

Company number: 02338444

Legal & General Finance PLC

Interim report

Six months ended 30 June 2025

Legal & General Finance PLC
Interim report
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Legal & General Finance PLC

Directors' report

Interim report 2025

The directors present their Directors' report on Legal & General Finance PLC (the Company) for the 6 months ended 30 June 2025.

Principal activities

The Company is a public limited company incorporated in England and Wales, whose ultimate controlling party is Legal & General Group Plc (the Group). The Company's registered office is at One Coleman Street, London, EC2R 5AA, United Kingdom. It is registered in England and Wales under company registration number 02338444 and domiciled in the United Kingdom. The principal activity of the Company throughout the period was to operate as a finance company.

The Company's prime objective is to provide funding to the Group and its global subsidiaries (the L&G group), by raising finance from debt and capital markets and investing in liquid assets. In fulfilling this role, the Company issues listed debt through the Group's £5bn Euro Medium Term Note Programme and the Company's US \$2bn Commercial Paper Programme. All of the Company's issued listed debt under these programmes is guaranteed by the Group.

Key performance indicators

The directors review a range of performance indicators to monitor the performance of the Company. Profit before tax, total assets and net assets are regarded as the principal key performance indicators.

The profit before tax of the Company for the six month period up to 30 June 2025 was £37.7m (HY 24: £27.9m; FY 24: £66.2m) mainly reflecting increased income from loans to other group companies and partially offset by a decrease in investment return and a rise in interest paid to other group companies. Total assets as at 30 June 2025 were £4,205.2m (HY 24: £4,336.7m; FY 24: £3,827.8m) and net assets were £158.2m (HY 24: £101.3m; FY 24: £130.0m).

Principal risks and uncertainties

The Company's business involves the acceptance and management of risk. The principal risks and uncertainties facing the Company are given below. These uncertainties are unchanged from the year ended 31 December 2024 and are explained in detail in Note 16 of the Company's Annual Accounts for the year ended 31 December 2024.

a) Market risk

The Company is exposed to fluctuations in exchange rates which may impact income from, or the value of, assets denominated in foreign currencies. Interest rate movements can affect profits as well as potentially impacting investment and fund raising activities. The global economic outlook remains uncertain, with the potential for external shocks to knock economies and markets off course. Central bank interest rates were reduced during 2024 and experienced further reductions in the first half of 2025, however there remains uncertainty around the pace and timing of any further reductions. Asset values remain susceptible to reappraisal should the current economic outlook deteriorate, as well as from a range of geo-political factors including the on-going conflicts in Ukraine and the Middle East. The Company may use derivative instruments to limit exposure to market risks, as deemed necessary.

b) Market infrastructure risk

The Company's investment and fund raising activities are reliant upon the availability of market infrastructure. Disruption to trading in markets may have a significant effect on the Company's operation and profitability.

c) Credit risk

A number of major banks operate as counterparties for the investments of the Company. Whilst the Company ensures that it only transacts with strongly rated counterparties, and it regularly reviews its level of exposure, the financial failure of a significant counterparty could result in disruption and financial loss.

d) Liquidity risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient liquid financial resources available to enable it to meet its obligations as they fall due, or can only secure such liquid financial resources at an excessive borrowing cost relative to that achieved in the recent past by a comparably rated borrower or through the sale of illiquid assets at a price significantly below the fair value of such assets in the recent past. This risk can arise from adverse market conditions or an unexpected event that causes liquidity stress in other entities within the L&G group.

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Directors' report (continued)

Interim report 2025

Principal risks and uncertainties (continued)

e) Climate risk

The Company is exposed to climate risk through the move to a low-carbon economy and the impact this has on asset valuation and the economy.


Modern slavery

The L&G group recognises that companies have an obligation to ensure that their business and supporting supply chains are slavery free. L&G's full modern slavery statement can be found at <https://group.legalandgeneral.com/en/reporting-hub/Sustainability>

Statement of Directors' Responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting', as issued by the IASB and that the Directors' report contains a true and fair review of the assets, liabilities, and financial position of the Company. The report also includes a fair review of the information required by Disclosure Guidance and Transparency Rules (DTR) 4.2.7, namely an indication of important events that have occurred during the first six months of the year 2025 and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

By Order of the Board:

DocuSigned by:

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L. Cornish

For and on behalf of Legal & General Co Sec Limited
Company Secretary
4 August 2025

Legal & General Finance PLC
Statement of Comprehensive Income
For the six month period to 30 June 2025

Company number: 02338444

	6 months 2025 £m	6 months 2024 £m	Full year 2024 £m
Finance income			
Income received from loans to group undertakings	99.1	86.8	189.4
Investment return	34.3	35.0	72.0
Total finance income	133.4	121.8	261.4
Finance costs			
Interest paid to group undertakings	(73.7)	(72.3)	(152.9)
Other finance costs	(19.4)	(18.9)	(37.9)
Total finance costs	(93.1)	(91.2)	(190.8)
Administrative expenses	(2.6)	(2.7)	(4.4)
Profit before tax	37.7	27.9	66.2
Tax expense	(9.5)	(7.1)	(16.7)
Profit for the period/year and total comprehensive income	28.2	20.8	49.5


There were no gains or losses in the period other than those included in the above Statement of Comprehensive Income.

Legal & General Finance PLC**Balance Sheet****As at 30 June 2025****Company number: 02338444**

	Note	As at 30 June 2025 £m	As at 30 June 2024 £m	As at 31 December 2024 £m
Non-current assets				
Financial investments		601.2	601.2	601.2
Receivables	2	1,892.3	2,066.9	1,701.4
Current assets				
Financial investments	3	1,188.8	1,425.8	1,160.9
Receivables	2	494.6	215.0	357.4
Cash and cash equivalents		28.3	27.8	6.9
Total assets		4,205.2	4,336.7	3,827.8
Non-current liabilities				
Borrowings	4	598.7	598.6	598.6
Other payables and financial liabilities		1,762.1	1,321.0	1,251.0
Current liabilities				
Borrowings	4	54.3	53.9	60.5
Other payables and financial liabilities		1,631.9	2,261.9	1,787.7
Total liabilities		4,047.0	4,235.4	3,697.8
Net assets		158.2	101.3	130.0
Equity				
Share capital		-	-	-
Retained earnings and capital contributions		158.2	101.3	130.0
Total shareholders' equity		158.2	101.3	130.0

The notes on pages 6 to 9 form an integral part of these financial statements.

The financial statements on pages 3 to 5 were approved by the Board of directors on 4 August 2025 and were signed on their behalf by:

DocuSigned by:

 2D7268036031441...
G. O'Neill
 Director

Legal & General Finance PLC
Statement of Changes in Equity
For the six month period to 30 June 2025

Company number: 02338444

	Called up share capital	Retained earnings and capital contributions	Total equity
	£m	£m	£m
As at 1 January 2025	-	130.0	130.0
Total comprehensive income for the six month period	-	28.2	28.2
As at 30 June 2025	-	158.2	158.2
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As at 1 January 2024	-	80.5	80.5
Total comprehensive income for the six month period	-	20.8	20.8
As at 30 June 2024	-	101.3	101.3
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As at 1 January 2024	-	80.5	80.5
Total comprehensive income for the year	-	49.5	49.5
As at 31 December 2024	-	130.0	130.0

Legal & General Finance PLC

Notes to the Financial Statements

For the six month period to 30 June 2025

1. Basis of preparation and material accounting policies

1.1 Basis of preparation

The Company's financial information for the six months ended 30 June 2025 has been prepared in accordance with the Disclosure and Transparency Rules for the United Kingdom's Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting'. The material accounting policies applied are consistent with those disclosed in the 2024 financial statements of the Company.

The financial information contained in this Interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2024 and 30 June 2025 has not been audited or reviewed by the Company's auditor. The figures and financial information for the year ended 31 December 2024 are an extract from the latest published audited financial statements. Those accounts have been delivered to the Registrar of Companies and include the report from the auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

1.2 Going Concern

As the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, the Company continues to adopt the going concern basis in preparing its financial statements.

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

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least, but not limited to, 12 months from the date of approval of this Interim report and therefore have considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements.

2. Receivables

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Amounts owed by Group undertakings	2,389.6	2,284.7	2,061.2
Allowance for expected credit loss	(2.7)	(2.8)	(2.4)
Total amounts owed by Group undertakings	2,386.9	2,281.9	2,058.8

None of the receivables above are past due and £0.3m of additional expected credit losses has been recognised in the 6 months to 30 June 2025 (HY 24: £0.6m; FY 24: £0.2m).

3. Financial investments, current

All of the financial investments classified as current assets are measured at fair value through profit or loss, including derivative assets which are held for trading.

3.1 Financial investments at fair value

The fair values of quoted financial investments are based on current bid prices. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, consensus market pricing, reference to similar listed investments or discounted cash flow models.

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Notes to the Financial Statements (continued)

For the six month period to 30 June 2025

3. Financial investments, current (continued)

3.1 Financial investments at fair value (continued)

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Financial investments at fair value:			
Managed funds	1,110.7	1,415.2	1,150.0
Derivative assets	68.1	0.5	0.9
Reverse repurchase agreements	10.0	10.1	10.0
Total financial investments at fair value	1,188.8	1,425.8	1,160.9

None of the financial investments above are past due or impaired. The managed funds investments are holdings in Legal & General Investment Management Limited managed funds which invest solely in cash, cash equivalents and debt securities.

3.2 Financial investments by hierarchy levels

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

The table that follows presents an analysis of the investments held at fair value in accordance with the measurement techniques defined below:

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 Level 2 investments have been valued using either standard market pricing sources or observable market prices.

As at 30 June 2025	Carrying value £m	Level 1 £m	Level 2 £m	Level 3 £m
Managed funds	1,110.7	1,110.7	-	-
Derivative assets	68.1	-	68.1	-
Reverse repurchase agreements	10.0	-	10.0	-
Total financial investments	1,188.8	1,110.7	78.1	-

The Company's policy is to re-assess the categorisation of financial investments at the end of each period and to recognise transfers between levels at that point in time.

There were no transfers between levels during the period.

Legal & General Finance PLC
Notes to the Financial Statements (continued)
For the six month period to 30 June 2025

3. Financial investments, current (continued)

3.2 Financial investments by hierarchy levels (continued)

	Carrying value	Level 1	Level 2	Level 3
As at 30 June 2024	£m	£m	£m	£m
Managed funds	1,415.2	1,415.2	-	-
Derivative assets	0.5	-	0.5	-
Reverse repurchase agreements	10.1	-	10.1	-
Total financial investments	1,425.8	1,415.2	10.6	-

	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2024	£m	£m	£m	£m
Managed funds	1,150.0	1,150.0	-	-
Derivative assets	0.9	-	0.9	-
Reverse repurchase agreements	10.0	-	10.0	-
Total financial investments	1,160.9	1,150.0	10.9	-

4. Borrowings

	Carrying amount 30 June 2025 £m	Weighted average coupon rate 30 June 2025 %	Fair value 30 June 2025 £m
Core borrowings			
Sterling medium term notes 2031 - 2041	598.7	5.87	640.9
Operational borrowings			
Euro commercial paper	49.8	4.59	49.8
Total borrowings¹	648.5	-	690.7

¹Total borrowings excludes accrued interest of £4.5m (HY 24: £4.5m; FY 24: £10.7m) on sterling medium term notes.

	Carrying amount 30 June 2024 £m	Weighted average coupon rate 30 June 2024 %	Fair value 30 June 2024 £m
Core borrowings			
Sterling medium term notes 2031 - 2041	598.6	5.87	636.5
Operational borrowings			
Euro commercial paper	49.4	5.38	49.4
Total borrowings	648.0	-	685.9

Legal & General Finance PLC
Notes to the Financial Statements (continued)
For the six month period to 30 June 2025

4. Borrowings (continued)

	Carrying amount 31 December 2024 £m	Weighted average coupon rate 31 December 2024 %	Fair value 31 December 2024 £m
Core borrowings			
Sterling medium term notes 2031 - 2041	598.6	5.87	632.5
Operational borrowings			
Euro commercial paper	49.8	5.26	49.8
Total borrowings	648.4	-	682.3

Between 2000 and 2002 the Company issued £600m of senior unsecured sterling medium term notes at coupons between 5.75% and 5.875%. These notes have various maturity dates between 2031 and 2041. The fair value of the Company's core borrowings includes £591.7m (HY 24: £587.0m; FY 24: £548.6m) that reflects quoted prices in active markets which have been classified as Level 1 in the fair value hierarchy. The remaining fair value of core 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.

The fair value of the operational borrowings is derived using observable market information and have been classified as level 2 in the fair value hierarchy.