

CAPITAL REQUIREMENTS (COUNTRY BY COUNTRY REPORTING) REGULATIONS 2014

On 10th December 2013 the Capital Requirements (Country by Country Reporting) Regulations 2013 ("CRD IV") were laid before Parliament, coming into force on 1st January 2014. These require credit institution and investment firms, as defined within the directive, which are regulated under CRD IV, to "disclose annually, specifying by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year":

- Name, nature of activities and geographical location
- Turnover
- Number of employees on a full time equivalent basis

In future years profit or loss before tax, tax on profit or loss, and public subsidies received are also required to be disclosed. We have decided to early adopt these regulations for the 2014 financial year end, and the tables below reflect this. We do not receive public subsidies in any of the jurisdictions in which we operate.

The following Legal & General Group companies, together with their activities and geographical location, are regulated under CRD IV:

Company name	Country of incorporation	Activities
Suffolk Life Pensions	England	Provision and administration of self invested pensions
Legal & General Retail Investments (Holdings) Limited	England	Investment Holding Company
Legal & General (Portfolio Management Services) Limited	England	Promotion of investment products
Cofunds Limited	England	Operating financial services platform
Legal & General Asset Management (France)	France	Provision of asset management services
Legal & General Bank (France)	France	Provision of banking services
L&G Nederland Beleggingen B.V	Netherlands	Provision of banking services

The table below provides a consolidated analysis of turnover, employees, profit before tax and tax on profit for our CRD IV regulated companies, together with a reconciliation of the amounts back to the Group accounts. Tax expense attributable to equity holders has additionally been provided to facilitate comparison.

	Country	CRD IV entities £m	Rest of Group £m	Total £m	Reference to Group Accounts
Turnover¹					
	UK	284	49,384	49,668	
	France	9	694	703	
	Netherlands	1	343	344	
	Other	0	802	802	
	Total	294	51,223	51,517	Income Statement
Number of employees²					
	UK	0	9,736	9,736	
	France	0	253	253	
	Netherlands	0	178	178	
	Other	0	871	871	
	Total	0	11,038	11,038	Note 36
Profit before tax¹					
	UK	(38)	1,116	1,078	
	France	3	8	11	
	Netherlands	0	65	65	
	Other	0	84	84	
	Total	(35)	1,273	1,238	Income Statement
Tax on profit³					
	UK	0	29	29	
	France	0	2	2	
	Netherlands	0	12	12	
	Other	0	10	10	
	Total	0	53	53	Cash Flow Statement
Tax expense attributable to equity holders⁴					
	UK	(3)	208	205	
	France	1	4	5	
	Netherlands	0	16	16	
	Other	0	20	20	
	Total	(2)	248	246	Income Statement

1. Turnover represents "Total Revenue" per the Group annual report and accounts. Turnover and Profit before tax for the CRD IV entities are derived using local entity accounts, prepared, depending on the entity, under local GAAP or IFRS. At a Group level turnover, defined as "Total Revenue" in the Group accounts, and Profit before tax attributable to equity holders, are prepared on a consolidated basis under IFRS.

2. Individuals are employed by service companies in individual territories, with their time being split across several entities. A reallocation of that time has not been performed here.

3. Tax on profit represents total corporate income taxes paid in the period based on local taxable profits. Due to instalment payment regimes, corporate income taxes paid in one year may relate to the year of payment or the preceding year. Tax is paid by other group companies on behalf of in scope entities, either as the nominated payment company or because the group files a consolidated return. Tax payable may also be reduced due to the offset of losses either from prior periods or arising elsewhere in the Group.

4. Tax expense attributable to equity holders represents the total tax charged/(credited) through the Income Statement during the period. The CRD IV numbers are taken from the local entity accounts while the rest of Group numbers are on a consolidated IFRS basis and represent the total in each territory.



Independent auditors' report to the Directors of Legal & General Group Plc.

We have audited the accompanying schedule of Legal & General for the year ended 31 December 2014 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information in the schedule as at 31 December 2014 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to notes to the schedule, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of Legal & General. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

P. PricewaterhouseCoopers

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16 December 2015
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