Half Year 2024 Results

Stable core operating profit, strong solvency at 223%, good progress on private markets fund launches

António Simões, CEO

"These results reflect the ongoing strength of our business, with core operating profit slightly ahead of the prior year and a solvency coverage ratio of 223%. We continue to expect 2024 core operating profit to grow by mid-single digits year-on-year.

At our Capital Markets event in June we set out our strategy to deliver L&G's next phase of sustainable growth and enhanced returns, through focused capital allocation and rigour in execution. We are pleased to announce a 5% increase in interim dividends per share, and progress in undertaking a £200m share buyback, consistent with our new capital return framework.

We are making clear progress on delivering against our strategy, notably in the establishment of a single asset manager. We have good momentum in private markets, launching a new fund to offer diversified exposure to Defined Contribution pension scheme members, and establishing our Affordable Housing fund, leveraging pension capital to build new homes.

These developments are important steps forward for L&G, reflecting our commitment to helping address the long-term investment needs of individuals and society, and create compelling opportunities for partners to invest alongside us to generate positive change. We are encouraged by the action being taken here in the UK to drive institutional capital towards productive assets, alongside progress on addressing structural barriers to investment, such as the planning system.

Looking ahead, we are well positioned to continue to execute our strategy with pace and ambition, delivering growth and value for all our stakeholders."

Stable financial performance[1]

- **Core operating profit** of £849m (H1 2023: £844m)
- **Core operating EPS** of 10.58p (H1 2023: 10.52p)
- **Operating ROE** of 35.4% (H1 2023: 28.6%)
- **Profit after tax**[2] of £223m (H1 2023: £377m)
- **Asset Management AUM of £1,136bn** (H1 2023: £1,170bn) of which Private Markets £52bn (H1 2023: £48bn)
- **Solvency II capital generation of £897m** (H1 2023: £947m)
- **Solvency II coverage ratio[3] of 223% with surplus of £8.8bn** (FY 2023: 224%, £9.2bn)
- **Interim dividends per share** of 6.00p, up 5% (H1 2023: 5.71p)

Growth in our store of future profit: up 7% year on year to £14.5bn[4]

- **£5bn of PRT written or exclusive year to date; £24bn+ of active UK PRT deals[5]**
- **Record Retail volumes in individual annuities and US protection; continued growth in Workplace DC:**
  - £1.2bn of individual annuities, more than double that of the prior year (H1 2023: £575m)
  - $103m of US protection new business premium, up 18% (H1 2023: $87m)
  - Workplace DC net flows of £3.2bn, up 7% (H1 2023: £3.0bn)
- **New business CSM contributed £326m** (H1 2023: £475m), reflecting lower PRT volumes
- **CSM has grown 8% to £13.0bn** (H1 2023: £12.0bn)

1. The Group uses a number of Alternative Performance Measures to enhance understanding of the Group's performance. These are defined in the glossary, on pages 87-92.
2. Profit after tax attributable to equity holders.
3. Solvency II coverage ratio before the payment of 2024 interim dividend and after the £200m buyback.
4. Store of future profit refers to the gross of tax combination of established Contractual Service Margin "CSM" and Risk Adjustment "RA" (net of reinsurance) under IFRS 17.
5. £5bn PRT comprises H1: £1.5bn; H2: £1.1bn, plus exclusive: £2.3bn. Most of the £24bn+ pipeline is expected to transact in 2024.

Financial summary[1]

£m	H1 2024	H1 2023	Growth (%)
Analysis of core operating profit			
Institutional Retirement	560	530	6
Asset Management	214	249	(14)
Retail	268	252	6
Group debt costs	(107)	(106)	(1)
Group investment projects and expenses	(86)	(81)	(6)
Core Operating profit[2]	**849**	844	1
Corporate Investments unit	71	80	(11)
Operating Profit[2]	**920**	**924**	**-**
Investment variance from Core businesses (incl. minority interests)	(417)	(296)	(41)
Investment variance from Corporate Investments	(187)	(235)	20
Profit before tax attributable to equity holders[2]	**316**	393	(20)
Profit after tax attributable to equity holders	**223**	377	(41)
Core Operating Earnings per share[2] (p)	**10.58**	10.52	1
Operating ROE[2] (%)	**35.4**	**28.6**	**7**
Contractual Service Margin (CSM)[2]	**12,965**	12,002	8
Solvency II			
Operational surplus generation	**897**	947	
Coverage ratio (%)	**223**		
Half year dividends per share (p)	**6.00**	5.71	5

1. Comparatives restated to reflect the creation of Corporate Investments Unit and movement of LGC assets to Institutional Retirement, Retail Annuities and Asset Management. The H1 2023 result also includes adjustments in relation to IFRS 17 made as part of the finalisation of the Group's 2023 Accounts. These adjustments reduced H1 2023 operating profit by £17m and were fully reflected in the FY 2023 results. For further information please see Note 2.01.
2. Alternative Performance Measure as defined on pages 84-86.

H1 2024 Financial performance

Income statement

H1 2024 operating performance was stable, with core operating profit of £849m slightly ahead of the prior year (H1 2023: £844m) consistent with the guidance we gave at our Capital Markets event in June. We continue to expect 2024 core operating profit to grow by mid-single digits year on year.

Institutional Retirement operating profit increased by 6% to £560m (H1 2023: £530m) underpinned by the growing scale of back-book earnings and the consistent investment performance of our annuity portfolio. Following a record year for UK Pension Risk Transfer (PRT) in 2023, H1 volumes reflect lower quoting activity in the wider market. In H1 we have written £1,543m of global PRT (H1 2023: £4,992m). Despite the slower start to the year, we have now written or are exclusive on £5bn and our pipeline for PRT is larger than ever. We continue to expect elevated PRT volumes over the next decade.

Asset Management delivered operating profit of £214m (H1 2023: £249m). This reflects the increased investment signalled at the Capital Markets event in June. Revenues have increased by 6% reflecting a conscious shift towards higher margin business illustrated by UK DC and Wholesale, despite lower average AUM. Pemberton continues to make good progress in raising and deploying capital. This has been reflected in a valuation uplift which is lower than the prior year.

Retail operating profit increased by 6% to £268m (H1 2023: £252m) driven by Retail Retirement, up 13% (from £144m at H1 2023 to £163m at H1 2024) due to the unwind of a larger back-book which reflects strong 2023 performance. Retail Annuity sales continue to be strong, with volumes in H1 2024 of £1.2bn, double that of the prior year. Workplace DC net flows were £3.2bn and total members are now up to 5.3 million.

Profit before tax attributable to equity holders was £316m (H1 2023: £393m), reflecting investment and other variances from core businesses of £(417)m (H1 2023: £(296)m). This was mostly driven by the impact on our annuity portfolio of the increase in interest rates of 64bps[1] and movements in inflation expectations both in line with our published sensitivities, as well as some non-recurring IFRS 17 modelling refinements. The investment variance from Corporate Investments of £(187)m (H1 2023: £(235)m) was largely driven by the write down in valuation of Salary Finance, as we consider options to manage the business outcome in the best interests of customers and shareholders.

Balance sheet and asset portfolio

Solvency II operational surplus generation (OSG) at £897m (H1 2023: £947m) reflects the impact of higher interest rates, which have reduced both our aggregate solvency capital requirement and capital generation from Asset Management. Net surplus generation (NSG) was £731m (H1 2023: £752m) reflecting lower operational surplus generation, partially offset by the impact of lower UK PRT volumes and therefore a lower quantum of new business capital strain.

Solvency II coverage ratio is strong at 223% (FY 2023: 224%).

Our operating return on equity[2] was 35.4% (H1 2023: 28.6%).

Our store of future profit increased by 7% to £14.5bn (H1 2023: £13.5bn), with the CSM up 8% to £13.0bn (H1 2023: £12.0bn), reflecting contributions from our growing annuity businesses and the routine longevity review in H2 2023. Risk Adjustment of £1.5bn is in line with H1 2023 (£1.5bn).

Our diversified, actively managed annuity portfolio has continued to perform resiliently. The annuity portfolio's direct investments have received 100% of scheduled cash-flows year to date, reflecting the high quality of our counterparty exposure.

[1] 10 year gilts
[2] See glossary for more information.

Group Strategy

At our Capital Markets event in June we set out a strategy for delivering the next phase of sustainable growth and enhanced returns to shareholders. We are targeting:

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

The Board intends to return more to shareholders over the period 2024-27 through a combination of dividends (5% DPS growth to FY24, 2% DPS growth per annum 2025-27) and buybacks (with a first buyback of £200m in 2024 and further similar buybacks).

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

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

Successful execution will require sharper focus. We have a disciplined approach to capital allocation and we have simplified the Group by creating a single asset manager and a Corporate Investments unit. We are committed to doing things ‘once and well’, leading to efficiencies in operations.

Our three divisions

- **Institutional Retirement** is a market leader in UK PRT and with a growing presence internationally, in the US and via our global reinsurance hub in Bermuda. We are well placed to address the significant growth in the global PRT market over the next decade. The economics are attractive, with our growing portfolio set to release reliable earnings over decades from our store of future profit (H1 2024: £9.0bn). Our total annuity portfolio – comprising both Institutional and Individual annuities – stands at £84bn as at H1 2024. It acts as a valuable source of permanent capital to cornerstone new investment strategies.

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

- **Asset Management** is a newly created division, formed from the combination of LGIM (Legal & General Investment Management) and LGC (Legal & General Capital). It is a leading global asset manager with £1.1trn AUM, of which 41% is international. It has significant market share of the UK pensions industry, which supports the growth of our other divisions – e.g. conversion of our strong Defined Benefit (DB) client relationships into buy-out partners for Institutional Retirement.

  Private markets will be a major driver of Asset Management growth both directly in L&G and through our origination partners (e.g. Pemberton). We can access and originate differentiated investment opportunities in private credit, real estate and infrastructure for our clients and for our annuity balance sheet as it grows.

  Key metrics: £500-600m operating profit (2028), £100-150m cumulative ANNR[3] (2025-28), £85bn+[4] private markets AUM (2028)

- **Retail** is a leading provider of UK retail retirement and protection solutions, and US term life insurance. We support customers throughout their lifetime and create valuable bundled propositions, leveraging our Asset Management capabilities, as responsibility for retirement savings shifts from employers to individuals. We will leverage technology to engage customers effectively and efficiently at scale.

  Key metrics: 6-8% operating profit CAGR (FY23-28), £40-50bn Workplace net flows (2024-28)

[3] Annualised Net New Revenue, for definition see glossary on page 87
[4] Includes £25bn Pemberton fee-earning AUM at 100% (not pro-rated by 40% ownership stake)

Our capital allocation policy

We have a clear allocation policy which prioritises:

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

Capital from disposals will be deployed in line with this capital allocation policy.

Returning capital to shareholders

As noted, the Board intends to return more to shareholders over 2024-2027 than the equivalent of maintaining 5% per annum growth in dividends per share (DPS). This is intended to be achieved through a combination of dividends and buybacks with:

- 5% DPS growth to FY24 and, thereafter, 2% DPS growth per annum out to FY27
- A first buyback of £200m in 2024 and further similar buybacks over the subsequent period

As at 5 August we had bought back 40m shares, comprising 46% of the £200m buyback. The full amount has been accrued for in IFRS and Solvency II.

All future capital returns will be subject to the market environment, our views on solvency buffers, and opportunities for investment in the business, including Institutional Retirement.

In line with this approach, the Board has recommended an interim dividend of 6.00p, up 5% from the prior year (5.71p).

Institutional Retirement

FINANCIAL HIGHLIGHTS[1] £m	H1 2024	H1 2023
Contractual service margin release	**316**	267
Risk adjustment release	**64**	54
Expected investment margin	**283**	292
Experience variances	**(20)**	(18)
Non-attributable expenses	**(86)**	(68)
Other	**3**	3
Operating profit	**560**	530
Investment variance from longevity assumption change	**-**	-
Other investment variance	**(263)**	(183)
Profit before tax attributable to equity holders	**297**	347
Contractual service margin (CSM)[2]	**8,321**	7,511
Risk adjustment (RA)[2]	**650**	639
Total store of future profit	**8,971**	**8,150**
CSM release as a % of closing CSM pre release	**3.7%**	**3.4%**
New business CSM[2]	**135**	307
New business RA[2;3]	**(48)**	24
Total new business future profit	**87**	331
UK PRT	1,126	4,866
International PRT	417	126
Total new business (Gross Premiums)	**1,543**	4,992
Funded reinsurance premiums	-	(816)
Total new business (net of Funded Reinsurance)	**1,543**	**4,176**
Institutional annuity assets[4] (£bn)	**66.3**	61.4
Shareholder assets[5] (£bn)	**3.2**	3.3

1. Comparatives restated to reflect the movement of assets from LGC to Institutional Retirement. For further information please see Note 2.01.
2. H1 2023 numbers restated to reflect adjustments in relation to IFRS 17 made as part of the finalisation of the Group's 2023 Accounts.
3. The H1 2024 RA includes a £(56)m impact from funded reinsurance on the 2023 Boots Pension Scheme transaction which was put in place after year-end.
4. In the UK, annuity assets across Institutional Retirement and Retail are managed together. We show here estimated Institutional Retirement annuity assets. Excludes derivative assets.
5. Assets formerly reported in LGC.

Institutional Retirement continued to deliver strong operating profit, up 6% to £560m

Contractual Service Margin (CSM) release increased 18% to £316m (H1 2023: £267m). This reflects the growth in our store of future profit which is supported by profitable new business written and the routine longevity review in H2 2023. In H1 2024, 3.7% of the closing CSM pre-release (£8.6bn) was released into profit (H1 2023: 3.4%, £7.8bn). Overall, the CSM grew 11% to £8.3bn (H1 2023: £7.5bn).

The expected investment margin decreased by 3% to £283m (H1 2023: £292m) reflecting less backbook optimisation in H1 2024 vs H1 2023.

Non-attributable expenses of £(86)m (H1 2023: £(68)m) are broadly in line with the H2 2023 run-rate (£92m).

Profit before tax of £297m (H1 2023: £347m) was impacted by investment and other variances of £(263)m. This was mostly driven by increases in interest rates and movements to inflation expectations, in line with our year-end sensitivities. There are also some non-recurring IFRS 17 modelling refinements.

£5bn PRT volumes written or exclusive year to date and a strong pipeline for H2 2024

During H1 2024, we wrote £1.5bn of global PRT new business across 15 deals (H1 2023: £5.0bn across 20 deals). UK volumes were £1.1bn (H1 2023: £4.9bn) due to quieter quoting activity in H1, and international volumes were £0.4bn (H1 2023: £0.1bn). Despite the slower start to the year, we have now written or are exclusive on £5bn year to date and have £24bn+ of active deals in the UK pipeline, most of which is expected to transact in 2024.

Under IFRS 17, new business profits are now deferred into the CSM and RA on the balance sheet and recognised in operating profit over the lifetime of the contract. New business added **£87m of future profit to the CSM and RA**.

The £1.1bn of UK PRT written in H1 delivered a 6.1% UK Solvency II new business margin. The year-on-year reduction in SII new business metrics is driven by the significantly shorter duration of the ICI Pension Fund[5] pensioner-only buy-in which had a duration of less than 8 years. This compares with an average duration for business written over the last three years of 12.7 years.

We continue to be disciplined in our pricing and deployment of capital. We have successfully executed transactions over the last few years, including at H1 2024, at initial UK strain levels below our 4% target. We actively optimise the back-book by matching newly sourced, higher-return assets to back-book liabilities, resulting in additional margin and profit generation post-sale.

Successful execution in the UK leveraging internal synergies

Institutional Retirement's brand, scale and asset origination capabilities – through synergies and expertise within **Asset Management** – are critical to our market leadership in the UK PRT market. Long-term client relationships, typically created and fostered by Asset Management, have allowed us to help many pension plans achieve their de-risking goals, including the large schemes executed at the end of 2023: a £4.8 billion full buy-in with the Boots Pension Scheme, and the earlier £2.7bn follow-on transaction with the British Steel Pension Scheme, executed under an umbrella agreement. This has continued in 2024 with the £1.1bn transaction with SCA UK pension plan[6] in July. In H1 2024 9 out of the 15 deals transacted were with **Asset Management** clients.

Well positioned to execute in international markets

Institutional Retirement delivered **increased US PRT new business premiums of $525m or £417m** (H1 2023: $163m; £126m) in a market that is typically slower in H1. This includes a $0.6bn split transaction leveraging our longstanding relationship with RGA. In June, the US Institutional Retirement team and RGA were awarded the Pension Risk Transfer Innovation of the Year award for this split transaction approach that is meeting the evolving needs of pension plan sponsors in the US PRT market.

We are active in the Canadian PRT market, developing our proposition to meet anticipated market needs. The 2024 market is expected to be cCAD$8-10bn, weighted towards the second half. We continue to actively participate in the Canadian market and remain disciplined on price with a focus on long-term profitability and shareholder returns.

In the Netherlands, we have developed expertise to actively participate in the PRT market. We are exploring our partner options for access to this developing PRT market.

Legal & General remains strongly positioned to offer holistic, multinational pension de-risking solutions, leveraging skills and capabilities across geographies.

[5] See press release Legal & General agrees £900 million buy-in with the ICI Pension Fund | Legal & General (legalandgeneral.com)
[6] See press release Legal & General completes £1.1 billion buy-in with the SCA UK Pension Plan (legalandgeneral.com)

Asset Management

FINANCIAL HIGHLIGHTS[1] £m	H1 2024	H1 2023
Management fee revenue	**481**	455
Transactional revenue	**11**	9
Total revenue	**492**	464
Total costs	**(359)**	(326)
Operating profit from fee-related earnings	**133**	138
Operating profit from Balance Sheet investments	**81**	111
Total Operating Profit	**214**	249
Investment and other variances	**(55)**	(40)
Profit before tax	**159**	209
Asset Management cost:income ratio (%)	**73%**	70%
NET FLOWS AND ASSETS £bn		
External net flows	**(28.5)**	(12.3)
PRT Transfers	**(0.5)**	(5.1)
Internal net flows	**(2.3)**	(1.9)
Total net flows	**(31.3)**	(19.3)
Persistency[2] (%)	**84**	87
Average assets under management	***1,131***	*1,180*
Assets under management ex JV and Associates	**1,122**	1,158
JV & Associate AUM[3]	**14**	12
Total AUM	**1,136**	1,170
Of which:		
- International assets under management[4]	***465***	*457*
- Private Markets[5]	***52***	*48*
- UK DC assets under management	***176***	*146*

1. Comparatives restated to reflect the movement of assets from LGC to Asset Management. For further information please see Note 2.01
2. Persistency is a measure of client asset retention, calculated as a function of net flows and closing AUM.
3. Includes 100% of assets managed by associates (Pemberton, NTR, BTR).
4. International AUM includes assets from internationally domiciled clients plus assets managed internationally on behalf of UK clients.
5. Private Markets assets includes assets from associates and is based on Managed AUM including £1.5bn from multi-asset strategies.

Total operating profit of £214m (HY 2023: £249m)

At our Capital Markets Event in June we announced the creation of the Asset Management division, bringing together LGIM and LGC to create a single, global, public and private markets asset manager.

Operating profit from fee-related earnings £133m (HY 2023: £138m)

Operating profit from fee-related earnings has decreased due to increased investment, as signalled at the Capital Markets event in June, as we modernise our platform, and invest to drive growth. Revenues have increased by 6% to £492m (H1 2023: £464m), reflecting a conscious shift towards higher margin business, illustrated by Workplace DC and Wholesale, despite lower average AUM.

Operating costs of £359m are 10% higher than H1 2023, driven by investment for growth (c£23m of the £50-100m per annum run rate outlined at the Capital Markets event). Underlying operating expenses are 3% higher than H1 2023 (i.e. lower than UK wage inflation). We will continue to be disciplined in our management of these underlying operating expenses.

Operating profit from Balance Sheet investments £81m (HY 2023: £111m)

Balance Sheet investments are comprised of asset origination platforms such as Pemberton (a private credit manager) and NTR (a specialist renewable energy asset manager); our Affordable Homes and Build to Rent platforms; and our digital infrastructure platform, Kao, alongside Bruntwood SciTech, our specialist property platform serving the UK's innovation economy.

Lower operating profit of £81m reflects a smaller uplift in the valuation of Pemberton. Pemberton has continued to make significant progress in raising and deploying capital. We expect future valuation uplifts to occur as the business continues to successfully launch new funds and deploy capital.

Our investment portfolio grew by 27% to £1,082m in the 12 months to 30 June 2024.

Profit Before Tax and Investment Variances

Profit before tax was £159m, with investment and other variances of £(55)m, driven primarily by the mark-to-market impact on the carrying value of our balance sheet investments.

Supporting clients across key channels and markets

Total AUM (excluding JV and Associates) reduced by 3% year on year to £1,122bn (H1 2023: £1,158bn), while average AUM was 4% lower.

External net flows of £(28.5)bn reflect UK DB clients adjusting their portfolios in response to improved funding ratios, with many now positioning for PRT. As the UK DB market matures, our expertise in preparing schemes to achieve buy out or to "run on", means we are well placed to support clients, with many likely to choose Legal & General as a PRT partner. Over the last three years, 84% of UK PRT new business premiums have come from Asset Management clients including the British Steel Pension Scheme and the Boots Pension Scheme, which insured a combined £13.5bn of pension liabilities.

Our Defined Contribution (DC) business continues to attract new assets with AUM growth of 21% to £176bn (H1 2023: £146bn), and including external net flows of £3.2bn and £4.8m of ANNR from our workplace business. Our ability to offer investors an integrated blend of high-quality investment solutions, pensions administration and Master Trust governance is a significant source of competitive advantage.

Our UK Wholesale AUM has seen 12% growth over H1 2024 which now stands at £61bn (H1 2023: £49bn). We achieved record gross sales of £13bn and ranked 2nd across the industry[7]. In particular, our Active Fixed Income strategies and Multi-Asset capabilities have seen strong AUM growth of 19% and 7% in the last year, respectively.

ANNR excluding UK DB is flat, reflecting lower value index rotation outflows, and ETF and Fixed Income outflows in the US.

Investment performance has been strong across our range of matching, tracking and active strategies. For our UK-managed Active Fixed Income strategies, 96% of strategies out-performed over 1 year, and 77% over 3 years. US-managed Active Fixed Income strategies also performed well with 58% of strategies out-performing over both 1 and 3 years. Multi-Asset strategies outperformed by 45% over 1 year and 47% 3 years.

Growing our Private Markets Platform

We are expanding our Private Markets platform, targeting £85bn of private markets AUM by 2028. As at 30 June 2024 we have £52bn in private markets AUM, and £6bn more in committed capital. In the period we generated £4m of ANNR from Private Markets.

On 1 July 2024 we announced the launch of the L&G Private Markets Access Fund, giving UK DC investors new routes to access private markets. This fund will utilise L&G's Private Markets Platform, offering potential investment opportunities across clean energy, affordable homes, university spin-outs and critical infrastructure and gives our 5.3 million DC members the opportunity to access diversified private markets exposure.

We launched our Affordable Homes fund on 15 July 2024, which to date includes commitment from local government pension funds, ACCESS and Greater Manchester Pension Fund (GMPF). This launch is an exemplar of how we catalyse our own balance sheet investments by offering our clients new investment opportunities while addressing real-world challenges.

Milestones in Private Credit include the launch of a new Short-Term Alternative Finance Fund on 3 April, as we continue to deliver wide-ranging strategies across alternative debt. Pemberton, our private credit GP investment, has become a leading multi-strategy alternative credit manager in Europe and a top-25 global private debt manager, with total AUM of €21bn. NTR AME, our renewable energy GP partnership, continues to grow, adding renewable power to over 750,000 homes.

We continue to use our principal balance sheet capital to invest in alternative assets that generate profits for our shareholders and positive societal impact, while also providing a pipeline of investable assets to support our fund strategies.

Our Private Markets platform is well positioned to match our strong multi-sector investment propositions and continues to strengthen its operational capabilities to support the growing global demand for our products.

Expanding our global footprint

We continue to successfully diversify the business, growing international AUM by 80% since 2018 to £465bn (41% of overall AUM).

In the US, we are a leading corporate pension manager with assets for several of the largest asset owners in North America. Our Index Solutions business has witnessed Index Plus AUM growing to c.$9bn since launch in May 2023. We are bringing shorter duration products to market to meet demand as well as expanding our private markets capabilities, through the creation of a real estate equity platform.

[7] Pridham Q1 2024

In Europe, we have offices across six locations and have seen AUM growth of 8% over the past year to £84.8bn driven by a 31% growth in Active Fixed Income and our scaled Index Equity offerings. Over 20% of our AUM is managed in our active strategies capabilities and smart beta ETF products with an average fee rate of around 17bps.

In Asia, our AUM has grown by 12% over the past year. With offices in Tokyo, Hong Kong and now Singapore, our AUM in Asia including Japan has reached £147bn, and we now have clients across nine countries in the region. In Japan, our AUM has more than doubled since 2019, and we are now Japan's 7th largest asset manager[8].

Creating a better future through Responsible Investing

Responsible investing is core to our approach and we continue to innovate. In June we published our eighth Climate Impact Pledge, our flagship engagement programme to achieve the goals of the Paris Agreement. We have assessed over 5,000 companies quantitatively and engaged with more than 2,800. As at 30 June 2024, we managed £381.2bn (H1 2023: £331.6bn) in responsible investment strategies explicitly linked to ESG criteria for a broad range of clients.

8 Ranked seventh by AUM, Japanese industry publication (Pension News) March 2024

Retail

FINANCIAL HIGHLIGHTS[1] £m	H1 2024	H1 2023
Contractual service margin release	**226**	210
Risk adjustment release	**39**	49
Expected investment margin	**65**	71
Experience variances	**10**	(25)
Non-attributable expenses	**(76)**	(40)
Other	**4**	(13)
Operating profit	**268**	252
- US/UK Insurance[2]	105	108
- Retail Retirement[3]	163	144
Investment variance from longevity assumption change	-	-
Other investment variance	(86)	(29)
Profit before tax attributable to equity holders	**182**	223
Contractual service margin (CSM)[4]	**4,644**	4,491
Risk adjustment (RA)[4]	**848**	871
Total store of future profit	**5,492**	**5,362**
New business CSM[4]	**191**	168
New business RA	**25**	13
Total new business future profit	**216**	**181**
Protection new business annual premiums	224	199
Individual annuities single premium	1,174	575
Workplace DC net flows[5] (£bn)	3.2	3.0
Lifetime & Retirement Interest Only mortgage advances	140	163
Retail retirement annuity assets[6] (£bn)	17.5	16.7
Retail retirement shareholder assets[6] (£bn)	0.9	0.9
UK Retail protection gross premiums	760	752
UK Group protection gross premiums	349	295
US protection gross premiums	657	633
Total protection gross premiums	**1,766**	1,680
Protection New Business Value	**106**	85
Annuities New Business Value	**70**	34
Solvency II New Business Value	**176**	119

1. Comparatives restated to reflect the movement of assets from LGC to Retail Annuities and Fintech investments into the Corporate Investments unit. For further information please see Note 2.01.
2. UK Insurance includes Retail protection, Group protection and Mortgage Services.
3. Retail Retirement includes Individual Annuities, Lifetime Mortgages, Workplace Admin and returns from shareholder assets.
4. H1 2023 numbers restated to reflect adjustments in relation to IFRS 17 made as part of the finalisation of the Group's 2023 Accounts.
5. This represents the Workplace DC administration business. Profits on the fund management services we provide are included in Asset Management operating profit.
6. In the UK, annuity assets across Institutional Retirement and Retail are managed together. Estimated proportion of annuity assets belonging to Retail. Excludes derivative assets.

Operating profit of £268m

In H1 2024, Retail operating profit has increased by 6% to £268m (H1 2023: £252m). This is due to the growth in CSM release and positive claims experience in the UK, partially offset by higher year-on-year non-attributable expenses which are, however, in line with the H2 2023 run rate (£81m).

The **Contractual Service Margin (CSM) release was £226m** (H1 2023: £210m), reflecting the release of previously stored insurance profits. Growth in the CSM release was driven by profitable new business written and assumption changes in the prior year. In H1

2024, 4.6% of the closing CSM pre-release (£4.9bn) was released into profit (H1 2023: 4.5%, £4.7bn). Overall, the CSM grew by 3% to £4.6bn (H1 2023: £4.5bn).

Profit before tax was £182m (H1 2023: £223m)**.**

Solvency II New Business Value increased 48% to £176m (H1 2023: £119m) with growth in Retail annuities, US and UK protection. We continue to operate with a focus on disciplined pricing and on maintaining strong distribution channels.

Succeeding in a competitive landscape in H1 2024

Workplace DC net flows were £3.2bn (H1 2023: £3.0bn), as a result of continued client wins and increased member contributions. Workplace pension platform members increased to 5.3 million in H1 2024.

Retail annuity sales were £1,174m (H1 2023: £575m), doubling volumes in a buoyant market in which we also increased market share to 24.3%[9]. Both Lifetime Annuity and Fixed Term Annuity sales performed well throughout H1 as higher interest rates have made these products more attractive to our customers.

Lifetime mortgage advances, including Retirement Interest Only mortgages, were £140m (H1 2023: £163m) reflecting a decline in demand as a result of higher interest rates. We continue to maintain pricing and underwriting discipline.

UK Retail protection gross premium income increased to £760m (H1 2023: £752m), with new business annual premiums of £75m (H1 2023: £76m) in what remained a highly competitive market. L&G is the leader in this market with a share of 18.8%[10], delivering a point-of-sale underwriting decision for more than 80% of our customers.

UK Group protection gross premium income increased 18% to £349m (H1 2023: £295m) as a result of good retention and new business annual premiums of £68m (H1 2023: £53m). Our online “quote and apply” platform for smaller schemes continues to perform well, processing c492 new clients over the year (H1 2023: c261), and we continue to see growth in this part of the market. Group Protection saw 1,359 income protection scheme members return to work during H1.

US protection (LGIA) new business annual premiums increased 18% to $103m (H1 2023: $87m), with robust Solvency II new business margins of 12.1 % (H1 2023: 11.2%). Gross premiums increased 6% to $831m (H1 2023: $781m). Our digital new business platform is making it easier for customers and their advisors to apply and buy our term products, resulting in our strongest ever 6 month sales volumes in H1 2024. This is driving up our market share: LGIA ranked number one in the independent broker channel and third in the overall US term market in Q1 2024.[11] We expect to drive further sales growth and to reduce unit costs over the coming years. c98% of eligible new business is now submitted through our digital new business platform.

[9] ABI Q1 2024 Report – Lifetime Annuities only.
[10] ABI Q1 2024 Report.
[11] LIMRA Q1 2024 Ranking.

Corporate Investments Unit

FINANCIAL HIGHLIGHTS £m	H1 2024	H1 2023
Operating profit	**71**	80
Investment and other variances	(187)	(235)
Profit before tax attributable to equity holders	**(116)**	(155)
Asset portfolio (£bn)		
CALA	1.1	1.1
Legacy Real Estate	0.5	0.5
Legacy Land	0.2	0.2
Fintech and Other	0.2	0.3
Total Corporate Investments Unit NAV	**2.0**	2.1

Total operating profit of £71m

Operating profit from our Corporate Investments Unit is down 11% at £71m versus prior year earnings (H1 2023: £80m). This largely reflects the trading performance of CALA (H1 2024: £42m) which was lower year-on-year but in line with the second half run-rate (H2 2023 £39m), reflecting a combination of the higher interest rate environment and some planning delays.

Profit before tax predominantly reflects the valuation write-down of Salary Finance as we consider options to manage the business outcome in the best interests of customers and shareholders.

Asset valuations

The valuation of Corporate Investments Unit assets in the Group balance sheet reflects the accounting treatment of the underlying assets, being either on a cost (primarily purchase price) or fair value basis. For CALA, the largest asset in the Corporate Investments Unit, the majority of the value on the group balance sheet is associated with land and work in progress and is therefore valued on a cost rather than fair value basis. CALA's NAV at 30 June 2024 was £1.1bn.

All assets within the Corporate Investments Unit that are held at fair value have been revalued as at 30 June 2024, and other assets have been assessed for impairment. We conduct a thorough internal valuation process and engage external third-party valuers to support all material valuations.

Borrowings

The Group's outstanding core borrowings totalled £4.3bn at 30 June 2024 (H1 2023: £4.3bn). There is also a further £1.9bn (H1 2023: £1.3bn) of operational borrowings including £1.6bn (H1 2023: £1.1bn) of non-recourse borrowings.

Group debt costs of £107m (H1 2023: £106m) reflect an average cost of debt of 4.8% per annum (H1 2023: 4.7% per annum) on an average nominal value of debt balances of £4.5bn (H1 2023: £4.5bn).

Cash

As at 30 June 2024, the Group held £2,326m of Treasury Assets and Other Shareholder Cash (H1 2023: £2,275m).

Taxation

Equity holders' Effective Tax Rate (%)	H1 2024	H1 2023
Equity holders' total Effective Tax Rate	**30.4**	6.0
Annualised rate of UK corporation tax	**25.0**	23.5

The effective tax rate reflects the varying rates of tax that we pay on our businesses in different territories and the mixture of profits and losses across those territories. HY 24 is the first period in which a rate of 15% applies to our profits arising in Bermuda.

Solvency II

As at 30 June 2024, the Group had an estimated Solvency II surplus of £8.8bn over its Solvency Capital Requirement, corresponding to a Solvency II coverage ratio of 223%.

Capital (£m)	H1 2024	2023
Own Funds	16,012	16,556
Solvency Capital Requirement (SCR)	(7,173)	(7,389)
Solvency II surplus	**8,839**	**9,167**
SCR coverage ratio (%)	**223**	**224**

Analysis of movement from 1 January to 30 June 2024[1] (£m)	Solvency II Own Funds	Solvency II SCR	Solvency II Surplus
Operational surplus generation	**899**	**(2)**	**897**
New business strain	56	(222)	(166)
Net surplus generation	**955**	**(224)**	**731**
Operating variances			30
Mergers, acquisitions and disposals			-
Market movements			(14)
Subordinated debt			-
Dividends paid			(874)
Share buyback[2]			(201)
Total surplus movement (after dividends paid in the period)	**(544)**	**216**	**(328)**

1. Please see disclosure note 6.01 for further detail.
2. On 13 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £200m of ordinary shares for cancellation. Accordingly, SII surplus has reduced by £201m (inclusive of stamp duty tax). This is aligned to IFRS as detailed in disclosure note 3.04.

Operational surplus generation is at £897m (H1 2023: £947m), after allowing for amortisation of the opening Transitional Measures on Technical Provisions (TMTP) and release of Risk Margin.

New business strain was £(166)m, primarily reflecting lower UK PRT volumes written at capital strain levels in line with our long-term average. This resulted in net surplus generation of £731m (H1 2023: £752m).

Operating variances include the impact of experience variances, changes to assumptions and management actions.

Market movements of £(14)m reflect the impact of movements in interest rates, credit spreads and property & equity markets.

The movements shown above incorporate the impact of recalculating the TMTP as at 30 June 2024.

Sensitivity analysis[3]

	Impact on net of tax Solvency II capital surplus H1 2024 £bn	Impact on net of tax Solvency II coverage ratio H1 2024 %
100bps increase in risk-free rates	0.1	13
100bps decrease in risk-free rates	(0.2)	(14)
Credit spreads widen by 100bps assuming an escalating addition to ratings	0.5	15
Credit spreads narrow by 100bps assuming an escalating deduction from ratings	(0.6)	(17)
Credit spreads widen by 100bps assuming a flat addition to ratings	0.5	16
Credit spreads of sub-investment grade assets widen by 100bps assuming a level addition to ratings	(0.2)	(7)
Credit migration	(0.5)	(8)
25% fall in equity markets	(0.4)	(3)
15% fall in property markets	(0.8)	(8)
50bps increase in future inflation expectations	(0.0)	(2)

3. Please see disclosure 6.01 (v) for further details.

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

The impacts of these stresses are not linear therefore these results should not be used to interpolate or extrapolate the impact of a smaller or larger stress. The results of these tests are indicative of the market conditions prevailing at the balance sheet date. The results would be different if performed at an alternative reporting date.

Solvency II new business contribution

Management estimates of the present value of new business (PVNBP) and the margin as at 30 June 2024 are shown below[1]:

£m	PVNBP	Contribution from new business	Margin %
Institutional Retirement - UK annuity business	**1,126**	**69**	**6.1**
Retail Retirement – UK annuity business	**1,174**	**70**	**6.0**
UK Protection	**719**	**26**	**3.5**
US Protection	**656**	**80**	**12.1**

The key economic assumptions as at 30 June 2024 are as follows:

	%
Margin for risk	**3.9**
Risk-free rate	
- UK	**3.9**
- US	**4.4**
Risk discount rate (net of tax)	
- UK	**7.8**
- US	**8.3**
Long-term rate of return on non-profit annuities	**5.5**

1. Please see disclosure 6.02 for further details.

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

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

- The assumed future pre-tax returns on fixed interest and RPI linked securities are set by reference to yield on the relevant backing assets, net of an allowance for default risk which takes into account the credit rating and the outstanding term of the assets. The weighted average deduction for business written in 2024 equates to a level rate deduction from the expected returns of 16 basis points. The calculated return takes account of derivatives and other credit instruments in the investment portfolio.

- Non-economic assumptions have been set at levels commensurate with recent operating experience, including those for mortality, morbidity, persistency and maintenance expenses (excluding development costs). An allowance is made for future mortality improvement. For new business, mortality assumptions may be modified to take certain scheme specific features into account.

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

Principal risks and uncertainties

The directors confirm that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks are set out below including details of how they have been managed or mitigated. Further details of the Group's inherent risk exposures are set out at Notes 7 and 15 to 17 of the financial statements.

Risks and Uncertainties	Risk management	Outlook
Investment market performance and conditions in the broader economy may adversely impact earnings, profitability, liquidity, or surplus capital. The performance and liquidity of financial and property markets, interest rate movements and inflation impact the value of investments we hold in both shareholders' funds and to meet the obligations from insurance business; the movement in certain investments directly impacts profitability. Interest rate movements and inflation can also change the value of our obligations and although we seek to match assets and liabilities, losses can still arise. Falls in the risk-free yield curve can also create a greater degree of inherent volatility to be managed in the solvency balance sheet, potentially impacting capital requirements and surplus capital. Rises in risk free rates can lead to reduced liquidity buffers. Falls in investment values can reduce our investment management fee income.	We cannot completely eliminate the downside impacts on our earnings, profitability, liquidity, or surplus capital from investment market volatility and adverse economic conditions, although we seek to position our investment portfolios and wider business plans for a range of plausible economic scenarios and investment market conditions to ensure their resilience across a range of outcomes. This includes setting risk limits on exposures to different asset classes and where hedging instruments exist, we seek to limit our exposures on a financial reporting basis. We maintain a range of actions to retain liquidity flexibility. Our Own Risk Solvency Assessment ("ORSA") process is integral to our risk management approach, and includes an assessment of the financial impacts of risks associated with investment market volatility and adverse economic scenarios for our solvency balance sheet, capital sufficiency, and liquidity requirements.	The global economic outlook remains uncertain with the potential for external shocks to knock economies and markets off course. Our businesses are primarily exposed to economic conditions in the UK and US. Interest rates have started to fall in the UK and look poised to fall soon in the US, but the pace and timing of any further reductions is not clear and there is no guarantee of a "soft-landing" for either economy. Asset values, including commercial and residential property prices, remain susceptible to reappraisal should the current economic outlook deteriorate, as well as from a range of geo-political factors including the on-going war in Ukraine and conflict in the Middle East. During 2024 we have seen signs of commercial property markets stabilising, albeit transaction volumes remain low and the office sector continues to show pressure. Within our construction businesses supply chain pressure and cost inflation appear to be moderating, albeit we remain vigilant over cost inflation being absorbed by the supply chain for projects undertaken since 2021. Labour shortages also continue to present risk.
In dealing with issuers of debt and other types of counterparty, the group is exposed to the risk of financial loss. Systemic corporate sector failures, or a major sovereign debt event, could, in extreme scenarios, trigger defaults impacting the value of our bond portfolios. Under Solvency II, a widespread widening of credit spreads and downgrades can also result in a reduction in our balance sheet surplus, despite already having set aside significant capital for credit risk. We are also exposed to default risks in dealing with banking, money market and reinsurance counterparties, as well as settlement, custody, and other bespoke business services. Default risk also arises where we undertake property lending, with exposure to loss if an accrued debt exceeds the value of security taken.	We manage our exposure to downgrade and default risks within our bond portfolios, through setting selection criteria and exposure limits, and using LGIM's global credit team's capabilities to ensure risks are effectively controlled, where appropriate trading out to improve credit quality. In our property lending businesses, our loan criteria take account of borrower creditworthiness and the potential for movements in the value of security. We manage our reinsurer exposures tightly, with the vast majority of our reinsurers having a minimum A- rating, setting rating-based exposure limits, and where appropriate taking collateral. Similarly, we seek to limit aggregate exposure to banking, money market and service providers. Whilst we manage risks to our balance sheet, we can never eliminate downgrade or default risks, although we seek to hold a strong balance sheet that we believe to be prudent for a range of adverse scenarios.	The risk of credit default increases in periods of low economic growth, and we continue to closely monitor the factors that may lead to a widening of credit spreads including the outlook for the real economy and fiscal and monetary policy. Although real incomes in the UK have risen in 2023 and 2024, any reversal of this would particularly impact economic activity in sectors reliant on discretionary spending. We remain vigilant, closely monitoring all the names/assets in our portfolio in the short term, as well as forming views on the medium to long-term outlook. Our credit portfolio remains overwhelmingly (98%+) investment grade, and our office property lending continues to focus on high-grade assets let to investment grade or government tenants.
We fail to respond to the emerging threats from climate change for our investment portfolios and wider businesses. As a significant investor in financial markets, commercial real estate and housing, we are exposed to climate related transition risks. Abrupt shifts in the political and technological landscape could impact the value of those investment assets associated with higher levels of greenhouse gas emissions.	We recognise that our scale brings a responsibility to act decisively in positioning our balance sheet in the context of the threats from climate change. We continue to embed the assessment of climate risks in our investment process, including in the management of real assets. We measure the carbon intensity of our investment portfolios. Along with specific investment exclusions for carbon intensive sectors, we have set overall reduction targets aligned with the 1.5°C Paris objective. This	Over the next decade, the change necessary to meet global carbon reduction targets will require societal adjustments on an unprecedented scale. Recent events, particularly the increasing frequency of record-breaking heat and extreme weather, have demonstrated the impacts of increased climate volatility can be significant and may emerge rapidly. A failure by governments to ensure an orderly transition to low carbon economies increases the risk for sudden late policy action and large, unanticipated

Risks and Uncertainties	Risk management	Outlook
Physical risks, stemming from extreme climate outcomes, could impact the valuation of at-risk assets, for example floods could impact the value of our property assets; and could also potentially have longer-term effects on mortality rates. We are also exposed to reputation and climate related litigation risks should our responses to the threats from climate change be judged not to align with the expectations of environment, social and governance (ESG) groups. Our risk management approach is also reliant upon the availability of verifiable consistent and comparable emissions data.	includes near term science-based targets to support our long-term emission reduction goals in line with our transition plan. We continue to develop how we incorporate the potential physical impacts of climate change on both assets and liabilities into our modelling and projections work. We are evolving our approach to the inclusion of nature and biodiversity alongside our climate risk work. Alongside managing exposures, we closely monitor the political and regulatory landscape, and as part of our climate strategy we engage with regulators and investee companies in support of climate action. As we change how we invest, the products and services we offer, and how we operate, we are also mindful of the need to ensure that we have the right skills for the future.	shifts in the asset values of impacted industries. Whilst our transition plans seek to minimise our overall exposure to this risk, their execution is dependent on the delivery of the policy actions and the climate reduction targets of the firms we invest in. The actions governments take will also, to a significant extent, impact on our ability to deliver upon the climate-related targets we have set ourselves, and as the science of climate change evolves, we may need to adapt our actions. Anti ESG sentiment, particularly within countries with a high dependency on fossil fuel related industries, may also constrain global ambition in addressing climate change as well as limiting investment opportunities. Although a broad set of actions to limit global warming are underway, we are moving to a situation where the path to achieving a sub-1.5 temperature increase is becoming narrower. Whilst we retain our current ambition, this could also have an impact on our ability to meet the climate-related targets we have set ourselves. As the science of climate change and the world's responses to these risks evolve, we may need to adapt our actions. Understanding the range of current and potential future policies and progression, as well as their implications for the financial system will continue to shape our transitional approach. We expect a continuing and increased focus on nature and biodiversity risks going forward.
Changes in experience, regulation or legislation may require revisions to our reserves and capital requirements, and could also impact our reported solvency position and our dividend and capital return policy. The pricing of long-term business requires the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. Actual experience may require recalibration of these assumptions, changing the level of provisions and impacting reported profitability. Regulation defines the overall framework for the design, marketing, taxation and distribution of our products, and the prudential provisions and capital that we hold. Significant changes in legislation or regulation may increase our cost base, reduce our future revenues, impact profitability or require us to hold more capital. The prominence of the risk increases where change is implemented without prior engagement with the sector. The nature of long-term business can also result in some changes in regulation, and the re-interpretation of regulation over time, having a retrospective effect on in-force books of business, impacting future cash generation. Changes in these areas can affect our reported solvency position and our dividend and capital return policy.	We undertake significant analysis of the variables associated with writing long-term insurance business to ensure that a suitable premium is charged for the risks we take on, and that provisions continue to remain appropriate for factors including mortality, lapse rates, expenses, valuation interest rates and credit defaults in the assets backing our insurance liabilities. We seek to have a comprehensive understanding of longevity, mortality, and morbidity risks, and we continue to evaluate wider trends in life expectancy. However, we cannot remove the risk that adjustment to reserves may be required, although the selective use of reinsurance acts to reduce the impact to us of significant variations in life expectancy and mortality. We actively engage with government and regulatory bodies to assist in the evaluation of regulatory and tax change to promote outcomes that meet the needs of all stakeholders. To influence policy our interactions with government and policy teams at regulators include face-to-face and virtual meetings, written responses to discussion papers and consultations, ad-hoc communications and attendance at roundtables with industry peers. With our experience in various sectors, we can explain how proposed policy translates into practice and identify potential issues or unintended consequences that might arise. When such regulatory changes move to the implementation stage, we undertake detailed gap analysis work and depending on the scale of the work required, establish project	At times, we have seen elevated levels of mortality in both the UK and the US since the Covid 19 pandemic, and there is continued uncertainty in the outlook. The causes are unclear but may reflect indirect impacts of Covid 19 related illness, and the deferral of diagnostics and medical treatments for other conditions. Cost of living pressures and government spending decisions also have the potential to affect mortality outcomes. Along with the emergence of new diseases and changes in immunology impacting mortality and morbidity assumptions, other risk factors that may impact future reserving requirements include significant advances in medical science leading to more effective treatments, beyond that anticipated, requiring adjustment to our longevity assumptions. Whilst at present we do not believe climate change to be material driver for mortality and longevity risk in the medium term, we continue to keep this under review. Changes in capital standards, both in the UK and elsewhere, could impact our reported solvency position and our dividend and capital return policy. Post-Brexit, the UK is reforming its capital regime to move from Solvency II to Solvency UK. The key changes are designed to enable annuity product providers to invest more broadly to diversify risk and support investment in the UK economy. A 65% reduction in the Risk Margin took effect at the end of 2023, with reform of the Matching Adjustment now published and underway. The PRA has also published a policy statement on the use of Funded Re, which is of relevance to us. We are actively engaging with the PRA on all these subjects, and working to implement the required changes.

Risks and Uncertainties	Risk management	Outlook
	management arrangements with first- and second-line teams working together. This is to ensure we deliver regulatory change effectively and efficiently, minimising disruption to our operations.	The Bermuda Monetary Authority ("BMA") revised its capital regime for life insurers during 2023, with changes effective from March 2024. The impact of the changes on L&G's business is expected to be modest. The International Association of Insurance Supervisors ("IAIS") is finalising the Insurance Capital Standards ("ICS"), a global minimum standard capital for Internationally Active Insurance Groups ("IAIGs"). The ICS is expected to be adopted by the end of 2024. L&G Group, designated an IAIG by the PRA, has actively participated in consultations on the standard. If Solvency UK is considered as strong as the ICS, it may be used for ICS compliance and therefore would result in little impact on L&G Group. We will continue to engage with both the PRA and the IAIS during this period. New UK rules implementing both a global minimum tax regime and a UK domestic minimum tax regime at 15% apply from 1 January 2024 to all of the Group's businesses globally with work underway to ensure compliance and to engage with regulators as implementation and guidance on the new regimes develops. Bermuda has introduced a corporate income tax regime from 1 January 2025 and there is ongoing consultation on the implementation of the new regime.
Failure to effectively implement regulatory or legislative change applying to the financial services sector in a timely manner could lead to regulatory censure, reputational damage, and deteriorating customer outcomes. We are exposed to several risks where effective identification and implementation of regulatory changes are particularly important. These include changes relating to our management of operational risk, conduct risk, climate risk and health & safety risk. The magnitude or scope of some regulatory changes can have a bearing on our ability to deliver our overall strategy. Regulatory or legislative changes can have a significant impact on our business. Such changes could limit our ability to operate in certain markets or sectors, potentially leading to a reduction in our customer base and revenue. There is a risk that regulatory policies could develop in a manner that is detrimental to our business and/or customers. Alternatively, it could develop in a way that presents opportunities, but we fail to revise our strategy and adapt quickly enough to benefit. Non-compliance with new regulations or legislation could potentially damage our reputation. This could lead to a loss of customer trust and result in regulatory sanctions including potentially significant monetary penalties.	We identify, track and review the impact of regulatory and legislative change through our internal control processes, with material updates being considered at the Executive and Group Risk Committees and the Group Board. Our processes are designed to ensure compliance with all new and developing regulation. We actively engage with appropriate regulatory bodies to ensure we maintain high standards of business and deliver for our customers. In 2023 we successfully implemented the Consumer Duty for open products, and our work on legacy products is also now complete. We have also made progress on our implementation of the UK's Operational Resilience rules which are due to come into force in March 2025. We seek to influence the direction of travel on various regulatory policy themes at the government and regulator level for the benefit of our customers and other stakeholders. We have advocated for the development of the Consumer Duty, pension and pension tax reforms, reform to planning in the UK, policies on sustainability and those relating to diversity and inclusion.	The volume and burden of regulatory change remains high across the sectors we operate in. We analyse, interpret and implement all relevant financial services legislation and regulation impacting our business units ensuring appropriate levels of governance and assurance. Key forthcoming developments in our risk areas include: Operational risk: Work is underway to comply with the UK's new operational resilience rules by 31 March 2025 and similar rules in other jurisdictions. Conduct risk: The FCA continues to focus on Consumer Duty, with closed book products in scope from 31 July 2024. Discussions are ongoing about the advice/guidance boundary and a proposal for 'targeted support' to close the advice gap. In 2024, new rules on diversity and inclusion in financial services were expected, but most of this work has now been paused and timing is uncertain We maintain a focus on minimising the risks of financial crime for our customers and on our financial results. Climate risk: There are a variety of moving pieces in the development of climate regulation at the UK, the US and EU level. We anticipate more focus on scenario testing and scrutiny on sustainability claims following the FCA's new anti-greenwashing rule and Sustainability Disclosure Regulations effective from 31 May 2024. We're awaiting the UK Green Taxonomy and implementation of ISSB disclosure standards. Health & Safety: We have enhanced our governance processes and developed a 3-year strategy focusing on culture, quality, consistency, technology, and keeping pace with change. Initial registration requirements for the new Buildings Safety Act were

Risks and Uncertainties	Risk management	Outlook
		met and we are working to ensure we meet the Act's requirements. Strategic risk: We are engaging closely with the new UK Government on issues relating to pensions reform, planning reform and tax policy.
New entrants and/or new technology may disrupt the markets in which we operate. There is already strong competition in our markets, and although we have had considerable past success at building scale to offer low-cost products, we recognise that markets remain attractive to new entrants. We are also cognisant of competitors who may have lower return on capital requirements or be unconstrained by Solvency II and/or Solvency UK. The continued evolution of AI has the potential to be a significant disrupting force across our businesses, for example by enabling new entrants to compete with potentially lower costs, and more efficient processes. The technology itself could have an impact on asset valuations, and on our liabilities including through its impact on life sciences and health care systems effectiveness.	We continuously monitor the factors that may impact the markets in which we operate, including evolving domestic and internal capital standards, and are maintaining our focus on digital platforms. We have responded to the rapid advancement and accessibility of generative AI capabilities from third parties by launching a central AI Accelerator programme. This initiative brings together colleagues across the Group to shape and incubate our generative AI approaches, raise awareness and educate our business, and deliver a secure environment for internal test and learn use cases. Our regulatory developments team keeps a close watch on the AI landscape across all our regulators. We have been e actively engaged in numerous consultations in relation to AI and generative AI.	We observe a continued acceleration of a number of trends, including greater consumer engagement in digital business models and on-line servicing tools. In the current operating environment, businesses like ours have transformed working practices, and we anticipate further investment in automation, using robotics and machine learning to enhance business efficiency. We are deepening our understanding of the impacts of AI on our businesses and in the wider sector. Our businesses are also well positioned for changes in the competitive landscape that may arise from pensions-related changes. We welcome innovation in the market, such as the proposed roll out of DB 'superfund' consolidation schemes, as long as the security of members' benefits is prioritised. We may see alternative de-risking offerings coming to the market targeting a similar segment to superfunds, for instance with funding of around 90%. The pension dashboards initiative will also be a positive development. A new regulated activity was legislated for in 2024 to operate a qualifying pensions dashboard service. The FCA recently consulted on the regulatory framework and the final rules are expected to be published in Q4 2024. We recently announced our intention to provide this service and intend to apply to the FCA for a Variation of Permission as soon as we are able to. On the 'collective' defined contribution reform, while we have seen limited demand for this to date, it may hold the potential to disrupt both the workplace and retirement income market.
A material failure in our business processes or IT security may result in unanticipated financial loss or reputational damage. We have constructed our framework of internal control to minimise the risk of unanticipated financial loss or damage to our reputation. However, no system of internal control can completely eliminate the risk of error, financial loss, fraudulent actions, or reputational damage. We are also inherently exposed to cyber threats including the risks of data theft and fraud and more generally it is imperative that we maintain the privacy of our customers' personal data. There is also strong stakeholder expectation that our core business services are resilient to operational disruption.	Our risk governance model seeks to ensure that business management are actively engaged in maintaining an appropriate control environment, supported by risk functions led by the Group Chief Risk Officer, with independent assurance from Group Internal Audit. We continue to evolve our risk management approach for change, IT, security, operational resilience and data access and privacy. Whilst we seek to maintain a control environment commensurate with our risk profile, we recognise that residual risk will always remain across the spectrum of our business operations and we aim to develop response plans so that when adverse events occur, appropriate actions are deployed.	We continue to remain alert to evolving operational risks and invest in our system capabilities, including those for the management of cyber risks, to ensure that our important business processes are resilient. We also remain cognisant of the risks as we implement a new global operating model and IT platform for Asset Management and have structured the migration in phases to minimise change risks.

Risks and Uncertainties	Risk management	Outlook
The successful delivery of our strategy is dependent on the ability to attract and retain highly qualified professional people. The Group aims to recruit, develop and retain high quality individuals. We are inherently exposed to the risk that key personnel or teams of expertise may leave the Group, with an adverse effect on the Group's businesses. As we increasingly focus on the digitalisation of our businesses, we are also competing for technology and digital skill sets with other business sectors as well as our peers.	We seek to ensure that key personnel dependencies do not arise, through employee training and development programmes, remuneration strategies and succession planning. Our processes include the active identification and development of talent within our workforce, and by highlighting our values and social purpose, promoting Legal & General as a great place to work. As well as investing in our people, we are also transforming how we engage and develop capabilities, with new technologies and tools to support globalisation, increase productivity and provide an exceptional employee experience.	Competition for talent remains strong with skills in areas such as technology and digital particularly sought after across many business sectors, including those in which we operate. We also recognise the risks posed by the outlook for inflation in salary expectations across the wider employment market, and internally we have taken steps to help our employees through direct financial support and by providing advice and resources to help them manage their financial well-being.

Notes

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

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

A replay of the presentation will be made available on this website by 8 August 2024.

Financial Calendar	Date
2024 interim results announcement	**7 August 2024**
Ex-dividend date (2024 interim dividend)	**22 August 2024**
Record date	**23 August 2024**
Dividend payment date	**27 September 2024**

Definitions

Definitions are included in the Glossary on pages 87 to 92 of this release.

Forward-looking statements

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

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

The information, statements and opinions contained in this release do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities or financial instruments nor do they constitute any advice or recommendation with respect to such securities or other financial instruments or any other matter.

Caution about climate information

This release contains climate and ESG disclosures which use a large number of judgments, assumptions and estimates in connection with involved complex issues. The ESG disclosures should be treated with special caution, as ESG and climate data, models and methodologies are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, market consensus or globally accepted accounting principals. These judgments, assumptions and estimates are likely to change over time, in particular given the uncertainty around the evolution and impact of climate change. In addition, the Group’s climate risk analysis and net zero strategy remain under development and the data underlying the analysis and strategy remain subject to evolution. As a result, certain climate and ESG disclosures made in this release are likely to be amended, updated, recalculated or restated in future announcements, releases and/or reports. This statement should be read together with the Cautionary statement contained in the Group's 2023 Climate and nature report.

Going concern statement

A going concern statement is included on disclosure note 4.012 on page 42 of this release.

Directors' responsibility statement

We confirm to the best of our knowledge that:

- The Group consolidated financial statements have been prepared in accordance with the UK-adopted IAS 34 Interim Financial Reporting.
- The interim management report includes a fair review of information required by DTR 4.2.7R, namely an indication of important events that have occurred during the first six months of the financial year and their impact on the consolidated interim financial statements, as well as a description of the principal risks and uncertainties faced by the company and undertakings included in the consolidation taken as a whole for the remaining six months of the financial year;
- The interim management report includes, as required by DTR 4.2.8R, a fair review of related party transactions that:
    - have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the company during that period; and
    - any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the company in the first six months of the current financial year; and
- A list of current directors of Legal & General Group Plc is maintained on the Legal & General Group Plc website: https://group.legalandgeneral.com/en/about-us/our-management/group-board

By order of the Board

António Pedro dos Santos Simões
Group Chief Executive Officer
6 August 2024

Stuart Jeffrey Davies
Group Chief Financial Officer
6 August 2024

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Independent review report to Legal & General Group Plc

Conclusion

We have been engaged by Legal & General Group Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 4.01, the half-yearly financial report of the Company is prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Philip Smart
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
6 August 2024

IFRS Disclosures on performance

2.01 Restatement

At a Capital Markets Event on 12 June 2024, the Group set out a refreshed strategy and set of financial targets. As part of a new vision for a growing, simpler and better-connected business, the Group has implemented a revised business model, including the:

- creation of a single Asset Management division, bringing Legal & General Investment Management (LGIM) and Legal & General Capital (LGC) together as a unified, global, public and private markets asset manager; and
- maximisation of the value of non-strategic assets through a new Corporate Investments Unit.

As a result, the Group is now focused on three core business divisions, namely Institutional Retirement, Asset Management and Retail, with a shared sense of purpose and powerful synergies.

The new divisional organisation has an impact on the reportable segments of the Group. Previously, the Group operated five reportable segments, comprising Legal & General Retirement Institutional (LGRI), LGC, LGIM, Insurance and Retail Retirement. Following the announcement, in line with the principles in IFRS 8, 'Operating Segments', the Group operating and reportable segments have been updated to the following:

- Institutional Retirement, which continues to focus on worldwide pension risk transfer business opportunities;
- Asset Management, the new combined investment management business of the Group, committed to driving growth in public markets as well as materially scale the Group's in-house and origination platform capability in private markets across Real Estate, Private Credit and Infrastructure, including through an accelerated programme of fund launches;
- Insurance, which primarily represents UK protection (both group and retail) and US retail protection business (US Insurance);
- Retail Retirement, which primarily represents retail annuity and drawdown products, workplace savings and lifetime mortgage loans; and
- Corporate Investments, which represents a portfolio of non-strategic assets managed separately with the goal of maximising shareholder value ahead of potential divestment.

Group expenses, debt costs and assets held centrally are reported separately. Transactions between segments are on normal commercial terms and are included within the reported segments.

Segmental disclosures in relation to the comparative periods presented have been restated to reflect the new divisional organisation.

Further to the impact of the changes noted above, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts following the implementation of IFRS 17, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. In total, the impact of these adjustments on equity attributable to owners of the parent was a decrease of £45m as at 1 January 2023 and an increase of £17m as at 30 June 2023. The impact on profit for the period to 30 June 2023 attributable to equity holders was an increase of £61m.

IFRS Disclosures on performance

2.02 Operating profit#

For the six month period to 30 June 2024	Notes	6 months 2024 £m	Restated 6 months 2023 £m	Restated Full year 2023 £m
Institutional Retirement	2.03	**560**	530	1,028
Asset Management	2.04	**214**	249	448
Retail	2.03	**268**	252	449
- Insurance		105	108	139
- Retail Retirement		163	144	310
Group debt costs[1]		**(107)**	(106)	(212)
Group investment projects and expenses		**(86)**	(81)	(182)
Core operating profit		**849**	844	1,531
Corporate Investments		**71**	80	136
Total operating profit		**920**	924	1,667
Investment and other variances	2.05	**(601)**	(525)	(1,577)
Losses attributable to non-controlling interests		**(3)**	(6)	(14)
Adjusted profit before tax attributable to equity holders		**316**	393	76
Tax (expense)/credit attributable to equity holders	4.04	**(96)**	(22)	367
Profit for the period	3.01	**220**	371	443
Total tax expense/(credit)	3.01	**270**	136	(248)
Profit before tax	3.01	**490**	507	195
Profit attributable to equity holders		**223**	377	457
Earnings per share:				
Core (pence per share)[2]	2.07	**10.58**	10.52	19.04
Basic (pence per share)[2]	2.07	**3.58**	6.19	7.35
Diluted (pence per share)[2]	2.07	**3.55**	6.01	7.28

1. Group debt costs exclude interest on non-recourse financing.
2. All earnings per share calculations are based on profit attributable to equity holders of the company.

This supplementary adjusted operating profit information (one of the Group's key performance indicators) provides additional analysis of the results reported under IFRS, and the Group believes that it provides stakeholders with useful information to enhance their understanding of the performance of the business in the period. Core operating profit measures the operating performance of the Group's core business and is therefore calculated as the Group's adjusted operating profit excluding the operating profit of the Corporate Investments Unit.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the contractual service margin and risk adjustment in the period (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in the Asset Management division and CALA Homes, no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

Following the recent refresh of the Group's strategy and the segmentation changes described in Note 2.01, the Group has updated the application of its methodology for the determination of adjusted operating profit for assets allocated to the Asset Management and Corporate Investments segments, in order to simplify and harmonise the methodology within the segments. This has not had a material impact on the comparative adjusted operating profit of each segment, and therefore has not led to a restatement.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- Expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle;
- Assumptions for fixed interest securities measured at FVTPL are based on asset yields for the assets held, less an adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or FVOCI, the expected investment return comprises interest income on an effective interest rate basis; and
- Equity direct investments incorporate investments in housing, specialist commercial real estate, clean energy, alternative finance and fintech. Where used for the determination of adjusted operating profit, the long-term expected investment return is on average between 10% and 12%. Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

2.02 Operating profit# (continued)

The long-term expectations used in determining the expected investment returns for traded equity and property assets are:

	6 months 2024	6 months 2023	Full year 2023
Equity returns	**7%**	7%	7%
Commercial property growth	**5%**	5%	5%
Residential property growth	**3.5%**	3.5%	3.5%

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

Exceptional income and expenses which arise outside the normal course of business in the year, such as merger and acquisition and start-up costs, are excluded from adjusted operating profit.

2.03 Analysis of Institutional Retirement and Retail operating profit#

	Institutional Retirement 6 months 2024 £m	**Retail 6 months 2024 £m**	Restated Institutional Retirement 6 months 2023 £m	Restated Retail 6 months 2023 £m	Restated Institutional Retirement Full year 2023 £m	Restated Retail Full year 2023 £m
Amortisation of the CSM in the period[1]	**316**	**226**	267	210	591	446
Release of risk adjustment in the period	**64**	**39**	54	49	119	74
Experience variances	**(20)**	**18**	(18)	(17)	(14)	(17)
Development of losses on onerous contracts	**–**	**(8)**	–	(8)	1	(27)
Other expenses[2]	**(86)**	**(76)**	(68)	(40)	(160)	(121)
Insurance investment margin[3]	**283**	**65**	292	71	486	122
Investment contracts and non-insurance operating profit	**3**	**4**	3	(13)	5	(28)
Total Institutional Retirement and Retail operating profit	**560**	**268**	530	252	1,028	449

1. Contractual service margin (CSM) amortisation for Retail has been reduced by £8m (H1 23: £8m; FY 23: £16m) to exclude the impact of reinsurance mismatches.
2. Other expenses are non-attributable expenses on both new and existing business. These are overhead costs which are not allowed for in the CSM or the best estimate liability unit cost assumptions, and instead are reported within the Consolidated Income Statement as part of the profit or loss for the period.
3. Insurance investment margin comprises the expected investment return on assets backing insurance contract liabilities, the unwind of the discount rate on insurance contract liabilities and the optimisation of the assets backing the annuity back book. The insurance investment margin also incorporates the impact of the change in segmentation (see Note 2.01).

2.04 Asset Management operating profit#

	6 months 2024 £m	Restated 6 months 2023 £m	Restated Full year 2023 £m
Management fee revenue (excluding third-party market data)[1]	**481**	455	926
Transactional revenue[2]	**11**	9	26
Expenses (excluding third-party market data)[1]	**(359)**	(326)	(684)
Operating profit from fee related earnings	**133**	138	268
Operating profit from balance sheet investments[3]	**81**	111	180
Total Asset Management operating profit	**214**	249	448

1. Asset Management revenue and expenses exclude income and costs of £16m in relation to the provision of third-party market data (H1 23: £13m; FY 23: £26m).
2. Transactional revenue from external clients includes execution fees, asset transition income, trigger fees, arrangement fees on property transactions and performance fees.
3. Earnings from balance sheet investments across specialist commercial real estate, clean energy, housing and alternative finance.

All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

IFRS Disclosures on performance

2.05 Investment and other variances

	6 months 2024 £m	Restated 6 months 2023 £m	Restated Full year 2023 £m
Institutional Retirement and Retail			
- Net impact of investment returns less than expectation and change in liability discount rates	**(322)**	(182)	(720)
- Other	**(27)**	(30)	(6)
Total Institutional Retirement and Retail investment variance	**(349)**	(212)	(726)
Asset Management investment variance	**(55)**	(40)	(123)
Other investment variance[1]	**(197)**	(95)	(529)
Investment variance	**(601)**	(347)	(1,378)
M&A related and other variances	**–**	(178)	(199)
Total investment and other variances	**(601)**	(525)	(1,577)

1. Other investment variance in H1 24 includes a £110m valuation write-down of Salary Finance. In FY 23, it includes the £167m one-off settlement cost associated with the buy-out of the Group's UK defined benefit pension schemes along with the current service costs and net interest expense up until that transaction.

Investment variance includes differences between actual and long-term expected investment return on traded and non-traded assets, the impact of economic assumption changes caused by changes in market conditions or expectations (e.g. credit default and inflation), the impact of any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business, and the yield associated with assets held for future new pension risk transfer business. Note 2.02 includes details around the determination of the long-term expected investment return in the calculation of adjusted operating profit.

For the Group's long-term insurance businesses, reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future contractual service margin (CSM) amortisation is reduced over the duration of the contracts.

Changes in non-financial assumptions, including longevity, recalibrate the CSM at locked-in, point-of-sale discount rates, whilst the fulfilment cash flows change at the current discount rate. This creates a component of investment variance reflecting the difference between these bases. Investment variance for Institutional Retirement and Retail includes £nil (H1 23: £nil; FY 23: £318m expense) arising from interest rate differences on longevity assumption changes in the period.

M&A related and other variances includes gains and losses, expenses and intangible amortisation relating to acquisitions, disposals and restructuring as well as business start-up costs. The costs incurred in 2023 were primarily in relation to the announced intent to cease production within the Modular Homes business and impairment of the Group's investment in Onto.

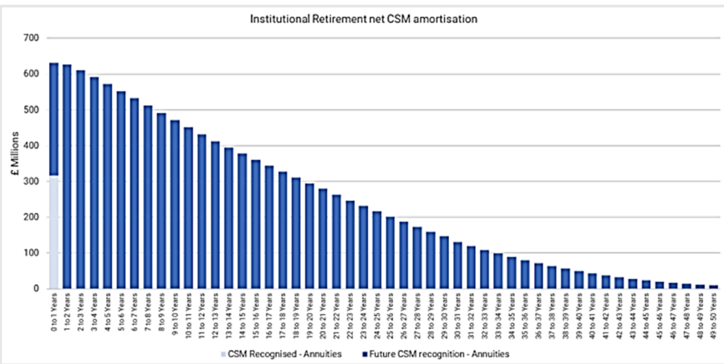
IFRS Disclosures on performance

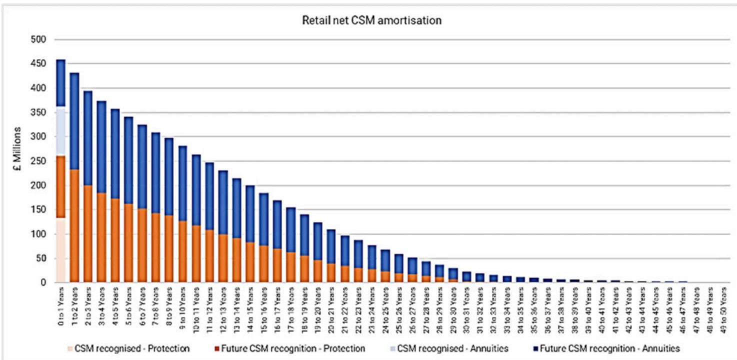
2.06 Risk adjustment (RA) and Contractual service margin (CSM) analysis

	Net of reinsurance RA Institutional Retirement £m	Net of reinsurance RA Retail £m	Net of reinsurance CSM Institutional Retirement £m	Net of reinsurance CSM Retail £m
As at 1 January 2024	**807**	**891**	**8,350**	**4,644**
CSM recognised for services provided/received	**–**	**–**	**(316)**	**(234)**
Release of risk adjustment	**(64)**	**(39)**	**–**	**–**
Changes in estimates which adjust the CSM	**(24)**	**2**	**19**	**(34)**
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	**–**	**(1)**	**–**	**–**
Contracts initially recognised in the period	**(48)**	**25**	**135**	**191**
Finance (income)/expenses from insurance contracts	**(22)**	**(34)**	**134**	**70**
Effect of movements in exchange rates	**1**	**4**	**(1)**	**7**
As at 30 June 2024	**650**	**848**	**8,321**	**4,644**

	Net of reinsurance RA Institutional Retirement £m	Net of reinsurance RA Retail £m	Net of reinsurance CSM Institutional Retirement £m	Net of reinsurance CSM Retail £m
As at 1 January 2023 (Restated)	649	883	7,448	4,490
CSM recognised for services provided/received	–	–	(267)	(218)
Release of risk adjustment	(54)	(49)	–	–
Changes in estimates which adjust the CSM	12	12	(67)	42
Contracts initially recognised in the period	24	13	307	168
Finance expenses from insurance contracts	12	40	102	62
Effect of movements in exchange rates	(4)	(28)	(12)	(53)
As at 30 June 2023 (Restated)	639	871	7,511	4,491

	Net of reinsurance RA Institutional Retirement £m	Net of reinsurance RA Retail £m	Net of reinsurance CSM Institutional Retirement £m	Net of reinsurance CSM Retail £m
As at 1 January 2023	649	883	7,448	4,490
CSM recognised for services provided/received	–	–	(591)	(462)
Release of risk adjustment	(119)	(74)	–	–
Changes in estimates which adjust the CSM	6	(26)	424	204
Changes in estimates that result in losses or reversal of losses on underlying onerous contracts	–	(1)	–	8
Contracts initially recognised in the year	161	32	865	320
Finance expenses from insurance contracts	114	105	220	134
Effect of movements in exchange rates	(4)	(28)	(16)	(50)
As at 31 December 2023	807	891	8,350	4,644





The amounts presented reflect the net CSM amortisation expected to be recognised in operating profit in future periods from the business in-force at the end of the period, excluding the adjustment for reinsurance mismatches relating to protection business (described in Note 2.03). Actual CSM amortisation in future periods will differ from that presented due to the impacts of future new business, recalibrations of the CSM and changes in the future coverage units. The total amount presented exceeds the carrying value of the CSM as it incorporates the future accretion of interest. The periods start from 1 January 2024 and so the first year comprises six months of actual CSM recognised and six months of CSM to be recognised.

IFRS Disclosures on performance

2.07 Earnings per share
(i) Basic earnings per share

	Total 6 months 2024 £m	Per share[1] 6 months 2024 p	Restated Total 6 months 2023 £m	Restated Per share[1] 6 months 2023 p	Restated Total Full year 2023 £m	Restated Per share[1] Full year 2023 p
Profit for the period attributable to equity holders	**223**	**3.77**	377	6.38	457	7.73
Less: coupon payable in respect of restricted Tier 1 convertible notes after tax relief	**(11)**	**(0.19)**	(11)	(0.19)	(22)	(0.38)
Total basic earnings	**212**	**3.58**	366	6.19	435	7.35
Less: Corporate Investments operating profit after tax	**(60)**	**(1.01)**	(59)	(1.00)	(104)	(1.76)
Less: Investment variance after allocated tax	**474**	**8.01**	315	5.33	795	13.45
Total core earnings[2]	**626**	**10.58**	622	10.52	1,126	19.04

1. Basic earnings per share is calculated by dividing profit after tax by the weighted average number of ordinary shares in issue during the year, excluding employee scheme treasury shares.
2. Total core earnings includes allocated tax at the standard UK corporate tax rate.

(ii) Diluted earnings per share

For the six month period to 30 June 2024	**After tax £m**	**Weighted average number of shares m**	**Per share[1] p**
Profit for the period attributable to equity holders	**223**	**5,918**	**3.77**
Net shares under options allocable for no further consideration	**–**	**57**	**(0.03)**
Conversion of restricted Tier 1 notes	**–**	**307**	**(0.19)**
Total diluted earnings	**223**	**6,282**	**3.55**

For the six month period to 30 June 2023	Restated After tax £m	Weighted average number of shares m	Restated Per share[1] p
Profit for the period attributable to equity holders	377	5,913	6.38
Net shares under options allocable for no further consideration	–	53	(0.06)
Conversion of restricted Tier 1 notes	–	307	(0.31)
Total diluted earnings	377	6,273	6.01

For the year ended 31 December 2023	Restated After tax £m	Weighted average number of shares m	Restated Per share[1] p
Profit for the period attributable to equity holders	457	5,915	7.73
Net shares under options allocable for no further consideration	–	59	(0.08)
Conversion of restricted Tier 1 notes	–	307	(0.37)
Total diluted earnings	457	6,281	7.28

1. For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding employee scheme treasury shares, is adjusted to assume conversion of all potential ordinary shares, such as share options granted to employees and conversion of restricted Tier 1 notes.

IFRS Disclosures on performance

2.08 Segmental analysis

Following the announcement of a refreshed strategy on 12 June 2024, the divisional organisation of the Group has been restructured. Accordingly, reportable segments have been updated and are now the following:

- Institutional Retirement, which represents worldwide pension risk transfer business including longevity insurance;
- Asset Management, which represents investment management business in public and private markets, and the Group's in-house and origination platforms across Real Estate, Private Credit and Infrastructure;
- Insurance, which primarily represents UK protection (both group and retail) and US retail protection business (US Insurance);
- Retail Retirement, which primarily represents retail annuity and drawdown products, workplace savings and lifetime mortgage loans; and
- Corporate Investments, which represents a portfolio of non-strategic assets, most materially CALA Homes, managed separately with the goal of maximising shareholder value ahead of potential divestment.

Group expenses, debt costs and assets held centrally are reported separately. Transactions between segments are on normal commercial terms and are included within the reported segments.

In the UK, annuity liabilities relating to Institutional Retirement and Retail Retirement are backed by a single portfolio of assets, and once a transaction has been completed the assets relating to any particular transaction are not tracked to the related liabilities. Investment variance is allocated to the two business segments based on the relative average size of the underlying insurance contract liabilities for the period.

Reporting of assets and liabilities by reportable segment has not been included, as this is not information that is provided to key decision makers on a regular basis. The Group's asset and liabilities are managed on a legal entity rather than a segment basis, in line with regulatory requirements.

Financial information on the reportable segments is further broken down where relevant in order to better explain the drivers of the Group's results.

(i) Profit/(loss) for the period

For the six month period to 30 June 2024	**Institutional Retirement £m**	**Asset Management £m**	**Insurance £m**	**Retail Retirement £m**	**Corporate Investments £m**	**Group expenses and debt costs £m**	**Total £m**
Operating profit/(loss)#	**560**	**214**	**105**	**163**	**71**	**(193)**	**920**
Investment and other variances	**(263)**	**(55)**	**(14)**	**(72)**	**(187)**	**(10)**	**(601)**
Losses attributable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Profit/(loss) before tax attributable to equity holders	**297**	**159**	**91**	**91**	**(116)**	**(206)**	**316**
Tax (expense)/credit attributable to equity holders	**(61)**	**(41)**	**(20)**	**(19)**	**(5)**	**50**	**(96)**
Profit/(loss) for the period	**236**	**118**	**71**	**72**	**(121)**	**(156)**	**220**

For the six month period to 30 June 2023 (Restated)	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments £m	Group expenses and debt costs £m	Total £m
Operating profit/(loss)#	530	249	108	144	80	(187)	924
Investment and other variances	(183)	(40)	9	(38)	(235)	(38)	(525)
Losses attributable to non-controlling interests	–	–	–	–	–	(6)	(6)
Profit/(loss) before tax attributable to equity holders	347	209	117	106	(155)	(231)	393
Tax (expense)/credit attributable to equity holders	(35)	(18)	(27)	(8)	14	52	(22)
Profit/(loss) for the period	312	191	90	98	(141)	(179)	371

For the year ended 31 December 2023 (Restated)	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Corporate Investments £m	Group expenses and debt costs £m	Total £m
Operating profit/(loss)#	1,028	448	139	310	136	(394)	1,667
Investment and other variances	(555)	(123)	(22)	(149)	(363)	(365)	(1,577)
Losses attributable to non-controlling interests	–	–	–	–	–	(14)	(14)
Profit/(loss) before tax attributable to equity holders	473	325	117	161	(227)	(773)	76
Tax credit/(expense) attributable to equity holders	236	(30)	(44)	61	17	127	367
Profit/(loss) for the year	709	295	73	222	(210)	(646)	443

All references to 'Operating profit' throughout this report represent 'Adjusted operating profit', an alternative performance measure defined in the alternative performance measures (APM) section.

2.08 Segmental analysis (continued)
(ii) Revenue
(a) Total revenue - summary

Total revenue includes insurance revenue, fees from fund management and investment contracts and other operational income from contracts with customers. Further details on the components of insurance revenue are disclosed in Note 4.12. Other operational income from contracts with customers is a component of other operational income and excludes the share of profit/loss from associates and joint ventures, as well as gains/losses on disposal of subsidiaries, associates, joint ventures and other operations.

The tables below split the revenue by the geographic location of the client.

For the six month period to 30 June 2024	**United Kingdom £m**	**USA £m**	**Rest of World £m**	**Total £m**
Insurance revenue	**4,111**	**1,017**	**54**	**5,182**
Fees from fund management and investment contracts	**342**	**45**	**41**	**428**
Other operational income from contracts with customers	**644**	**1**	**–**	**645**
Total revenue	**5,097**	**1,063**	**95**	**6,255**

For the six month period to 30 June 2023 (Restated)	United Kingdom £m	USA £m	Rest of World £m	Total £m
Insurance revenue	3,652	930	47	4,629
Fees from fund management and investment contracts	323	42	44	409
Other operational income from contracts with customers	782	–	–	782
Total revenue	4,757	972	91	5,820

For the year ended 31 December 2023	United Kingdom £m	USA £m	Rest of World £m	Total £m
Insurance revenue	7,679	1,830	115	9,624
Fees from fund management and investment contracts	652	80	93	825
Other operational income from contracts with customers	1,661	1	–	1,662
Total revenue	9,992	1,911	208	12,111

(b) Total revenue – internal/external analysis

For the six month period to 30 June 2024	**Institutional Retirement £m**	**Asset Management[1] £m**	**Insurance £m**	**Retail Retirement £m**	**Other[2] £m**	**Total £m**
Internal revenue	**–**	**108**	**–**	**–**	**(108)**	**–**
External revenue	**2,857**	**402**	**1,672**	**781**	**543**	**6,255**
Total revenue	**2,857**	**510**	**1,672**	**781**	**435**	**6,255**

For the six month period to 30 June 2023 (Restated)	Institutional Retirement £m	Asset Management[1] £m	Insurance £m	Retail Retirement £m	Other[2] £m	Total £m
Internal revenue	–	99	–	–	(99)	–
External revenue	2,450	374	1,584	704	708	5,820
Total revenue	2,450	473	1,584	704	609	5,820

For the year ended 31 December 2023 (Restated)	Institutional Retirement £m	Asset Management[1] £m	Insurance £m	Retail Retirement £m	Other[2] £m	Total £m
Internal revenue	–	202	–	–	(202)	–
External revenue	5,257	930	3,115	1,468	1,341	12,111
Total revenue	5,257	1,132	3,115	1,468	1,139	12,111

1. Asset Management internal income relates to investment management services provided to other segments.
2. Other includes Corporate Investments, inter-segmental eliminations and Group consolidation adjustments.

2.08 Segmental analysis (continued)

(ii) Revenue (continued)

(c) Fees from fund management and investment contracts

For the six month period to 30 June 2024	Asset Management £m	Retail Retirement £m	Other[1] £m	Total £m
Investment contracts and management fees	466	59	(107)	418
Transaction fees	10	–	–	10
Total fees from fund management and investment contracts	**476**	**59**	**(107)**	**428**

For the six month period to 30 June 2023 (Restated)	Asset Management £m	Retail Retirement £m	Other[1] £m	Total £m
Investment contracts and management fees	448	51	(99)	400
Transaction fees	9	–	–	9
Total fees from fund management and investment contracts	457	51	(99)	409

For the year ended 31 December 2023 (Restated)	Asset Management £m	Retail Retirement £m	Other[1] £m	Total £m
Investment contracts and management fees	895	104	(199)	800
Transaction fees	25	–	–	25
Total fees from fund management and investment contracts	920	104	(199)	825

1. Other includes Corporate Investments, inter-segmental eliminations and Group consolidation adjustments.

(d) Other operational income from contracts with customers

For the six month period to 30 June 2024	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Other[3] £m	Total £m
House building	6	34	–	2	532	574
Professional services fees	–	–	25	3	10	38
Insurance broker	–	–	33	–	–	33
Total other operational income from contracts with customers[1,2]	**6**	**34**	**58**	**5**	**542**	**645**

For the six month period to 30 June 2023 (Restated)	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Other[3] £m	Total £m
House building	–	3	–	–	699	702
Professional services fees	–	13	27	4	9	53
Insurance broker	–	–	27	–	–	27
Total other operational income from contracts with customers[1,2]	–	16	54	4	708	782

For the year ended 31 December 2023 (Restated)	Institutional Retirement £m	Asset Management £m	Insurance £m	Retail Retirement £m	Other[3] £m	Total £m
House building	2	208	–	–	1,321	1,531
Professional services fees	–	4	46	7	17	74
Insurance broker	–	–	57	–	–	57
Total other operational income from contracts with customers[1,2]	2	212	103	7	1,338	1,662

1. Total other operational income from contracts with customers excludes the share of profit/loss from associates and joint ventures, and the gain on disposal of subsidiaries, associates and joint ventures.
2. £8m of other operational income from contracts with customers is presented within management fee revenue of Note 2.04 Asset Management operating profit (H1 23: £5m; FY 23: £17m).
3. Other includes Corporate Investments, inter-segmental eliminations and Group consolidation adjustments.

IFRS Primary Financial Statements

3.01 Consolidated Income Statement (unaudited)

For the six month period to 30 June 2024	Notes	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance revenue	4.12	**5,182**	4,629	9,624
Insurance service expenses	4.12	**(4,461)**	(3,997)	(8,373)
Insurance service result before reinsurance contracts held		**721**	632	1,251
Net expense from reinsurance contracts held	4.12	**(119)**	(52)	(137)
Insurance service result	4.12	**602**	580	1,114
Investment return		**12,982**	8,288	32,973
Finance income/(expense) from insurance contracts issued		**1,246**	518	(5,830)
Finance (expense)/income from reinsurance contracts		**(108)**	67	584
Change in investment contract liabilities		**(13,693)**	(8,208)	(27,116)
Insurance and investment result		**1,029**	1,245	1,725
Other operational income		**616**	758	1,571
Fees from fund management and investment contracts	2.08	**428**	409	825
Acquisition costs		**(87)**	(55)	(149)
Other finance costs		**(188)**	(173)	(347)
Other expenses		**(1,308)**	(1,677)	(3,430)
Total other income and expenses		**(539)**	(738)	(1,530)
Profit before tax		**490**	507	195
Tax expense attributable to policyholder returns		**(174)**	(114)	(119)
Profit before tax attributable to equity holders		**316**	393	76
Total tax (expense)/credit		**(270)**	(136)	248
Tax expense attributable to policyholder returns		**174**	114	119
Tax (expense)/credit attributable to equity holders	4.04	**(96)**	(22)	367
Profit for the period		**220**	371	443
Attributable to:				
Non-controlling interests		**(3)**	(6)	(14)
Equity holders		**223**	377	457
Dividend distributions to equity holders during the period	4.02	**874**	831	1,172
Dividend distributions to equity holders proposed after the period end	4.02	**357**	340	871
		p	p	p
Total basic earnings per share[2]	2.07	**3.58**	6.19	7.35
Total diluted earnings per share[2]	2.07	**3.55**	6.01	7.28

1. As noted in Note 2.01, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. These corrections have been applied consistently to all affected disclosure notes in this report.
2. All earnings per share calculations are based on profit attributable to equity holders of the company.

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3.02 Consolidated Statement of Comprehensive Income (unaudited)

For the six month period to 30 June 2024	**6 months 2024 £m**	Restated[1] 6 months 2023 £m	Full year 2023 £m
Profit for the period	**220**	371	443
Items that will not be reclassified subsequently to profit or loss			
Actuarial remeasurements on defined benefit pension schemes	**–**	(2)	(29)
Tax on actuarial remeasurements on defined benefit pension schemes	**–**	–	8
Total items that will not be reclassified subsequently to profit or loss	**–**	(2)	(21)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas operations	**(5)**	(6)	(6)
Movement in cross-currency hedge	**3**	24	(37)
Tax on movement in cross-currency hedge	**(1)**	(6)	9
Movement in financial investments measured at FVOCI	**(118)**	13	75
Tax on movement in financial investments measured at FVOCI	**29**	(2)	(18)
Insurance finance income/(expense) for insurance contracts issued applying the OCI option	**284**	95	(73)
Reinsurance finance (expense)/income for reinsurance contracts issued applying the OCI option	**(152)**	(104)	43
Tax on movement in finance income/(expense) for insurance and reinsurance contracts	**(35)**	2	6
Total items that may be reclassified subsequently to profit or loss	**5**	16	(1)
Other comprehensive income/(expense) after tax	**5**	14	(22)
Total comprehensive income for the period	**225**	385	421
Total comprehensive income/(expense) for the period attributable to:			
Non-controlling interests	**(3)**	(6)	(14)
Equity holders	**228**	391	435

1. As noted in Note 2.01, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. These corrections have been applied consistently to all affected disclosure notes in this report.

3.03 Consolidated Balance Sheet (unaudited)

	Notes	As at 30 Jun 2024 £m	Restated[1] As at 30 Jun 2023 £m	As at 31 Dec 2023 £m
Assets				
Goodwill		**73**	71	73
Other intangible assets		**466**	454	477
Investment in associates and joint ventures accounted for using the equity method		**641**	553	616
Property, plant and equipment		**427**	362	433
Investment property	4.03	**9,264**	9,227	8,893
Financial investments	4.03	**476,280**	454,967	471,405
Reinsurance contract assets	4.12	**8,184**	5,426	7,306
Deferred tax assets	4.04	**1,720**	1,341	1,714
Current tax assets		**822**	895	885
Receivables and other assets		**12,836**	11,928	9,780
Cash and cash equivalents		**15,806**	14,537	20,513
Total assets		**526,519**	499,761	522,095
Equity				
Share capital	4.05	**149**	149	149
Share premium	4.05	**1,034**	1,027	1,030
Employee scheme treasury shares		**(142)**	(143)	(147)
Capital redemption and other reserves		**325**	346	326
Retained earnings		**2,097**	3,231	2,973
Attributable to owners of the parent		**3,463**	4,610	4,331
Restricted Tier 1 convertible notes	4.06	**495**	495	495
Non-controlling interests		**(44)**	(35)	(42)
Total equity		**3,914**	5,070	4,784
Liabilities				
Insurance contract liabilities	4.12	**89,500**	78,352	91,446
Reinsurance contract liabilities	4.12	**142**	137	220
Investment contract liabilities		**323,140**	299,135	316,872
Core borrowings	4.07	**4,288**	4,278	4,280
Operational borrowings	4.08	**1,854**	1,272	1,840
Provisions	4.14	**232**	1,626	258
Deferred tax liabilities	4.04	**176**	160	107
Current tax liabilities		**110**	68	77
Payables and other financial liabilities	4.10	**80,464**	91,056	78,439
Other liabilities		**587**	705	680
Net asset value attributable to unit holders		**22,112**	17,902	23,092
Total liabilities		**522,605**	494,691	517,311
Total equity and liabilities		**526,519**	499,761	522,095

1. As noted in Note 2.01, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. These corrections have been applied consistently to all affected disclosure notes in this report.

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3.04 Consolidated Statement of Changes in Equity (unaudited)

For the six month period to 30 June 2024	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1] £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
As at 1 January 2024	**149**	**1,030**	**(147)**	**326**	**2,973**	**4,331**	**495**	**(42)**	**4,784**
Profit/(loss) for the period	–	–	–	–	223	223	–	(3)	220
Exchange differences on translation of overseas operations	–	–	–	(5)	–	(5)	–	–	(5)
Net movement in cross-currency hedge	–	–	–	2	–	2	–	–	2
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	–	–	–	–	–
Net movement in financial investments measured at FVOCI	–	–	–	(89)	–	(89)	–	–	(89)
Net insurance finance income	–	–	–	97	–	97	–	–	97
Total comprehensive income for the period	–	–	–	5	223	228	–	(3)	225
Options exercised under share option schemes	–	4	–	–	–	4	–	–	4
Shares purchased	–	–	(7)	–	–	(7)	–	–	(7)
Shares vested	–	–	12	(32)	–	(20)	–	–	(20)
Employee scheme treasury shares: - Value of employee services	–	–	–	26	–	26	–	–	26
Share scheme transfers to retained earnings	–	–	–	–	(13)	(13)	–	–	(13)
Share buyback[2]	–	–	–	–	(201)	(201)	–	–	(201)
Dividends	–	–	–	–	(874)	(874)	–	–	(874)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(11)	(11)	–	–	(11)
Movement in third party interests	–	–	–	–	–	–	–	1	1
As at 30 June 2024	**149**	**1,034**	**(142)**	**325**	**2,097**	**3,463**	**495**	**(44)**	**3,914**

1. Capital redemption and other reserves as at 30 June 2024 include share-based payments £83m, foreign exchange £36m, capital redemption £17m, hedging £48m, insurance and reinsurance finance for contracts applying the OCI option £273m and financial assets at FVOCI £(132)m.
2. On 13 June 2024, Legal & General Group Plc entered into an irrevocable agreement to acquire £200m of ordinary shares for cancellation. Accordingly, a liability of £201m (inclusive of stamp duty tax) has been recorded in the balance sheet with a corresponding amount in equity. As at 30 June 2024, £21m of shares had been acquired under the programme (see Note 4.17 for further information).

For the six month period to 30 June 2023 (Restated)[1]	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1,2] £m	Retained earnings[1] £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
As at 1 January 2023	149	1,018	(144)	337	3,707	5,067	495	(29)	5,533
Profit/(loss) for the period	–	–	–	–	377	377	–	(6)	371
Exchange differences on translation of overseas operations	–	–	–	(6)	–	(6)	–	–	(6)
Net movement in cross-currency hedge	–	–	–	18	–	18	–	–	18
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	(2)	(2)	–	–	(2)
Net movement in financial investments measured at FVOCI	–	–	–	11	–	11	–	–	11
Net insurance finance expense	–	–	–	(7)	–	(7)	–	–	(7)
Total comprehensive income/(expense) for the period	–	–	–	16	375	391	–	(6)	385
Options exercised under share option schemes	–	9	–	–	–	9	–	–	9
Shares purchased	–	–	(13)	–	–	(13)	–	–	(13)
Shares vested	–	–	14	(35)	–	(21)	–	–	(21)
Employee scheme treasury shares: - Value of employee services	–	–	–	28	–	28	–	–	28
Share scheme transfers to retained earnings	–	–	–	–	(9)	(9)	–	–	(9)
Dividends	–	–	–	–	(831)	(831)	–	–	(831)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(11)	(11)	–	–	(11)
Movement in third party interests	–	–	–	–	–	–	–	–	–
As at 30 June 2023	149	1,027	(143)	346	3,231	4,610	495	(35)	5,070

1. As noted in Note 2.01, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. These corrections have been applied consistently to all affected disclosure notes in this report.
2. Capital redemption and other reserves as at 30 June 2023 include share-based payments £92m, foreign exchange £40m, capital redemption £17m, hedging £92m, insurance and reinsurance finance for contracts applying the OCI option £194m and financial assets at FVOCI £(89)m.

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3.04 Consolidated Statement of Changes in Equity (unaudited) (continued)

For the year ended 31 December 2023	Share capital £m	Share premium £m	Employee scheme treasury shares £m	Capital redemption and other reserves[1] £m	Retained earnings £m	Equity attributable to owners of the parent £m	Restricted Tier 1 convertible notes £m	Non-controlling interests £m	Total equity £m
As at 1 January 2023	149	1,018	(144)	337	3,707	5,067	495	(29)	5,533
Profit/(loss) for the year	–	–	–	–	457	457	–	(14)	443
Exchange differences on translation of overseas operations	–	–	–	(6)	–	(6)	–	–	(6)
Net movement in cross-currency hedge	–	–	–	(28)	–	(28)	–	–	(28)
Net actuarial remeasurements on defined benefit pension schemes	–	–	–	–	(21)	(21)	–	–	(21)
Net movement in financial investments measured at FVOCI	–	–	–	57	–	57	–	–	57
Net insurance finance expense	–	–	–	(24)	–	(24)	–	–	(24)
Total comprehensive (expense)/income for the period	–	–	–	(1)	436	435	–	(14)	421
Options exercised under share option schemes	–	12	–	–	–	12	–	–	12
Shares purchased	–	–	(18)	–	–	(18)	–	–	(18)
Shares vested	–	–	15	(69)	–	(54)	–	–	(54)
Employee scheme treasury shares: - Value of employee services	–	–	–	59	–	59	–	–	59
Share scheme transfers to retained earnings	–	–	–	–	24	24	–	–	24
Dividends	–	–	–	–	(1,172)	(1,172)	–	–	(1,172)
Coupon payable in respect of restricted Tier 1 convertible notes after tax relief	–	–	–	–	(22)	(22)	–	–	(22)
Movement in third party interests	–	–	–	–	–	–	–	1	1
As at 31 December 2023	149	1,030	(147)	326	2,973	4,331	495	(42)	4,784

1. Capital redemption and other reserves as at 31 December 2023 include share-based payments £89m, foreign exchange £41m, capital redemption £17m, hedging £46m, insurance and reinsurance finance for contracts applying the OCI option £176m and financial assets at FVOCI £(43)m.

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3.05 Consolidated Statement of Cash Flows (unaudited)

For the six month period to 30 June 2024	Notes	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Profit for the period		**220**	371	443
Adjustments for non-cash movements in net profit for the period				
Net gains on financial investments and investment property		**(6,337)**	(2,125)	(21,567)
Investment income		**(6,645)**	(6,163)	(11,406)
Interest expense		**188**	173	347
Tax expense/(credit)		**270**	136	(248)
Other adjustments		**51**	116	112
Net (increase)/decrease in operational assets				
Investments mandatorily measured at FVTPL		**6,372**	(7,732)	(7,478)
Investments measured at FVOCI		**(115)**	456	(1,344)
Investments measured at amortised cost		**(270)**	(233)	(126)
Other assets		**(2,939)**	1,333	3,218
Net (decrease)/increase in operational liabilities				
Insurance contracts and reinsurance contracts held		**(2,813)**	(147)	11,153
Investment contracts		**6,267**	12,308	30,045
Other liabilities		**(3,366)**	(24,340)	(26,682)
Cash utilised in operations		**(9,117)**	(25,847)	(23,533)
Interest paid		**(198)**	(167)	(469)
Interest received[2]		**2,709**	3,408	5,210
Rent received		**229**	224	437
Tax paid[3]		**(114)**	(184)	(186)
Dividends received		**2,823**	2,338	4,297
Net cash flows from operations		**(3,668)**	(20,228)	(14,244)
Cash flows from investing activities				
Acquisition of property, plant and equipment, intangibles and other assets		**(29)**	(171)	(237)
Acquisition of operations, net of cash acquired		**–**	–	(9)
Investment in joint ventures and associates		**(66)**	(44)	(184)
Disposal of joint ventures and associates		**–**	8	8
Net cash flows utilised in investing activities		**(95)**	(207)	(422)
Cash flows from financing activities				
Dividend distributions to ordinary equity holders during the period	4.02	**(874)**	(831)	(1,172)
Coupon payment in respect of restricted Tier 1 convertible notes, gross of tax	4.06	**(14)**	(14)	(28)
Options exercised under share option schemes	4.05	**4**	9	12
Treasury shares purchased for employee share schemes		**(7)**	(13)	(18)
Purchase of shares under share buyback programme	4.05	**(21)**	–	–
Payment of lease liabilities		**(22)**	(32)	(32)
Proceeds from borrowings	4.09	**476**	408	1,226
Repayment of borrowings	4.09	**(489)**	(299)	(544)
Net cash flows utilised in financing activities		**(947)**	(772)	(556)
Net decrease in cash and cash equivalents		**(4,710)**	(21,207)	(15,222)
Exchange gains/(losses) on cash and cash equivalents		**3**	(40)	(49)
Cash and cash equivalents at 1 January		**20,513**	35,784	35,784
Total cash and cash equivalents at 30 June/31 December		**15,806**	14,537	20,513

1. As noted in Note 2.01, during the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. These corrections have been applied consistently to all affected disclosure notes in this report.
2. Interest received comprises of net interest received from financial instruments at fair value through profit or loss and other financial instruments.
3. Tax paid comprises UK corporation tax received of £37m (H1 23: payment of £38m; FY 23: £nil), withholding tax of £151m (H1 23: £143m; FY 23: £179m) and overseas corporate tax of £nil (H1 23: £3m; FY 23: £7m).

IFRS Disclosure Notes

4.01 Basis of preparation

The Group financial information for the six months ended 30 June 2024 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting'. The Group's financial information, a condensed set of financial statements which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes, has also been prepared in line with the accounting policies which the Group expects to adopt for the 2024 year end. These policies are consistent with the principal accounting policies which were set out in the Group's 2023 consolidated financial statements, except where policy changes have been outlined below in "New standards, interpretations and amendments to published standards that have been adopted by the Group". Accounting policies are in line with UK-adopted international accounting standards, as issued by the International Accounting Standards Board and adopted by the UK Endorsement Board for use in the United Kingdom.

The preparation of the Interim Management Report includes the use of estimates and assumptions which affect items reported in the Consolidated Balance Sheet and Consolidated Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. The economic and non-economic actuarial assumptions used to establish the liabilities in relation to insurance represent an area of critical accounting judgement on policy application. For half year financial reporting, economic assumptions have been updated to reflect market conditions. Non-economic assumptions are consistent with those used in the 31 December 2023 financial statements.

The results for the half year ended 30 June 2024 are unaudited but have been reviewed by KPMG LLP. The interim results do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The results for the full year 2023 have been taken from the Group's 2023 Annual Report and Accounts. Therefore, these interim accounts should be read in conjunction with the 2023 Annual Report and Accounts, prepared in accordance with UK-adopted international accounting standards, which comprise International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and related interpretations issued by the IFRS Interpretations Committee, and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. Those accounts have been reported on by the company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Key technical terms and definitions
The Interim Management Report refers to various key performance indicators, accounting standards and other technical terms. A comprehensive list of these definitions is contained within the glossary of these interim financial statements.

Alternative performance measures
The Group uses a number of alternative performance measures (APMs), including adjusted operating profit, in the discussion of its business performance and financial position, as the Group believes that they, complemented with figures determined according to other regulations, enhance understanding of the Group's performance. Definitions and further information in relation to the Group's APMs can be found in the Alternative Performance Measures section of these interim financial statements.

Tax attributable to policyholders and equity holders
The total tax expense shown in the Group's Consolidated Income Statement includes income tax borne by both policyholders and equity holders. This has been split between tax attributable to policyholders' returns and equity holders' profits. Policyholder tax comprises the tax suffered on policyholder investment returns, while equity holder tax is corporation tax charged on equity holder profit. The separate presentation is intended to provide more relevant information about the tax that the Group pays on the profits that it makes.

Climate change
At the current time, the Group does not consider climate risk to represent a significant area of judgement or of estimation uncertainty. As at 30 June 2024, no material impacts on the Group's financial position, nor on the valuation of assets or liabilities on the Group's Consolidated Balance Sheet as a result of climate change risk have been identified. Further detail on how the Group arrives at this determination is disclosed in the basis of preparation of the Group's 2023 consolidated financial statements.

(i) Restatement

During the finalisation of the numbers included in the Group's 2023 Annual Report and Accounts, certain immaterial adjustments have been identified, which have now been reflected in the comparatives for the period ended 30 June 2023. In total, the impact of these adjustments on equity attributable to owners of the parent as at 30 June 2023 was an increase of £17m.

(ii) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position in the current economic environment are set out in this Interim Management Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities as at 30 June 2024 are described in the IFRS Primary Financial Statements and IFRS Disclosure Notes. Principal risks and uncertainties are detailed on pages 18 to 22.

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

The Group manages and monitors its capital and liquidity, and applies various stresses, including adverse inflation and interest rate scenarios, to those positions to understand potential impacts from market downturns. Our key sensitivities and the impacts on our capital position from a range of stresses are disclosed in Note 6.01. These stresses do not give rise to any material uncertainties over the ability of the Group to continue as a going concern. Based upon the available information, the directors consider that the Group has the plans and resources to manage its business risks successfully and that it remains financially strong and well diversified.

IFRS Disclosure Notes

4.01 Basis of preparation (continued)
(ii) Going concern (continued)

Having reassessed the principal risks and uncertainties (both financial and operational) in light of the current economic environment, as detailed on pages 18 to 22, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

(iii) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has applied the following amendments for the first time in its six months reporting period commencing 1 January 2024, which did not have a material impact on its consolidated financial statements.

- Amendments to IAS 1 – Presentation of Financial Statements: 'Classification of Liabilities as Current or Non-Current';
- Amendments to IAS 1 – Presentation of Financial Statements: 'Non-current Liabilities with Covenants';
- Amendments to IFRS 16 – Leases: 'Lease Liability in a Sale and Leaseback'; and
- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: 'Supplier Finance Arrangements'.

4.02 Dividends and appropriations

	Dividend 6 months 2024 £m	**Per share[1] 6 months 2024 p**	Dividend 6 months 2023 £m	Per share[1] 6 months 2023 p	Dividend Full year 2023 £m	Per share[1] Full year 2023 p
Ordinary dividends paid and charged to equity in the period:						
- Final 2022 dividend paid in June 2023	**–**	**–**	831	13.93	831	13.93
- Interim 2023 dividend paid in September 2023	**–**	**–**	–	–	341	5.71
- Final 2023 dividend paid in June 2024	**874**	**14.63**	–	–	–	–
Total dividends[2]	**874**	**14.63**	831	13.93	1,172	19.64

1. The dividend per share calculation is based on the number of equity shares registered on the ex-dividend date.
2. All dividends proposed are based on the number of eligible equity shares for that date.

Subsequent to 30 June 2024, the directors declared an interim dividend of 6.00 pence per ordinary share. This dividend will be paid on 27 September 2024. It will be accounted for as an appropriation of retained earnings in the year ended 31 December 2024 and is not included as a liability in the Consolidated Balance Sheet as at 30 June 2024.

4.03 Financial investments and investment property

	30 Jun 2024 £m	30 Jun 2023 £m	31 Dec 2023 £m
Equities[1]	**196,735**	177,368	185,982
Debt securities[2,3]	**228,928**	218,749	233,980
Derivative assets[4]	**43,433**	46,749	41,140
Loans[5]	**7,184**	12,101	10,303
Financial investments	**476,280**	454,967	471,405
Investment property	**9,264**	9,227	8,893
Total financial investments and investment property	**485,544**	464,194	480,298

1. Equities include investments in unit trusts of £19,708m (30 June 2023: £18,522m; 31 December 2023: £19,660m).
2. Debt securities include accrued interest of £1,842m (30 June 2023: £1,691m; 31 December 2023: £1,852m) and include £8,291m (30 June 2023: £7,545m; 31 December 2023: £8,032m) of assets valued at amortised cost.
3. A detailed analysis of debt securities to which shareholders are directly exposed is disclosed in Note 7.03.
4. Derivatives are used for efficient portfolio management, particularly the use of interest rate swaps, inflation swaps, currency swaps and foreign exchange forward contracts for asset and liability management. Derivative assets are shown gross of derivative liabilities of £47,896m (30 June 2023: £49,939m; 31 December 2023: £43,821m).
5. Loans include £15m (30 June 2023: £5m; 31 December 2023: £13m) of loans valued at amortised cost.

IFRS Disclosure Notes

4.03 Financial investments and investment property (continued)
(i) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

All of the Group's Level 2 assets have been valued using standard market pricing sources, such as IHS Markit, ICE and Bloomberg, or Index Providers such as Barclays, Merrill Lynch or JPMorgan. Each uses mathematical modelling and multiple source validation in order to determine consensus prices, with the exception of OTC Derivative holdings; OTCs are marked to market using an in-house system (Lombard Oberon), external vendor (IHS Markit), internal model or Counterparty Broker marks. In normal market conditions, we would consider these market prices to be observable market prices. Following consultation with our pricing providers and a number of their contributing brokers, we have considered that these prices are not from a suitably active market and have therefore classified them as Level 2.

The Group's investment properties are valued by appropriately qualified external valuers using unobservable inputs, resulting in all investment property being classified as Level 3.

The Group's policy is to re-assess categorisation of financial assets at the end of each reporting period and to recognise transfers between levels at that point in time. At 30 June 2024 debt securities totaling net £3.9bn transferred from Level 1 to Level 2 in the fair value hierarchy (30 June 2023: net £3.7bn from Level 1 to Level 2; 31 December 2023: net £0.7bn from Level 2 to Level 1).

For the six month period to 30 June 2024	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	**3,077**	**1,128**	**88**	**1,861**
Debt securities	**71,287**	**29,096**	**21,676**	**20,515**
Derivative assets	**41,661**	**141**	**41,469**	**51**
Loans at fair value	**2,411**	**–**	**2,411**	**–**
Investment property	**5,815**	**–**	**–**	**5,815**
Total Shareholder	**124,251**	**30,365**	**65,644**	**28,242**
Unit linked				
Equity securities	**193,658**	**193,170**	**34**	**454**
Debt securities	**149,350**	**104,696**	**43,550**	**1,104**
Derivative assets	**1,772**	**47**	**1,725**	**–**
Loans at fair value	**4,758**	**–**	**4,758**	**–**
Investment property	**3,449**	**–**	**–**	**3,449**
Total Unit linked	**352,987**	**297,913**	**50,067**	**5,007**
Total financial investments and investment property at fair value	**477,238**	**328,278**	**115,711**	**33,249**
Debt securities at amortised cost[1]	**7,240**	**–**	**43**	**7,197**
Loans at amortised cost[1]	**15**	**1**	**14**	**–**

1. Debt securities and loans, with a fair value of £7,240m and £15m respectively, are included in the Consolidated Balance Sheet at an amortised cost total value of £8,306m.

4.03 Financial investments and investment property (continued)
(i) Fair value hierarchy (continued)

For the six month period to 30 June 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	3,077	1,171	13	1,893
Debt securities	65,818	22,701	25,882	17,235
Derivative assets	42,307	107	42,200	–
Loans at fair value	2,049	–	2,049	–
Investment property	5,762	–	–	5,762
Total Shareholder	119,013	23,979	70,144	24,890
Unit linked				
Equity securities	174,291	173,276	527	488
Debt securities	145,386	113,411	30,994	981
Derivative assets	4,442	136	4,306	–
Loans at fair value	10,047	–	10,047	–
Investment property	3,465	–	–	3,465
Total Unit linked	337,631	286,823	45,874	4,934
Total financial investments and investment property at fair value	456,644	310,802	116,018	29,824
Debt securities at amortised cost[1]	6,300	–	42	6,258
Loans at amortised cost[1]	5	5	–	–

1. Debt securities and loans, with a fair value of £6,300m and £5m respectively, are included in the Consolidated Balance Sheet at an amortised cost total value of £7,550m.

For the year ended 31 December 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Shareholder				
Equity securities	3,166	1,069	144	1,953
Debt securities	73,298	26,003	27,860	19,435
Derivative assets	38,019	123	37,896	–
Loans at fair value	1,599	–	1,599	–
Investment property	5,503	–	–	5,503
Total Shareholder	121,585	27,195	67,499	26,891
Unit linked				
Equity securities	182,816	182,348	29	439
Debt securities	152,650	91,874	59,748	1,028
Derivative assets	3,121	148	2,973	–
Loans at fair value	8,691	–	8,691	–
Investment property	3,390	–	–	3,390
Total Unit linked	350,668	274,370	71,441	4,857
Total financial investments and investment property at fair value	472,253	301,565	138,940	31,748
Debt securities at amortised cost[1]	7,184	–	45	7,139
Loans at amortised cost[1]	13	1	12	–

1. Debt securities and loans, with a fair value of £7,184m and £13m respectively, are included in the Consolidated Balance Sheet at an amortised cost total value of £8,045m.

4.03 Financial investments and investment property (continued)
(ii) Level 3 assets measured at fair value

Level 3 assets, where modelling techniques are used, are comprised of property, unquoted securities, untraded debt securities and securities where unquoted prices are provided by a single broker. Unquoted securities include suspended securities, investments in private equity and property vehicles. Untraded debt securities include private placements, commercial real estate loans, income strips, retirement interest only and other lifetime mortgages.

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Group determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Group has classified within Level 3.

The Group determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Group also determines fair value based on estimated future cash flows discounted at the appropriate current market rate. As appropriate, fair values reflect adjustments for counterparty credit quality, the Group's credit standing, liquidity and risk margins on unobservable inputs.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee and validated independently as appropriate.

	Equity securities 2024 £m	**Other financial investments 2024 £m**	**Investment property 2024 £m**	**Total 2024 £m**	Equity securities 2023 £m	Other financial investments 2023 £m	Investment property 2023 £m	Total 2023 £m
As at 1 January	**2,392**	**20,463**	**8,893**	**31,748**	2,307	16,421	9,372	28,100
Total gains/(losses) for the period								
- realised gains or (losses)[1]	**(3)**	**1**	**(27)**	**(29)**	(19)	(157)	2	(174)
- unrealised gains or (losses)[1]	**(160)**	**(286)**	**(79)**	**(525)**	3	(399)	(510)	(906)
Purchases/Additions	**159**	**2,124**	**716**	**2,999**	169	2,929	752	3,850
Sales/Disposals	**(80)**	**(628)**	**(245)**	**(953)**	(78)	(714)	(425)	(1,217)
Transfers into Level 3	**–**	**118**	**–**	**118**	6	241	–	247
Transfers out of Level 3	**–**	**(135)**	**–**	**(135)**	(3)	–	–	(3)
Foreign exchange rate movements	**7**	**13**	**6**	**26**	(4)	(105)	36	(73)
As at 30 June	**2,315**	**21,670**	**9,264**	**33,249**	2,381	18,216	9,227	29,824

	Equity securities 2023 £m	Other financial investments 2023 £m	Investment property 2023 £m	Total 2023 £m
As at 1 January	2,307	16,421	9,372	28,100
Total gains/(losses) for the year				
- realised gains or (losses)[1]	24	(432)	3	(405)
- unrealised gains or (losses)[1]	(34)	357	(923)	(600)
Purchases/Additions	278	6,009	1,264	7,551
Sales/Disposals	(149)	(2,018)	(854)	(3,021)
Transfers into Level 3	2	241	–	243
Transfers out of Level 3	(3)	–	–	(3)
Foreign exchange rate movements	(33)	(115)	31	(117)
As at 31 December	2,392	20,463	8,893	31,748

1. Amounts presented in realised and unrealised gains/(losses) are recognised in Investment return in the Consolidated Income Statement.

Equity securities
Level 3 equity securities amount to £2,315m (30 June 2023: £2,381m; 31 December 2023: £2,392m), the majority of which is made up of holdings in investment property vehicles and private investment funds. They are valued at the proportion of the Group's holding of the Net Asset Value reported by the investment vehicles. Other equity securities are valued by a number of third-party specialists using a range of techniques which are often dependent on the maturity of the underlying investment but can also depend on the characteristics of individual assets. Such techniques include transaction values underpinned by analysis of milestone achievement and cash runway for early/start-up stage investments, discounted cash flow models for investments at the next stage of development and earnings multiples for more mature investments.

IFRS Disclosure Notes

4.03 Financial investments and investment property (continued)
(ii) Level 3 assets measured at fair value (continued)

Other financial investments

Lifetime mortgage (LTM) loans and retirement interest only mortgages amount to £5,761m (30 June 2023: £4,937m; 31 December 2023: £5,766m). Lifetime mortgages are valued using a discounted cash flow model by projecting best-estimate net asset proceeds and discounted using rates inferred from current LTM loan pricing. The inferred illiquidity premiums for the majority of the portfolio range between 125 and 250bps. This ensures the value of loans at outset is consistent with the purchase price of the loan and achieves consistency between new and in-force loans. Lifetime mortgages include a no negative equity guarantee (NNEG) to borrowers. This ensures that if there is a shortfall between the sale proceeds of the property and the outstanding loan balance on redemption of the loan, the value of the loan will be reduced by this amount. The NNEG on loan redemption is valued as a series of put options, which we calculate using a variant of the Black-Scholes formula. Key assumptions in the valuation of lifetime mortgages include short-term and long-term property growth rates, property index volatility, voluntary early repayments and longevity assumptions. The valuation as at 30 June 2024 reflects a combination of short-term and long-term property growth rate assumptions equivalent to a flat rate of 3.2% annually, after allowing for the effects of dilapidation. The values of the properties collateralising the LTM loans are updated from the date of the last property valuation to the valuation date by indexing using UK regional house price indices.

Private credit loans (including commercial real estate loans) amount to £11,362m (30 June 2023: £9,446m; 31 December 2023: £10,574m). Their valuation is determined by discounted future cash flows which are based on the yield curve of the Asset Management approved comparable bonds and the initial spread, both of which are agreed by IHS Markit who also provide an independent valuation of comparable bonds. Unobservable inputs that go into the determination of comparators include rating, sector, sub-sector, performance dynamics, financing structure and duration of investment. Existing private credit investments, which were executed as far back as 2011, are subject to a range of interest rate formats, although the majority are fixed rate. The weighted average duration of the portfolio is 7.6 years, with a weighted average life of 11.0 years. Maturities in the portfolio currently extend out to 2063. The private credit portfolio of assets has internal ratings assigned by an independent credit team in line with internally developed methodologies. These credit ratings range from AAA to BB-.

Private placements held by the US business amount to £1,857m (30 June 2023: £1,309m; 31 December 2023: £1,684m). They are valued using a pricing matrix comprised of a public spread matrix, internal ratings assigned to each holding, average life of each holding, and a premium spread matrix. These are added to the risk-free rate to calculate the discounted cash flows and establish a market value for each investment grade private placement. The valuation as at 30 June 2024 reflects illiquidity premiums between 20 and 70bps.

Income strip assets amount to £1,336m (30 June 2023: £1,350m; 31 December 2023: £1,306m). Their primary valuation is provided by appropriately qualified external valuers who apply a yield to maturity to discounted future cash flows to derive valuations. The overall valuation takes into account the property location, tenant details, tenure, rent, rental break terms, lease expiries and underlying residual value of the property. The valuation as at 30 June 2024 reflects equivalent yield ranges between 3% and 7% and estimated rental values (ERV) between £16 and £310 per sq.ft.

Commercial mortgage loans amount to £809m (30 June 2023: £771m; 31 December 2023: £784m) and are determined by incorporating credit risk for performing loans at the portfolio level and adjusted for loans identified to be distressed at the loan level. The projected cash flows of each loan are discounted along stochastic risk-free rate paths and are inclusive of an Option Adjusted Spread (OAS), derived from current internal pricing on new loans, along with the best observable inputs. The valuation as at 30 June 2024 reflects illiquidity premiums between 20 and 40bps.

Other debt securities and derivative assets which are not traded in an active market amount to £545m (30 June 2023: £403m; 31 December 2023: £349m). They have been valued using third party or counterparty valuations, and these prices are considered to be unobservable due to infrequent market transactions.

Investment property

Level 3 investment property amounting to £9,264m (30 June 2023: £9,227m; 31 December 2023: £8,893m) is valued with the involvement of external valuers. All property valuations in the UK are carried out in accordance with the latest edition of the Valuation Standards published by the Royal Institute of Chartered Surveyors, and are undertaken by appropriately qualified valuers as defined therein. Outside the UK, valuations are produced in conjunction with external qualified professional valuers in the countries concerned. Whilst transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgement and not rely only upon market sentiment based on historic transactional comparables.

The valuation of investment properties also includes an income approach that is based on current rental income plus anticipated uplifts, where the uplift and discount rates are derived from rates implied by recent market transactions. These inputs are deemed unobservable. The valuation as at 30 June 2024 reflects equivalent yield ranges between 2% and 14% and ERV between £5 and £310 per sq.ft.

The table below shows the valuation of investment property by sector:

	30 Jun 2024 £m	30 Jun 2023 £m	31 Dec 2023 £m
Retail	**1,141**	1,257	1,169
Leisure	**455**	460	451
Distribution	**1,057**	1,071	1,076
Office space	**2,762**	3,117	2,768
Industrial and other commercial	**1,765**	1,815	1,714
Accommodation	**2,084**	1,507	1,715
Total	**9,264**	9,227	8,893

4.03 Financial investments and investment property (continued)
(iii) Effect of changes in assumptions on Level 3 assets

Fair values of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data.

Where material, the Group assesses the sensitivity of fair values of Level 3 investments to changes in unobservable inputs to reasonable alternative assumptions. The table below shows the impact of applying these sensitivities to the fair value of Level 3 assets as at 30 June 2024. Further disclosure on how these sensitivities have been applied can be found in the descriptions following the table.

		Sensitivities	
	Fair value 30 June 2024 £m	Positive impact £m	Negative impact £m
Lifetime mortgages	**5,761**	**249**	**(299)**
Private credit portfolios	**14,028**	**547**	**(547)**
Investment property	**9,264**	**733**	**(723)**
Other investments[1]	**4,196**	**247**	**(308)**
Total Level 3 assets	**33,249**	**1,776**	**(1,877)**

1. Other investments include equity securities, income strip assets, derivative assets and other debt securities.

The sensitivities are not a function of sensitising a single variable relating to the valuation of the asset, but rather a function of flexing multiple factors often at individual asset level. The following sets out a number of key factors by asset type, and how they have been flexed to derive reasonable alternative valuations.

Lifetime mortgages
Key assumptions used in the valuation of lifetime mortgage assets are listed in Note 4.03 (ii) and sensitivities are applied to each assumption which are used to derive the values in the above table. The most significant decrease in value is an instantaneous 10% reduction in property valuations across the portfolio which, applied in isolation produces a sensitised value of £(162)m. The most significant increase in value is a 20bps reduction to the discount rate which, applied in isolation produces a sensitised value of £141m.

Private credit portfolios
The sensitivity in the private credit portfolio has been determined through a method which estimates investment spread value premium differences as compared to the institutional investment market. Individual investment characteristics of each holding, such as credit rating and duration are used to determine spread differentials for the purposes of determining alternate values. Spread differentials are determined to be lower for highly rated and/or shorter duration assets as compared to lower rated and/or longer duration assets. A significant component of the spread differential is in relation to the selection of comparator bonds, which is the potential difference in spread of the basket of relevant comparators determined by respective investors. If we were to take an AA rated asset it may attract a spread differential of 15bps on the selection of comparator bonds as opposed to 40bps for a similar duration BBB rated asset. Applied in isolation the sensitivity used to reflect the spread in comparator bond selection results in sensitised values of £221m and £(221)m.

Investment property
Investment property holdings are valued by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors (RICS). As such, sensitivities are calculated through a mixture of asset level and portfolio level methodologies which make reference to individual investment characteristics of the holding but do not flex individual assumptions used by the independent expert in valuing the holdings. Each method is applied individually and aggregated with equal weighting to determine the overall sensitivity determined for the portfolio. One method is similar to that used in the private credit portfolio as it determines the impact of an alternate property yield determined in reference to credit ratings, remaining term and other characteristics of each holding. In this methodology we would apply a lower yield sensitivity to a highly rated and/or shorter remaining term asset compared with a lower rated and/or longer remaining term asset. If we were to take an AA rated asset with remaining term of 25 years in normal market conditions this would lead to a 15bps yield flex (as opposed to a 35bps yield flex for a BBB rated asset with 30 year remaining term). The methodology which leads to the most significant sensitivity at the balance sheet date is related to an example in case law where it was found that an acceptable margin of error in a valuation dispute is 10% either way, subject to the valuation being undertaken with due care. If this sensitivity were to be taken without a weighting it would produce sensitised values of £561m and £(561)m.

It should be noted that some sensitivities described above are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

4.04 Tax
(i) Tax expense/(credit) in the Consolidated Income Statement

The tax expense attributable to equity holders differs from the tax calculated on profit before tax at the standard UK corporation tax rate as follows:

	6 months 2024 £m	Restated 6 months 2023 £m	Full year 2023 £m
Profit before tax attributable to equity holders	**316**	393	76
Tax calculated at 25% (2023: 23.5%)[1]	**79**	92	18
Adjusted for the effects of:			
Recurring reconciling items:			
Different rate of tax on overseas profits and losses[2]	**(19)**	(61)	(68)
Income not subject to tax	**–**	(2)	(4)
Non-deductible expenses	**8**	8	27
Differences between taxable and accounting investment gains	**19**	(9)	(9)
Other taxes on property and foreign income	**3**	1	4
Unrecognised tax losses	**–**	1	19
Double tax relief[3]	**–**	–	(2)
Non-recurring reconciling items:			
Adjustments in respect of prior years[4]	**6**	(6)	(11)
Impact of the revaluation of deferred tax balances	**–**	(2)	(1)
Impact of law changes on deferred tax balances[5]	**–**	–	(340)
Tax expense/(credit) attributable to equity holders	**96**	22	(367)
Equity holders' effective tax rate	**30%**	6%	(483)%

1. The Finance Act 2021 increased the rate of corporation tax from 19% to 25% from 1 April 2023. The prevailing rate of UK corporation tax for the year has increased to 25% (H1 23: 23.5%; FY 23: 23.5%). The enacted tax rate of 25% has been used in the calculation of UK deferred tax assets and liabilities, as the rate of corporation tax that is expected to apply when the majority of those deferred tax balances reverse.
2. Our Bermudan reinsurance businesses, which provide the Group with regulatory capital flexibility for both our PRT business and our US term insurance business, suffer tax locally at 0% rate. From 1 January 2024, profits arising in Bermuda suffer a top-up tax of 15% on the UK parent.
3. Double tax relief represents a UK tax credit available for overseas withholding tax suffered on dividend income.
4. Adjustments in respect of prior years relate to revisions of prior estimates.
5. The tax credit relates to the introduction of a new corporate income tax regime in Bermuda, which was enacted in December 2023.

In 2023 the UK Government enacted legislation to apply a global minimum tax rate of 15% to multinational businesses headquartered in the UK as well as a new domestic UK minimum tax rate of 15%, in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD). These Pillar Two rules apply from 1 January 2024, and apply to all Group businesses globally.

During 2023 the Bermudan Government consulted on introducing a local corporate income tax with effect from 1 January 2025, which would apply to our Bermudan reinsurance businesses. This was substantively enacted in 2023.

The Group is liable to UK Pillar Two top-up tax in 2024 in respect of profits arising in our global reinsurance hub in Bermuda. This is estimated to give rise to a current tax charge in the UK of £34m for H1 24. From 1 January 2025, we anticipate that the Group will be liable for local Bermudan corporate income tax at 15%, instead of top-up tax under the global minimum tax rules, on Bermudan profits. Further guidance on both the new UK and new Bermuda rules is expected and will be kept under review for any further impact.

IFRS Disclosure Notes

4.04 Tax (continued)
(ii) Deferred tax

Deferred tax assets/(liabilities)	30 Jun 2024 £m	Restated 30 Jun 2023 £m	31 Dec 2023 £m
Overseas deferred acquisition expenses[1]	**128**	116	121
Difference between the tax and accounting value of insurance contracts	**820**	387	736
- UK	**1,344**	1,122	1,149
- Bermuda[2]	**340**	–	340
- US	**(864)**	(735)	(753)
Realised and unrealised gains on investments	**(91)**	128	72
Excess of depreciation over capital allowances	**16**	22	17
Accounting provisions and other	**31**	58	52
Trading losses	**641**	474	609
- UK	**77**	–	76
- US[3]	**564**	474	533
Other	**(1)**	(4)	–
Net deferred tax asset	**1,544**	1,181	1,607
Presented on the Consolidated Balance Sheet as:			
- Deferred tax assets	**1,720**	1,341	1,714
- Deferred tax liabilities[4]	**(176)**	(160)	(107)
Net deferred tax asset	**1,544**	1,181	1,607

1. Deferred tax assets arising on deferred acquisition expenses relate solely to US balances.
2. The Bermuda deferred tax asset relates to the introduction of a new corporate income tax regime in Bermuda, which was enacted in December 2023.
3. This deferred tax asset relates to US operating losses. The losses are not time restricted, and we expect to recover them over a period of 15 to 20 years, commensurate with the lifecycle of the underlying insurance contracts. In reaching this conclusion, we have considered past results, the different basis under which US companies are taxed, temporary differences that are expected to generate future profits against which the deferred tax can be offset, management actions, and future profit forecasts. The recoverability of deferred tax assets is routinely reviewed by management.
4. The deferred tax liability is comprised of balances of £176m relating to the US (H1 23: £157m; FY 23: £107m) and £nil relating to the UK (H1 23: £3m; FY 23: £nil) which is not capable of being offset against other deferred tax assets.

IFRS Disclosure Notes

4.05 Share capital and share premium

Authorised share capital	**Number of shares**	**£m**
At 30 June 2024, 30 June 2023 and 31 December 2023: ordinary shares of 2.5p each	**9,200,000,000**	**230**

Issued share capital, fully paid	**Number of shares**	**Share capital £m**	**Share premium £m**
As at 1 January 2024	**5,979,578,280**	**149**	**1,030**
Cancellation of shares under share buyback programme[1]	**(9,250,000)**	**–**	**–**
Options exercised under share option schemes	**1,795,636**	**–**	**4**
As at 30 June 2024	**5,972,123,916**	**149**	**1,034**

Issued share capital, fully paid	Number of shares	Share capital £m	Share premium £m
As at 1 January 2023	5,973,253,500	149	1,018
Options exercised under share option schemes	4,560,068	–	9
As at 30 June 2023	5,977,813,568	149	1,027
Options exercised under share option schemes	1,764,712	–	3
As at 31 December 2023	5,979,578,280	149	1,030

1. During the period, 9,250,000 shares were repurchased and cancelled under the share buyback programme representing 0.2% of opening issued share capital at a cost of £21m including expenses. At 5 August 2024, a further 30,906,201 ordinary shares had been purchased for cancellation at a total cost of £70m including expenses (see Note 4.17 for further information).

There is one class of ordinary shares of 2.5p each. All shares issued carry equal voting rights.

The holders of the company's ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the company.

4.06 Restricted Tier 1 convertible notes

On 24 June 2020, Legal & General Group Plc issued £500m of 5.625% perpetual restricted Tier 1 contingent convertible notes. The notes are callable at par between 24 March 2031 and 24 September 2031 (the First Reset Date) inclusive and every 5 years after the First Reset Date. If not called, the coupon from 24 September 2031 will be reset to the prevailing five year benchmark gilt yield plus 5.378%.

The notes have no fixed maturity date. Optional cancellation of coupon payments is at the discretion of the issuer and mandatory cancellation is upon the occurrence of certain conditions. The Tier 1 notes are therefore treated as equity and coupon payments are recognised directly in equity when paid. During the period coupon payments of £14m were made (H1 23: £14m; FY 23: £28m). The notes rank junior to all other liabilities and senior to equity attributable to owners of the parent. On the occurrence of certain conversion trigger events the notes are convertible into ordinary shares of the issuer at the prevailing conversion price.

The notes are treated as restricted Tier 1 own funds for Solvency II purposes.

IFRS Disclosure Notes

4.07 Core borrowings

	Carrying amount 30 Jun 2024 £m	Fair value 30 Jun 2024 £m	Carrying amount 30 Jun 2023 £m	Fair value 30 Jun 2023 £m	Carrying amount 31 Dec 2023 £m	Fair value 31 Dec 2023 £m
Subordinated borrowings						
5.5% Sterling subordinated notes 2064 (Tier 2)	**590**	**568**	590	549	590	600
5.375% Sterling subordinated notes 2045 (Tier 2)	**605**	**601**	605	577	605	603
5.25% US Dollar subordinated notes 2047 (Tier 2)	**681**	**662**	678	648	676	656
5.55% US Dollar subordinated notes 2052 (Tier 2)	**399**	**390**	397	376	396	382
5.125% Sterling subordinated notes 2048 (Tier 2)	**401**	**393**	400	364	401	395
3.75% Sterling subordinated notes 2049 (Tier 2)	**599**	**541**	599	489	599	545
4.5% Sterling subordinated notes 2050 (Tier 2)	**501**	**460**	500	424	501	467
Client fund holdings of group debt (Tier 2)[1]	**(76)**	**(72)**	(77)	(69)	(80)	(77)
Total subordinated borrowings	**3,700**	**3,543**	3,692	3,358	3,688	3,571
Senior borrowings						
Sterling medium term notes 2031-2041	**603**	**637**	603	613	609	666
Client fund holdings of group debt[1]	**(15)**	**(15)**	(17)	(16)	(17)	(17)
Total senior borrowings	**588**	**622**	586	597	592	649
Total core borrowings	**4,288**	**4,165**	4,278	3,955	4,280	4,220

1. £91m (30 June 2023: £94m; 31 December 2023: £97m) of the Group's subordinated and senior borrowings are held by Legal & General customers through unit linked products. These borrowings are shown as a deduction from total core borrowings in the table above.

The fair value of the Group's subordinated borrowings reflects quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy.

The fair value of the Group's senior borrowings includes £587m that reflects quoted prices in active markets and they have been classified as Level 1 in the fair value hierarchy. The remaining fair value of senior borrowings is derived using prices from an external, publicly available pricing model by a standard market pricing source and have been classified as Level 2 in the fair value hierarchy. The inputs for this model include a range of factors which are deemed to be observable, including current market prices for comparative instruments, period to maturity and yield curves.

Subordinated borrowings

5.5% Sterling subordinated notes 2064
On 27 June 2014, Legal & General Group Plc issued £600m of 5.5% dated subordinated notes. The notes are callable at par on 27 June 2044 and every five years thereafter. These notes mature on 27 June 2064.

5.375% Sterling subordinated notes 2045
On 27 October 2015, Legal & General Group Plc issued £600m of 5.375% dated subordinated notes. The notes are callable at par on 27 October 2025 and every five years thereafter. These notes mature on 27 October 2045.

5.25% US Dollar subordinated notes 2047
On 21 March 2017, Legal & General Group Plc issued $850m of 5.25% dated subordinated notes. The notes are callable at par on 21 March 2027 and every five years thereafter. These notes mature on 21 March 2047.

5.55% US Dollar subordinated notes 2052
On 24 April 2017, Legal & General Group Plc issued $500m of 5.55% dated subordinated notes. The notes are callable at par on 24 April 2032 and every five years thereafter. These notes mature on 24 April 2052.

5.125% Sterling subordinated notes 2048
On 14 November 2018, Legal & General Group Plc issued £400m of 5.125% dated subordinated notes. The notes are callable at par on 14 November 2028 and every five years thereafter. These notes mature on 14 November 2048.

3.75% Sterling subordinated notes 2049
On 26 November 2019, Legal & General Group Plc issued £600m of 3.75% dated subordinated notes. The notes are callable at par on 26 November 2029 and every five years thereafter. These notes mature on 26 November 2049.

4.5% Sterling subordinated notes 2050
On 1 May 2020, Legal & General Group Plc issued £500m of 4.5% dated subordinated notes. The notes are callable at par on 1 November 2030 and every five years thereafter. These notes mature on 1 November 2050.

All of the above subordinated notes are treated as Tier 2 own funds for Solvency II purposes unless stated otherwise.

Senior borrowings

Between 2000 and 2002 Legal & General Finance Plc issued £600m of senior unsecured Sterling medium term notes 2031-2041 at coupons between 5.75% and 5.875%. These notes have various maturity dates between 2031 and 2041.

4.08 Operational borrowings

	Carrying amount 30 Jun 2024 £m	Fair value 30 Jun 2024 £m	Carrying amount 30 Jun 2023 £m	Fair value 30 Jun 2023 £m	Carrying amount 31 Dec 2023 £m	Fair value 31 Dec 2023 £m
Euro Commercial Paper	**49**	**49**	50	50	49	49
Bank loans and overdrafts	**4**	**4**	7	7	12	12
Non-recourse borrowings	**1,638**	**1,638**	1,050	1,050	1,396	1,396
Operational borrowings[1]	**1,691**	**1,691**	1,107	1,107	1,457	1,457

1. Unit linked borrowings with a carrying value of £163m (30 June 2023: £165m; 31 December 2023: £383m) are excluded from the analysis above as the risk is retained by policyholders. Operational borrowings including unit linked borrowings are £1,854m (30 June 2023: £1,272m; 31 December 2023: £1,840m).

Syndicated credit facility

The Group has in place a £1.5bn syndicated committed revolving credit facility provided by a number of its key relationship banks, maturing in August 2028. No amounts were outstanding at 30 June 2024.

4.09 Movement in borrowings

	30 Jun 2024 £m	30 Jun 2023 £m	31 Dec 2023 £m
As at 1 January	**6,120**	5,557	5,557
Cash movements:			
- Proceeds from borrowings	**476**	408	1,078
- Repayment of borrowings	**(261)**	(227)	(544)
- Net (decrease)/increase in bank loans and overdrafts	**(228)**	(72)	148
Non-cash movements:			
- Amortisation	**1**	1	3
- Foreign exchange rate movements	**14**	(93)	(108)
- Other	**20**	(24)	(14)
Core and operational borrowings	**6,142**	5,550	6,120

4.10 Payables and other financial liabilities

	30 Jun 2024 £m	30 Jun 2023 £m	31 Dec 2023 £m
Derivative liabilities	**47,895**	49,939	43,821
Repurchase agreements[1]	**22,142**	28,347	25,452
Other financial liabilities[2]	**10,427**	12,770	9,166
Total payables and other financial liabilities	**80,464**	91,056	78,439

1. Repurchase agreements are presented gross, however they and their related assets (included within debt securities) are subject to master netting arrangements. The significant majority of repurchase agreements are unit linked.
2. Other financial liabilities includes trail commission, lease liabilities, FX spots and the value of short positions taken out to cover reverse repurchase agreements. The value of short positions as at 30 June 2024 was £2,100m (30 June 2023: £4,966m; 31 December 2023: £2,647m).

Fair value hierarchy

As at 30 June 2024	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost[1] £m
Derivative liabilities	**47,895**	**524**	**47,333**	**38**	**–**
Repurchase agreements	**22,142**	**–**	**22,142**	**–**	**–**
Other financial liabilities	**10,427**	**3,532**	**57**	**–**	**6,838**
Total payables and other financial liabilities	**80,464**	**4,056**	**69,532**	**38**	**6,838**

As at 30 June 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost[1] £m
Derivative liabilities	49,939	445	49,472	22	–
Repurchase agreements	28,347	–	28,347	–	–
Other financial liabilities	12,770	4,933	29	–	7,808
Total payables and other financial liabilities	91,056	5,378	77,848	22	7,808

As at 31 December 2023	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Amortised cost[1] £m
Derivative liabilities	43,821	627	43,147	47	–
Repurchase agreements	25,452	–	25,452	–	–
Other financial liabilities	9,166	3,103	59	–	6,004
Total payables and other financial liabilities	78,439	3,730	68,658	47	6,004

1. The carrying value of payables and other financial liabilities at amortised cost approximates its fair value.

Significant transfers between levels

There have been no significant transfers of liabilities between Levels 1, 2 and 3 for the period ended 30 June 2024 (30 June 2023 and 31 December 2023: no significant transfers).

IFRS Disclosure Notes

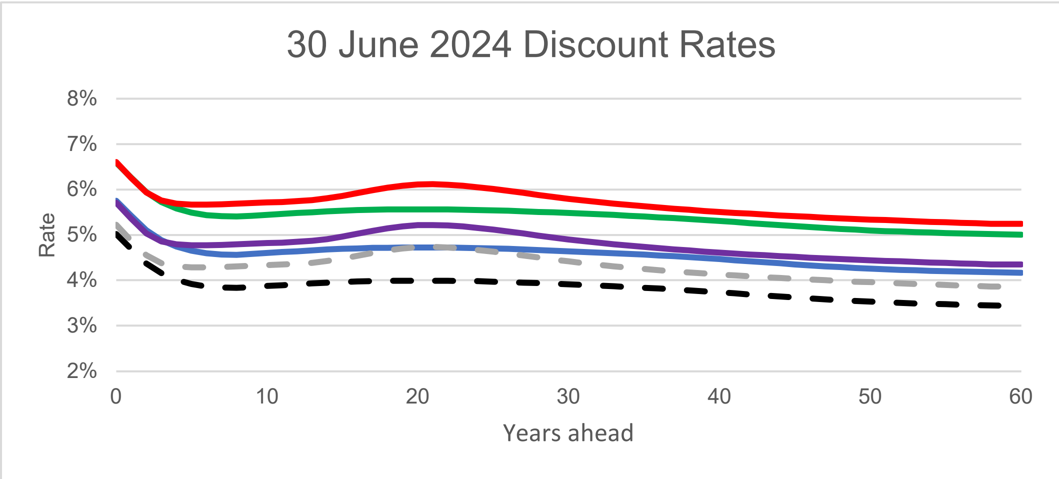
4.11 Long-term insurance discount rate assumptions

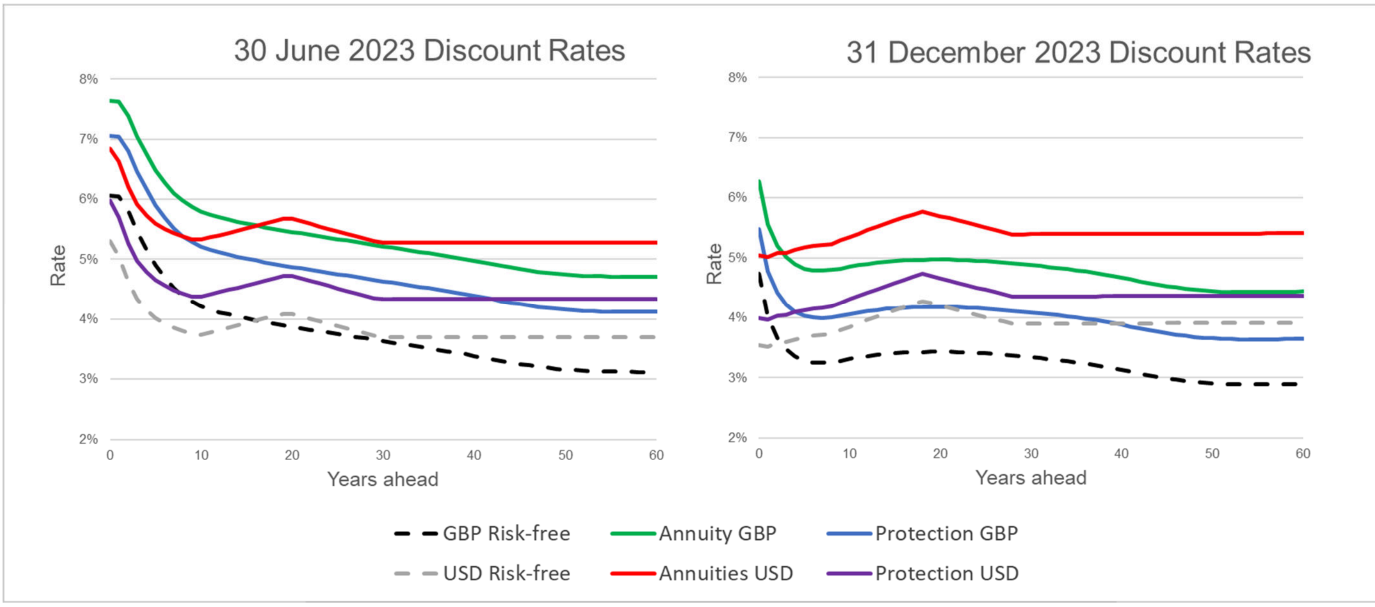
The interest rates used to discount the cash flows for the purpose of valuing insurance contract liabilities should reflect the timing and liquidity characteristics of the insurance liability cash flows and current market conditions. The valuation interest rate assumptions are derived as interest rate curves with full term structure.

In deriving the liquidity premium assumptions for annuity business, an explicit allowance for risk is deducted from the yield on the assets backing annuity liabilities. The allowance for risk comprises long-term assumptions about defaults and the market risk premiums for taking credit risk. In the case of lifetime mortgage assets, a best estimate expectation of losses arising from the no negative equity guarantee, and the market risk premiums for this risk are deducted from the yield. For the UK annuity business, the deduction for risk of default for corporate bonds and direct investments equated to 38bps (30 June 2023: 40bps; 31 December 2023: 40bps). For lifetime mortgages the deductions equated to £0.3bn (30 June 2023: £0.3bn; 31 December 2023: £0.4bn).

For US and UK protection business, the yield is calculated based on notional asset portfolios of AA rated corporate bonds and cash, which reflect the characteristics of the liability cash flows. An explicit allowance is deducted from the yield to reflect the default risk associated with the notional portfolio assets.

The discount rate curves used for material product lines are shown below. The discount rate curves are used to discount the cash flows on the underlying contracts and any associated reinsurance cash flows. The graphs display the underlying spot rates.





IFRS Disclosure Notes

4.12 Insurance contracts

(i) Insurance service result

For the six month period to 30 June 2024	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
- CSM recognised for services provided	**487**	**118**	**605**
- Expected incurred claims and other insurance service expenses	**2,862**	**1,421**	**4,283**
- Change in the risk adjustment for non-financial risk for the risk expired	**208**	**8**	**216**
Recovery of insurance acquisition cashflows	**12**	**71**	**83**
Premium experience variance relating to past and current service	**(1)**	**(4)**	**(5)**
Total insurance revenue	**3,568**	**1,614**	**5,182**
Insurance service expenses	**(2,899)**	**(1,562)**	**(4,461)**
Allocation of reinsurance premiums	**(1,599)**	**(503)**	**(2,102)**
Amounts recoverable from reinsurers for incurred claims	**1,393**	**590**	**1,983**
Net (expense)/income from reinsurance contracts held	**(206)**	**87**	**(119)**
Total insurance service result	**463**	**139**	**602**

For the six month period to 30 June 2023 (Restated)	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
- CSM recognised for services provided	397	131	528
- Expected incurred claims and other insurance service expenses	2,518	1,319	3,837
- Change in the risk adjustment for non-financial risk for the risk expired	174	23	197
Recovery of insurance acquisition cashflows	8	65	73
Premium experience variance relating to past and current service	2	(8)	(6)
Total insurance revenue	3,099	1,530	4,629
Insurance service expenses	(2,472)	(1,525)	(3,997)
Allocation of reinsurance premiums	(1,308)	(501)	(1,809)
Amounts recoverable from reinsurers for incurred claims	1,138	619	1,757
Net (expense)/income from reinsurance contracts held	(170)	118	(52)
Total insurance service result	457	123	580

For the year ended 31 December 2023	Annuities £m	Protection £m	Total £m
Insurance revenue			
Amounts relating to changes in liabilities for remaining coverage:			
- CSM recognised for services provided	943	225	1,168
- Expected incurred claims and other insurance service expenses	5,278	2,597	7,875
- Change in the risk adjustment for non-financial risk for the risk expired	371	16	387
Recovery of insurance acquisition cashflows	19	132	151
Premium experience variance relating to past and current service	1	42	43
Total insurance revenue	6,612	3,012	9,624
Insurance service expenses	(5,244)	(3,129)	(8,373)
Allocation of reinsurance premiums	(2,847)	(1,044)	(3,891)
Amounts recoverable from reinsurers for incurred claims	2,415	1,339	3,754
Net (expense)/income from reinsurance contracts held	(432)	295	(137)
Total insurance service result	936	178	1,114

IFRS Disclosure Notes

4.12 Insurance contracts (continued)
(ii) Insurance and reinsurance contracts

	Assets 30 Jun 2024 £m	Liabilities 30 Jun 2024 £m	Restated Assets 30 Jun 2023 £m	Restated Liabilities 30 Jun 2023 £m	Assets 31 Dec 2023 £m	Liabilities 31 Dec 2023 £m
Insurance contracts issued						
Annuities						
Insurance contract balances	**–**	**84,759**	–	74,035	–	86,706
Assets for insurance contract acquisition cash flows[1]	**–**	**(27)**	–	(39)	–	(18)
Protection						
Insurance contract balances	**–**	**4,788**	–	4,391	–	4,782
Assets for insurance contract acquisition cash flows[1]	**–**	**(20)**	–	(35)	–	(24)
Total insurance contracts issued	**–**	**89,500**	–	78,352	–	91,446
Reinsurance contracts held						
Annuities						
Reinsurance contracts balances	**5,679**	**–**	3,203	13	4,758	–
Assets for insurance contract acquisition cash flows[1]	**4**	**–**	8	–	3	–
Protection						
Reinsurance contracts balances	**2,501**	**142**	2,215	124	2,545	220
Assets for insurance contract acquisition cash flows[1]	**–**	**–**	–	–	–	–
Total reinsurance contracts held	**8,184**	**142**	5,426	137	7,306	220

1. Assets for insurance and reinsurance acquisition cash flows are presented within the carrying amount of the related insurance and reinsurance contract liabilities.

IFRS Disclosure Notes

4.13 Foreign exchange rates

Principal rates of exchange used for translation are:

Period end exchange rates	30 Jun 2024	30 Jun 2023	31 Dec 2023
United States dollar	**1.27**	1.27	1.27
Euro	**1.18**	1.16	1.15

Average exchange rates	6 months 2024	6 months 2023	Full year 2023
United States dollar	**1.27**	1.23	1.24
Euro	**1.17**	1.14	1.15

4.14 Provisions
(i) Analysis of provisions

	Notes	30 Jun 2024 £m	30 Jun 2023 £m	31 Dec 2023 £m
Other provisions	4.14(ii)	**218**	210	244
Retirement benefit obligations	4.14(iii)	**14**	1,416	14
Total provisions		**232**	1,626	258

(ii) Other provisions

Other provisions include costs that the Asset Management division is committed to incur on the extension of its existing partnership with State Street announced in 2021, to increase the use of Charles River technology across the front office and to deliver middle office services going forward. Costs include the transfer of data and operations to State Street, as well as the implementation of the new operating model.

The amounts included in the provision have been determined on a best estimate basis by reference to a range of plausible scenarios, taking into account the multi-year implementation period for the project. As at 30 June 2024, the outstanding provision was £77m (30 June 2023: £75m; 31 December 2023: £108m).

(iii) Retirement benefit obligations

The Trustees completed a buy-out of the Legal & General Group UK Pension and Assurance Fund (Fund) and the Legal & General Group UK Senior Pension Scheme (Scheme) in November 2023, and the existing annuity policies were exchanged for individual policies between LGAS and members. As a result, all the Group's obligations under the pension schemes have now been fully extinguished, and the defined benefit obligation as at the settlement date of £1,470m was therefore derecognised. On the same date, the Group recognised the direct liability to the members within insurance contract liabilities. The difference between the defined benefit obligation at this date and the fair value of the insurance contract liabilities recognised under IFRS 17 resulted in £167m being recognised in the Consolidated Income Statement for the year ended 31 December 2023 as settlement costs. This reflects measurement differences between IFRS 17 and IAS 19, principally comprising of the associated CSM and risk adjustment.

4.15 Contingent liabilities, guarantees and indemnities

Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance between actual experience from that assumed may result in those liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of policyholder contracts, or the circumstances in which policyholders have entered into them. The extent of these liabilities is influenced by a number of factors including the actions and requirements of the PRA, FCA, ombudsman rulings, industry compensation schemes and court judgments.

Various Group companies receive claims and become involved in actual or threatened litigation and regulatory issues from time to time. The relevant members of the Group ensure that they make prudent provision as and when circumstances calling for such provision become clear, and that each has adequate capital and reserves to meet reasonably foreseeable eventualities. The provisions made are regularly reviewed. It is not possible to predict, with certainty, the extent and the timing of the financial impact of these claims, litigation or issues.

Group companies have given warranties, indemnities and guarantees as a normal part of their business and operating activities or in relation to capital market transactions or corporate disposals. Legal & General Group Plc has provided indemnities and guarantees in respect of the liabilities of Group companies in support of their business activities. Legal and General Assurance Society Limited has provided indemnities, a liquidity and expense risk agreement, a deed of support and a cash and securities liquidity facility in respect of the liabilities of Group companies to facilitate the Group's matching adjustment reorganisation pursuant to Solvency II.

4.16 Related party transactions

(i) Key management personnel transactions and compensation

All transactions between the Group and its key management are on commercial terms which are no more favourable than those available to employees in general. There were no material transactions between key management and the Legal & General group of companies during the period. Contributions to the post-employment defined benefit plans were £2m (30 June 2023: £128m; 31 December 2023: £134m) for all employees.

At 30 June 2024, 30 June 2023 and 31 December 2023 there were no loans outstanding to officers of the company.

The aggregate compensation for key management personnel, including executive directors, non-executive directors and the members of the Group Management Committee, is as follows:

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Salaries	**6**	4	12
Share-based incentive awards	**7**	7	8
Key management personnel compensation	**13**	11	20

The Group Management Committee was established on 1 January 2024. The comparatives incorporate the members of the Group Executive Committee which existed under the Group's previous governance framework.

(ii) Services provided to and by related parties

All transactions between the Group and associates, joint ventures and other related parties during the period are on commercial terms which are no more favourable than those available to companies in general.

The Group has the following material related party transactions:

- A number of transactions between the Group's UK defined benefit pension schemes and Legal and General Assurance Society Limited (LGAS) occurred in 2023. These include the surrender of Assured Payment Policies (APPs) and their conversion into annuities, as well as a buyout of the schemes completed by the Trustees, where existing annuity policies were exchanged for individual policies between LGAS and members. Further details are provided in Note 4.14; and

- Total payments by LGAS to the pension schemes for insured pension benefits were £nil (30 June 2023: £25m; 31 December 2023: £55m).

Loans and commitments to related parties are made in the normal course of business. As at 30 June 2024, the Group had:

- Loans outstanding from related parties of £31m (30 June 2023: £46m; 31 December 2023: £49m), with a further commitment of £6m (30 June 2023: £5m; 31 December 2023: £7m); and

- Total other commitments of £1,496m to related parties (30 June 2023: £1,232m; 31 December 2023: £1,347m), of which £1,137m has been drawn (30 June 2023: £1,048m; 31 December 2023: £1,108m).

4.17 Post balance sheet events

Since 30 June 2024, additional shares have been purchased under the company's buyback programme. At 5 August 2024, a further 30,906,201 ordinary shares (representing 0.5% of Legal & General Group Plc's issued share capital at 30 June 2024) had been purchased for cancellation at a total cost of £70m including expenses, at an average price of 226.26p per share. Cumulatively, a total of 40,156,201 shares have been repurchased at a total cost of £91m.

Asset flows and new business

5.01 Asset Management total assets under management[1] (AUM)

For the six month period to 30 June 2024	Index £bn	Active strategies £bn	Multi asset £bn	Solutions[2] £bn	Private markets[3] £bn	Total AUM £bn
As at 1 January 2024 - excluding joint ventures and associates	**481.7**	**168.9**	**84.3**	**388.8**	**35.5**	**1,159.2**
External inflows[4]	**35.3**	**9.3**	**6.2**	**8.0**	**0.7**	**59.5**
External outflows[4]	**(50.2)**	**(11.3)**	**(4.4)**	**(14.3)**	**(0.7)**	**(80.9)**
Overlay net flows	**–**	**–**	**–**	**(7.1)**	**–**	**(7.1)**
External net flows[5]	**(14.9)**	**(2.0)**	**1.8**	**(13.4)**	**–**	**(28.5)**
PRT transfers[6]	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Internal net flows[7]	**(0.2)**	**(3.4)**	**–**	**(0.4)**	**1.7**	**(2.3)**
Total net flows	**(15.1)**	**(5.4)**	**1.8**	**(14.3)**	**1.7**	**(31.3)**
Market movements	**43.5**	**(2.5)**	**2.6**	**(22.9)**	**(0.3)**	**20.4**
Other movements[8]	**(3.3)**	**0.7**	**–**	**(23.5)**	**–**	**(26.1)**
As at 30 June 2024 - excluding joint ventures and associates	**506.8**	**161.7**	**88.7**	**328.1**	**36.9**	**1,122.2**
Joint ventures and associates[9]	**–**	**–**	**–**	**–**	**13.6**	**13.6**
Total Asset Management AUM as at 30 June 2024	**506.8**	**161.7**	**88.7**	**328.1**	**50.5**	**1,135.8**

For the six month period to 30 June 2023	Index £bn	Active strategies £bn	Multi asset £bn	Solutions[2] £bn	Private markets[3] £bn	Total AUM £bn
As at 1 January 2023 - excluding joint ventures and associates	444.7	156.8	73.9	485.9	34.4	1,195.7
External inflows[4]	37.6	8.8	5.5	13.6	0.8	66.3
External outflows[4]	(35.1)	(9.2)	(3.4)	(10.6)	(1.0)	(59.3)
Overlay net flows	–	–	–	(19.3)	–	(19.3)
External net flows[5]	2.5	(0.4)	2.1	(16.3)	(0.2)	(12.3)
PRT transfers[6]	(0.3)	(0.3)	–	(4.5)	–	(5.1)
Internal net flows[7]	(0.5)	(3.1)	(0.1)	0.1	1.7	(1.9)
Total net flows	1.7	(3.8)	2.0	(20.7)	1.5	(19.3)
Market movements	24.4	2.6	1.1	(32.4)	(0.3)	(4.6)
Other movements[8]	(0.8)	(1.7)	–	(11.2)	–	(13.7)
As at 30 June 2023 - excluding joint ventures and associates	470.0	153.9	77.0	421.6	35.6	1,158.1
Joint ventures and associates[9]	–	–	–	–	11.5	11.5
Total Asset Management AUM as at 30 June 2023[10]	470.0	153.9	77.0	421.6	47.1	1,169.6

1. Assets under management (AUM) includes assets on our Investment Only Platform that are managed by third parties, on which fees are earned.
2. Solutions include liability driven investments and £202.5bn (30 June 2023: £285.3bn) of derivative notionals associated with the Solutions business.
3. Private Markets AUM of £50.5bn (30 June 2023: £47.1bn) are shown on the basis of client asset view and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM including AUM from multi asset strategies (£1.5bn) is £52.0bn (30 June 2023: £48.2bn).
4. External inflows and outflows include £2.1bn (30 June 2023: £2.1bn) of external investments and £4.3bn (30 June 2023: £1.1bn) of redemptions in the ETF business.
5. External net flows exclude movements in short-term Solutions assets, as their maturity dates are determined by client agreements and are subject to a higher degree of variability. The total value of these assets at 30 June 2024 was £50.6bn (30 June 2023: £62.3bn).
6. PRT transfers reflect UK defined benefit pension scheme buy-outs to Institutional Retirement.
7. Internal net flows includes legacy assets from the Mature Savings business sold to ReAssure in 2020.
8. Other movements include movements of external holdings in money market funds, other cash mandates and short-term solutions assets.
9. Figures reflect 100% of the AUM associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers.
10. Total Asset Management AUM as at 30 June 2023 has been restated to include joint ventures and associates AUM.

Asset flows and new business

5.01 Asset Management total assets under management[1] (AUM) (continued)

For the year ended 31 December 2023	Index £bn	Active strategies £bn	Multi asset £bn	Solutions[2] £bn	Private markets[3] £bn	Total AUM £bn
As at 1 January 2023 - excluding joint ventures and associates	444.7	156.8	73.9	485.9	34.4	1,195.7
External inflows[4]	69.4	17.4	12.4	25.5	1.5	126.2
External outflows[4]	(84.9)	(17.2)	(7.4)	(23.4)	(2.6)	(135.5)
Overlay net flows	–	–	–	(29.1)	–	(29.1)
External net flows[5]	(15.5)	0.2	5.0	(27.0)	(1.1)	(38.4)
PRT transfers[6]	(0.4)	(1.5)	–	(13.1)	(0.2)	(15.2)
Internal net flows[7]	(0.8)	–	(0.2)	0.5	2.1	1.6
Total net flows	(16.7)	(1.3)	4.8	(39.6)	0.8	(52.0)
Market movements	55.3	10.4	5.6	(29.6)	0.3	42.0
Other movements[8]	(1.6)	3.0	–	(27.9)	–	(26.5)
As at 31 December 2023 - excluding joint ventures and associates	481.7	168.9	84.3	388.8	35.5	1,159.2
Joint ventures and associates[9]	–	–	–	–	12.7	12.7
Total Asset Management AUM as at 31 December 2023[10]	481.7	168.9	84.3	388.8	48.2	1,171.9

1. Assets under management (AUM) includes assets on our Investment Only Platform that are managed by third parties, on which fees are earned.
2. Solutions include liability driven investments and £246.7bn of derivative notionals associated with the Solutions business.
3. Private Markets AUM of £48.2bn are shown on the basis of client asset view and excludes assets from multi asset fund of fund structures. Total managed Private Markets AUM including AUM from multi asset strategies is £49.6bn.
4. External inflows and outflows include £5.3bn of external investments and £3.4bn of redemptions in the ETF business.
5. External net flows exclude movements in short-term Solutions assets, as their maturity dates are determined by client agreements and are subject to a higher degree of variability. The total value of these assets at 31 December 2023 was £66.9bn.
6. PRT transfers reflect UK defined benefit pension scheme buy-outs to Institutional Retirement.
7. Internal net flows includes legacy assets from the Mature Savings business sold to ReAssure in 2020.
8. Other movements include movements of external holdings in money market funds, other cash mandates and short-term solutions assets.
9. Figures reflect 100% of the AUM associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers.
10. Total Asset Management AUM as at 31 December 2023 has been restated to include joint ventures and associates AUM.

Asset flows and new business

5.02 Asset Management assets under management (excluding joint ventures and associates) and net flows

	Assets under management (excluding joint ventures and associates) at			Net flows for the six months ended[1]		
	30 Jun 2024 £bn	30 Jun 2023 £bn	31 Dec 2023 £bn	**30 Jun 2024 £bn**	30 Jun 2023 £bn	31 Dec 2023 £bn
International[2]	**371.6**	371.8	377.7	**(11.1)**	(2.7)	(14.2)
UK Institutional						
- Defined contribution	**176.0**	146.1	163.0	**1.7**	5.5	6.9
- Defined benefit	**409.0**	489.6	453.4	**(18.6)**	(17.3)	(22.0)
Wholesale[3]	**62.7**	51.2	56.6	**1.7**	1.3	2.2
ETF[4]	**9.5**	9.9	11.4	**(2.2)**	0.9	1.0
External	**1,028.8**	1,068.6	1,062.1	**(28.5)**	(12.3)	(26.1)
Internal[5]	**93.4**	89.5	97.1	**(2.8)**	(7.0)	(6.6)
Total	**1,122.2**	1,158.1	1,159.2	**(31.3)**	(19.3)	(32.7)

1. External net flows exclude movements in short-term solutions assets, with maturity as determined by client agreements and are subject to a higher degree of variability.
2. International assets are shown on the basis of client domicile. Total International AUM including assets managed internationally on behalf of UK clients amounted to £465bn as at 30 June 2024 (30 June 2023: £457bn; 31 December 2023: £465bn).
3. Retail represents assets from the Retail Intermediary business and legacy assets from Personal Investing customers that did not migrate to Fidelity International Limited.
4. ETF reflects external AUM and Flows invested on the platform. Total AUM managed on the platform is £11.7bn ($14.8bn) as at 30 June 2024 (30 June 2023: £11.7bn ($14.9bn); 31 December 2023: £13.5bn ($17.2bn)) and flows of £(2.2)bn ($(2.8)bn) as at 30 June 2024 (30 June 2023: £1.0bn ($1.3bn); 31 December 2023: £2.2bn ($2.7bn)) which include internal investment from other Asset Management asset classes.
5. Internal net flows include PRT transfers of £0.5bn (30 June 2023: £5.1bn; 31 December 2023: £10.1bn). PRT transfers reflect UK defined benefit pension scheme buy-outs to Institutional Retirement.

5.03 Reconciliation of assets under management to Consolidated Balance Sheet

	30 Jun 2024 £bn	Restated 30 Jun 2023 £bn	31 Dec 2023 £bn
Total assets under management[1]	**1,136**	1,170	1,172
Derivative notionals[2]	**(202)**	(285)	(247)
Third party assets[3]	**(483)**	(458)	(471)
Other[4]	**50**	52	47
Total financial investments, investment property and cash and cash equivalents	**501**	479	501

1. These balances are unaudited.
2. Derivative notionals are included in the assets under management measure but are not for IFRS reporting and are thus removed.
3. Third party assets are those that the Asset Management division manage on behalf of others which are not included on the Group's Consolidated Balance Sheet.
4. Other includes assets that are managed by third parties on behalf of the Group, other assets and liabilities related to financial investments, derivative assets and pooled funds. It also includes measurement differences between assets under management, which are on a market value basis, and total investments on an IFRS basis.

Asset flows and new business

5.04 Workplace Savings assets under administration[1]

	30 Jun 2024 £bn	30 Jun 2023 £bn	30 Dec 2023 £bn
As at 1 January	**79.9**	66.6	66.6
Gross inflows	**5.9**	4.9	10.4
Gross outflows	**(2.7)**	(1.9)	(4.1)
Net flows	**3.2**	3.0	6.3
Market and other movements	**4.3**	2.1	7.0
As at 30 June	**87.4**	71.7	79.9

1. Workplace assets under administration as at 30 June 2024 includes £87.3bn (30 June 2023: £71.5bn; 31 December 2023: £79.7bn) of assets under management included in Note 5.01.

5.05 Institutional Retirement new business

	6 months 30 Jun 2024 £m	6 months 30 Jun 2023 £m	6 months 31 Dec 2023 £m	Full year 31 Dec 2023 £m
UK[1]	**1,126**	4,866	7,182	12,048
US	**417**	126	1,337	1,463
Bermuda	**–**	–	208	208
Total Institutional Retirement new business	**1,543**	4,992	8,727	13,719

1. Full year ending 31 December 2023 includes a transaction with the Group's UK defined benefit pension schemes as disclosed in Note 4.16 Related party transactions.

5.06 Retail new business

	6 months 30 Jun 2024 £m	6 months 30 Jun 2023 £m	6 months 31 Dec 2023 £m	Full year 31 Dec 2023 £m
Individual annuities	**1,174**	575	856	1,431
Lifetime mortgage loans and retirement interest only mortgages	**140**	163	136	299
Total Retail Retirement new business	**1,314**	738	992	1,730
UK Retail protection	**75**	76	74	150
UK Group protection	**68**	53	68	121
US protection[1]	**81**	70	71	141
Total Insurance new business	**224**	199	213	412
Total Retail new business	**1,538**	937	1,205	2,142

1. In local currency, US protection reflects new business of $103m for 30 June 2024 (H1 2023: $87m; H2 2023: $88m).

Capital

6.01 Group regulatory capital – Solvency II

The Group complies with the requirements established by the Solvency II Framework Directive, as adopted by the Prudential Regulation Authority (PRA) in the UK and measures and monitors its capital resources on this basis. The Solvency II regulations were amended in the UK in December 2023 to introduce a change to the calculation of Risk Margin, and in June 2024 to change the calculation of the Matching Adjustment and fundamental spread. All other Solvency II regulations remain unchanged.

The Solvency II results are estimated and unaudited. Further explanation of the underlying methodology and assumptions are set out in the sections below.

The Group calculates its Solvency II capital requirements using a Partial Internal Model. The majority of the risk to which the Group is exposed is assessed on the Partial Internal Model basis approved by the PRA. Capital requirements for a few smaller entities are assessed using the Standard Formula basis on materiality grounds. The Group's US insurance businesses and Legal & General Reinsurance Company No. 2 are valued on a local statutory basis, following the PRA's approval to use the Deduction and Aggregation method of including these businesses in the Group Solvency II calculation.

The table below shows the Group Own Funds, Solvency Capital Requirement (SCR) and Surplus Own Funds, based on the Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP) as at 30 June 2024.

(i) Capital position

As at 30 June 2024, and on the above basis, the Group had a surplus of £8,839m (31 December 2023: £9,167m) over its Solvency Capital Requirement, corresponding to a Solvency II capital coverage ratio of 223% (31 December 2023: 224%). The Solvency II capital position is as follows:

	30 Jun 2024 £m	31 Dec 2023 £m
Unrestricted Tier 1 Own Funds	**12,142**	12,845
Restricted Tier 1 Own Funds[1]	**495**	495
Tier 2 Subordinated liabilities	**3,396**	3,460
Eligibility restrictions	**(21)**	(244)
Solvency II Own Funds[2,3]	**16,012**	16,556
Solvency Capital Requirement	**(7,173)**	(7,389)
Solvency II surplus	**8,839**	9,167
SCR Coverage ratio	**223%**	224%

1. Restricted Tier 1 Own Funds represent Perpetual restricted Tier 1 contingent convertible notes.
2. Solvency II Own Funds include a reduction to allow for the £201m share buyback announced on 12 June 2024. They do not include an accrual for the interim dividend of £357m (31 December 2023: final dividend of £871m) declared after the balance sheet date.
3. Solvency II Own Funds allow for a Risk Margin of £1,009m (31 December 2023: £1,191m) and TMTP of £647m (31 December 2023: £970m).

Capital

6.01 Group regulatory capital – Solvency II (continued)
(ii) Methodology and assumptions

The methodology, assumptions and Partial Internal Model underlying the calculation of Solvency II Own Funds and associated capital requirements are broadly consistent with those set out in the Group's 2023 Annual Report and Accounts and Full Year Results.

Non-market assumptions are consistent with those underlying the Group's IFRS disclosures. Future investment returns and discount rates are those defined by the PRA, using risk-free rates based on SONIA market swap rates for sterling denominated liabilities. For annuities that are eligible, the liability discount rate includes a Matching Adjustment. This Matching Adjustment varies between LGAS and LGRe and by the currency of the relevant liabilities.

At 30 June 2024 the Matching Adjustment for UK GBP denominated liabilities was 118 basis points (31 December 2023: 122 basis points) after deducting an allowance for the fundamental spread equivalent to 45 basis points (31 December 2023: 53 basis points). The Matching Adjustment and fundamental spread have been calculated in accordance with the latest Solvency UK regulations.

(iii) Analysis of change

Operational Surplus Generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions. It includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the period.

New Business Strain is the cost of acquiring business and setting up Technical Provisions and SCR (net of any premium income), on actual new business written over the period. It is based on economic conditions at the point of sale.

The table below shows the movement (net of tax) during the six month period ended 30 June 2024 in the Group's Solvency II surplus.

	6 months 30 Jun 2024 Own Funds £m	6 months 30 Jun 2024 SCR £m	6 months 30 Jun 2024 Surplus £m
Opening Position	**16,556**	**(7,389)**	**9,167**
Operational Surplus Generation[1]	**899**	**(2)**	**897**
New business strain	**56**	**(222)**	**(166)**
Net surplus generation	**955**	**(224)**	**731**
Operating variances[2]			**30**
Market movements[3]			**(14)**
Share buyback			**(201)**
Dividends paid[4]			**(874)**
Total surplus movement (after dividends paid in the period)	**(544)**	**216**	**(328)**
Closing Position	**16,012**	**(7,173)**	**8,839**

1. Operational Surplus Generation includes a £22m release of Risk Margin and £(41)m amortisation of the TMTP.
2. Operating variances include the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix.
3. Market movements represent the impact of changes in investment market conditions during the period and changes to future economic assumptions.
4. Dividends paid are the amounts from the 2023 final dividend paid in H1 2024.

6.01 Group regulatory capital – Solvency II (continued)
(iii) Analysis of change (continued)

The table below shows the movement (net of tax) during the year ended 31 December 2023 in the Group's Solvency II surplus.

	Full year 31 Dec 2023 Own Funds £m	Full year 31 Dec 2023 SCR £m	Full year 31 Dec 2023 Surplus £m
Opening Position	17,226	(7,311)	9,915
Operational Surplus Generation[1]	1,596	225	1,821
New business strain	551	(989)	(438)
Net surplus generation	2,147	(764)	1,383
Operating variances[2]			(307)
Mergers, acquisitions and disposals[3]			(140)
Market movements[4]			(512)
Dividends paid[5]			(1,172)
Total surplus movement (after dividends paid in the period)	(670)	(78)	(748)
Closing Position	16,556	(7,389)	9,167

1. Operational Surplus Generation includes a £208m release of Risk Margin and £(206)m amortisation of the TMTP.
2. Operating variances include the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix.
3. Mergers, acquisitions and disposals for the year ended 31 December 2023 includes costs incurred relating to the announced intent to cease production within the Modular Homes business and impairment of the Group's investment in Onto, along with the associated change in SCR.
4. Market movements represent the impact of changes in investment market conditions over the year and changes to future economic assumptions.
5. Dividends paid are the amounts from the 2022 final dividend and 2023 interim dividend.

(iv) Reconciliation of IFRS equity to Solvency II Own Funds

A reconciliation of the Group's IFRS equity to Solvency II Own Funds is given below:

	30 Jun 2024 £m	31 Dec 2023 £m
IFRS equity[1]	**3,958**	4,826
CSM net of tax[2]	**10,023**	10,048
IFRS equity plus CSM net of tax	**13,981**	14,874
Remove DAC, goodwill and other intangible assets and associated liabilities	**(522)**	(525)
Add IFRS carrying value of subordinated borrowings[3]	**3,776**	3,768
Insurance contract valuation differences[4]	**(502)**	(622)
Financial investments valuation differences	**(1,051)**	(845)
Difference in value of net deferred tax liabilities[2]	**373**	203
Other	**(22)**	(53)
Eligibility restrictions	**(21)**	(244)
Solvency II Own Funds[5]	**16,012**	16,556

1. IFRS equity represents equity attributable to owners of the parent and restricted Tier 1 convertible debt note as per the Consolidated Balance Sheet.
2. 31 December 2023 CSM net of tax and Difference in value of net deferred tax liabilities have been restated to reflect the introduction of the new corporate income tax regime in Bermuda, which was enacted in December 2023.
3. Treated as available capital on the Solvency II balance sheet as the liabilities are subordinate to policyholder claims.
4. Differences in the measurement of technical provisions between IFRS and Solvency II.
5. Solvency II Own Funds include a reduction to allow for the £201m share buyback announced on 12 June 2024. They do not include an accrual for the interim dividend of £357m (31 December 2023: final dividend of £871m) declared after the balance sheet date.

Capital

6.01 Group regulatory capital – Solvency II (continued)
(v) Sensitivity analysis

The following sensitivities are provided to give an indication of how the Group's Solvency II surplus as at 30 June 2024 would have changed in a variety of adverse events. These are all independent stresses to a single risk. In practice, the balance sheet is impacted by combinations of stresses and the combined impact can be larger than adding together the impacts of the same stresses in isolation. It is expected that, particularly for market risks, adverse stresses will happen together.

	Impact on net of tax Solvency II capital surplus 30 Jun 2024 £bn	**Impact on net of tax Solvency II coverage ratio 30 Jun 2024 %**	Impact on net of tax Solvency II capital surplus 31 Dec 2023 £bn	Impact on net of tax Solvency II coverage ratio 31 Dec 2023 %
100bps increase in risk-free rates[1]	**0.1**	**13**	0.1	10
100bps decrease in risk-free rates[1,2]	**(0.2)**	**(14)**	(0.2)	(11)
Credit spreads widen by 100bps assuming an escalating addition to ratings[3,4]	**0.5**	**15**	0.4	14
Credit spreads narrow by 100bps assuming an escalating deduction from ratings[3,4]	**(0.6)**	**(17)**	(0.6)	(18)
Credit spreads widen by 100bps assuming a flat addition to ratings[3]	**0.5**	**16**	0.5	15
Credit spreads of sub investment grade assets widen by 100bps assuming a level addition to ratings[3,5]	**(0.2)**	**(7)**	(0.2)	(7)
Credit migration[6]	**(0.5)**	**(8)**	(0.7)	(10)
25% fall in equity markets[7]	**(0.4)**	**(3)**	(0.4)	(3)
15% fall in property markets[8]	**(0.8)**	**(8)**	(0.9)	(10)
50bps increase in future inflation expectations[1]	**(0.0)**	**(2)**	(0.1)	(3)

1. Assuming a recalculation of the Transitional Measure on Technical Provisions that partially offsets the impact on Risk Margin.
2. In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.
3. The spread sensitivity applies to the Group's corporate bond (and similar) holdings, with no change in long-term default expectations. Restructured lifetime mortgages are excluded as the underlying exposure is mostly to property.
4. The stress for AA bonds is twice that for AAA bonds, for A bonds it is three times, for BBB four times and so on, such that the weighted average spread stress for the portfolio is 100 basis points. To give a 100bps increase on the total portfolio, the spread stress increases in steps of 32bps, i.e. 32bps for AAA, 64bps for AA etc.
5. No stress for bonds rated BBB and above. For bonds rated BB and below the stress is 100bps. The spread widening on the total portfolio is smaller than 1bps as the Group holds less than 1% in bonds rated BB and below. The impact is primarily an increase in SCR arising from the modelled cost of trading downgraded bonds back to a higher rating in the stress scenarios in the SCR calculation.
6. Credit migration stress covers the cost of an immediate big letter downgrade on 20% of all assets where the capital treatment depends on a credit rating (including corporate bonds, and sale and leaseback rental strips; lifetime mortgage senior notes are excluded). Downgraded assets in our annuity portfolio are assumed to be traded to their original credit rating, so the impact is primarily a reduction in Own Funds from the loss of value on downgrade. The impact of the sensitivity will depend upon the market levels of spreads at the balance sheet date.
7. This relates primarily to equity exposure held by the Group but will also include equity-based mutual funds and other investments that receive an equity stress (for example, certain investments in subsidiaries). Some assets have factors that increase or decrease the stress relative to general equity levels via a beta factor.
8. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.

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

The impacts of these stresses are not linear therefore these results should not be used to interpolate or extrapolate the impact of a smaller or larger stress. The results of these tests are indicative of the market conditions prevailing at the balance sheet date. The results would be different if performed at an alternative reporting date.

6.02 Estimated Solvency II new business contribution
(i) New business by product[1]

Management estimates of the present value of new business premium (PVNBP) and the margin for selected lines of business are provided below:

	PVNBP[2] 6 months 2024 £m	Contribution from new business[3] 6 months 2024 £m	Margin[4] 6 months 2024 %	PVNBP[2] Full year 2023 £m	Contribution from new business[3] Full year 2023 £m	Margin[4] Full year 2023 %
Institutional Retirement – UK annuity business	**1,126**	**69**	**6.1**	8,859	654	7.4
Retail Retirement – UK annuity business	**1,174**	**70**	**6.0**	1,431	100	7.0
UK Protection	**719**	**26**	**3.5**	1,337	37	2.8
US Protection[5]	**656**	**80**	**12.1**	1,123	128	11.4

1. Selected lines of business only.
2. PVNBP excludes a quota share reinsurance single premium of £nil (31 December 2023: £3,189m) relating to Institutional Retirement new business.
3. The contribution from new business is defined as the present value at the point of sale of expected future Solvency II surplus emerging from new business written in the year using the risk discount rate applicable at the end of the year.
4. Margin is based on unrounded inputs.
5. In local currency, US protection business reflects PVNBP of $830m (31 December 2023: $1,397m) and a contribution from new business of $101m (31 December 2023: $160m).

(ii) Basis of preparation

Solvency II new business contribution reflects the portion of Solvency II value added by new business written in the period. It has been calculated in a manner consistent with principles and methodologies which were adopted in the Group's 2023 Annual Report and Accounts and Full Year Results.

Solvency II new business contribution has been calculated for the Group's most material insurance-related businesses, namely, Institutional Retirement, Retail Retirement and Insurance.

Intra-group reinsurance arrangements are in place between US, UK and Bermudan businesses and it is expected that these arrangements will be periodically extended to cover recent new business. The US Protection new business margin assumes that the new business will continue to be reinsured in 2024 and looks through the intra-group arrangements.

6.02 Estimated Solvency II new business contribution (continued)
(iii) Assumptions

The key economic assumptions are as follows:

	30 Jun 2024 %	31 Dec 2023 %
Margin for Risk	**3.9**	4.2
Risk-free rate		
- UK	**3.9**	3.3
- US	**4.4**	3.9
Risk discount rate (net of tax)		
- UK	**7.8**	7.5
- US	**8.3**	8.1
Long-term rate of return on annuities	**5.5**	4.9

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

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

- The assumed future pre-tax returns on fixed interest and RPI linked securities are set by reference to yield on the relevant backing assets, net of an allowance for default risk which takes into account the credit rating and the outstanding term of the assets. The weighted average deduction for business written in 2024 equates to a level rate deduction from the expected returns of 16 basis points. The calculated return takes account of derivatives and other credit instruments in the investment portfolio.

- Non-economic assumptions have been set at levels commensurate with recent operating experience, including those for mortality, morbidity, persistency and maintenance expenses (excluding development costs). An allowance is made for future mortality improvement. For new business, mortality assumptions may be modified to take certain scheme specific features into account.

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

(iv) Reconciliation of PVNBP to total Institutional Retirement and Retail new business

	Notes	6 months 2024 £bn	Full year 2023 £bn
PVNBP	6.02 (i)	**3.7**	12.7
Effect of capitalisation factor		**(1.2)**	(1.8)
New business premiums from selected lines		**2.5**	10.9
Other[1]		**0.6**	5.0
Total Institutional Retirement and Retail new business	5.05, 5.06	**3.1**	15.9

1. Other principally includes annuity sales in the US £0.4bn (31 December 2023: £1.5bn), lifetime mortgage loans and retirement interest only mortgages £0.1bn (31 December 2023: £0.3bn), and quota share reinsurance premiums £nil (31 December 2023: £3.2bn).

Investments

7.01 Investment portfolio

	30 Jun 2024 £m	Restated[1] 30 Jun 2023 £m	Restated[1] 31 Dec 2023 £m
Worldwide total assets under management[2]	**1,145,104**	1,177,886	1,179,769
Client and policyholder assets	**(1,007,870)**	(1,047,154)	(1,044,213)
Investments to which shareholders are directly exposed (market value)	**137,234**	130,732	135,556
Adjustment from market value to IFRS carrying value[3]	**1,051**	1,245	848
Investments to which shareholders are directly exposed (IFRS carrying value)	**138,285**	131,977	136,404

1. Worldwide assets under management, client and policyholder assets have been restated to include the total AUM associated with fund managers classified as joint ventures and associates irrespective of the Group's holding in those fund managers.
2. Worldwide total assets under management include Asset Management AUM and other Group assets not managed by Asset Management.
3. Adjustments reflect measurement differences for a portion of the Group's financial investments designated as amortised cost.

Analysed by investment class:

	Notes	Annuity[1] investments 30 Jun 2024 £m	Other investments 30 Jun 2024 £m	Total 30 Jun 2024 £m	Restated Annuity[1] investments 30 Jun 2023 £m	Restated Other investments 30 Jun 2023 £m	Total 30 Jun 2023 £m	Restated Annuity[1] investments 31 Dec 2023 £m	Restated Other investments 31 Dec 2023 £m	Total 31 Dec 2023 £m
Equities		**1,961**	**1,116**	**3,077**	1,967	1,110	3,077	1,989	1,177	3,166
Bonds	7.03	**75,474**	**4,104**	**79,578**	70,278	3,085	73,363	77,571	3,759	81,330
Derivative assets[2]		**41,527**	**134**	**41,661**	42,062	245	42,307	37,894	125	38,019
Property	7.04	**5,506**	**309**	**5,815**	5,515	247	5,762	5,269	234	5,503
Loans[3]		**2,242**	**184**	**2,426**	1,898	156	2,054	1,382	230	1,612
Financial investments		**126,710**	**5,847**	**132,557**	121,720	4,843	126,563	124,105	5,525	129,630
Cash and cash equivalents		**2,035**	**1,295**	**3,330**	2,275	1,039	3,314	3,122	1,113	4,235
Other assets[4]		**664**	**1,734**	**2,398**	443	1,657	2,100	779	1,760	2,539
Total investments		**129,409**	**8,876**	**138,285**	124,438	7,539	131,977	128,006	8,398	136,404

1. Annuity investments includes products held within the Institutional Retirement and Retail Retirement annuity portfolios and includes lifetime mortgage loans & retirement interest only mortgages.
2. Derivative assets are shown gross of derivative liabilities of £45.0bn (30 June 2023: £46.0bn; 31 December 2023: £40.5bn). Exposures arise from use of derivatives for efficient portfolio management, particularly the use of interest rate swaps, inflation swaps, currency swaps and foreign exchange forward contracts for assets and liability management.
3. Loans include reverse repurchase agreements of £2,411m (30 June 2023: £2,049m; 31 December 2023: £1,599m).
4. Other assets include finance leases of £414m (30 June 2023: £157m; 31 December 2023: £451m), associates and joint ventures of £641m (30 June 2023: £553m; 31 December 2023: £616m) and the consolidated net asset value of the Group's investments in CALA Homes and other housing businesses.

Investments

7.02 Direct investments
(i) Total investments analysed by asset class

	Direct[1] investments 30 Jun 2024 £m	Traded[2] securities 30 Jun 2024 £m	Total 30 Jun 2024 £m	Direct[1] investments 30 Jun 2023 £m	Traded[2] securities 30 Jun 2023 £m	Total 30 Jun 2023 £m	Direct[1] investments 31 Dec 2023 £m	Traded[2] securities 31 Dec 2023 £m	Total 31 Dec 2023 £m
Equities	**1,766**	**1,311**	**3,077**	1,782	1,295	3,077	1,856	1,310	3,166
Bonds[3]	**28,958**	**50,620**	**79,578**	24,596	48,767	73,363	27,671	53,659	81,330
Derivative assets	**–**	**41,661**	**41,661**	–	42,307	42,307	–	38,019	38,019
Property[4]	**5,815**	**–**	**5,815**	5,762	–	5,762	5,503	–	5,503
Loans	**14**	**2,412**	**2,426**	4	2,050	2,054	13	1,599	1,612
Financial investments	**36,553**	**96,004**	**132,557**	32,144	94,419	126,563	35,043	94,587	129,630
Cash and cash equivalents	**202**	**3,128**	**3,330**	213	3,101	3,314	163	4,072	4,235
Other assets	**2,398**	**–**	**2,398**	2,100	–	2,100	2,539	–	2,539
Total investments	**39,153**	**99,132**	**138,285**	34,457	97,520	131,977	37,745	98,659	136,404

1. Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but excluded hedge funds.
2. Traded securities are defined by exclusion. If an instrument is not a direct investment, then it is classed as a traded security.
3. Bonds include lifetime mortgage loans of £5,761m (30 June 2023: £4,937m; 31 December 2023: £5,766m).
4. A further breakdown of property is provided in Note 7.04.

7.02 Direct investments (continued)
(ii) Direct investments analysed by asset portfolio

	Annuity[1] 30 Jun 2024 £m	**Other 30 Jun 2024 £m**	**Total 30 Jun 2024 £m**
Equities	**832**	**934**	**1,766**
Bonds[2]	**27,080**	**1,878**	**28,958**
Property	**5,506**	**309**	**5,815**
Loans	**–**	**14**	**14**
Financial investments	**33,418**	**3,135**	**36,553**
Other assets, cash and cash equivalents	**725**	**1,875**	**2,600**
Total direct investments	**34,143**	**5,010**	**39,153**

	Annuity[1] 30 Jun 2023 £m	Other 30 Jun 2023 £m	Total 30 Jun 2023 £m
Equities	846	936	1,782
Bonds[2]	23,227	1,369	24,596
Property	5,515	247	5,762
Loans	–	4	4
Financial investments	29,588	2,556	32,144
Other assets, cash and cash equivalents	470	1,843	2,313
Total direct investments (Restated)	30,058	4,399	34,457

	Annuity[1] 31 Dec 2023 £m	Other 31 Dec 2023 £m	Total 31 Dec 2023 £m
Equities	839	1,017	1,856
Bonds[2]	25,816	1,855	27,671
Property	5,269	234	5,503
Loans	–	13	13
Financial investments	31,924	3,119	35,043
Other assets, cash and cash equivalents	842	1,860	2,702
Total direct investments (Restated)	32,766	4,979	37,745

1. Annuity includes products held within the Institutional Retirement and Retail Retirement annuity portfolios.
2. Bonds include lifetime mortgage loans of £5,761m (30 June 2023: £4,937m; 31 December 2023: £5,766m).

Investments

7.03 Bond portfolio summary
(i) Sectors analysed by credit rating

As at 30 June 2024	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total[2] £m	Total[2] %
Sovereigns, Supras and Sub-Sovereigns	**525**	**9,878**	**997**	**136**	**1**	**3**	**11,540**	**15**
Banks:								
- Tier 1	–	–	–	–	–	–	–	–
- Tier 2 and other subordinated	–	–	75	31	2	–	108	–
- Senior	–	1,984	3,580	856	1	–	6,421	8
- Covered	80	–	–	–	–	–	80	–
Financial Services:								
- Tier 2 and other subordinated	–	104	150	15	7	8	284	–
- Senior	207	478	735	722	–	5	2,147	3
Insurance:								
- Tier 2 and other subordinated	36	133	29	42	–	–	240	–
- Senior	30	185	406	354	–	–	975	1
Consumer Services and Goods:								
- Cyclical	–	88	1,140	1,531	29	1	2,789	4
- Non-cyclical	296	773	2,744	2,683	63	1	6,560	8
- Healthcare	–	725	994	563	5	–	2,287	3
Infrastructure:								
- Social	154	773	4,513	1,235	66	–	6,741	9
- Economic	–	455	1,122	4,104	48	22	5,751	7
Technology and Telecoms	85	481	1,182	2,439	11	6	4,204	5
Industrials	–	211	433	908	26	1	1,579	2
Utilities	514	403	4,711	3,727	8	–	9,363	12
Energy	–	25	498	1,414	33	–	1,970	2
Commodities	–	–	208	607	26	2	843	1
Oil and Gas	–	451	559	353	12	4	1,379	2
Real estate	–	27	2,293	2,337	82	–	4,739	6
Structured finance ABS / RMBS / CMBS / Other	874	780	1,283	756	52	20	3,765	5
Lifetime mortgage loans[1]	–	4,819	490	399	–	53	5,761	7
CDOs	–	41	–	11	–	–	52	–
Total £m	**2,801**	**22,814**	**28,142**	**25,223**	**472**	**126**	**79,578**	**100**
Total %	**3**	**29**	**35**	**32**	**1**	**–**	**100**	

1. The credit ratings attributed to lifetime mortgage loans are allocated in accordance with the internal Matching Adjustment structuring.
2. The Group's bond portfolio is dominated by investments backing Institutional Retirement's and Retail Retirement's annuity business. These account for £75,474m, representing 95% of the total Group portfolio.

Investments

7.03 Bond portfolio summary (continued)
(i) Sectors analysed by credit rating (continued)

As at 30 June 2023 (Restated)	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total[2] £m	Total[2] %
Sovereigns, Supras and Sub-Sovereigns	908	6,259	857	101	2	2	8,129	11
Banks:								
- Tier 1	–	–	–	–	–	1	1	–
- Tier 2 and other subordinated	–	95	93	59	1	–	248	–
- Senior	–	1,488	2,995	820	–	–	5,303	7
- Covered	79	–	–	–	–	–	79	–
Financial Services:								
- Tier 2 and other subordinated	–	449	160	22	7	4	642	1
- Senior	139	235	610	714	–	–	1,698	3
Insurance:								
- Tier 2 and other subordinated	56	124	23	40	1	–	244	1
- Senior	9	183	294	393	–	–	879	1
Consumer Services and Goods:								
- Cyclical	–	13	1,321	1,669	35	20	3,058	4
- Non-cyclical	293	836	2,988	3,075	78	–	7,270	10
- Healthcare	12	733	933	734	3	–	2,415	3
Infrastructure:								
- Social	167	867	3,974	1,104	67	–	6,179	9
- Economic	264	148	967	3,758	59	–	5,196	7
Technology and Telecoms	121	331	1,382	2,610	12	3	4,459	6
Industrials	–	58	664	668	24	–	1,414	2
Utilities	547	660	4,546	4,612	17	–	10,382	14
Energy	–	13	370	916	32	–	1,331	2
Commodities	–	–	329	582	24	20	955	1
Oil and Gas	–	500	673	316	14	60	1,563	2
Real estate	–	20	2,171	2,066	31	–	4,288	6
Structured finance ABS / RMBS / CMBS / Other	565	912	538	575	45	8	2,643	3
Lifetime mortgage loans[1]	3,235	887	449	353	–	13	4,937	7
CDOs	–	40	–	10	–	–	50	–
Total £m	6,395	14,851	26,337	25,197	452	131	73,363	100
Total %	9	20	36	34	1	–	100	

1. The credit ratings attributed to lifetime mortgage loans are allocated in accordance with the internal Matching Adjustment structuring.
2. The Group's bond portfolio is dominated by investments backing Institutional Retirement's and Retail Retirement's annuity business. These account for £70,278m, representing 96% of the total Group portfolio.

Investments

7.03 Bond portfolio summary (continued)
(i) Sectors analysed by credit rating (continued)

As at 31 December 2023 (Restated)	AAA £m	AA £m	A £m	BBB £m	BB or below £m	Other £m	Total[2] £m	Total[2] %
Sovereigns, Supras and Sub-Sovereigns	399	10,342	1,023	102	1	2	11,869	15
Banks:								
- Tier 1	–	–	–	20	–	1	21	–
- Tier 2 and other subordinated	–	–	77	47	1	–	125	–
- Senior	–	1,656	4,270	824	1	–	6,751	8
- Covered	106	–	–	–	–	–	106	–
Financial Services:								
- Tier 2 and other subordinated	–	74	57	17	7	3	158	–
- Senior	238	361	828	716	–	3	2,146	3
Insurance:								
- Tier 1	–	–	–	9	–	–	9	–
- Tier 2 and other subordinated	31	131	32	44	–	–	238	–
- Senior	10	188	411	379	–	–	988	1
Consumer Services and Goods:								
- Cyclical	–	46	1,174	1,843	25	21	3,109	4
- Non-cyclical	314	840	3,176	2,917	65	1	7,313	9
- Healthcare	12	697	1,060	668	4	–	2,441	3
Infrastructure:								
- Social	163	822	4,333	1,135	71	–	6,524	8
- Economic	253	157	1,096	4,031	60	13	5,610	7
Technology and Telecoms	97	301	1,611	2,802	12	6	4,829	6
Industrials	–	58	593	651	25	1	1,328	2
Utilities	541	751	4,771	4,384	17	–	10,464	13
Energy	–	26	504	1,033	34	–	1,597	2
Commodities	–	–	210	630	24	21	885	1
Oil and Gas	–	501	618	326	13	59	1,517	2
Real estate	–	32	2,197	2,200	22	–	4,451	5
Structured finance ABS / RMBS / CMBS / Other	656	1,042	697	566	55	15	3,031	4
Lifetime mortgage loans[1]	–	4,835	504	402	–	25	5,766	7
CDOs	–	43	–	11	–	–	54	–
Total £m	2,820	22,903	29,242	25,757	437	171	81,330	100
Total %	3	28	36	32	1	–	100	

1. The credit ratings attributed to lifetime mortgage loans are allocated in accordance with the internal Matching Adjustment structuring.
2. The Group's bond portfolio is dominated by investments backing Institutional Retirement's and Retail Retirement's annuity business. These account for £77,571m, representing 95% of the total Group portfolio.

7.03 Bond portfolio summary (continued)
(ii) Sectors analysed by domicile

As at 30 June 2024	UK £m	US £m	EU £m	Rest of the World £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	8,382	1,859	888	411	11,540
Banks	1,618	2,267	1,438	1,286	6,609
Financial Services	419	1,002	764	246	2,431
Insurance	54	1,010	74	77	1,215
Consumer Services and Goods:					
- Cyclical	423	1,917	257	192	2,789
- Non-cyclical	1,364	4,298	558	340	6,560
- Healthcare	279	1,956	52	–	2,287
Infrastructure:					
- Social	5,866	648	154	73	6,741
- Economic	3,947	917	282	605	5,751
Technology and Telecoms	393	2,798	460	553	4,204
Industrials	225	999	307	48	1,579
Utilities	3,734	3,337	1,771	521	9,363
Energy	600	1,016	23	331	1,970
Commodities	53	381	119	290	843
Oil and Gas	284	351	425	319	1,379
Real estate	1,960	1,715	756	308	4,739
Structured finance ABS / RMBS / CMBS / Other	1,101	2,114	92	458	3,765
Lifetime mortgage loans	5,295	–	466	–	5,761
CDOs	–	–	–	52	52
Total	35,997	28,585	8,886	6,110	79,578

Investments

7.03 Bond portfolio summary (continued)
(ii) Sectors analysed by domicile (continued)

As at 30 June 2023	UK £m	US £m	EU £m	Rest of the World £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	6,127	1,283	266	453	8,129
Banks	1,521	1,979	1,021	1,110	5,631
Financial Services	302	595	1,266	177	2,340
Insurance	61	966	15	81	1,123
Consumer Services and Goods:					
- Cyclical	335	2,155	360	208	3,058
- Non-cyclical	1,711	4,683	346	530	7,270
- Healthcare	278	2,078	59	–	2,415
Infrastructure:					
- Social	5,269	690	144	76	6,179
- Economic	3,729	840	249	378	5,196
Technology and Telecoms	377	3,010	558	514	4,459
Industrials	194	783	295	142	1,414
Utilities	5,086	3,011	1,809	476	10,382
Energy	313	715	12	291	1,331
Commodities	46	402	132	375	955
Oil and Gas	248	425	542	348	1,563
Real estate	1,888	1,469	618	313	4,288
Structured Finance ABS / RMBS / CMBS / Other	678	1,497	46	422	2,643
Lifetime mortgage loans	4,871	–	66	–	4,937
CDOs	–	–	–	50	50
Total	33,034	26,581	7,804	5,944	73,363

Investments

7.03 Bond portfolio summary (continued)
(ii) Sectors analysed by domicile (continued)

As at 31 December 2023	UK £m	US £m	EU £m	Rest of the World £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	8,790	1,696	849	534	11,869
Banks	1,772	2,360	1,459	1,412	7,003
Financial Services	527	902	649	226	2,304
Insurance	64	1,015	75	81	1,235
Consumer Services and Goods:					
- Cyclical	355	2,281	294	179	3,109
- Non-cyclical	1,891	4,697	379	346	7,313
- Healthcare	277	2,093	71	–	2,441
Infrastructure:					
- Social	5,605	679	162	78	6,524
- Economic	3,968	909	267	466	5,610
Technology and Telecoms	448	3,226	566	589	4,829
Industrials	199	768	310	51	1,328
Utilities	4,654	3,334	1,951	525	10,464
Energy	335	887	23	352	1,597
Commodities	53	392	134	306	885
Oil and Gas	288	371	530	328	1,517
Real estate	1,955	1,658	539	299	4,451
Structured Finance ABS / RMBS / CMBS / Other	768	1,744	62	457	3,031
Lifetime mortgage loans	5,324	–	442	–	5,766
CDOs	–	–	–	54	54
Total	37,273	29,012	8,762	6,283	81,330

Investments

7.03 Bond portfolio summary (continued)
(iii) Bond portfolio analysed by credit rating

As at 30 June 2024	Externally rated £m	Internally rated[1] £m	Total £m
AAA	2,315	486	2,801
AA	16,328	6,486	22,814
A	16,612	11,530	28,142
BBB	16,280	8,943	25,223
BB or below	245	227	472
Other	23	103	126
Total	**51,803**	**27,775**	**79,578**

As at 30 June 2023	Externally rated £m	Internally rated[1] £m	Total £m
AAA	2,828	3,567	6,395
AA	12,285	2,566	14,851
A	16,753	9,584	26,337
BBB	17,781	7,416	25,197
BB or below	219	233	452
Other	16	115	131
Total	49,882	23,481	73,363

As at 31 December 2023	Externally rated £m	Internally rated[1] £m	Total £m
AAA	2,373	447	2,820
AA	16,323	6,580	22,903
A	18,365	10,877	29,242
BBB	18,458	7,299	25,757
BB or below	195	242	437
Other	20	151	171
Total	55,734	25,596	81,330

1. Where external ratings are not available an internal rating has been used where practicable to do so.

Investments

7.03 Bond portfolio summary (continued)
(iv) Sectors analysed by direct investments and traded securities

As at 30 June 2024	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	1,473	10,067	11,540
Banks	1,234	5,375	6,609
Financial Services	1,524	907	2,431
Insurance	149	1,066	1,215
Consumer Services and Goods:			
- Cyclical	535	2,254	2,789
- Non-cyclical	688	5,872	6,560
- Healthcare	516	1,771	2,287
Infrastructure:			
- Social	4,090	2,651	6,741
- Economic	4,205	1,546	5,751
Technology and Telecoms	285	3,919	4,204
Industrials	257	1,322	1,579
Utilities	2,586	6,777	9,363
Energy	794	1,176	1,970
Commodities	142	701	843
Oil and Gas	94	1,285	1,379
Real estate	2,864	1,875	4,739
Structured finance ABS / RMBS / CMBS / Other	1,761	2,004	3,765
Lifetime mortgage loans	5,761	–	5,761
CDOs	–	52	52
Total	28,958	50,620	79,578

Investments

7.03 Bond portfolio summary (continued)
(iv) Sectors analysed by direct investments and traded securities (continued)

As at 30 June 2023	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	659	7,470	8,129
Banks	829	4,802	5,631
Financial Services	1,737	603	2,340
Insurance	98	1,025	1,123
Consumer Services and Goods:			
- Cyclical	641	2,417	3,058
- Non-cyclical	629	6,641	7,270
- Healthcare	512	1,903	2,415
Infrastructure:			
- Social	3,630	2,549	6,179
- Economic	3,945	1,251	5,196
Technology and Telecoms	213	4,246	4,459
Industrials	125	1,289	1,414
Utilities	1,960	8,422	10,382
Energy	460	871	1,331
Commodities	139	816	955
Oil and Gas	84	1,479	1,563
Real estate	2,857	1,431	4,288
Structured Finance ABS / RMBS / CMBS / Other	1,141	1,502	2,643
Lifetime mortgage loans	4,937	–	4,937
CDOs	–	50	50
Total	24,596	48,767	73,363

Investments

7.03 Bond portfolio summary (continued)
(iv) Sectors analysed by direct investments and traded securities (continued)

As at 31 December 2023	Direct investments £m	Traded £m	Total £m
Sovereigns, Supras and Sub-Sovereigns	1,257	10,612	11,869
Banks	1,228	5,775	7,003
Financial Services	1,481	823	2,304
Insurance	160	1,075	1,235
Consumer Services and Goods:			
- Cyclical	550	2,559	3,109
- Non-cyclical	1,017	6,296	7,313
- Healthcare	517	1,924	2,441
Infrastructure:			
- Social	3,836	2,688	6,524
- Economic	4,231	1,379	5,610
Technology and Telecoms	307	4,522	4,829
Industrials	127	1,201	1,328
Utilities	2,370	8,094	10,464
Energy	521	1,076	1,597
Commodities	145	740	885
Oil and Gas	102	1,415	1,517
Real estate	2,763	1,688	4,451
Structured Finance ABS / RMBS / CMBS / Other	1,293	1,738	3,031
Lifetime mortgage loans	5,766	–	5,766
CDOs	–	54	54
Total	27,671	53,659	81,330

Investments

7.04 Property analysis

Property exposure within Direct investments by status

As at 30 June 2024	**Annuity £m**	**Other[1] £m**	**Total £m**	**%**
Fully let[2]	**4,927**	**96**	**5,023**	**86**
Development	**579**	**179**	**758**	**13**
Land	**–**	**34**	**34**	**1**
Total	**5,506**	**309**	**5,815**	**100**

As at 30 June 2023	Restated Annuity £m	Restated Other[1] £m	Total £m	%
Fully let[2]	4,958	100	5,058	87
Development	557	111	668	12
Land	–	36	36	1
Total	5,515	247	5,762	100

As at 31 December 2023	Restated Annuity £m	Restated Other[1] £m	Total £m	%
Fully let[2]	4,809	96	4,905	89
Development	460	104	564	10
Land	–	34	34	1
Total	5,269	234	5,503	100

1. The above analysis does not include assets related to the Group's investments in CALA Homes and other housing businesses, which are accounted for as inventory within Receivables and other assets on the Group's Consolidated Balance Sheet and measured at the lower of cost and net realisable value. At 30 June 2024, the Group held a total of £2,084m (30 June 2023: £2,022m; 31 December 2023: £1,932m) of such assets.
2. £4.0bn (30 June 2023: £4.4bn; 31 December 2023: £4.2bn) fully let property were let to corporate clients, out of which £3.9bn (30 June 2023: £3.9bn; 31 December 2023: £3.7bn) were let to investment grade tenants.

Alternative Performance Measures

An alternative performance measure (APM) is a financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II. APMs offer investors and stakeholders additional information on the company's performance and the financial effect of 'one-off' events, and the Group uses a range of these metrics to enhance understanding of the Group's performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the figures determined according to other regulations. The APMs used by the Group are listed in this Note, along with their definition/explanation, their closest IFRS or Solvency II measure and, where relevant, the reference to the reconciliations to those measures.

The APMs used by the Group may not be the same as, or comparable to, those used by other companies, both in similar and different industries. The calculation of APMs is consistent with previous periods, unless otherwise stated.

APMs derived from IFRS measures

Adjusted operating profit

Adjusted operating profit is an APM that supports the internal performance management and decision making of the Group's operating businesses, and accordingly underpins the remuneration outcomes of the executive directors and senior management. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

Following the recent refresh of the Group's strategy and the segmentation changes described in Note 2.01, the Group has updated the application of its methodology for the determination of adjusted operating profit for assets allocated to the Asset Management and Corporate Investments segments, in order to simplify and harmonise the methodology across the segments. As part of the update, in order to calculate operating profit for direct investments, a long-term expected investment return is now applied to most private market and non-traded assets. In previous periods, this approach only applied to assets under construction contracted to be sold or for other commercial usage, and early-stage ventures not yet at a steady-state level of earnings. The update has not had a material impact on the comparative adjusted operating profit of each segment, and therefore has not led to a restatement.

Adjusted operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Adjusted operating profit for insurance contracts primarily reflects the release of profit from the contractual service margin and risk adjustment in the period (adjusted for reinsurance mismatches), the unwind of the discount rate used in the calculation of the insurance liabilities and incurred expenses that are not directly attributable to the insurance contracts.

Reinsurance mismatches can arise where the reinsurance offset rules in IFRS 17 do not reflect management's view of the net of reinsurance transaction. In particular, during a year of reinsurance renegotiation, reinsurance gains cannot be recognised to offset any inception losses on the underlying contracts where they are recognised before the new reinsurance agreement is signed. In these circumstances, the onerous contract losses are reduced to reflect the net loss (if any) after reinsurance, and future contractual service margin (CSM) amortisation is reduced over the duration of the contracts.

To remove investment volatility, adjusted operating profit reflects long-term expected investment returns on the substantial majority of investments held by the Group, including both traded and private market investments. For the remainder of the asset portfolio, including certain operational businesses in the Asset Management division and CALA Homes, no adjustments are made to exclude investment volatility. The investment margin for insurance business therefore reflects the expected investment return above the unwind of the insurance liability discount rate.

The long-term expected investment return reflects the best estimate of the long-term return at the start of the year, as follows:

- Expected returns for traded equity, commercial property and residential property (including lifetime mortgages) are based on market consensus forecasts and long-term historic average returns expected to apply through the cycle.
- Assumptions for fixed interest securities measured at FVTPL are based on asset yields for the assets held, less an adjustment for credit risk (assessed on a best estimate basis). Where securities are measured at amortised cost or FVOCI, the expected investment return comprises interest income on an effective interest rate basis.
- For other private market and non-traded assets, the expected return assumption is set in line with our investment objectives. Rates of return specific to each asset are determined at the point of underwriting and reviewed and updated annually. The expected investment return includes current financial assumptions as well as sector specific assumptions, including retail and commercial property yields and power prices where appropriate.

Variances between actual and long-term expected investment returns are excluded from adjusted operating profit, as are economic assumption changes to insurance contract liabilities caused by movements in market conditions or expectations (e.g. credit default and inflation), and any difference between the actual allocated asset mix and the target long-term asset mix on new pension risk transfer business. Assets held for future new pension risk transfer business are excluded from the asset portfolio used to determine the discount rate for annuities on insurance contract liabilities. The impact of investment management actions that optimise the yield of the assets backing the back book of annuity contracts is included within adjusted operating profit.

Exceptional income and expenses which arise outside the normal course of business in the year, such as merger and acquisition and start-up costs, are excluded from adjusted operating profit.

Note 2.02 Operating profit reconciles adjusted operating profit with its closest IFRS measure, which is profit before tax attributable to equity holders. Further details on reconciling items between adjusted operating profit and profit before tax attributable to equity holders are presented in Note 2.05 Investment and other variances.

Alternative Performance Measures

Core operating profit

Core operating profit is an APM that measures the operating performance of the Group's core business and is calculated as the Group's adjusted operating profit excluding the operating profit of the Corporate Investments Unit. This measure is considered to be relevant for stakeholders in addition to adjusted operating profit, as it focuses on appraising the performance of those areas of the business that management considers to be key to achieving the Group's strategy.

Note 2.02 Operating profit provides a breakdown of adjusted operating profit and identifies what is represented by core operating profit in line with the definition above.

Core earnings per share (Core EPS)

Core EPS is calculated as core operating profit less coupon payable in respect of restricted Tier 1 convertible notes, all after allocated tax at the standard UK corporate tax rate, divided by the weighted average number of shares outstanding during the year. This APM is therefore a measure of the performance of the Group, on an after allocated tax basis, excluding the contribution of the Corporate Investments Unit and the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. Note 2.07 reconciles core EPS to basic EPS.

Return on Equity (ROE)

ROE measures the return earned by shareholders on shareholder capital retained within the business. It is a measure of performance of the business, which shows how efficiently we are using our financial resources to generate a return for shareholders. ROE is calculated as IFRS profit after tax divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated statement of changes in equity for the period). In the current period, ROE was quantified using annualised profit attributable to equity holders of £446m (30 June 2023: £754m; 31 December 2023: £457m) and average equity attributable to the owners of the parent of £3,897m (30 June 2023: £4,839m; 31 December 2023: £4,699m), based on an opening balance of £4,331m and a closing balance of £3,463m (30 June 2023: based on an opening balance of £5,067m and a closing balance of £4,610m; 31 December 2023: based on an opening balance of £5,067m and a closing balance of £4,331m).

Operating Return on Equity (Operating ROE)

Operating ROE is calculated as the Group's adjusted operating profit after allocated tax at the standard UK corporate tax rate divided by average IFRS shareholders' funds (by reference to opening and closing equity attributable to the owners of the parent as provided in the IFRS Consolidated statement of changes in equity for the period). It therefore measures the after allocated tax return for shareholders generated by the Group, excluding the impact of investment volatility, economic assumption changes caused by changes in market conditions or expectations, and exceptional items. In the current period, operating ROE was quantified using annualised adjusted profit after tax of £1,380m (30 June 2023: £1,386m; 31 December 2023: £1,250m) and average equity attributable to the owners of the parent of £3,897m (30 June 2023: £4,839m; 31 December 2023: £4,699m), based on an opening balance of £4,331m and a closing balance of £3,463m (30 June 2023: based on an opening balance of £5,067m and a closing balance of £4,610m; 31 December 2023: based on an opening balance of £5,067m and a closing balance of £4,331m).

Assets under Management (AUM)

Assets under management represent funds which are managed by our fund managers on behalf of investors. It represents the total amount of money investors have trusted with our fund managers to invest across our investment products. AUM include assets which are reported in the Group Consolidated Balance Sheet as well as third-party assets that Asset Management manage on behalf of others, and assets managed by third parties on behalf of the Group.

Following the implementation of the new divisional organisation announced on 12 June 2024, and the creation of a single Asset Management division bringing LGIM and LGC together, the determination of AUM has been updated to also include external assets managed by fund managers classified as associates and joint ventures in line with IAS 28, 'Investments in Associates and Joint Ventures'.

Note 5.03 Reconciliation of assets under management to Consolidated Balance Sheet reconciles Total AUM with Total financial investments, investment property and cash and cash equivalents.

Adjusted profit before tax attributable to equity holders

Adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders plus the pre-tax results of discontinued operations.

Note 2.02 Operating profit reconciles adjusted profit before tax attributable to equity holders to profit for the year. In absence of discontinued operations, adjusted profit before tax attributable to equity holders is equal to profit before tax attributable to equity holders.

Alternative Performance Measures

APMs derived from Solvency II measures

The Group is required to measure and monitor its capital resources on a regulatory basis and to comply with the minimum capital requirements of regulators in each territory in which it operates. At a Group level, Legal & General has to comply with the requirements established by the Solvency II Framework Directive, as adopted by the PRA.

Solvency II surplus

Solvency II surplus is the excess of Eligible Own Funds over the Solvency Capital Requirements. It represents the amount of capital available to the Group in excess of that required to sustain it in a 1-in-200 year risk event. The Group's Solvency II surplus is based on the Partial Internal Model, Matching Adjustment and Transitional Measures on Technical Provisions (TMTP).

Differences between the Solvency II surplus and its related regulatory basis include the impact of TMTP recalculation when it is not approved by the PRA, incorporating impacts of economic conditions as at the reporting date, and the inclusion of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the Solvency Capital Requirement (SCR) with Eligible Own Funds. It also aligns with management's approach to dynamically manage its capital position.

Further details on Solvency II surplus and its calculation are included in Note 6.01 Group regulatory capital – Solvency II. This note also includes a reconciliation between IFRS equity and Solvency II Own Funds.

Solvency II capital coverage ratio

Solvency II capital coverage ratio is one of the indicators of the Group's balance sheet strength. It is determined as Eligible Own Funds divided by the SCR, and therefore represents the number of times the SCR is covered by Eligible Own Funds. The Group's Solvency II capital coverage ratio is based on the Partial Internal Model, Matching Adjustment and TMTP.

Differences between the Solvency II capital coverage ratio and its related regulatory basis include the impact of TMTP recalculation when it is not approved by the PRA, incorporating impacts of economic conditions as at the reporting date, and the inclusion of unaudited profits (or losses) of financial firms, which are excluded from regulatory Own Funds. This view of Solvency II is considered to be representative of the shareholder risk exposure and the Group's real ability to cover the SCR with Eligible Own Funds. It also aligns with management's approach to dynamically manage its capital position.

Further details on Solvency II capital coverage ratio and its calculation are included in Note 6.01 Group regulatory capital – Solvency II.

Solvency II operational surplus generation

Solvency II operational surplus generation is the expected surplus generated from the assets and liabilities in-force at the start of the year. It is based on assumed real world returns and best estimate non-market assumptions, and it includes the impact of management actions to the extent that, at the start of the year, these were reasonably expected to be implemented over the year.

It excludes operating variances, such as the impact of experience variances, changes to valuation assumptions, methodology changes and other management actions including changes in asset mix. It also excludes market movements, which represent the impact of changes in investment market conditions during the period and changes to future economic assumptions. The Group considers this measure meaningful to stakeholders as it enhances the understanding of its operating performance over time and serves as an indicator on the longer-term components of the movements in the Group's Solvency II surplus.

Note 6.01 Group regulatory capital – Solvency II includes an analysis of change for the Group's Solvency II surplus, showing the contribution of Solvency II operational surplus generation as well as other items to the Solvency II surplus during the reporting period.

Glossary

* These items represent an alternative performance measure (APM).

Adjusted operating profit*

Refer to the alternative performance measures section.

Adjusted profit before tax attributable to equity holders*

Refer to the alternative performance measures section.

Alternative performance measures (APMs)

A financial measure of historic or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS or the regulations of Solvency II.

Annual premiums

Premiums that are paid regularly over the duration of the contract such as protection policies.

Annualised net new revenue (ANNR)

ANNR provides an insight into the organic growth of an asset manager, excluding the impact of investment markets. It reflects the combined effect of inflows and outflows to assets under management and the fee rates on those flows.

ANNR is calculated as the annualised revenue on new monies invested by our Asset Management clients in the year, minus the annualised revenue on existing monies divested by our clients in the year, plus or minus the annualised revenue on switches between asset classes/strategies by our clients in the year. Annualised revenue is the amount of investment management fees we would expect on the fund flow in one calendar year.

Annuity

Regular payments from an insurance company made for an agreed period of time (usually up to the death of the recipient) in return for either a cash lump sum or a series of premiums which the policyholder has paid to the insurance company during their working lifetime.

Assets under administration (AUA)

Assets administered by Legal & General, which are beneficially owned by clients and are therefore not reported on the Consolidated Balance Sheet. Services provided in respect of assets under administration are of an administrative nature, including safekeeping, collecting investment income, settling purchase and sales transactions and record keeping.

Assets under management (AUM)*

Refer to the alternative performance measures section.

Assured Payment Policy (APP)

A long-term contract under which the policyholder (a registered UK pension scheme) pays a day-one premium and in return receives a contractually fixed and/or inflation-linked set of payments over time from the insurer.

Back book acquisition

New business transacted with an insurance company which allows the business to continue to utilise Solvency II transitional measures associated with the business.

CAGR

Compound annual growth rate.

Common Contractual Fund (CCF)

An Irish regulated asset pooling fund structure. It enables institutional investors to pool assets into a single fund vehicle with the aim of achieving cost savings, enhanced returns and operational efficiency through economies of scale. A CCF is an unincorporated body established under a deed where investors are “co-owners” of underlying assets which are held pro rata with their investment. The CCF is authorised and regulated by the Central Bank of Ireland.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services.

Glossary

Contractual Service Margin (CSM)

The CSM represents the unearned profit the Group will recognise for a group of insurance contracts, as it provides services under the insurance contract. It is a component of the asset or liability for the contracts and it results in no income or expense arising from initial recognition of an insurance contract. Therefore, together with the risk adjustment, the CSM provides a view of both stored value of our in-force insurance business, and the growth derived from new business in the current year. A CSM is not set up for groups of contracts assessed as onerous.

The CSM is released as profit as the insurance services are provided.

Core earnings per share (Core EPS)*

Refer to the alternative performance measures section.

Core operating profit*

Refer to the alternative performance measures section.

Coverage Period

The period during which the Group provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Credit rating

A measure of the ability of an individual, organisation or country to repay debt. The highest rating is usually AAA. Ratings are usually issued by a credit rating agency (e.g. Moody's or Standard & Poor's) or a credit bureau.

Deduction and aggregation (D&A)

A method of calculating Group solvency on a Solvency II basis, whereby the assets and liabilities of certain entities are excluded from the Group consolidation. The net contribution from those entities to Group Own Funds is included as an asset on the Group's Solvency II balance sheet. Regulatory approval has been provided to recognise the (re)insurance subsidiaries in the US and Bermuda on this basis.

Defined benefit pension scheme (DB scheme)

A type of pension plan in which an employer/sponsor promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Defined contribution pension scheme (DC scheme)

A type of pension plan where the pension benefits at retirement are determined by agreed levels of contributions paid into the fund by the member and employer. They provide benefits based upon the money held in each individual's plan specifically on behalf of each member. The amount in each plan at retirement will depend upon the investment returns achieved as well as the member and employer contributions.

Derivatives

Contracts usually giving a commitment or right to buy or sell assets on specified conditions, for example on a set date in the future and at a set price. The value of a derivative contract can vary. Derivatives can generally be used with the aim of enhancing the overall investment returns of a fund by taking on an increased risk, or they can be used with the aim of reducing the amount of risk to which a fund is exposed.

Direct investments

Direct investments, which generally constitute an agreement with another party, represent an exposure to untraded and often less volatile asset classes. Direct investments also include physical assets, bilateral loans and private equity, but exclude hedge funds.

Earnings per share (EPS)

A common financial metric which can be used to measure the profitability and strength of a company over time. It is calculated as total shareholder profit after tax divided by the weighted average number of shares outstanding during the year.

Eligible Own Funds

The capital available to cover the Group's Solvency Capital Requirement. Eligible Own Funds comprise the excess of the value of assets over liabilities, as valued on a Solvency II basis, plus high quality hybrid capital instruments, which are freely available (fungible and transferable) to absorb losses wherever they occur across the Group.

Employee satisfaction index

The Employee satisfaction index measures the extent to which employees report that they are happy working at Legal & General. It is measured as part of our Voice surveys, which also include questions on commitment to the goals of Legal & General and the overall success of the company.

ETF

Our Asset Management division's European Exchange Traded Fund platform.

Glossary

Euro Commercial Paper

Short-term borrowings with maturities of up to 1 year typically issued for working capital purposes.

Expected credit losses (ECL)

For financial assets measured at amortised cost or FVOCI, a loss allowance defined as the present value of the difference between all contractual cash flows that are due and all cash flows expected to be received (i.e. the cash shortfall), weighted based on their probability of occurrence.

Fair value through other comprehensive income (FVOCI)

A financial asset that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Statement of Comprehensive Income as part of the total comprehensive income or expense for the year.

Fair value through profit or loss (FVTPL)

A financial asset or financial liability that is measured at fair value in the Consolidated Balance Sheet and reports gains and losses arising from movements in fair value within the Consolidated Income Statement as part of the profit or loss for the year.

Fulfilment cash flows

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus the risk adjustment for non-financial risk.

Full year dividend

Full year dividend is the total dividend per share declared for the year (including interim dividend but excluding, where appropriate, any special dividend).

Generally accepted accounting principles (GAAP)

A widely accepted collection of guidelines and principles, established by accounting standard setters and used by the accounting community to report financial information.

Institutional Retirement new business

Single premiums arising from pension risk transfers and the notional size of longevity insurance transactions, based on the present value of the fixed leg cash flows discounted at the SONIA curve.

Insurance new business

New business arising from new policies written on retail protection products and new deals and incremental business on Group protection products.

Irish Collective Asset-Management Vehicle (ICAV)

A legal structure investment fund, based in Ireland and aimed at European investment funds looking for a simple, tax-efficient investment vehicle.

Key performance indicators (KPIs)

These are measures by which the development, performance or position of the business can be measured effectively. The Group Board reviews the KPIs annually and updates them where appropriate.

LGA

Legal & General America.

LGAS

Legal and General Assurance Society Limited.

Liability driven investment (LDI)

A form of investing in which the main goal is to gain sufficient assets to meet all liabilities, both current and future. This form of investing is most prominent in final salary pension plans, whose liabilities can often reach into billions of pounds for the largest of plans.

Lifetime mortgages

An equity release product aimed at people aged 55 years and over. It is a mortgage loan secured against the customer's house. Customers do not make any monthly payments and continue to own and live in their house until they move into long-term care or on death. A no negative equity guarantee exists such that if the house value on repayment is insufficient to cover the outstanding loan, any shortfall is borne by the lender.

Longevity

Measure of how long policyholders will live, which affects the risk profile of pension risk transfer, annuity and protection businesses.

Glossary

Matching adjustment

An adjustment to the discount rate used for annuity liabilities in Solvency II balance sheets. This adjustment reflects the fact that the profile of assets held is sufficiently well-matched to the profile of the liabilities, that those assets can be held to maturity, and that any excess return over risk-free (that is not related to defaults) can be earned regardless of asset value fluctuations after purchase.

Morbidity rate

Rate of illness, influenced by age, gender and health, used in pricing and calculating liabilities for policyholders of life products, which contain morbidity risk.

Mortality rate

Rate of death, influenced by age, gender and health, used in pricing and calculating liabilities for future policyholders of life and annuity products, which contain mortality risks.

Net zero carbon

Achieving an overall balance between anthropogenic carbon emissions produced and carbon emissions removed from the atmosphere.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition, in total are a net outflow.

Open Ended Investment Company (OEIC)

A type of investment fund domiciled in the United Kingdom that is structured to invest in stocks and other securities, authorised and regulated by the Financial Conduct Authority (FCA).

Operating Return on Equity (Operating ROE)*

Refer to the alternative performance measures section.

Overlay assets

Derivative assets that are managed alongside the physical assets held by the Group's Asset Management's division. These instruments include interest rate swaps, inflation swaps, equity futures and options. These are typically used to hedge risks associated with pension scheme assets during the derisking stage of the pension life cycle.

Paris Agreement

An agreement within the United Nations Framework Convention on Climate Change effective 4 November 2016. The Agreement aims to limit the increase in average global temperatures to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Pension risk transfer (PRT)

Bulk annuities bought by entities that run final salary pension schemes to reduce their responsibilities by closing the schemes to new members and passing the assets and obligations to insurance providers.

Persistency

Persistency is a measure of Asset Management client asset retention, calculated as a function of net flows and closing AUM.

For insurance, persistency is the rate at which policies are retained over time and therefore continue to contribute premium income and assets under management.

Platform

Online services used by intermediaries and consumers to view and administer their investment portfolios. Platforms usually provide facilities for buying and selling investments (including, in the UK products such as Individual Savings Accounts (ISAs), Self-Invested Personal Pensions (SIPPs) and life insurance) and for viewing an individual's entire portfolio to assess asset allocation and risk exposure.

Present value of future new business premiums (PVNBP)

PVNBP is equivalent to total single premiums plus the discounted value of annual premiums expected to be received over the term of the contracts using the same economic and operating assumptions used for the new business value at the end of the financial period. The discounted value of longevity insurance regular premiums and quota share reinsurance single premiums are calculated on a net of reinsurance basis to enable a more representative margin figure. PVNBP therefore provides an estimate of the present value of the premiums associated with new business written in the year.

Private Markets

Private Markets encompass a wide variety of tangible debt and equity investments, primarily real estate, infrastructure and energy. They have the ability to serve as stable sources of long-term income in weak markets, while also providing capital appreciation opportunities in strong markets.

Glossary

Proprietary assets

Total investments to which shareholders are directly exposed, minus derivative assets, loans, and cash and cash equivalents.

Qualifying Investor Alternative Investment Fund (QIAIF)

An alternative investment fund regulated in Ireland targeted at sophisticated and institutional investors, with minimum subscription and eligibility requirements. Due to not being subject to many investment or borrowing restrictions, QIAIFs present a high level of flexibility in their investment strategy.

Retail Retirement new business

Single premiums arising from annuity sales and individual annuity back book acquisitions and the volume of lifetime and retirement interest only mortgage lending.

Retirement Interest Only Mortgage (RIO)

A standard retirement mortgage available for non-commercial borrowers above 55 years old. A RIO mortgage is very similar to a standard interest-only mortgage, with two key differences:
- The loan is usually only paid off on death, move into long-term care or sale of the house.
- The borrowers only have to prove they can afford the monthly interest repayments and not the capital remaining at the end of the mortgage term.

No repayment solution is required as repayment defaults to sale of property.

Return on Equity (ROE)*

Refer to the alternative performance measures section.

Risk adjustment

The risk adjustment reflects the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk after diversification. We have calibrated the Group's risk adjustment using a Value at Risk (VAR) methodology. In some cases, the compensation for risk on reinsured business is linked directly to the price paid for reinsurance. The risk adjustment is a component of the insurance contract liability, and it is released as profit if experience plays out as expected.

Risk appetite

The aggregate level and types of risk a company is willing to assume in its exposures and business activities in order to achieve its business objectives.

Single premiums

Single premiums arise on the sale of new contracts where the terms of the policy do not anticipate more than one premium being paid over its lifetime, such as in individual and bulk annuity deals.

Société d'Investissement à Capital Variable (SICAV)

A publicly traded open-end investment fund structure offered in Europe and regulated under European law.

Solvency II

These are insurance regulations designed to harmonise EU insurance regulation. Primarily this concerns the amount of capital that European insurance companies must hold under a measure of capital and risk. Solvency II became effective from 1 January 2016. The Group complies with the requirements established by the Solvency II Framework Directive, as adopted by the Prudential Regulation Authority (PRA) in the UK, and measures and monitors its capital resources on this basis.

Solvency II capital coverage ratio*

Refer to the alternative performance measures section.

Solvency II capital coverage ratio – regulatory basis

The Eligible Own Funds on a regulatory basis divided by the Group solvency capital requirement. This represents the number of times the SCR is covered by Eligible Own Funds.

Solvency II new business contribution

Reflects present value at the point of sale of expected future Solvency II surplus emerging from new business written in the period using the risk discount rate applicable at the end of the reporting period.

Solvency II Operational Surplus Generation*

Refer to the alternative performance measures section.

Glossary

Solvency II risk margin

An additional liability required in the Solvency II balance sheet, to ensure the total value of technical provisions is equal to the current amount a (re)insurer would have to pay if it were to transfer its insurance and reinsurance obligations immediately to another (re)insurer. The value of the risk margin represents the cost of providing an amount of Eligible Own Funds equal to the Solvency Capital Requirement (relating to non-market risks) necessary to support the insurance and reinsurance obligations over the lifetime thereof.

Solvency II surplus*

Refer to the alternative performance measures section.

Solvency II surplus – regulatory basis

The excess of Eligible Own Funds on a regulatory basis over the SCR. This represents the amount of capital available to the company in excess of that required to sustain it in a 1-in-200 year risk event.

Solvency Capital Requirement (SCR)

The amount of Solvency II capital required to cover the losses occurring in a 1-in-200 year risk event.

Specialised Investment Fund (SIF)

An investment vehicle regulated in Luxembourg targeted to well-informed investors, providing a great degree of flexibility in organization, investment policy and types of underlying assets in which it can invest.

Total shareholder return (TSR)

A measure used to compare the performance of different companies' stocks and shares over time. It combines the share price appreciation and dividends paid to show the total return to the shareholder.

Transitional Measures on Technical Provisions (TMTP)

An adjustment to Solvency II technical provisions to bring them into line with the pre-Solvency II equivalent as at 1 January 2016 when the regulatory basis switched over, to smooth the introduction of the new regime. This decreases linearly over the 16 years following Solvency II implementation but may be recalculated to allow for changes impacting the relevant business, subject to agreement with the PRA.

Yield

A measure of the income received from an investment compared to the price paid for the investment. It is usually expressed as a percentage.