

Really pleased to be introducing my first set of Half Year Results, taking you through the figures and the great performance we've seen in the first half of 2017, where we've also seen how LGIM, LGR and LGC work closely together to create profitable assets for the Group that can be used within divisions to drive growth within the business.

Moving on to capital, the great performance in the first half of the year has really increased our Solvency ratio: we've seen a £1billion increase, 186% Solvency II ratio with surplus capital now standing at £6.7billion. Clearly, this benefitted from management actions, some of the movement in markets and of course, the longevity release, but underlying it there's a very strong operating surplus generation of £0.6billion.

There's continued strong performance in our LGR business division, delivering strong growth of PRT business but also now almost 100% growth in LGR Retail, in both the Retail Individual Annuities and Lifetime Mortgages. With our 30% market share in Lifetime Mortgages, we're well on track to have sales in excess of £800million this year.

LGR recorded a 40% increase in operating profit, which was still 9% after benefiting from a longevity release of £126million. At this stage, we've only changed the assumption for our base mortality assumption and not yet looked at the assumption for trend. We will look at this in the second half of the year and review in line with our own experience as well as what we've seen in the population. As we review this, we slowly update the tables over time and if the experience continues as we've seen, then we may release this over the next several years. In LGIM, we continue to see good inflows, with total Assets under Management now exceeding £951billion. Total flows were £21.7billion for the half year. Of that, £17.9billion was in international, where we continue to grow in the US and all our other key markets. Total operating profit increased by 13% and we continued to see an increase in management fees in line with expenses, therefore managing our cost-income ratio. We're now Number 1 in Retail as well as DB and DC for LGIM.

Total Direct Investments across the group now total £11.8billion of assets and of that we've seen an increase of 27% of the direct investments in LGC. We continue to invest across housing, infrastructure, urban regeneration, SME financing and renewable energy, for example. In addition, we've seen profitable divestments which are leading to the proof of concept and some great case studies where LGC is delivering returns for shareholders. Within LGC, one of the great examples is the urban regeneration of Cardiff.

In LGI, we've seen fantastic growth in the US. Premiums are up by 17% and we continue our market-leading position of term assurance. In addition, in the UK, Retail Protection, with 24% market share market has led to 5% premium growth. We need to work on Group Protection as flagged at the full year and we're confident of a turnaround in our experience there throughout the second half of the year. Across the division, we're investing heavily in digital and exporting some of the fantastic developments that we've done in the UK for the intermediary market and the direct market, to the US, where we've now launched a direct offering to customer based off this strong digital knowledge.

Mature Savings performance remains robust at £52million operating profit. This is achieved through investment in digital, robotics and automation. This allows us to maintain good customer service whilst driving efficiencies. Our General Insurance business has shown an 11% increase in gross premiums. However, operating profit has fallen to £15million. This is primarily driven by escape of water claims and the increased cost of settling these. We have taken action to turn this around and already seen an improved experience in Q2.

With these constantly improving results and a very strong balance sheet we feel very well placed to take advantage of the growth opportunities we see in many of our chosen markets. We look to replicate our UK model in the US across LGIM and LGR, and to replicate the digital success that we've had with LGI, also in the US. In addition, LGIM is growing in international markets beyond that and we hope to continue to see great success in this as shown by the strong net flows.