

**Legal & General Finance PLC**  
**Interim Report**  
**Six months ended 30 June 2024**

## Contents

| <b>Page</b> |                                   |
|-------------|-----------------------------------|
| 2           | Directors' Report                 |
| 4           | Statement of Comprehensive Income |
| 5           | Balance Sheet                     |
| 6           | Statement of Changes in Equity    |
| 7           | Notes to the Financial Statements |

**Principal activities**

Legal & General Finance PLC ('the Company') is a public limited company incorporated in England and Wales, whose ultimate controlling party is Legal & General Group Plc. 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 Legal & General Group Plc and its global subsidiaries ('the Group'), by raising finance from capital markets and investing in liquid assets. In fulfilling this role, the Company issues listed debt through Legal & General Group Plc'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 Legal & General Group Plc.

**Financial review and 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 2024 was £27.9m (HY 23: £15.3m; FY 23 £32.1m) mainly reflecting income from loans to other group companies. Total assets as at 30 June 2024 were £4,336.7m (HY 23: £2,836.2m; FY 23 £3,571.9m) and net assets were £101.3m (HY 23: £67.7m; FY 23 £80.5m).

**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 2023 and are explained in detail in Note 16 of the Company's Annual Accounts for the year ended 31 December 2023.

**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. This could lead to significant unintended damage to the broader economy, including a sustained period of low investment and growth, reduced consumer spending, and higher unemployment. Our businesses are primarily exposed to the UK and US economies. 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 war in Ukraine and conflict in the Middle East. The Company may use derivatives 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 group.

**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. We expect a continuing and increased focus on nature and biodiversity risks going forward.

**Modern slavery**

The Group and its global subsidiaries recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. Legal & General's full modern slavery statement can be found at <https://group.legalandgeneral.com/en/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 2024 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.

**Directors' Report (continued)**

**By Order of the Board:**

DocuSigned by:  
  
DD9A5B8D5F27494...

L. Cornish  
**For and on behalf of Legal & General Co Sec Limited**  
Company Secretary  
**5 August 2024**

Company number 02338444

Legal & General Finance PLC  
Interim Report 2024**Statement of Comprehensive Income**

For the six month period to 30 June 2024

|   | <b>6 months<br/>2024<br/>£m</b> | 6 months<br>2023<br>£m | Full year<br>2023<br>£m |
|---|---------------------------------|------------------------|-------------------------|
| <b>Finance income</b>                                       |                                 |                        |                         |
| Income received from loans to group undertakings            | <b>86.8</b>                     | 55.5                   | 123.9                   |
| Investment return   | <b>35.0</b>                     | 28.4                   | 50.7                    |
| <b>Total finance income</b>                                 | <b>121.8</b>                    | 83.9                   | 174.6                   |
| <b>Finance costs</b>  |                                 |                        |                         |
| Interest paid to group undertakings                         | <b>(72.3)</b>                   | (47.9)                 | (100.3)                 |
| Other finance costs   | <b>(18.9)</b>                   | (18.8)                 | (37.9)                  |
| <b>Total finance costs</b>                                  | <b>(91.2)</b>                   | (66.7)                 | (138.2)                 |
| <b>Administrative expenses</b>                              | <b>(2.7)</b>                    | (1.9)                  | (4.3)                   |
| <b>Profit before tax</b>                                    | <b>27.9</b>                     | 15.3                   | 32.1                    |
| Tax charge  | <b>(7.1)</b>                    | (3.6)                  | (7.6)                   |
| <b>Profit for the period and total comprehensive income</b> | <b>20.8</b>                     | 11.7                   | 24.5                    |

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

Company number 02338444


Legal & General Finance PLC  
Interim Report 2024**Balance Sheet**

As at 30 June 2024

|   | Note | As at<br>30 Jun 2024<br>£m | As at<br>30 Jun 2023<br>£m | As at<br>31 Dec 2023<br>£m |
|---|------|----------------------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                   |      |                            |                            |                            |
| Financial investments                       |      | 601.2                      | 601.2                      | 601.2                      |
| Receivables                                 | 2    | 2,066.9                    | 1,492.8                    | 1,767.4                    |
| <b>Current assets</b>                       |      |                            |                            |                            |
| Financial investments                       | 3    | 1,425.8                    | 572.8                      | 1,058.3                    |
| Receivables                                 | 2    | 215.0                      | 112.7                      | 135.0                      |
| Cash and cash equivalents                   |      | 27.8                       | 56.7                       | 10.0                       |
| <b>Total assets</b>                         |      | <b>4,336.7</b>             | <b>2,836.2</b>             | <b>3,571.9</b>             |
| <b>Non-current liabilities</b>              |      |                            |                            |                            |
| Borrowings                                  | 4    | 598.6                      | 598.5                      | 598.5                      |
| Other payables and financial liabilities    |      | 1,321.0                    | 746.0                      | 1,021.0                    |
| <b>Current liabilities</b>                  |      |                            |                            |                            |
| Borrowings                                  | 4    | 53.9                       | 54.2                       | 59.9                       |
| Other payables and financial liabilities    |      | 2,261.9                    | 1,369.8                    | 1,812.0                    |
| <b>Total liabilities</b>                    |      | <b>4,235.4</b>             | <b>2,768.5</b>             | <b>3,491.4</b>             |
| <b>Net assets</b>                           |      | <b>101.3</b>               | <b>67.7</b>                | <b>80.5</b>                |
| <b>Equity</b>                               |      |                            |                            |                            |
| Share capital                               |      | -                          | -                          | -                          |
| Retained earnings and capital contributions |      | 101.3                      | 67.7                       | 80.5                       |
| <b>Total shareholders' equity</b>           |      | <b>101.3</b>               | <b>67.7</b>                | <b>80.5</b>                |

The notes on pages 7 to 9 form an integral part of these financial statements.

The financial statements on pages 4 to 6 were approved by the Board of directors on 5 August 2024 and were signed on their behalf by:

DocuSigned by:  
  
 2D7268036031441...

**G. O'Neill**  
Director

Company number 02338444

Legal & General Finance PLC  
Interim Report 2024**Statement of Changes in Equity**

For the six month period to 30 June 2024

|   | Called up<br>share<br>capital<br>£m | Retained<br>earnings<br>and capital<br>contributions<br>£m | Total<br>equity<br>£m |
|---|-------------------------------------|--|-----------------------|
| <b>As at 1 January 2024</b>                         | -                                   | 80.5   | 80.5                  |
| Total comprehensive income for the six month period | -                                   | 20.8   | 20.8                  |
| <b>As at 30 June 2024</b>                           | -                                   | 101.3  | 101.3                 |
| <b>As at 1 January 2023</b>                         | -                                   | 56.0   | 56.0                  |
| Total comprehensive income for the six month period | -                                   | 11.7   | 11.7                  |
| <b>As at 30 June 2023</b>                           | -                                   | 67.7   | 67.7                  |
| <b>As at 1 January 2023</b>                         | -                                   | 56.0   | 56.0                  |
| Total comprehensive income for the year             | -                                   | 24.5   | 24.5                  |
| <b>As at 31 December 2023</b>                       | -                                   | 80.5   | 80.5                  |

## Notes to the Financial Statements

Legal & General Finance PLC  
Interim Report 2024

### 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 2024 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 2023 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 2023 and 30 June 2024 has not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 31 December 2023 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

Notwithstanding a net current liability as at 30 June 2024 of £647.2m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. Both the Company's performance and outlook have been assessed using the information available up to the date of issue of the 2024 Interim Report. In the extreme event that all current liabilities became due, actions can be put in place to enable the Company to meet those commitments, such as drawing upon funding from Legal & General Group Plc. Legal & General Group Plc existing and past practice indicates an intent to continue to make available such funds as are needed by the Company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of this interim report, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of this interim report and therefore have prepared the financial statements on a going concern basis.

### 2. Receivables

|   | 30 Jun 2024<br>£m | 30 Jun 2023<br>£m | 31 Dec 2023<br>£m |
|---|-------------------|-------------------|-------------------|
| Amounts owed by group undertakings              | 2,284.7           | 1,607.3           | 1,904.6           |
| Allowance for expected credit loss              | (2.8)             | (1.8)             | (2.2)             |
| <b>Total amounts owed by group undertakings</b> | <b>2,281.9</b>    | <b>1,605.5</b>    | <b>1,902.4</b>    |

None of the receivables above are past due and £0.6m of additional expected credit losses has been recognised in the 6 months to June 2024 (HY 23: £0.1m; FY 23 £0.5m).

### 3. Financial investments, current

All of the financial investments are mandatorily measured at fair value through profit or loss, which include 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.

|  | 30 Jun 2024<br>£m | 30 Jun 2023<br>£m | 31 Dec 2023<br>£m |
|--|-------------------|-------------------|-------------------|
| Financial investments at fair value:             |                   |                   |                   |
| Managed funds                                    | 1,415.2           | 556.9             | 1,044.1           |
| Derivative assets                                | 0.5               | 5.9               | 4.1               |
| Reverse repurchase agreements                    | 10.1              | 10.0              | 10.1              |
| <b>Total financial investments at fair value</b> | <b>1,425.8</b>    | <b>572.8</b>      | <b>1,058.3</b>    |

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.



## Notes to the Financial Statements

## 3. Financial investments, current (continued)

## 3.2 Financial assets 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 assets 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 assets have been valued using either standard market pricing sources or observable market prices.

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

The Company's policy is to re-assess the categorisation of financial assets 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.

| As at 30 June 2023                 | Carrying<br>value<br>£m | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m |
|------------------------------------|-------------------------|---------------|---------------|---------------|
| Managed funds                      | 556.9                   | 556.9         | -             | -             |
| Derivative assets                  | 5.9                     | -             | 5.9           | -             |
| Reverse repurchase agreements      | 10.0                    | -             | 10.0          | -             |
| <b>Total financial investments</b> | <b>572.8</b>            | <b>556.9</b>  | <b>16.0</b>   | <b>-</b>      |

| As at 31 December 2023             | Carrying<br>value<br>£m | Level 1<br>£m  | Level 2<br>£m | Level 3<br>£m |
|------------------------------------|-------------------------|----------------|---------------|---------------|
| Managed funds                      | 1,044.1                 | 1,044.1        | -             | -             |
| Derivative assets                  | 4.1                     | -              | 4.1           | -             |
| Reverse repurchase agreements      | 10.1                    | -              | 10.1          | -             |
| <b>Total financial investments</b> | <b>1,058.3</b>          | <b>1,044.1</b> | <b>14.2</b>   | <b>-</b>      |

Notes to the Financial Statements

4. Borrowings

|  | Carrying amount<br>30 Jun<br>2024<br>£m | Weighted average coupon rate<br>30 Jun<br>2024<br>% | Fair value<br>30 Jun<br>2024<br>£m |
|--|---|---|------------------------------------|
| <b>Core borrowings</b>                 |   |   |                                    |
| Sterling medium term notes 2031 - 2041 | 598.6                                   | 5.87  | 636.5                              |
| <b>Operational borrowings</b>          |   |   |                                    |
| Euro commercial paper                  | 49.4                                    | 5.38  | 49.4                               |
| <b>Total borrowings<sup>1</sup></b>    | <b>648.0</b>                            | <b>-</b>  | <b>685.9</b>                       |

1. Total borrowings excludes accrued interest of £4.5m (HY 23: £4.5m; FY 23: £10.7m) on sterling medium term notes

|  | Carrying amount<br>30 Jun<br>2023<br>£m | Weighted average coupon rate<br>30 Jun<br>2023<br>% | Fair value<br>30 Jun<br>2023<br>£m |
|--|---|---|------------------------------------|
| Core borrowings                        |   |   |                                    |
| Sterling medium term notes 2031 - 2041 | 598.5                                   | 5.87  | 612.6                              |
| Operational borrowings                 |   |   |                                    |
| Euro commercial paper                  | 49.7                                    | 4.08  | 49.7                               |
| Total borrowings                       | 648.2                                   | -   | 662.3                              |

|  | Carrying amount<br>31 Dec<br>2023<br>£m | Weighted average coupon rate<br>31 Dec<br>2023<br>% | Fair value<br>31 Dec<br>2023<br>£m |
|--|---|---|------------------------------------|
| Core borrowings                        |   |   |                                    |
| Sterling medium term notes 2031 - 2041 | 598.5                                   | 5.87  | 665.8                              |
| Operational borrowings                 |   |   |                                    |
| Euro commercial paper                  | 49.2                                    | 4.73  | 49.2                               |
| Total borrowings                       | 647.7                                   | -   | 715.0                              |

Core borrowings consist of £600m of senior unsecured sterling medium term notes at coupons between 5.75% and 5.875% issued by the Company between 2000 and 2002. These notes have various maturity dates between 2031 and 2041. The fair value of the Company's core borrowings includes £587.0m 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.