent with that used to measure the equivalent assets and liabilities in the Balance sheet, adjusted for the effect of future tax arising from any unrealised gains or losses. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the minimum surrender value.

The valuation of technical provisions for linked liabilities also contains an adjustment to reflect the present value of expected future profits of the linked investment business.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance at 1 January	**3,329**	3,380	**3,329**	3,380
Deposits received from policyholders	**187**	173	**187**	173
Payments made to policyholders	**(560)**	(524)	**(560)**	(524)
Change in contract liabilities included in the Statement of Comprehensive Income	**303**	300	**303**	300
Balance at 31 December	**3,259**	3,329	**3,259**	3,329

32. Change in technical provisions, net of reinsurance

a) Change in technical provisions for long-term business

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Gross				
Change in participating insurance contract liabilities	**324**	238	**324**	238
Change in participating investment contract liabilities	**23**	5	**23**	5
Change in non-participating insurance contract liabilities	**164**	(279)	**163**	(279)
Change in long-term business provision - gross	**511**	(36)	**510**	(36)
Reinsurers' share				
Change relating to participating insurance contract liabilities	**(59)**	4	**(59)**	4
Change relating to non-participating insurance contract liabilities	**(60)**	172	**(60)**	172
Change in long-term business provision - reinsurers' share	**(119)**	176	**(119)**	176
Change in long-term business provision, net of reinsurance	**392**	140	**391**	140

b) Change in technical provisions for linked liabilities

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Gross				
Change in linked investment contract liabilities	**(303)**	(300)	**(303)**	(300)
Change in linked liabilities - gross	**(303)**	(300)	**(303)**	(300)

33. Long-term insurance and investment contract liabilities valuation assumptions

As explained within the accounting policy in Note 29, the setting of assumptions for the valuation of insurance and investment contract liabilities is a significant accounting estimate involving the exercise of judgement. Sensitivities are performed against the assumptions and disclosed in Note 3 a).

Assumptions are set to reflect a best estimate of expected future experience. To the extent that the ultimate cost differs to the amounts provided, where experience differs from that assumed, the surplus or deficit will be credited or charged to the Statement of Comprehensive Income in future years.

The assumptions used to set the Insurance and Investment liabilities are approved by the Audit Committee with oversight from the Chief Actuary.

a) Persistency

Persistency assumptions are reviewed annually and adjusted where necessary to reflect expected future experience. Persistency assumptions are based on historical experience for the relevant product, or that of similar products, depending on the credibility of the data.

a) Demographic

Longevity, mortality and morbidity assumptions are reviewed annually and set with reference to standard tables based on industry data, or reinsurer data, adjusted to reflect expected future experience. Where appropriate, allowance is made for future improvements in mortality rates using the industry standard CMI model parameterised to reflect the underlying business.

The table below sets out the principal base longevity, mortality and morbidity tables used in the valuation and the CMI improvements model. Multiple adjustments are made to these tables depending on the line of business.

Principal longevity, mortality and morbidity assumptions:

Class of business	2024	2023
Participating Life and Pensions business	**AMC00 / AFC00**	AMC00 / AFC00
Participating Industrial Branch business	**ELT17**	ELT17
Participating Annuities in Payment	**PMA08 / PFA08, PML08 / PFL08 CMI_2022**	PMA08 / PFA08, PML08 / PFL08 CMI_2022
Non-Participating Annuities in Payment	**PMA08 / PFA08 CMI_2022**	PMA08 / PFA08 CMI_2022
Non-Participating Whole of Life (Lifetime+)	**TMN00,TMS00 / TFN00,TFS00 CMI_2022**	TMN00, TMS00 / TFN00, TFS00 CMI_2022
Non-Participating Whole of Life (50+)	**AMC00, AFC00 CMI_2022**	AMC00, AFC00 CMI_2022
Non-Participating Temporary Assurance	**TMN16,TMS16 / TFN16, TFS16 CMI_2022**	TMN00,TMS00 / TFN00,TFS00 CMI_2022
Non-Participating Unit-Linked	**AX92C20**	AX92C20
Permanent Health Insurance	**CMIR12**	CMIR12

Where allowance is made for mortality improvements, this is done using the Institute and Faculty of Actuaries Continuous Mortality Investigation (CMI) Mortality Projections model. The version used is the 2022 model with the following advanced parameterisation:

- Long-term improvement rates of 1.5% for males and 1.25% for females
- Smoothing parameter (S_k) of 7
- Initial additions to improvement rates ("A" parameter) of 0.1% for males and 0.2% for females.

The same mortality improvement basis is used for all products and following the naming convention used by the CMI is:

- CMI_2022_M [1.5%; S=7; A=0.1%] for males
- CMI_2022_F [1.25%; S=7; A=0.2%] for females

In the table above, this is abbreviated to "CMI_2022". The latest CMI 2023 model has not been used as there is no material impact from updating to this model.

c) Expenses

Maintenance unit costs are derived based on internal expense analysis allocating costs between product groups. These allocated costs are divided by the corresponding numbers of policies in-force to derive unit costs.

Assumed expense inflation is based on RPI with an adjustment to reflect the extent to which costs are expected to increase relative to RPI.

d) Economics

For insurance and investment contracts, a market consistent valuation is used to calculate the liability. This involves placing a value on liabilities similar to the risk-adjusted market value of assets with similar cash flow patterns.

Future investment return and discount rate assumptions are set with reference to a risk-free swap-based interest rate yield curve with adjustment for default risk.

For business in the Solvency II matching adjustment fund an illiquidity premium (equal to the Solvency II Matching Adjustment) is added to the risk-free interest rate as a flat adjustment.

For certain participating and annuity products a volatility adjustment is added to the risk-free interest rate as a flat adjustment.

The options and guarantees for participating insurance and investment liabilities are calculated using a stochastic model. When valuing options and guarantees the asset model used is the Deloitte XSG model. This is a deflator model based on published financial economic theory that is capable of market-consistent valuations for multiple asset classes. The model is calibrated to market data at the reporting date representative of the nature and term of the guarantees inherent in the Group's participating insurance and investment contracts.

Consolidation and interests in other entities

This section includes information on the Group's investments in subsidiaries, joint ventures, associates and structured entities. The accounting policy regarding the Group's investments is disclosed in Note 1.

34. Subsidiary undertakings

All subsidiary undertakings are included in the consolidation. The Group's holdings in subsidiary companies are listed below. All holdings are in relation to ordinary shares. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The Group and all principal undertakings are incorporated and domiciled in England and Wales. The registered office is County Gates, Bournemouth BH1 2NF for all subsidiaries.

	Principal activity	Percentage held by Group
Subsidiaries directly owned by LVFS		
Frizzell Financial Services Limited (Note 1)	Property management	100%
LV Life Services Limited (Note 1)	Management services	100%
LV Commercial Mortgages Limited (Note 1)	Commercial mortgages	100%
NM Pensions Trustees Limited (Note 1)	Self-invested personal pension (SIPP) administrator	100%
Liverpool Victoria Financial Advice Services Limited (Note 1)	Financial advice services	100%
Liverpool Victoria Life Company Limited	Life insurance	100%
LV Protection Limited	Insurance	100%
LV Capital Limited (Note 1)	Holding company	100%
LV Bonds PLC (Note 4)	Finance company	100%
LV Equity Release Limited (Note 1)	Origination of equity release lifetime mortgages	100%
Teachers Financial Services Limited (Note 1)	Insurance and financial intermediary	100%
Teachers Assurance Company Limited	General insurance	100%
Teachers Management Services Limited (Note 1)	Management services	100%
Liverpool Victoria Banking Services Limited (Note 2)	Dormant	100%
Ayresbrook Limited (Note 2)	Dormant	100%
The LV= Pension Trustee Limited (Note 2)	Dormant trustee company	Note 3
The LV= General Trustee Limited (Note 2)	Dormant trustee company	Note 3
The Ockham Pension Trustee Limited (Note 2)	Dormant trustee company	Note 3
Liverpool Victoria Trustees Limited (Note 2)	Dormant trustee company	Note 3

Note 1 – The financial statements of these subsidiary undertakings have not been audited for the year ended 31 December 2024. These subsidiary undertakings are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of the Companies Act 2006. In accordance with Section 479C of the Companies Act 2006, LVFS guarantees all outstanding liabilities to which these subsidiaries are subject at the end of the financial year, until they are satisfied in full.

Note 2 – The financial statements of these dormant companies have not been audited for the year ended 31 December 2024. These companies were entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Note 3 – These companies are limited by Guarantee and have no issued share capital.

Note 4 – The company was incorporated on 8 August 2023 and its first period of account covers the period from incorporation to 31 December 2024.

All the principal subsidiaries have the same year end as LVFS.

35. Joint ventures

The joint ventures of the Company at 31 December 2024 are shown below. They are incorporated and domiciled in England and Wales. The registered office is 33 Cavendish Square, London, W1G 0PW.

Name	Class of shares	Year end	Principal activity	Percentage held
Joint ventures				
Great Victoria Partnership	*	31/03/2024	Investment property	50.0%

* The percentage held represents the share of the partnership capital and partner loans held by the Company as at 31 December 2024.

The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as, under the contractual agreement, unanimous consent is required from all parties to the agreement for all relevant activities.

The Group's joint arrangement is structured as a partnership and provides the Group and the other parties to the agreement with rights to the net assets of the partnership. Therefore, this arrangement is classified as a joint venture.

The principal activity of the Great Victoria Partnership comprises investment in, and development of, freehold and leasehold property in the United Kingdom. Property investments are held by the Group to support contractual liabilities arising from investment and long-term insurance contracts. During the year the Group received dividends from the partnership of £nil (2023: £nil).

Within the Group financial statements this holding is accounted for as an investment at fair value in accordance with the exemptions permitted under FRS 102 applicable to investments in jointly controlled entities held as part of an investment portfolio and as such, is included within the Risk Management disclosures for financial instruments in Note 3 and Note 17.

Commitments and contingent liabilities in respect of joint ventures

There are no commitments or contingent liabilities relating to the Group's interest in the joint venture.

36. Investments in unconsolidated structured entities

The Group has interests in structured entities which are not consolidated as the definition of control has not been met based on the investment proportion held by the Group. The Group has not provided financial or other support to any unconsolidated structured entity. The Group's maximum exposure to loss from those investments that are not managed by Group companies is the carrying value of the investment on the Group balance sheet less the amounts reported within Assets held to cover linked liabilities reported in Note 16 b). As at 31 December 2024, the Group's interest in unconsolidated structured entities, which are classified as investments held at fair value through profit or loss, are shown below:

Investment	2024 £m	2023 £m
Specialised investment vehicles (*)	**6,695**	5,871
Unit trusts	**140**	136
Liquidity funds	**498**	249
	7,333	6,256

(*) – Specialised investment vehicles include Open Ended Investment Companies (OEICs), Undertakings for the Collective Investment in Transferable Securities (UCITS) and Sociétés d'investissement à Capital Variable (SICAVs).

Other disclosures

This section includes information on other disclosure matters, comprising: contingent liabilities, commitments, related party transactions and other relevant LVFS information.

37. Contingent liabilities

Accounting for contingent liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

LVFS has granted a guarantee to the landlord of one of its leased properties, that the tenant, Frizzell Financial Services Limited, a subsidiary of LVFS, shall pay the rents reserved by the lease and observe and perform the tenant covenants of the lease and that if the tenant fails to do so, LVFS shall pay or observe and perform them.

LVFS has provided certain guarantees in relation to mortgage purchase agreements between its subsidiary LV= Equity Release Limited and Phoenix Life Limited and LV= Equity Release Limited and Scottish Widows Limited, in the event that the subsidiary fails to pay certain amounts in connection with the agreements.

LVFS has provided a limited guarantee of £3m in relation to liabilities of Liverpool Victoria Financial Advice Services Limited (LVFAS), a subsidiary of LVFS, arising out of claims related to advised and non-advised sales of financial products, where LVFAS is legally liable for the sale.

LVFS has provided an unconditional and irrevocable guarantee, on a subordinated basis, of the obligations of its subsidiary LV= Bonds PLC in respect of the Subordinated Notes (see note 22).

38. Commitments

Accounting for assets held under leases

Where assets are financed by leasing arrangements and the risks and rewards are substantially transferred to the Group, such finance leases are treated as if the assets had been purchased outright and the corresponding liability to the lessor is included as an obligation in Other creditors (see Note 28). The liability is based on the present value of the minimum lease payments at the inception of the lease. Depreciation on leased assets is charged to the Statement of Comprehensive Income on a straight-line basis over the lower of the term of the lease or its estimated useful life. The capital element on finance leases is included as a Land and buildings asset on the Balance sheet.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Statement of Comprehensive Income within Other technical charges.

All other leases are operating leases and the costs in respect of operating leases are charged on a straight-line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent free periods) is recognised as deferred income and is released over the life of the lease.

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Capital commitments	**2**	2	**2**	2
Operating lease commitments	**1**	2	**1**	2
Finance lease commitments	**24**	25	**-**	-
Other financial commitments	**44**	6	**44**	6
	71	35	**47**	10

Capital commitments

Capital commitments relate to authorised and contracted commitments payable but not provided for regarding financial investments.

Operating lease commitments

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Finance lease commitments

Finance lease commitments relate to a property with a remaining lease term of 16 years. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent payments. The Group's obligations under finance leases are secured by the lessor's charges over the leased assets.

	Group					
	2024			2023		
	Gross liability £m	**Finance charge £m**	**Present value £m**	Gross liability £m	Finance charge £m	Present value £m
Minimum lease payments						
Within one year	**1**	**(1)**	**-**	1	(1)	-
Between one and five years	**6**	**(2)**	**4**	6	(2)	4
Over five years	**17**	**(3)**	**14**	18	(3)	15
	24	**(6)**	**18**	25	(6)	19

Other financial commitments

The Group has entered into several long-term contracts following service outsourcing which will end no later than 2034. These contracted commitments have not been provided for in the financial statements, except where included in expense assumptions within the long-term business provision valuation.

The Group has no material short-term lease commitments at 31 December 2024.

39. Related party transactions

The Company is the ultimate parent undertaking of the Group. The Group and the Company have taken advantage of the exemption in FRS 102 not to disclose related party transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. The Group and the Company have carried out the following transactions with related parties not covered by this exemption.

Key management compensation

Key management personnel of the Group comprise executive and non-executive directors and an additional four members of the executive team. The summary of the compensation of key management personnel in place at the balance sheet date is as follows:

	Group	
	2024 £000	2023 £000
Short-term employment benefits	**4,796**	4,079
Other long-term benefits	**113**	37
Post-employment benefits	**-**	97
Total compensation of key management personnel	**4,909**	4,213

There were no premiums payable for the year by the Group Executive and Non-Executive Directors in respect of the Group's products (2023: £nil).

40. Subsequent events

There are no subsequent events that require disclosure.

41. Solvency and Financial Condition Report

The Solvency and Financial Condition Report of the Group and the Company as at 31 December 2024 will be available on LV.com after it has been submitted to the Prudential Regulation Authority or on request from the Group Company Secretary, County Gates, Bournemouth, BH1 2NF.

42. Company information

Liverpool Victoria Financial Services Limited is a private company limited by guarantee registered under the Companies Act 2006.

LV= and Liverpool Victoria are trademarks of Liverpool Victoria Financial Services Limited. LV= and LV= Liverpool Victoria are trading styles of the Liverpool Victoria group of companies. Liverpool Victoria Financial Services Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority and is a member of the Association of British Insurers (ABI), the Investment and Life Assurance Group (ILAG), the Association of Financial Mutuals (AFM) and the International Cooperative and Mutual Insurance Federation (ICMIF).

Registered office:
County Gates
Bournemouth
BH1 2NF

LV.com/annual-report

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

Liverpool Victoria Financial Services Limited: County Gates, Bournemouth BH1 2NF.

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