LGEN Legal & General Group plc

L&G's Q3 update: solvency rises to 213% as Workplace flows reach £8.0bn

Following the Q3 Trading Update 2026 · 16 November 2026

SOLVENCY II RATIO	WORKPLACE NET FLOWS, 9 MONTHS	PRT WRITTEN OR EXCLUSIVE	ASSET MANAGEMENT NET OUTFLOWS
213%	£8.0bn	£6.7bn	£28bn
▲ up from 201% at H1 2026, against a 160-190% target range	▲ up 57% on £5.1bn, with £4.5bn in Q3	as at 13 Nov; completed 9M volume £5.8bn against £5.9bn	▼ 9 months, against £8bn a year earlier

Share price, past 12 months

Daily close; latest price as at 16:29 on 13 November 2026 · Ticker Data API



Legal & General's third-quarter trading update today reaffirmed August's guidance for 2026 core operating EPS growth above the top of its 6-9% target range. It also showed the Solvency II ratio up to 213% from 201% at the half year. Most of the growth came from Retail. Workplace pension net flows reached £8.0bn for the nine months, up 57%, with £4.5bn in the third quarter alone, and margins widened on both retail annuities and protection. Pension risk transfer (PRT) business written or exclusive reached £6.7bn by 13 November. Completed volume for the nine months was £5.8bn, slightly below last year's £5.9bn. Asset Management lost £28bn of net client money in the year to date.

The 2024 strategy is being delivered, but L&G has not raised the targets again. At 315.60p on 16 November the shares were close to their 52-week high of 317.98p and yielded about 6.9% on the 2025 dividend of 21.79p. The open question is cash. In 2025 L&G paid £1.25bn in dividends, about twice its statutory after-tax profit of £616m. The quarter gives no figures for surplus generation, cash sent up to the parent company or restructuring costs. The full-year results on 8 March 2027 should show how much of the capital strength comes from the business itself, year after year, and how much from markets and one-off actions.

> **“L&G’s positive momentum continued in Q3. Institutional Retirement had several new business wins, while maintaining pricing discipline and a focus on attractive returns.”**
>
> **António Simões**, CEO · Q3 Trading Update 2026, 16 November 2026

Royal Mail and PRT deals fed Asset Management in Q3

Legal & General's third-quarter trading update, published on 16 November, said the group is on track to meet or exceed every target it set in 2024. It runs three divisions. Institutional Retirement writes pension risk transfer (PRT), which means taking over a company pension scheme's promises to its members in return for a premium, usually through a bulk annuity. Asset Management runs £1,230bn, including the money that backs L&G's own annuities. Retail sells individual annuities and protection (life cover) and runs Workplace pensions, where it administers employers' defined contribution (DC) schemes.

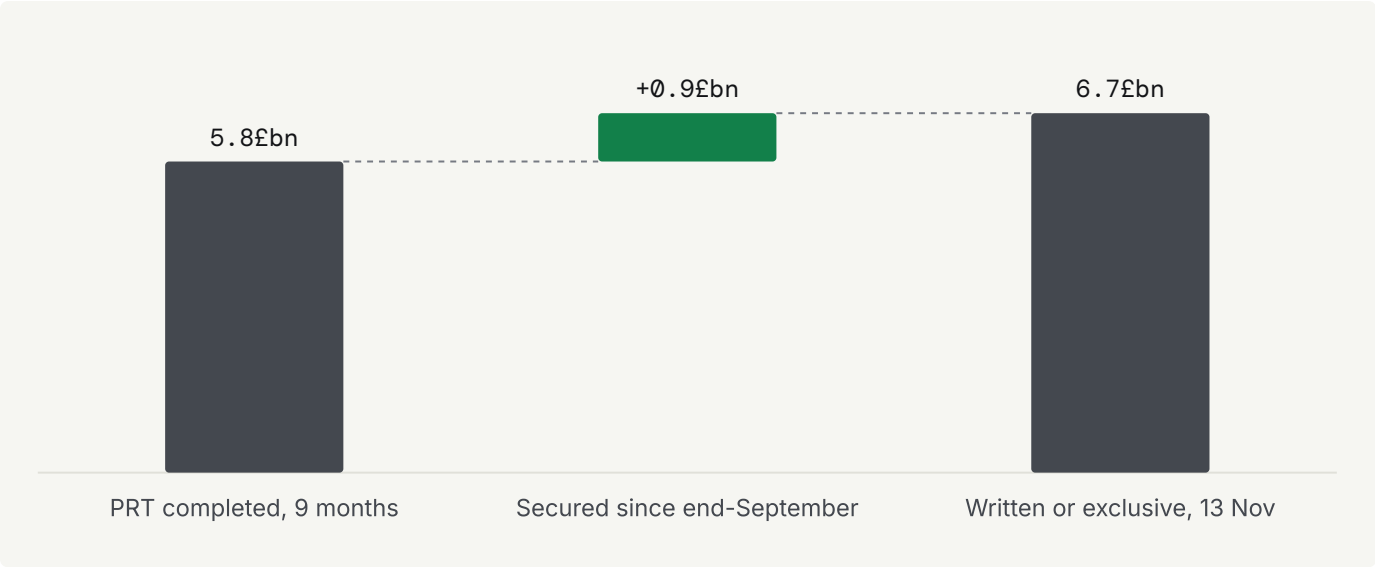
The strategy António Simões set out in 2024 depends on links between these divisions. A PRT deal or a pension scheme mandate should also bring assets to Asset Management. Q3 gave some evidence of this. Annualised net new revenue in Asset Management rose to £25m from £23m at 30 June, helped by flows from PRT transactions with UBS and the Wood Pension Plan and by taking on the Royal Mail DC pension scheme. DirectorsTalk Interviews reported on 10 November that Law Debenture had moved £2.4bn of Royal Mail DC assets, covering about 100,000 members, to the L&G Master Trust.

A redundancy exercise began in September as part of wider changes expected to cut around 1,000 roles by the middle of 2027. L&G gives no figure for the cost of the programme or the savings it expects.

FIGURE	VALUE	CHANGE
Assets under management 30 Sep 2026	£1230bn	up 4% year on year, down £12bn in Q3
Asset Management ANNR 9 months 2026	£25m	+8.7% from £23m at 30 June 2026
Royal Mail DC assets transferred to L&G Master Trust November 2026	£2.4bn	
Planned reduction in roles by mid-2027	c.1,000	

Sources: Q3 Trading Update, 16 Nov 2026; DirectorsTalk Interviews, 10 Nov 2026

How PRT written or exclusive reached £6.7bn



Both figures come from the trading update, which says the £0.9bn of transactions secured after 30 September take the total to £6.7bn.

Retail margins widened while completed PRT volume slipped

L&G completed £5.8bn of PRT in the nine months, against £5.9bn a year earlier. UK volume rose to £5.5bn from £5.2bn, while international volume fell to £0.3bn from £0.7bn. The third quarter itself was strong at £3.7bn, against £2.4bn in Q3 2025, and the £6.7bn headline adds £0.9bn secured after the quarter end. L&G says its IFRS new business margin for the year so far is ahead of the 4.2% reported at the half year. It also warns that the timing of individual deals remains uncertain.

Retail grew most clearly. Retail annuity sales rose 25% to £1.5bn, and the margin rose to 5.5% from 4.5%. Protection sales, measured as APE (annual premium equivalent, the standard industry measure of new regular-premium business), rose 21% to £248m, with the margin up to 8.9% from 7.8%. Workplace net flows rose 57% to £8.0bn and assets under administration reached £133.3bn. Q3 brought in £4.5bn of that, against £1.0bn a year earlier. Large scheme transfers such as Royal Mail lifted the quarter, so £4.5bn should not be taken as the normal quarterly rate.

Asset Management was the weak spot. Net outflows (more client money leaving than arriving) reached £28bn for the year to date, against £8bn a year earlier, although the Q3 outflow slowed to £3bn. Annualised net new revenue (ANNR) is the yearly fee income implied by new business won less business lost. It stood at £25m, below the £29m at the same point in 2025, and Q3 added £2m against £14m. L&G blames a small number of institutional index clients changing their asset mix. The quarter's £12bn fall in assets mainly reflected markets.

There are no profit figures for the quarter. The latest is H1 2026 core operating profit of £918m, up 7%, with core operating EPS up 11%.

9 months 2026 against the prior period

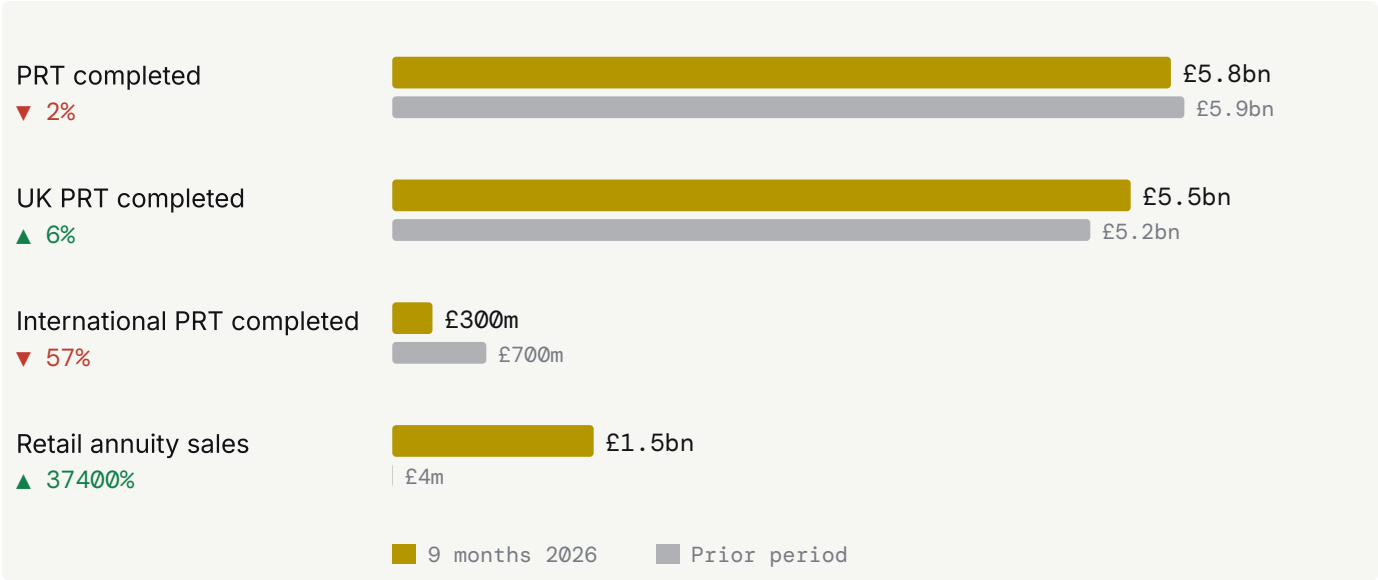


FIGURE	VALUE	CHANGE
PRT completed 9 months 2026	£5.8bn	−1.7% against £5.9bn in 9M 2025
UK PRT completed 9 months 2026	£5.5bn	+5.8% against £5.2bn
International PRT completed 9 months 2026	£300m	−57% against £0.7bn
Retail annuity sales 9 months 2026	£1.5bn	+25% margin 5.5% from 4.5%
Protection APE 9 months 2026	£248m	+21% margin 8.9% from 7.8%
Workplace assets under administration 30 Sep 2026	£133.3bn	+23% year on year
Asset Management ANNR added in Q3 Q3 2026	£2m	−86% against £14m in Q3 2025
Core operating profit H1 2026	£918m	+7%

Sources: Q3 Trading Update, 16 Nov 2026; L&G Half Year Results 2026, 5 Aug 2026

A 213% solvency ratio not yet linked to cash

BEFORE

~~201% at H1 2026 and 203% at FY 2025~~

→

NOW · SOLVENCY II COVERAGE RATIO

213%

Solvency II operating surplus generation, H1 2026

£790m

Dividends paid, 2025

£1.25bn

Profit after tax, 2025

£616m

The Solvency II ratio compares the capital an insurer holds with the minimum its regulator requires. L&G's ratio was 213% at 30 September, up from 201% at the half year and 203% at the end of 2025, and well above the group's 160-190% target operating range. L&G expects changes to how it hedges US dollar currency exposure to take 1-2 percentage points off the ratio in Q4, which would still leave plenty of room. The update does not explain the 12-point rise. It gives no split between capital generated by the business, market movements, changes in capital requirements and asset optimisation.

The ratio shows that the regulatory buffer is strong. It does not show cash available to shareholders. In 2025 L&G paid £1.25bn in dividends, about twice its statutory after-tax profit of £616m, and reported equity fell to £2.31bn from £3.51bn. Operating cash flow recovered to £4.55bn after outflows of £4.45bn in 2024 and £14.2bn in 2023. For an insurer, though, that figure includes policyholder money and says little about how much it can afford to pay out. The closest measure is Solvency II operating surplus generation, the capital the business produces each period before new business and payouts. It was £790m in the first half, against a dividend bill of £1.25bn a year plus the buyback.

The buyback announced on 14 September is cutting the share count every week. Shares in issue fell from 5,437,283,003 at the start of October to 5,394,456,263 after the purchases to 6 November. Borrowings were £4.90bn at the end of 2025, with £601m due within a year.

One argument says the ratio is inflated by high gilt yields, because higher yields lower the present value of long-dated pension liabilities. In L&G's own principal risks, falls in risk-free yields add volatility to the solvency balance sheet. No stress test in the update shows how large either effect would be.

FIGURE	VALUE	CHANGE
Expected Q4 impact from US dollar hedging changes Q4 2026	c.1-2 percentage points	negative
Equity 31 Dec 2025	£2.31bn	−34% from £3.51bn
Shares in issue after purchases to 6 Nov 2026	5,394,456,263	
Borrowings 31 Dec 2025	£4.9bn	£601m due within one year

Sources: Q3 Trading Update, 16 Nov 2026; Balance sheet (tagged accounts), 2025-12-31; Transaction in Own Shares RNS, 9 Nov 2026; Annual report, 2025-12-31; L&G Half Year Results 2026, 5 Aug 2026; Cash flow (tagged accounts), 2025-12-31; Income statement (tagged accounts), 2025-12-31

> **“Back in 2024, I set out a strategy to grow L&G as a simpler, better-connected business. Three years on, we are on track to meet or exceed all our targets.”**
>
> **António Simões**, CEO · Q3 Trading Update 2026, 16 November 2026

EPS guidance reaffirmed above 9%, with 8 March next

L&G expects 2026 core operating EPS growth to beat the top of its 6-9% target range. It first said so in August, after 11% growth in the first half, so the update repeats that guidance without raising it. It also expects asset optimisation to exceed £400m in 2026, up from £288m reported at the half year, again in line with the guidance raised in August. Asset optimisation means management actions on the investment portfolio that improve returns or release capital.

The buyback flatters growth per share. A shrinking share count lifts EPS even if total profit is flat, so beating 9% says less about the underlying business than the headline suggests. The Q4 hedging change

is the only specific negative L&G flags for the rest of the year.

The full-year results on Monday 8 March 2027 will be the first full test since the 2024 strategy began. They should give the year's capital generation, how much asset optimisation actually contributed, the cost of the role reductions and the plan for returning capital after 2026. In a 2 September article, Proactive Investors called the year ahead a "critical 2027 payout reset". That makes the dividend framework the main thing to look for in March.

FIGURE	VALUE	CHANGE
Core operating EPS growth guidance FY 2026	above top end of 6-9%	maintained from August
Core operating EPS growth H1 2026	11%	+11%
Asset optimisation guidance FY 2026	over £400m	building on £288m at H1
Interim dividend H1 2026	6.24p	+2%

Sources: Q3 Trading Update, 16 Nov 2026; L&G Half Year Results 2026, 5 Aug 2026

A yield near 7%, at 28 times last year's profit

At 315.60p on 16 November, L&G was valued at £17.02bn. The 2025 dividend of 21.79p gives a yield of about 6.9% at that price, before counting the buyback. The same market value is about 28 times 2025 statutory after-tax profit of £616m. Statutory profit at insurers moves with markets and accounting changes, so that multiple is rough, but it shows how much of the valuation depends on the dividend rather than on reported earnings.

Rates set the hurdle. The 10-year gilt yielded 5.49% and the 2-year 4.89% on 11 November. Bank Rate was 4.00% on 12 November, up 0.25 points over three months, and CPIH inflation was 3.6% in September. Higher long-term yields can help pension schemes afford a buyout, which supports PRT demand. They also give investors a high return from gilts, which raises the bar for an insurer's dividend and the credit risk behind it.

One figure in the disclosure record needs care. It shows ten disclosed short positions totalling 44.86% of the shares, but the recent entries each sit between 4.57% and 4.76% and are dated days apart, the latest 4.72% on 11 November. They look like repeated readings of a similar position, so the total should not be read as nearly half the company being sold short. Director purchases since September have been small and regular, such as a non-executive director's monthly buys of about £10,570 under his terms of appointment. BlackRock holds 10.03% and Meiji Yasuda, which bought the US insurance business in February, holds 5.01%.

FIGURE	VALUE	CHANGE
Share price 16 Nov 2026	315.6p	+0.8% +on the day
Market capitalisation 16 Nov 2026	£17.02bn	
Dividend per share FY 2025	21.79p	

FIGURE	VALUE	CHANGE
10-year gilt yield 11 Nov 2026	5.49%	+0.02 points over three months
Bank Rate 12 Nov 2026	4.00%	+0.25 points over three months
Latest disclosed short position 11 Nov 2026	4.72%	
BlackRock holding disclosed 27 Aug 2026	10.03%	

Sources: Price & Valuation (evidence), 16 Nov 2026; L&G Full Year Results 2025, 11 Mar 2026; UK economy and markets (evidence); Disclosed short positions (evidence); Major shareholders (evidence)

Shares went into the update 1% below their high

52-week high, to 16 Nov 2026	52-week low, to 16 Nov 2026	Day range, 16 Nov 2026
317.98p	229.20p	313.20p - 316.70p

The shares closed at 314.7p on 13 November, the last trading day before the update. That was about 1% below the 52-week high of 317.98p set on 8 August and 96% of the way up a range that started at 229.20p in March. The price was above its 20-day, 50-day and 200-day moving averages (the average closing price over those periods), and all three were rising. The 50-day average had been above the 200-day since 2 January, a pattern chartists read as a long-term uptrend. On-balance volume, a running total that adds a day's volume when the price rises and subtracts it when it falls, rose with the price from September to November, a sign that buying was behind the rise.

Short-term readings were stretched. The 14-day RSI, an index of recent gains against losses where 70 is usually read as overbought, stood at 69.6. The price made a higher high on 5 November, but the MACD histogram, a measure of momentum, made a lower one. Chartists call this a divergence and read it as momentum fading. Volume on 13 November was 0.908 times its 20-day average, which does not suggest buyers were building positions ahead of the news. The average daily move over the past 14 days was 4.63p, about 1.5% of the price, so a move of 2-3% on the update would be unusual.

The nearest resistance, where rallies have stalled before, is 316.44p and then the 317.98p high. Support sits at 302.7p, 295.97p and 285.3p, the last tested seven times. A close below the 50-day average near 297.56p would be the first sign on the chart that the uptrend has broken.

Sources: Price & Valuation (evidence), 16 Nov 2026

The case for and against

FOR

The case for starts with delivery. L&G raised its EPS guidance in August after 11% first-half growth and has now reaffirmed it. Asset optimisation is on course to pass £400m and the US insurance sale to Meiji Yasuda completed in February. The 213% solvency ratio is far above the 160-190% range even after the Q4 hedging drag, which leaves room for the buyback and a growing dividend. Retail is growing with wider margins: 5.5% on annuities, 8.9% on protection and £8.0bn of Workplace inflows. Workplace pensions earn fees for decades and need little capital. Deals such as UBS, Wood and Royal Mail show the links between the divisions starting to bring money into Asset Management. With a yield of about 6.9% at 315.60p, plus the buyback, investors are paid while they wait.

AGAINST

The case against is that this was confirmation, with no upgrade. Completed PRT of £5.8bn was below last year, international PRT fell to £0.3bn, and Asset Management lost £28bn while adding only £2m of ANNR in Q3. The buyback helps EPS growth. The dividend has not yet been shown to be covered by capital the business generates each year. In 2025 dividends were twice statutory profit and equity fell by £1.2bn, while H1 surplus generation of £790m sits against £1.25bn of annual dividends before buybacks. The shares rose into the update and were close to their high, and rates of 4.00% with CPIH at 3.6% raise the return investors can get elsewhere and the risk to the credit assets behind annuities.

WHAT TO WATCH

The full-year results on 8 March 2027 should show which case is right. The figures to look for are the movement in Solvency II capital from start to finish of the year, with recurring generation, capital used by new PRT, asset optimisation and market effects shown separately. Next come the cash actually sent up from the operating companies to the parent, compared with dividends plus buybacks, and the cost of the 1,000 role reductions. The year-end solvency ratio will show how large the US dollar hedging drag turned out to be. Asset Management flows over the coming quarters will show whether the slowdown to a £3bn outflow in Q3 lasts. On the chart, a close above 318p on above-average volume, or a close below the 50-day average near 297.56p, would show how the market judged the quarter.

Risks

- The dividend and buyback may be running ahead of the capital the business generates each year. If the March 2027 results show the solvency ratio rose mainly because of market movements or one-off actions, the 2027 payout framework could come under pressure.
- With Bank Rate at 4.00% and CPIH at 3.6%, rates could stay high long enough to damage corporate credit. Defaults or downgrades among the bonds and private assets backing annuities would raise capital requirements and cut into the solvency buffer.
- Asset Management outflows of £28bn in the year to date could speed up again after slowing to £3bn in Q3. ANNR of £25m is below last year's £29m.
- PRT volumes are lumpy and L&G says the timing of individual deals is uncertain. Completed volume was already slightly below 2025 and international volume fell to £0.3bn.

- The cut of around 1,000 roles by mid-2027 carries a cost L&G has not disclosed and could disrupt service or controls while the business is growing.

- Falls in risk-free yields, which L&G lists among its principal risks, would add volatility to the solvency balance sheet. The Q4 change to US dollar hedging is already expected to take off 1-2 percentage points.

THE OTHER VIEW

The more positive reading is that the update answers much of the cash question in practice, even without the full breakdown. The solvency ratio rose 12 points in one quarter while L&G completed £3.7bn of PRT, its busiest quarter of the year so far, and kept buying back shares every week. A business consuming more capital than it generates would struggle to do all three at once. Margins went up on every product line that reports one: PRT above 4.2%, retail annuities to 5.5% and protection to 8.9%. That suggests the volume was not bought by cutting prices. Statutory profit is a poor guide to an insurer's dividend capacity because it moves with markets and accounting changes, so comparing 2025 dividends with £616m of after-tax profit overstates the problem. On this reading, the Workplace growth matters more than the quarter's figures show. Assets under administration of £133.3bn, up 23%, earn fees that need little capital. If that continues and Asset Management outflows keep slowing, the group's earnings come to depend less on lumpy, capital-heavy PRT deals. A yield of about 6.9% would then look generous for the business that results.

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