LEGAL & GENERAL GROUP PLC

SOLVENCY AND FINANCIAL CONDITION REPORT

31 DECEMBER 2019

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SUMMARY

THIS DOCUMENT

This Solvency and Financial Condition Report (SFCR) for Legal & General Group Plc (the group) is a regulatory document required by the reporting and group supervision parts of the PRA Rulebook for Solvency II firms, and Directive 2009/138/EC of the European Parliament (Solvency II Directive) Articles 51 and 256. All values are (unless otherwise stated) as at 31 December 2019.

WHO WE ARE

We're not only one of the world's largest asset managers, with assets under management of £1.2tn (2018: £1tn) managed on behalf of the group and external clients, but also the UK's largest provider of individual life cover and a market leader in managing retirement risk for pension schemes. Established in London in 1836, we have been providing insurance for our customers for over 180 years. With over 9,000 employees we look after the financial security of over 10 million customers primarily in the UK and US.

WHAT WE DO

We enable our stakeholders and customers, who range from some of the world's largest companies and pension funds to millions of individuals and families, to manage their financial future whether by protecting against unforeseen events, helping to save for retirement or investing money to deliver growth over time. We deploy our strong balance sheet, our ability to understand and pool risk, our market insight and our capacity to create good value customer propositions for every customer, large or small. Our strong social purpose inspires us to use our long-term assets in an economically and socially useful way to benefit everyone in our communities. Our strategy is driven by six growth drivers that affect people's lives across the globe: ageing demographics; globalisation of asset markets; investing in the real economy; welfare reforms; technological innovation and addressing climate change. Our business model is aligned with our strategy, ensuring we derive maximum benefit for our stakeholders and customers.

OUR BUSINESSES

The group is managed across business divisions rather than legal entities. We describe our business as the following five focused business divisions which deliver our strategy.

Business division	Purpose
Legal & General Retirement: Institutional (LGRI)	Pension risk transfer business
Legal & General Retirement: Retail (LGRR)	Individual retirement and lending, financial advice, and retirement living solutions
Legal & General Investment Management (LGIM)	Institutional and retail investment management, and workplace savings businesses
Legal & General Capital (LGC)	Investments in future cities, housing, SME finance, clean energy and traded portfolio
Legal & General Insurance (LGI)	UK retail and group protection, US protection business, UK mortgage club and Fintech solutions

OUR SOLVENCY POSITION AND PERFORMANCE

The group's Solvency II key performance and solvency measures as at 31 December 2019 were:

Measure	2019	2018
Operating profit (£m)	**2,286**	2,335
Solvency II Own Funds (£m)	**16,875**	16,448
Solvency II Regulatory Surplus (£m)	**7,436**	7,767
Solvency II Coverage ratio on a regulatory basis (%)	**179**	189
Solvency II Coverage ratio on a shareholder basis (%)	**184**	188

The group uses Operating profit as its measure of underwriting performance. The Operating profit of £2,286m (2018: £2,335m) is inclusive of discontinued operations and primarily reflects:

- increased annuity profits driven by strong new business volumes and the consistent performance of the growing annuity portfolio of LGRI and LGRR. This includes the impact of a one-off release of £155m (2018: £433m) from an update in the longevity trend assumptions from adjusted CMI 2016 to adjusted CMI 2017 (2018: adjusted CMI 2015 to adjusted CMI 2016) and
- continued strong performance from LGIM, LGC and LGI divisions, partially offset by
- reduction in operating profit of the discontinued Mature Savings business and losses from the General Insurance business due to higher claims inflation.

The group announced the sale of its General Insurance division in May 2019, and the disposal completed on 31 December 2019. The sale of the Mature Savings business is subject to a Part VII transfer under the Financial Services Markets Act 2000 and court sanction. At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

The Solvency II coverage ratio is defined as the group's Eligible Own Funds divided by the Solvency Capital Requirement (SCR).

In line with market practice, the ratio on a shareholder basis excludes the contribution that the with-profits fund and the final salary pension schemes would normally make to the group position. This is calculated by reducing the group's Own Funds and the group's SCR by the amount of the SCR for the with-profits fund and the final salary pension schemes.

The surplus on a regulatory basis as disclosed in this document and the surplus on a shareholder basis, as disclosed in the Legal & General Group Plc Annual Report and Accounts, incorporate the impacts of a recalculation of the Transitional Measure on Technical Provisions (TMTP) based on 31 December 2019 economic conditions. This complies with current regulatory requirements to recalculate the TMTP every two years, unless there are significant market movements or significant changes in the group's risk profile triggering an earlier recalculation.

Further details on our business and performance can be found in Section A: Business and performance.

CHANGE IN OWN FUNDS

Over the reporting period the group's Own Funds increased by £427m to £16,875m (2018: £16,448m), reflecting surplus generated by businesses and a £600m subordinated debt issued during the year, partially offset by the repayment of a £400m existing subordinated debt and payment of the final year end 2018 and interim 2019 dividends.

OUR GOVERNANCE

The Group Board

The Board's role is to lead the group, oversee its governance, and to set the tone for the group's culture, values and ethical behaviours. The role of management is to deliver the strategy within the framework and standards set by the Board. It is the Board's responsibility to ensure we have an appropriate governance framework in place to continue to support our day-to-day operations and protect the interests of our stakeholders.

Risk Management Framework

Our risk management framework supports informed risk taking by our businesses, setting out those rewarded risks that we are prepared to be exposed to and the risks that we want to avoid, together with risk limits and required standards of internal control to ensure exposures remain within our overall risk appetite.

We deploy a 'three lines of defence' risk governance model. Our operating businesses are our first line of defence, responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with risk policies. Our second line of defence is our risk oversight function under the direction of our Group Chief Risk Officer. The team of risk professionals provides our businesses with expert advice and guidance on risk and capital management, alongside ensuring risk taking remains within acceptable parameters. Our Group Internal Audit function is our third line of defence, providing independent assurance on the effectiveness of business risk management and the overall operation of our risk framework.

Own Risk and Solvency Assessment (ORSA)

Our risk identification and assessment process forms part of our broader 'Own Risk and Solvency Assessment' process, on-going assessment of the risks to which the group is exposed and an evaluation of the sufficiency of capital resources to sustain the business strategy over the horizon of the group plan. The process, which covers the whole group, considers how the financial and broader business risks to which we are exposed may evolve over the planning cycle.

OUR RISK PROFILE

The group is exposed to a number of risks through the normal course of its business. These risks are primarily:

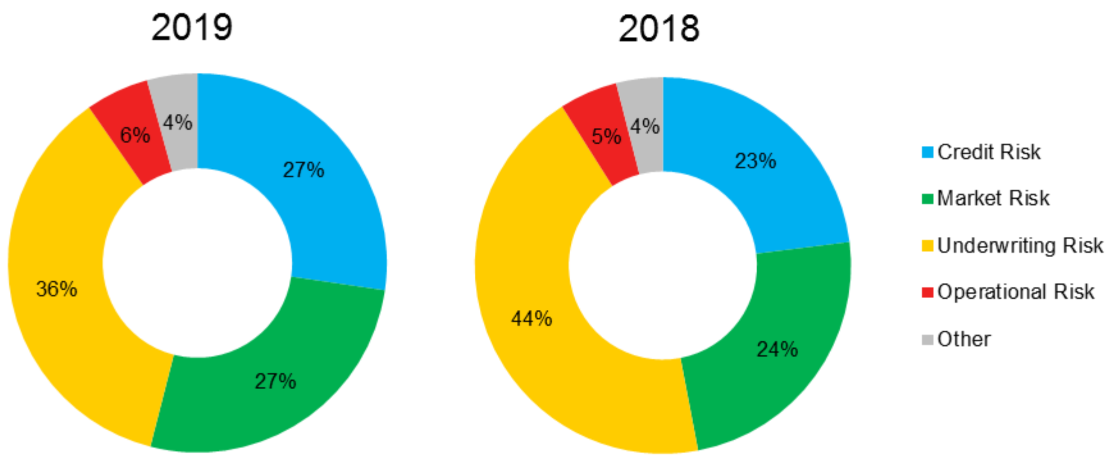
- Longevity, mortality and morbidity risks that are transferred to us by the customers of our pension risk transfer, annuities and protection businesses. The period that customers continue their life insurance protection policies is also important for profitability.
- Investment, credit and counterparty risks from holding portfolios of assets to meet our obligations to our customers and to deliver returns to shareholders; and liquidity risks from contingent events.
- Operational risks in respect of our business processes and IT systems, as well as broader regulatory and legislative risks that can arise in the environments in which we operate.

OUR RISK-BASED CAPITAL MODEL

We assess on an on-going basis the capital that we need to hold in excess of our liabilities to meet the group's strategic objectives and ensure continued solvency.

Our risk-based capital model seeks to provide a quantitative assessment of the group's risk exposures. Our model forms part of the suite of tools that we use to evaluate our strategic plans, set risk appetite, allocate capital and evaluate product pricing. We also use our capital model to assess significant transactions, including large pension risk transfer deals. We calibrate our model to ensure that we hold sufficient capital to survive our assessment of a worse case 1-in-200 year event. In terms of our capital requirements, credit and insurance (longevity) risks remain our most significant risks. Market risk (which includes equity, property and interest rate risks) is another material risk for which we hold capital. One of the uses of our model is to calculate our Solvency II regulatory capital requirements. We have chosen to adopt an internal model (the Internal Model) approach to calculate the Solvency Capital Requirement (SCR) for all of the material Solvency II regulated insurance companies in the group.

The chart below shows a breakdown of the group's SCR by major risk type, before diversification.



Further details on our risk profile can be found in Section C: Risk profile. A breakdown of SCR is provided in Annex 1: Quantitative Reporting Templates S.25.02.22.

VALUATION FOR SOLVENCY PURPOSES

Assets, technical provisions, and other liabilities are valued on the group's Solvency II balance sheet in accordance with Solvency II regulations. The principle that underlies the valuation methodology for Solvency II purposes is the amount for which assets could be exchanged, and liabilities transferred or settled, by knowledgeable and willing third parties in an arm's length transaction.

As at 31 December 2019 the group's excess of assets over liabilities was £13,207m (2018: £13,077m), which is £3,785m higher than the value under IFRS. The difference is primarily explained by the overall value of technical provisions being lower on a Solvency II basis.

Technical provisions are calculated as the sum of Best Estimate Liabilities (BEL) plus Risk Margin (RM), less any transitional measures on technical provisions (TMTP). The BEL represents our best estimate of future cash flows on the in-force business, taking into account the time value of money, and is calculated without any deduction for the amounts recoverable from reinsurance contracts. Where the PRA has granted approval for the use of a Matching Adjustment (MA) when calculating the BEL, this has been applied in line with the approved application. Further details can be found in Section D.2 Technical Provisions.

The group has taken advantage of the TMTP, which allows for the recognition of a deduction from technical provisions calculated as the difference between their value under the current and previous solvency regimes. This transitional measure applies for 16 years from the date of introduction of Solvency II, and the deduction will be fully amortised over that period, i.e. by 1 January 2032. The value of the deduction as at 31 December 2019 was £5,652m (2018: £6,122m).

OUR CAPITAL MANAGEMENT

The primary objective of capital management is to optimise the balance between risk and return, whilst maintaining capital in accordance with the group's economic risk appetite and regulatory requirements.

The group is required to measure and monitor its capital resources on a regulatory basis and to comply with the minimum capital requirements established by the Solvency II Framework directive and adopted by the Prudential Regulation Authority (PRA) at the balance sheet date.

The group's SCR as at 31 December 2019 was £9,439m (2018: £8,681m). The SCR has been calculated with the group's approved Internal Model. Further details can be found in Section E.2 Solvency Capital Requirement and Minimum Capital Requirement.

As at 31 December 2019 the group had surplus Own Funds of £7,436m (2018: £7,766m), which gave a regulatory capital coverage ratio of 179% (2018: 189%). This buffer ensures that the group has resources over and above what would be needed to meet its insurance obligations after a 1-in-200 year event. In line with our risk management approach, we maintained an appropriate capital buffer throughout the year.

The group's solvency position is described below, showing a reconciliation of the capital coverage ratio on a regulatory and shareholder basis.

(£m)	**2019**	2018
Excess of assets over liabilities	**13,207**	13,077
Tier 2 subordinated liabilities	**3,854**	3,535
Eligibility restrictions	**(186)**	(164)
Solvency II Own Funds	**16,875**	16,448
Solvency Capital Requirement	**(9,439)**	(8,681)
Solvency II Surplus	**7,436**	7,767
Regulatory capital coverage ratio	**179%**	189%
Impact of amortisation of TMTP	**-**	(4)%
Impact of a recalculation of the TMTP	**-**	(4)%
Impact of exclusion of the contribution to SCR of With-Profits Fund and final salary pension schemes	**5%**	7%
Shareholder basis capital coverage ratio (as disclosed in March 2020)	**184%**	188%

Additional information on the regulatory capital coverage ratio can be found in Section E: Capital Management.

ANY OTHER INFORMATION

Disposals

IndiaFirst Life Insurance Company Limited

On 7 February 2019, the group completed the disposal of its stake in IndiaFirst Life Insurance Company Limited ("IndiaFirst Life"), a joint venture, to an affiliate of Warburg Pincus LLC for INR 7.1bn (c.£76m at GBP:INR 1:92). IndiaFirst Life was excluded from consolidated results under a waiver from Solvency II group supervision.

Legal & General Insurance Limited

On 31 May 2019 the group announced the sale of its General Insurance (GI) business to Allianz group, and the transaction completed on 31 December 2019. The impact of completion of sale on the group's Solvency II coverage ratio was an increase of circa 1%.

COVID-19

The recent outbreak of Covid-19 pandemic exposes the business to risk in a number of areas, namely operational risk, insurance risk and market/credit risk (including asset valuation uncertainty).

The impact of Covid-19 on the group is discussed in Section C.6. Other material risks.

DIRECTORS' CERTIFICATE

Legal & General Group PLC – financial year ended 31 December 2019

The Directors acknowledge their responsibility for the proper preparation of the Solvency and Financial Condition Report in all material respects in accordance with the PRA rules and Solvency II Regulations.

The Board is satisfied that to the best of its knowledge and belief:

(a) throughout the financial year to 31 December 2019, the firm has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the firm; and

(b) it is reasonable to believe that in respect of the period from 31 December 2019 to the date of the publication of the Solvency and Financial Condition Report, the firm has continued so to comply and that it will continue so to comply for the remainder of the financial year to 31 December 2020.

Stuart Jeffrey Davies

Group Chief Financial Officer

7 April 2020

AUDITORS' REPORT

Report of the external independent auditor to the Directors of Legal & General Group Plc ('the group') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by Legal & General Group Plc as at 31 December 2019:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of Legal & General Group Plc as at 31 December 2019, ('**the Narrative Disclosures subject to audit**'); and

- Group templates S02.01.02, S22.01.22, S23.01.22, S32.01.22 ('**the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the '**Relevant Elements of the Group Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- information contained within the Relevant Elements of the Group Solvency and Financial Condition Report set out about above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;

- Group templates S05.01.02 and S.25.02.22;

- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions, and as a consequence all the Appendix to this report;

- the written acknowledgement by the Directors of their responsibilities, including for the information relating to the transitional measures on technical provisions as set out in preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**');

- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('**the sectoral information'**).

To the extent the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of Legal & General Group Plc as at 31 December 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the g in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

We draw attention to the 'Valuation for solvency purposes' and/or 'Capital Management' and other relevant disclosures sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Going concern

The Directors have prepared the Group Solvency and Financial Condition Report on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Group Solvency and Financial Condition Report ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Group Solvency and Financial Condition Report. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit and the impact of Covid-19, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the Relevant Elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Relevant Elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Relevant Elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine it is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error; assessing the group'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 they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it they based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Our objectives are to obtain reasonable assurance about whether the Relevant Elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Relevant Elements of the Group Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

Other Matter

The group has authority to calculate its Group Solvency Capital Requirement using a partial internal model ("the Model") approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the group's application or approval order.

Report on Other Legal and Regulatory Requirements.

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the **sectoral information** has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Legal and General Group Plc's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

This report of the external auditor is made solely to the group's directors, as its governing body, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the group's directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the group, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the group's directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group through its governing body, for our audit, for this report, or for the opinions we have formed.

Rees Aronson

Rees Aronson for and on behalf of KPMG LLP
15 Canada Square
Canary Wharf,
London, E15 5GL
7 April 2020

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

Group internal model

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.02.01.02:
  - Row R0550: Technical provisions - non-life (excluding health) - risk margin
  - Row R0590: Technical provisions - health (similar to non-life) - risk margin
  - Row R0640: Technical provisions - health (similar to life) - risk margin
  - Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin
  - Row R0720: Technical provisions - Index-linked and unit-linked - risk margin

- The following elements of Group template S.22.01.22
  - Column C0030 – Impact of transitional measures on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement

- The following elements of Group template S.23.01.22
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0060: Non-available subordinated mutual member accounts at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Rows R0410 to R0440 – Own funds of other financial sectors
  - Row R0680: Group SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non-available own funds

- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 COMPANY DETAILS

This report is prepared in respect of Legal & General Group Plc (the group) for the financial year ended 31 December 2019.

The Company	Legal & General Group Plc One Coleman Street London EC2R 5AA
The supervisory authority responsible for financial supervision	Prudential Regulation Authority 20 Moorgate London EC2R 6DA
The external auditor	KPMG LLP 15 Canada Square London E14 5GL

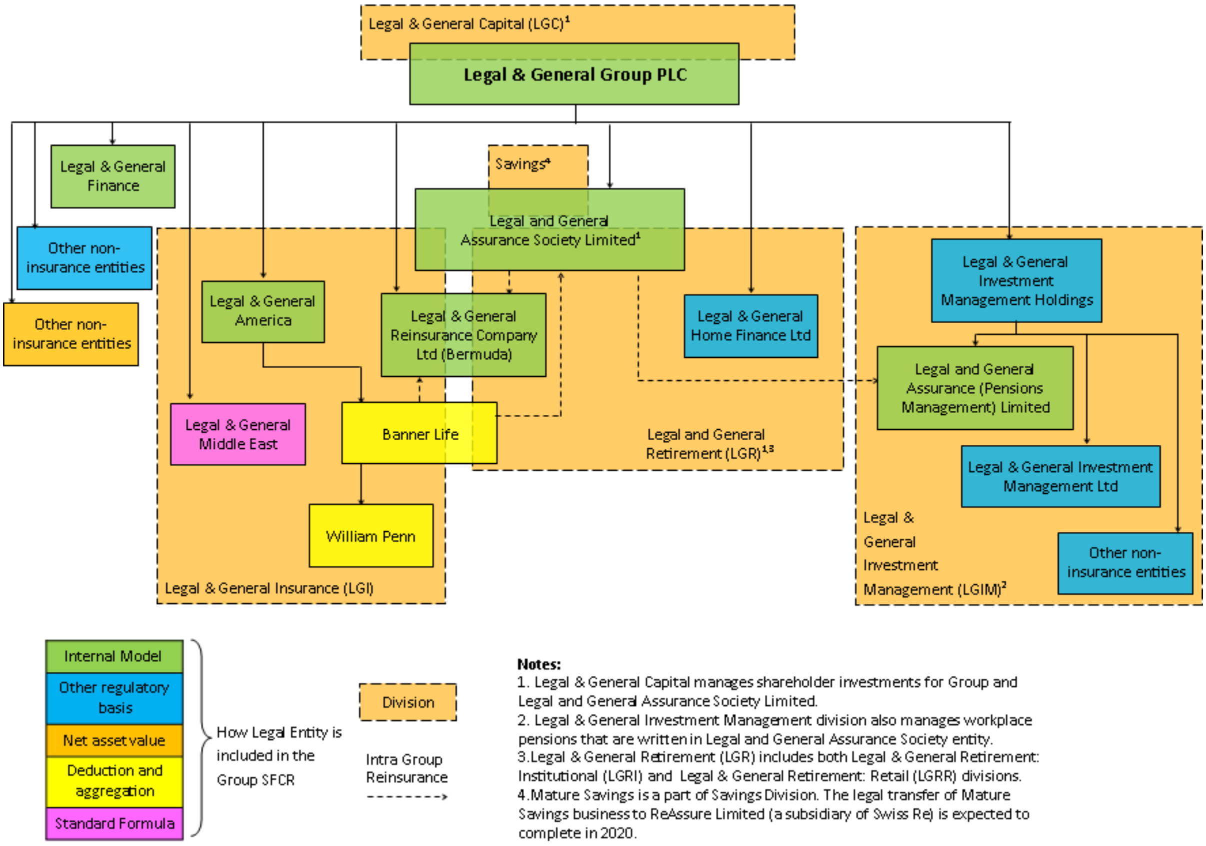
A.1.1.1 QUALIFYING HOLDINGS

The group has issued 5,965,349,607 ordinary shares of 2.5p each, issued on the London Stock Exchange as at the reporting date. All shares issued carry equal voting rights. There are no qualified holdings of greater than 10% of the capital as at the reporting date.

A.1.1.2 GROUP STRUCTURE

A simplified group structure chart is shown in Diagram 1 below. The chart summarises the relationship between entity and divisional responsibilities (on a forward-looking basis), further details of the principal products written by each division is provided in A.1.2 below. The Group Board has ultimate responsibility for the group's system of governance; this is described in further detail in Section B: System of governance.

Diagram 1: Division and Entity overview



A.1.2 MATERIAL RELATED UNDERTAKINGS

The particulars of the group's subsidiaries as at 31 December 2019 are listed in the Quantitative Reporting Template (QRT) S.32 in Annex 1 of this document. The material insurance undertakings are summarised below:

Company name	Country	Proportion of ownership held within the Group
Legal and General Assurance Society Limited (LGAS)	England & Wales	**100%**
Legal and General Assurance (Pensions Management) Limited (PMC)	England & Wales	**100%**
William Penn Life Insurance Company of New York	USA	**100%**
Banner Life Insurance Company	USA	**100%**
Legal & General Reinsurance Company Limited (LGRe)	Bermuda	**100%**

The proportion of voting rights is the same as the ownership held for each of the entities listed above.

There are no material differences between the scope of the group used for the consolidated financial statements and the scope for Solvency II consolidated data, as determined in accordance with Article 335 of the Delegated Regulation[1].

The consolidation treatment of entities varies depending on both the group's influence and control in the entity and the principle activity of the entity, as prescribed in Article 335. A full list of subsidiary undertakings, associates, and joint ventures is contained in the QRT S.32.01, in Annex 1 of this document. The type and treatment of each undertaking can be found in columns C0050 and C0260 respectively.

A.1.3 PRINCIPAL PRODUCTS

A significant part of the group's business involves the acceptance and management of risk.

A description of the principal products offered by the group's business divisions is outlined below. The group seeks to manage its exposure to risk through control techniques which ensure that the residual exposures are within acceptable tolerances agreed by the Board. The group's risk appetite framework and the methods used to monitor risk exposures can be found in Section B: Systems of governance and Section C: Risk profile.

Details of the risks associated with the group's principal products and the control techniques used to manage these risks can be found in Section C: Risk profile.

A.1.3.1 LEGAL & GENERAL RETIREMENT (LGR)

LGR comprises two businesses, LGR Institutional (LGRI), which transacts worldwide pension risk transfer business including longevity insurance and LGR Retail (LGRR), which transacts individual retirement business and lifetime mortgages.

Business is written through Legal and General Assurance Society Limited in the UK, Legal & General America in the US and Legal & General Reinsurance Company Limited in Bermuda. Lifetime mortgages are written in Legal & General Home Finance Limited.

A.1.3.1.1 ANNUITIES

Annuity products provide guaranteed income for a specified time, usually the life of the policyholder, in exchange for a lump sum capital payment. Immediate and deferred annuity contracts are offered. Immediate annuities provide a regular income stream to the policyholder, purchased with a lump sum investment, where the income stream starts immediately after the purchase. The income stream from a deferred annuity is delayed until a specified future date. Bulk annuities are also offered, where the group accepts the assets and liabilities of a company pension scheme or a life fund, predominantly for UK clients, but also for US, Canadian, Dutch and Irish clients. A small portfolio of immediate annuities has been written as participating business[2].

The group also offers products for individuals that provide a guaranteed level of income over a chosen fixed period of time, in exchange for an initial lump sum payment from the policyholder. The products can provide a fixed lump sum at maturity and/or options to surrender on non-guaranteed terms.

1. Commission Delegated Regulation (EU) 2015/35.
2. This small portfolio of immediate annuities written as participating business is part of the Mature Savings business. At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

The group wrote its first Assured Payment Policy (APP) at the end of 2019. An APP is 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.

The group has written some deferred annuity contracts with guaranteed minimum pensions. These options expose the group to interest rate and longevity risk as the cost would be expected to increase with decreasing interest rates and improved longevity.

A.1.3.1.2 LONGEVITY INSURANCE CONTRACTS

The group provides longevity insurance products for company pension schemes, under which regular payments are made to the scheme reflecting their actual longevity experience, while the scheme makes an agreed set of regular payments in return. Some policies contain a guaranteed surrender value. The value of these guarantees is currently immaterial.

A.1.3.1.3 LIFETIME MORTGAGES

Lifetime Mortgages are a form of equity release mortgage that provide non-commercial borrowers with a loan secured against their main residence, without the need for regular repayments. They are regulated retail mortgages offered only to borrowers over the age of 55 through specialist intermediaries. Interest accrues over the term of the loan and is repayable at the time the principal becomes due. All Lifetime Mortgages provide a ‘no negative equity’ guarantee, which means that if the loan is repaid from the sale of the property and the net sale proceeds are lower than the balance of the loan, the group will accept the net sale proceeds as full settlement.

The group also offers Retirement Interest Only (RIO) mortgage, a standard residential 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 borrower only has to prove that 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.

A.1.3.1.4 LIFETIME CARE PLAN

The Lifetime Care Plan provides a monthly payment to a UK registered care provider that helps meet the cost of care for the policyholder’s life. A policyholder can choose to receive a fixed monthly payment or opt to have escalation built in. A death benefit exists within the product so that if a policyholder dies within the first 6 months of the start date a percentage of the original premium less any payments already made is payable to the estate.

A.1.3.2 LEGAL & GENERAL INVESTMENT MANAGEMENT (LGIM)

LGIM offers both passive and active investment fund management on either a pooled or segregated basis. Assets are managed in London, Chicago and Hong Kong on behalf of pension funds, institutional clients, sovereign wealth clients, retail funds and subsidiary companies within the group. Legal and General Assurance (Pensions Management) Limited (PMC) is the Solvency II regulated entity within the LGIM division. LGIM also manages workplace pensions written in Legal and General Assurance Society Limited (LGAS). The core asset classes are set out below:

A.1.3.2.1 INDEX FUND MANAGEMENT

LGIM provides a diversified range of pooled index funds, providing a wide choice and the ability to pursue specific benchmarks efficiently. In addition, segregated solutions are offered to institutional clients providing large scale customisation against established market capitalisation weighted and alternative indices.

A.1.3.2.2 ACTIVE STRATEGIES

LGIM offers a range of pooled and segregated active fixed income funds. The LGIM liquidity funds offer institutional investors a solution for their cash management requirements across a range of core currencies. The liquidity funds aim to deliver competitive returns with a high level of diversification, whilst focusing on capital preservation through portfolios of high-quality liquid assets.

Active strategies also includes an active equity management business comprising focused teams managing stock selection across different regions.

A.1.3.2.3 SOLUTIONS AND LIABILITY DRIVEN INVESTMENT (LDI)

A range of pooled and bespoke solutions to help de-risk corporate defined benefit pension schemes. These solutions will usually combine active or passive underlying portfolios with derivative overlays designed to meet clients' specific liability matching requirements.

A.1.3.2.4 MULTI-ASSET FUNDS

Multi-asset funds for retail and institutional clients, built using LGIM's expertise in asset allocation which is informed by an in-house research capability. The underlying asset classes may be managed on an active or passive basis within LGIM. An allocation strategy service is also offered to institutional clients, which may also allocate some of the portfolio to managers other than LGIM.

A.1.3.2.5 REAL ASSETS

A range of pooled or segregated real estate funds for both UK and overseas investors, offered via a mixture of pooled funds, specialist funds and partnerships. The business is based around in-house sector specialists with a dedicated research team.

A.1.3.2.6 WORKPLACE SAVINGS

Workplace Savings provides corporate pension scheme solutions to enable companies to meet their auto-enrolment obligations. Workplace Savings (a business division of LGAS operated within LGIM) acts as scheme operator and administrator for these products while the customers hold the individual or scheme level pension policies issued by LGAS.

A.1.3.3 LEGAL & GENERAL CAPITAL (LGC)

LGC aims to increase the risk adjusted returns on the group's shareholder assets, and also manages direct investments in housing, urban regeneration, clean energy and small and medium size enterprise (SME) financing.

LGC's investments fall into two distinct categories; direct investments and traded assets. The value of, and income from, both categories is sensitive to conditions within investment markets and the broader economy. Potential volatility in returns is managed using a range of techniques, including performance benchmarks, foreign exchange and interest rate hedging, and exposure concentration limits by asset type, sector and geographic region.

A.1.3.3.1 DIRECT INVESTMENTS AND STRUCTURING

Direct investments are an integral part of the wider group strategy. Direct investments are typically illiquid investments entered into through acquisition, joint ventures with strategic partners or the creation of new companies directly. LGC seeks to create revenue-generating direct investments in sectors where there are significant funding shortfalls, namely housing, infrastructure (including urban regeneration and clean energy) and SME finance. LGC employs capital and sector expertise to target attractive risk-adjusted returns.

A.1.3.4 LEGAL & GENERAL INSURANCE (LGI)

The LGI business comprises:

- UK retail and group life insurance, critical illness cover, and income protection, written in Legal and General Assurance Society Limited;
- US protection and universal life business, written in William Penn Life Insurance Company of New York and Banner Life Insurance Company; and
- Fintech business.

A.1.3.4.1 UK PROTECTION BUSINESS (RETAIL AND GROUP)

The group offers protection products which provide mortality or morbidity benefits. These may include health, disability, critical illness and accident benefits; these additional benefits are commonly provided as supplements to main life policies but can also be sold separately. The benefit amounts would usually be specified in the policy terms. Some sickness benefits cover the policyholder's mortgage repayments and are linked to the prevailing mortgage interest rates. In addition to these benefits, some contracts may guarantee premium rates, provide guaranteed insurability benefits and offer policyholders conversion options.

A.1.3.4.2 US TERM BUSINESS

Individual term assurance provides death benefits over the medium to long term. The contracts have level premiums for an initial period with premiums set annually thereafter. During the initial period, there is generally an option to convert the contract to a universal life contract. After the initial period, the premium rates are not guaranteed, but cannot exceed the age-related guaranteed premium.

A.1.3.5 SAVINGS

A range of contracts are offered in a variety of different forms to meet customers' long-term savings objectives. Policyholders may choose to include a number of protection benefits within their savings contracts. The majority of the Savings products are closed to new business. Following the completion of the transfer of its Mature Savings business as disclosed in Section: A.1.4, the group's future involvement in savings product areas will be through Workplace Savings.

A.1.3.5.1 WITH-PROFITS

With-Profits products are only written in the With-Profits Fund, a ring fenced sub fund within Legal and General Assurance Society Limited. The With-Profits Fund is part of Mature Savings business. The With-Profits Fund ceased writing new business on 31 January 2015. Only increases to existing pension policies and new members to existing group Personal Pension Schemes, where allowed for in the policy terms and conditions, have been accepted after that date. The Part VII transfer of Mature Savings business including the With-Profits business is expected to complete in 2020.

A.1.3.6 GENERAL INSURANCE

During 2019, the group's direct subsidiary Legal & General Insurance Limited (LGIL) provided household and other personal insurances such as pet insurance. The group completed the sale of LGIL on 31 December 2019 to Allianz. The group has agreed with Allianz to reinsure a small proportion of the business whilst it runs off via a residual reinsurance agreement.

A.1.4 SIGNIFICANT BUSINESS OR OTHER EVENTS

Legal & General Insurance Limited

On 31 December 2019, the group completed the disposal of its General Insurance business to Allianz.The impact of the disposal on the group's Solvency II coverage ratio was an increase of circa 1%.

Mature Savings

On 6 December 2017 the group announced the sale of its Mature Savings business to ReAssure Limited (a subsidiary of Swiss Re). At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

A.2 UNDERWRITING PERFORMANCE

We consider IFRS Operating Profit to be a good measure of the group's underwriting performance. This is the key metric used to manage our business.

Operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes and exceptional items. Operating profit therefore reflects longer-term economic assumptions for the group's insurance businesses and shareholder funds, except for LGC's trading businesses (which reflects the IFRS profit before tax) and LGIA non-term business (which excludes unrealised investment returns to align with the liability measurement under US GAAP). Variances between actual and smoothed investment return assumptions are reported below operating profit, which include any differences between investment return on actual assets and the long-term asset mix. Exceptional income and expenses which arise outside the normal course of business in the period, such as merger and acquisition, and start-up costs, are also excluded from operating profit.

The group's operating profit is presented in the following sections. Information on premiums, claims and changes in technical provisions, which can be considered as key elements of underwriting performance, is presented by Solvency II line of business in QRT S.05.01 in Annex 1 of this report.

The vast majority of the group's business is written in the UK and US.

A.2.1 OPERATING PROFIT BY DIVISION

The table below shows the operating profit for the group reported in the group consolidated annual report and accounts. These results are on an IFRS basis.

(£m)	**2019**	2018
From continuing operations		
Legal & General Retirement (LGR)	**1,569**	1,548
- LGR Institutional (LGRI)	**1,216**	1,149
- LGR Retail (LGRR)	**353**	399
Legal & General Investment Management (LGIM)	**423**	407
Legal & General Capital (LGC)	**363**	322
Legal & General Insurance (LGI)	**314**	308
- UK and Other	**223**	246
- US (LGIA)	**91**	62
Operating profit from continuing operations	**2,669**	2,585
Operating profit from discontinued operations[1]	**11**	79
Operating profit from divisions/(tax expense) on divisions	**2,680**	2,664
Group debt costs[2]	**(208)**	(203)
Group investment projects and expenses	**(186)**	(126)
Operating profit	**2,286**	2,335

1. Discontinued operations include the results of the Mature Savings and General Insurance divisions following the group's announcement to sell these businesses to ReAssure Limited (a subsidiary of Swiss Re) and Allianz respectively. The sale of the General Insurance business completed on 31 December 2019. At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.
2. Group debt costs exclude interest on non recourse borrowings.

Legal & General Retirement (LGR)

LGR achieved operating profits of £1,569m (2018: £1,548m) driven by large UK PRT new business volumes for a second year running, growth in retail annuity sales, and consistently strong profits emerging from LGR's growing annuity portfolio, further bolstered by routine assumption updates. We also reviewed our future longevity improvement assumptions and have conservatively adopted an adjusted version of the CMI 2017 mortality tables for LGR's annuity book, resulting in a £155m reserve release.

We constantly evaluate the appropriateness of our longevity trend assumptions and we are currently reviewing the CMI 2018 mortality data which we expect to complete by the end of 2020. We are prudent in our assessment of longevity trends and will only recognise releases after full analysis of the most recent data.

Total new business was up 17% at £13.3bn (2018: £11.4bn), driven by the pension buy-out for the Rolls-Royce UK Pension Fund (£4.6bn) and the National Grid UK Pension Scheme buy-in (£1.6bn). The business completed £11.4bn (2018: £9bn) of UK and US pension risk transfer business, and sales of individual annuities increased by 22% to £970m (2018: £795m). We made £1.0bn of lifetime mortgage advances (2018: £1.2bn), as we maintained pricing and underwriting discipline.

LGR's £75.9bn asset portfolio is well diversified. Of the £70.0bn bond portfolio, two-thirds are A rated or better, and 17% of assets are Sovereign-like. The bond portfolio includes £17.7bn of direct investments (DI) mainly comprising corporate bonds, £4.7bn of lifetime mortgages (2018: £3.2bn), and property assets. LGR's DI portfolio is secured through directly negotiated covenants and security or collateral. Including the DI bonds, the DI portfolio is now £21.6bn (2018: £15.7bn) and makes up c.28% (2018: c.25%) of the assets within the annuity portfolio.

Legal & General Investment Management (LGIM)

LGIM operating profit increased by 4% to £423m (2018: £407m), reflecting increased revenues from flows and asset values, partially offset by increased investment in the business.

LGIM continues to expand its business across channels, regions and product lines. External net inflows were £86.4bn (2018: £42.6bn), contributing 18% to the growth in assets under management (AUM) to £1,196bn (2018: £1,015bn). Total revenue increased by 8% to £912m (2018: £847m), lower than AUM growth due to new business mix, which had significant contribution from a £37bn passive mandate in H1.

LGIM's International business experienced net inflows of £59.2bn (2018: £19.6bn), driven by the Japan Government Pension Investment Fund £37bn mandate noted above. The Defined Contribution (DC) business continued to expand, with net inflows of £7.3bn (2018: £8.4bn) driven by our bundled business, which offers investment and administration services to DC schemes. The retail business experienced net inflows of £4.2bn (2018: £2.8bn).

Legal & General Capital (LGC)

LGC operating profit increased by 13% to £363m (2018: £322m), led by direct investment operating profit, which was up 15% over the year to £217m (2018: £188m). CALA delivered revenue of £1bn, growing 6% since 2018. The LGC direct investment portfolio increased to £2.9bn (2018: £2.4bn), progressing in line with LGC's stated ambition of increasing its direct investment AUM to c.£5bn over the next three to five years.

Legal & General Insurance (LGI)

LGI operating profit was stable with a 2% increase to £314m (2018: £308m). LGI America operating profit increased 47% to £91m (2018: £62m) driven by a change in the intra-group reinsurance of US business and a reserve release following improvements to the group's IFRS methodology, partially offset by adverse mortality in the US life sector. LGI UK profits were down 9% to £223m (2018: £246m), following the intra-group reinsurance change as well as the prior year benefiting from model refinements.

A.3 INVESTMENT PERFORMANCE

Investment performance is reported by the group as investment return in our financial statements. The group earns an investment return from holdings in financial instruments and property investments, held to back insurance and investment contracts on behalf of policyholders and as group capital. Investment return arising on assets held for sale as part of the disposal of Mature Savings and General Insurance businesses is included in the total profit on discontinued operations.

The total investment return as reported in the group financial statements in 2019 was £53,014m (2018: £(11,843)m), excluding discontinued operations.

The total investment return comprises the expected return included in the IFRS operating profit plus the variance between actual and expected investment performance. As such, there is some element of duplication with the underwriting performance reported in A.2 above.

Investment return includes dividends, rent, interest, and fair value gains and losses, excluding fair value movements attributable to available-for-sale (AFS) investments. Dividends are accrued on an ex-dividend basis. Interest and rent are included on an accruals basis. Interest income for financial assets which are not classified as fair value through profit or loss is recognised using the effective interest method.

Investment expenses are included in 'Other administrative expenses' found in Section: A.4 below.

A.3.1 INVESTMENT RETURN

The table below presents the actual investment income, gains and losses split by Solvency II asset class and the components of such income and expense.

Investment return (£m)	**Income 2019**	**Gains and losses 2019**	Income 2018	Gains and losses 2018
Debt securities	**1,990**	**4,588**	1,826	(1,698)
Equities[1]	**1,782**	**6,364**	1,618	(2,118)
Assets held for index-linked and unit-linked contracts	**7,037**	**34,566**	6,971	(18,743)
Derivatives	**-**	**(16)**	-	(1,399)
Other financial investments	**309**	**65**	213	244
Total	**11,118**	**45,567**	10,628	(23,714)

1. Includes holdings in collective investment vehicles and related undertakings (including participations).

The total gains and losses which were recognised directly in equity are disclosed in the group's consolidated statement of comprehensive income with the group's Annual Report & Accounts.

A.3.2 INVESTMENTS IN SECURITISATION

The group holds securitisations with a market value of £1.9bn as at 31 December 2019 (2018: £2.1bn), of which £0.8bn (2018: £0.6bn) is held for index-linked and unit-linked contracts. Mortgage-backed securities and asset-backed securities amounted to £1.3bn and £0.6bn (2018: £1.1bn and £1.0bn) respectively.

A.4 PERFORMANCE OF OTHER ACTIVITIES

Other material income includes:

- Fees from fund management and investment contracts £834m (2018: £802m)
- Other operational income £1,253m (2018: £1,206m)

Other operational income comprises fee income from house building, estate agency operations, agency fee income relating to distribution services, and income from consolidated private equity investments.

Expenses of the group include:

£m	2019 £m	2018 £m
Acquisition costs[1]	**805**	780
Finance costs	**269**	238
Staff costs	**939**	820
House building costs	**869**	819
Other administrative expenses	**560**	190

1. Acquisition costs comprise direct costs, such as initial commission, and the indirect costs of obtaining and processing new business.

The group leases office buildings and other premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. None of the leases are considered material. Details of the group's operating leases is provided in Section D.1.1.7.

The group does not hold any material finance leases.

A.5 ANY OTHER INFORMATION

There were no significant events other than those disclosed above.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1 THE STRUCTURE OF THE BOARD

The Group Board of Legal & General is accountable for the long-term success of the group by setting the group's strategic objectives and monitoring performance against those objectives. The Board is led by the Group Chairman, and as at 31 December 2019 comprised four Executive Directors (the Group Chief Executive, the Group Chief Financial Officer, the Chief Executive Officer LGIM and the Chief Executive Officer LGC) and seven non-executive directors. The day-to-day management of the group is led by the Group Chief Executive.

The Group Board meets formally on a regular basis and at each meeting considers business performance, strategic proposals, acquisitions and material transactions. The group and its subsidiaries operate within a clearly defined delegated authority framework which has been fully embedded across the group. The delegated authority framework ensures that there is an appropriate level of Board contribution to and oversight of key decisions and that the day-to-day business is managed effectively.

Legal & General Group is managed across divisions rather than legal entities. The group's continuing business divisions are:

- Legal & General Retirement (Institutional)
- Legal & General Retirement (Retail)
- Legal & General Investment Management
- Legal & General Capital
- Legal & General Insurance

The announcements to sell the Mature Savings and General Insurance divisions were made in 2017 and 2019 respectively. The sale of the General Insurance division completed on 31 December 2019. The Part VII transfer of the Mature Savings division is expected to complete in 2020.

A group business division delivers a number of centralised activities.

B.1.2 DELEGATED AUTHORITIES

The Board delegated authority framework consists of a clearly defined schedule of matters reserved for the Group Board. The types of matters reserved for the Board include, amongst other things, matters relating to the group's strategic plan, material transactions, risk appetite, and oversight of systems of internal control and corporate governance policies. Those matters which are not reserved are delegated by the Board to group level committees and to the Group Chief Executive, who then delegates decision making onward to the group Capital Committee, an executive decision making forum, and his direct reports.

Matters delegated to group level Committees (Committees of the Group Board) are as follows:

- **Group Audit Committee** The primary responsibility of the Committee is to assist the Board in discharging its responsibilities with regards to monitoring the integrity of the group's financial statements, the effectiveness of internal control (including financial internal control) and the independence and objectivity of the internal and external auditors.
- **Group Risk Committee (GRC)** The purpose of the Committee is to assist the Board in the oversight of the risks to which the group may be exposed and to provide the Board with strategic advice in relation to current and potential future risk exposures of the group. This includes reviewing the group's risk appetite and risk profile, and assessing the effectiveness of the group's risk management framework.

- **Group Remuneration Committee** Responsible for determining and approving the framework of the remuneration policy for the group and its subsidiaries and specifically to manage Executive Director remuneration and the remuneration of other designated senior managers.
- **Nominations and Corporate Governance Committee** Responsible for leading the process for new appointments to the Group Board and for keeping under review the structure, size and composition of the Board. It is also responsible for overseeing and monitoring the group's corporate governance framework, ensuring compliance with the UK Corporate Governance Code while promoting the highest standards of corporate governance across the group.
- **Group IT Committee** responsible for providing oversight of, and guidance to, the Board with regards to all aspects of IT, cyber and information security across the group.

During 2019 the Nominations Committee and the Corporate Governance Committee were merged to reflect that the work of the two committees is strongly aligned around corporate governance matters and the role of the Board in relation to Board appointments and succession planning. The remit of the joint committee is detailed above.

The minutes of each of the Committees (with the exception of the Group Remuneration Committee) are submitted to the Group Board for information after each meeting and the Chairs of the Committees provide verbal updates to the Board on key items of business discussed, decisions taken and recommendations to the Board.

The Group Chief Executive Officer (CEO) delegates day-to-day operations and decision making in the following way:

- to the Group Capital Committee, which has a group-wide remit and joint decision-making responsibility in relation to certain capital allocation decisions for new product lines, large transactions and capital investments, M&A transactions and other material group-wide capital management and allocation matters that may arise; and
- to individuals, being the Group CEO's direct reports and heads of the group's business divisions.

Each of the heads of the group's business divisions then onward delegate to their direct reports the matters for which they have decision-making responsibility in relation to their area.

Each individual's schedule of delegated authorities operates in conjunction with their job description and relevant Risk and Capital Mandate. The Risk and Capital Mandates set the parameters of acceptable risk taking as regards the group's core product lines and investment risk.

The diagrams in Annex 2 illustrate the group's Governance framework.

B.1.3 INSURANCE COMPANY SUBSIDIARY GOVERNANCE

The following Legal & General entities are classed as Solvency II regulated insurance companies:

- Legal and General Assurance Society Limited (LGAS)
- Legal and General Assurance (Pensions Management) Limited (PMC)

The Legal and General Assurance Society Limited is the regulated entity through which the majority of the group's individual and group insurance, pensions and annuities business is executed. The Board of the Legal and General Assurance Society Limited reports into the Group Board and the minutes of the Legal and General Assurance Society Limited Board meetings are submitted to the Group Board following each meeting.

PMC manages pooled investment funds of third-party pension scheme assets. The board of PMC reports in to Legal & General Investment Management (Holdings) Limited (LGIMH) and its minutes are submitted to the LGIMH board for noting following each meeting. To the extent material issues arise in relation to the business of PMC, the Group Board has line of sight of these through LGIMH, the minutes of which are submitted to the Group Board following each meeting. Each entity delegates responsibility for setting and delivering strategy and day-to-day operational matters to the Group CEO subject to the authority delegated to the Group CEO by the Group Board. The Group CEO onward delegates to the heads of the group's business divisions.

B.1.4 REMUNERATION POLICY AND PRACTICES

B.1.4.1 PRINCIPLES OF THE REMUNERATION POLICY

Remuneration policy is consistent across the group. In line with our remuneration principles, it is designed to reward, motivate and retain high performers in line with the risk appetite of the group. The group operates bespoke bonus plans where appropriate. However, the Remuneration Committee has ultimate discretion over all bonus plans.

Bonuses above a certain threshold are subject to deferral with the deferral amount increasing with the size of the bonus.

A summary of the remuneration structure for employees is shown below.

Base salary	The group aims to attract and retain key employees by paying salaries which deliver competitive total remuneration. Factors taken into account when determining salaries include: • The nature, size and scope of the role • The knowledge, skills and experience of the individual • Individual and overall business performance • Pay and conditions elsewhere in the group • Appropriate external market data Salary levels for all employees are reviewed on an annual basis taking into account the above factors. However, this does not mean a flat increase annually for all employees.
Annual bonus	The majority of employees participate in a discretionary bonus plan, unless an alternative plan applies based on role. An employee will be considered for a discretionary bonus award based on achievement against objectives, conduct and behaviours, the role performed during that year and internal relativities. Variable pay awards are set to ensure an appropriate balance between fixed and variable pay, and are designed to reward performance at the individual, business division, and overall group levels
Performance Share Plan (PSP)	Participation in the PSP is offered to a small number of senior executives each year in recognition of the strategic and influential role that they hold in terms of driving company performance, as well as their individual contribution. Participation in the plan for one year does not guarantee participation in future years. Where appropriate, grants under the PSP may also be made for new employees who join the group during the year in key roles.

Other share plans and long-term incentives	The group operates a Share Bonus Plan (SBP) which provides the vehicle for deferral of annual bonuses in the majority of cases and also allows for a limited number of awards of shares to high potential individuals and those with critical skills.
Benefits	In 2019, changes were made to the benefits provided to UK employees. Private medical insurance is now available to every UK employee, with increased life insurance, improved holiday and family friendly policies (maternity, paternity, adoption and shared parental leave).
Employee share plans	All employees are given the opportunity to participate in a Sharesave plan and an Employee Share Purchase plan. These are both HMRC approved plans which offer all UK employees the opportunity to share in the success of the business.
Non-executive Directors (NEDs)	Fees for the Chairman and NEDs are set at an appropriate level to reflect the time commitment required to fulfil the role, the responsibilities and duties of the positions, and typical practice in the FTSE 100 and amongst other financial institutions.

Further details on the remuneration policy can be found in the Directors' Remuneration Report of the Legal & General Group Plc Annual Report & Accounts.

B.1.4.2 PERFORMANCE CRITERIA FOR REMUNERATION

Annual incentives are designed to reward financial and non-financial performance that supports the business strategy, taking into account the group's risk appetite and personal contribution in the business context that it was delivered. Targets are specific, measurable, set at the beginning of the year and communicated to employees.

For Code Staff in the control functions (internal audit, regulatory compliance and risk), separate performance measures have been designed which exclude any direct linkage to financial performance. Code Staff is a category of role defined under various applicable European Directives (CRDIII & IV, AIFMD, UCITS V, and Solvency II). The name is taken from the FCA's Remuneration Code that interprets and applies these Directives for the UK. Broadly, Code Staff includes roles that are considered to have the authority to take risks that could directly, or indirectly, affect one or more firms within the group and its investors

Individual performance assessment is supported by a structured performance management framework. In reviewing an individual's performance against their objectives, the individual's approach to risk management (including environmental, social or governance risks) is considered when determining the overall level of bonus pay out. The bonus policy allows for zero bonus payments to be made when appropriate.

Deferred bonus

Under the group-wide deferral arrangements a significant proportion of the annual bonus for senior employees is deferred into group shares over a three-year period. The purpose of the deferral plan is to promote the sustainable long-term performance of the group and to align the interests of our senior management with our shareholders.

Deferred awards for senior employees may be subject to forfeiture if the performance which led to a bonus being paid is found to be incorrect or in the event of personal misconduct. Annual incentive awards (including any deferred element) are subject to malus and clawback for material risk takers.

Long-term incentives

The group provides long-term incentives which link reward with the long-term success and growth in value of Legal & General. Long-term incentive awards for most group staff are conditional on the satisfaction of total shareholder return (TSR), and financial performance conditions which clearly align reward to the interests of shareholders and provides a degree of risk management (TSR reflects both underlying financial performance and the market's assessment of the quality and sustainability of those earnings). Since 2018, financial performance has been assessed based on growth in earnings per share. In addition, there is an assessment of the overall Solvency II position.

The Remuneration Committee may exercise its discretion to scale back the vesting of awards if it was felt that the group's financial performance did not justify the level of vesting (the Committee may not increase the award). The parameters which the Committee uses in making this assessment include market share, partnerships entered into and maintained, cost constraint, capital management, risk and shareholder perception.

Awards under the group long-term incentive plan are subject to malus and clawback provisions.

B.1.4.3 SUPPLEMENTARY PENSION OR EARLY RETIREMENT SCHEMES

All employees in the UK have the opportunity to participate in a defined contribution pension plan, or receive a cash allowance in lieu of pension, or receive a combination thereof.

There are no supplementary or early retirement schemes.

B.1.5 MATERIAL TRANSACTIONS

There were no material transactions between key management personnel and the Legal & General group of companies during the period. All transactions between the group and its key management personnel are on commercial terms which are no more favourable than those available to employees in general. Contributions to the post-employment defined benefit plans were £86m (2018: £84m) for all employees.

B.1.6 SOLVENCY II KEY FUNCTIONS

The Solvency II key functions within the group's overall system of governance are the Risk Management and Compliance functions led by the Group Chief Risk Officer; the Internal Audit function led by the Group Chief Internal Auditor; and the Actuarial function, led by the Chief Actuary. The functions operate independently from the business line with the activities of the Risk Management and Compliance functions being mandated by the Group Board Risk Committee and the Group Board Audit Committee establishing the role of the Group Internal Audit function through a formal Audit Charter. The Chief Actuary has the authority of the Board to report on those matters defined by legislation and regulation. The overall resourcing and effectiveness of the Risk Management, Compliance, and Actuarial functions are assessed through a combination of Internal Audit review activity and by the governance forums to which the functions report. The effectiveness of the Internal Audit function is considered by the Group Board Audit Committee which may periodically seek independent external assurance.

Risk management and Solvency II compliance

The Group Chief Risk Officer (Group CRO) leads the Risk Management function, including the Solvency II Compliance function. The Group CRO reports functionally to the Chair of the GRC. Administratively, the Group CRO reports to the Group Chief Executive Officer. The Risk Management function is aligned to the divisional structure, with each division having their own risk management functions. The Group CRO is:

- Independent of the business line, with an independent reporting line to the Chair of the GRC;
- A provider of objective advice and guidance, oversight and challenge for all of the group's risks; and
- Involved, where appropriate, in all material decisions to influence and provide objective challenge (e.g. products, pricing, projects, strategy, etc).

The Group CRO has a right to be heard in the setting of business strategy, product approval and capital planning activities, and may request revision to business proposals that may otherwise result in the group operating outside agreed risk appetite. The Group CRO has authority to set and further refine risk limits within the parameters of the risk appetite agreed by the GRC. The Group CRO has the right of escalation to the GRC on any appropriate matters as they see fit.

Further detail is disclosed on Internal Audit in section B5, and the Actuarial function in B6.

B.2 FIT AND PROPER REQUIREMENTS

B.2.1 APPLICATION OF THE POLICY

The group has in place a fit and proper policy, the purpose of which is to set out the procedures required by regulated firms within the Legal & General group to assess the fitness and propriety of individuals who run these undertakings or who hold other key functions in them.

B.2.2 KEY REQUIREMENTS

In summary the policy requires that each insurance regulated entity shall establish, implement and maintain documented policies and adequate procedures to ensure that all persons who are responsible for running the entity or who are responsible for other key functions are at all times fit and proper.

The assessment of fitness and propriety covers the following factors:

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

B.2.2.1 LEGAL & GENERAL ASSESSMENT PROCEDURES

In support of the group policy, defined processes are in place to ensure that the fitness and propriety of applicants is carefully considered before an application to the regulators to grant approval is submitted. An assessment will also be made before a notification is made to the regulators in relation to the appointment of a key function holder.

The group will not support an application for approval or a notification if it is believed that the candidate fails to meet any element of the fit and proper test.

Each application will be looked at on its own merits, on a case-by-case basis, but the following principle generally applies to all applications:

- Has the candidate been open and honest with Legal & General and disclosed all relevant matters.

If the candidate has disclosed any incidents pertaining to their fitness and propriety, the following will be considered:

- The seriousness of the issue and the relevance to the specific role applied for;
- The passage of time since the incident occurred; and
- Whether the issue relates to an isolated incident or whether there is a pattern of adverse behaviour.

Fit and proper assessment criteria have been developed and each application will be considered against these criteria, regardless of the current approved status of the individual.

The criteria are:

- knowledge – does the individual have generic knowledge of the industry sector and specific knowledge of the firm;
- qualifications – does the individual have prerequisite or supporting relevant qualifications;
- skills – does the individual demonstrate the appropriate level of business and interpersonal skills;
- behaviour – does the individual demonstrate the appropriate attitudes and standards of ethical behaviour; and
- expertise – does the individual achieve positive and fair outcomes and meet performance standards expected of the post.

The assessment criteria are also relevant in assessing the continuing fitness and propriety of approved persons.

B.2.2.2 MAINTAINING FITNESS AND PROPRIETY

From time to time, individuals will be required to certify that there has been no change to the information provided at the point of approval and consequently, the fitness and propriety status is unchanged.

The group's Policies and Procedures place an obligation on approved persons to notify the Group Conduct Risk and HR Director in the event of any pending or actual criminal, civil or other disciplinary charges, judgements, petitions for bankruptcy, or other actions or disciplinary measures whatsoever, against them or any entity, body or other entity with which he/she is, or has been associated.

Should such a notification occur, the group will assess the information to decide whether the individual remains fit and proper. If the assessment ultimately concludes that the individual can no longer remain as an approved person, a notification will be made to the regulators in line with the regulatory requirements.

The group's performance management process is the primary mechanism for tracking on-going competency, and the group will take appropriate steps to monitor an individual's financial soundness on an on-going basis.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

B.3.1 RISK MANAGEMENT SYSTEM

Legal & General deploys a 'three lines of defence' risk governance model, whereby:

- business divisions are responsible for risk taking within the parameters of our risk appetite and accountable for managing risks in line with our risk policies;
- risk functions led by the Group Chief Risk Officer (Group CRO) provide objective challenge and guidance on risk matters; with
- Group Internal Audit providing independent assurance on the effectiveness of business risk management and the overall operation of the risk framework.

Understanding the risks that we may be exposed to and deploying strategies to ensure residual exposures remain within acceptable parameters is an integral part of our business. We seek to deeply embed the necessary capabilities to assess and price for those risks that we believe offer sustainable returns within each of our operating businesses, as well as ensuring the skill sets to closely manage those risk factors which could otherwise lead to unexpected outcomes. Our risk management framework supports informed risk taking by our businesses, setting out those rewarded risks for which we accept exposure, and the risks that we want to avoid, together with risk limits and standards of internal control to ensure exposures remain within our overall risk appetite.

B.3.1.1 RISK APPETITE

The group's risk appetite statement sets out our overall attitude to risk, and the ranges and limits of acceptable risk taking. The Group Board's Risk Committee leads an annual review of the group's risk appetite, assessing the continued appropriateness of our key measures and tolerances relative to the risk exposures of the group. Additionally, as part of the annual planning cycle, assessment is made of the level of risk taking proposed in the group plan and the capacity for risk taking within the overall appetite framework.

The group's risk appetite is approved by the Group Board on the recommendation of the GRC and the Group Chief Executive. The regular management information received by the Group Board and GRC includes the group's risk appetite dashboard setting out actual positions relative to the key targets and limits set in our risk appetite.

B.3.1.2 RISK TAKING AUTHORITIES

The parameters of acceptable risk taking defined within the group's risk appetite are cascaded to business managers through 'Risk and Capital Mandates', empowering managers to make decisions that are consistent with the group's appetite for risk.

Mandates articulate the product types and features that may be written; the asset classes that may be held; the target capital positions and ranges of earnings volatility within which the overall profile of risks should be managed; and tolerances for specific risk exposures. Activities that would result in a business operating outside agreed parameters require formal approval.

B.3.1.3 RISK POLICIES

Risk control

We set formal policies for the management of market, insurance, credit, liquidity and operational risks. The policies specify our overall strategies for ensuring each risk type is managed in line with our risk appetite and the minimum control standards that should be applied in managing our significant risk exposures.

Risk mitigation

We deploy a range of risk management techniques to manage and mitigate risks, so as to control risk exposures in line with our risk limits. For example, we use derivative instruments to hedge unrewarded risks as part of our asset liability management activity, and reinsurance programmes to transfer significant aggregations and concentrations of insurance risk exposures. Our framework of controls includes documented underwriting policies and structured delegated pricing and underwriting authorities. It also includes investment policies which take into account the nature of our liabilities, guarantees and other embedded options given to policyholders.

B.3.1.4 RISK IDENTIFICATION AND ASSESSMENT

Review process

We operate a risk identification and assessment process under which all our businesses regularly consider changes in the profile of existing and emerging risks. The assessment process evaluates the risks that are inherent in our products as well as those that are presented from changes in the environments that we operate in.

Own Risk and Solvency Assessment (ORSA)

Our risk identification and assessment process forms part of our broader 'own risk and solvency assessment' (ORSA) process, our on-going assessment of the risks to which the group is exposed and an evaluation of the sufficiency of resources to sustain the business strategy over the horizon of the group plan.

B.3.1.5 RISK MANAGEMENT INFORMATION

Our risk management information framework is structured to support the review of on-going and emerging risks and assess actual risk positions relative to the risk limits and targets that we set.

B.3.1.6 RISK OVERSIGHT

The Group CRO, who is independent of the business line, supports the Group Board and its Risk Committee in articulating acceptable risk taking and ensuring the effective operation of our risk and capital framework. This includes on-going assessment of the group's capital requirements to confirm that they meet regulatory solvency requirements.

The Group CRO also provides objective challenge and guidance on a range of risk matters to business managers, including the risks implicit in product developments, business transactions and new asset classes, and strategies for managing risks in line with the group's overall risk appetite.

B.3.1.7 RISK COMMITTEES

The Group Board has ultimate responsibility for the group's risk management framework. The Group Board's Risk Committee supported by the Group CRO, serves as the focal point for risk management activities. Details of the operation of the GRC are set out in the Legal & General Group Plc Annual Report & Accounts.

Beneath the GRC is a structure of formal risk oversight committees providing more focused review and challenge of specific risks to the group, and reviewing the effectiveness of frameworks in place to manage those risks.

The Group Board:

- Owns the overall Risk Management framework;
- Owns the group's risk appetite statements; and
- Is the ultimate owner of the group's regulatory relationships.

The GRC ensures the effectiveness of the overall risk management system and recommends to the Group Board material changes in risk appetite.

The Executive Directors are accountable for:

- The implementation and operation of the risk management system;
- Identifying, measuring, managing, monitoring and reporting risks within the business;
- Ensuring all business decisions are informed by risk-based measures by reference to the agreed risk appetite statements wherever appropriate; and
- Ensuring appropriate risk taking and risk assurance resources are in place.

The Group CRO leads the risk management function which provides the second line of defence across the group.

Group Internal Audit provides the third line of defence across the group. It provides assurance to the Group Audit Committee, Executive Directors and risk management function that the design and operation of the risk management system is appropriate for all risk types.

B.3.2 OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The purposes of the Own Risk and Solvency Assessment (ORSA) are to assess our risks and to evaluate whether we have sufficient financial resources to sustain the business strategy over the plan horizon across a range of scenarios. The group ORSA process covers each Solvency II regulated insurer and the group as a whole, including non-EU entities and non-insurance entities.

The ORSA process brings together, and is integrated with, our risk and capital management processes by which we identify, assess, monitor and measure our risks, review our business against risk appetite and tolerances and project the solvency position over the business plan. The ORSA cycle is aligned with the strategic and business planning process so that the key elements can interact and inform forward-looking decision-making.

The Group Board is active in the ORSA and risk and capital management processes during the year. The ORSA policy was last reviewed by the GRC on behalf of the Group Board in July 2019. The last group ORSA report was approved by the GRC on behalf of the Group Board in February 2020.

Integration of group and subsidiary ORSA processes

The group is managed on a divisional basis. As such, ORSA (i.e. risk and capital management) responsibilities follow the group's divisional management structure. Regular ORSA processes are aligned with the strategic and business planning process, with divisions providing key ORSA inputs in line with the plan timetable and various group functions coordinating and/or aggregating.

In line with previous ORSAs and our PRA waiver, the group and LGAS ORSA report is a single document. This reflects the involvement of LGAS in most of the group's businesses. Other insurance entities produce a solo ORSA (or equivalent) report.

The core stages to the group's ORSA process are as follows:
- Q1: review ORSA framework and policy along with lessons learned and feedback from the GRC from the previous ORSA cycle
- Q2: stress and scenario tests determined and recommended in order to provide divisions with sufficient time to model the results of those tests
- Q3: projections of capital requirements as part of the annual planning process; stress and scenario testing results inform the review of the plan
- Q4: formal ORSA reporting, including the CRO's review of the Plan and ORSA reports

Throughout the year, the group monitors its performance against the current plan as well as monitoring risk and capital management information (MI).

B.3.3 GOVERNANCE OF THE INTERNAL MODEL

The Group Board is ultimately responsible for ensuring the continued appropriateness of the design and operation of the group's partial internal model (the Internal Model). This responsibility is discharged through the GRC, whilst the Group Internal Model Committee (GIMC) oversees Internal Model activities. The overall appropriateness and effectiveness of the Internal Model depends upon the effective operation of the group's established internal control system.

First line business management are responsible for implementing adequate and effective controls over the Internal Model as well as the group's material product risk exposures, with the on-going application and effectiveness of these overseen by second line group and divisional risk teams and by Group Internal Audit in the third line of defence. Material concerns are escalated to operational and senior management for resolution. The status of remediation activity is monitored by group and divisional risk teams, with significant issues escalated to the GIMC and where necessary to the GRC.

This approach has ensured the implementation of adequate controls over the on-going appropriateness of the design and operation of the Internal Model, and these controls are subject to effective governance and oversight.

The Group Internal Model Governance Policy sets out the governance framework in place for the group's Internal Model designed to mitigate model risk. This complements the group's existing system of governance, highlighting specific requirements in respect of the Internal Model to ensure that it operates properly on a continuous basis, including ensuring that controls relating to the Internal Model are implemented in accordance with the group Internal Control Policy and are adequate and effective at all times.

The Internal Model governance framework is outlined in the table below:

Board/Committee	Responsibilities
Group Board	Ensuring the on-going appropriateness of the design and operation of the Internal Model. This responsibility is discharged through the GRC, subject to certain matters being reserved for its direct attention.
Legal entity boards	Ensuring the on-going appropriateness of the design and operation of their parts of the Internal Model; use and challenge of the model in decision making; ensuring that the model's scope remains appropriate; and ensuring that appropriate validation is performed.
Group Risk Committee (GRC)	Monitoring the performance and appropriateness of the Internal Model, including ensuring that related controls are adequate, effective, and implemented in line with the group's Internal Control Policy. Primarily, the GRC discharges these responsibilities through acting on the receipt of recommendations, analysis and reports from the Group CRO and the GIMC.
Group Internal Model Committee (GIMC)	Overseeing the design, development and operation of the Internal Model to ensure that it operates as expected on a continuous basis to meet the group's regulatory and economic requirements for risk-based capital management. This includes reviewing the effectiveness of internal controls as they relate to the Internal Model through the receipt of relevant reports and MI.

B.3.3.1 INTERNAL MODEL CONTROLS

The first line business divisions are responsible for operating a robust control framework to manage exposures and mitigate unacceptable outcomes (per the group's risk appetite). This includes the implementation of controls to mitigate key risks associated with the processes that they are responsible for, and to ensure that these are regularly reviewed and remain fit for purpose. Day-to-day responsibility for ensuring that internal controls are in place and are operating effectively over Internal Model related processes is delegated to Internal Model Controllers (IMCs). IMCs provide first line management of the Internal Model across all relevant legal entities and business divisions. Key responsibilities include ensuring compliance of their area with the requirements of the Group Internal Model Governance Policy and the Group Internal Control Policy.

Oversight of the internal control system is provided by the group risk and divisional risk teams.

B.3.3.1.1 CHANGES OVER THE REPORTING PERIOD

There were no significant changes over the reporting period.

B.3.3.1.2 INTERNAL MODEL VALIDATION

The group validation policy and associated standards define the group's validation framework, and capture the requirements of the PRA Rulebook and relevant EU regulations. The framework requires an annual validation cycle for the group's partial internal model (the Internal Model). This has been performed in relation to the production of the SCR as at 31 December 2019. The objective is to produce a robust, proportionate and demonstrably complete approach to validation overseen by the Group Chief Risk Officer.

There is an annual assessment of which aspects of the Internal Model must be independently validated. Independent validation is carried out mainly by the second line, sometimes by a first line team from a different business division, or sometimes by an external party. Independent validators must demonstrate how independence is met and state any limitations on independence.

Requirements for each annual cycle are specified in the Validation Terms of Reference. Respective validators outline approach, activities, tools and aspects of the model in Validation Work Programmes. The results, conclusions and consequences including remediation are detailed in independent validation reports or validation reports prepared by the first line. These are presented to GIMC for approval.

Validation activity

Internal Model validation activity for the reporting period covered the whole of the Internal Model. The level of validation undertaken was consistent with the level of risk incurred. Independent validation was performed on those areas identified as most material to the Internal Model's operation and results. The outputs are validation reports, highlighting key findings, strengths, weaknesses, limitations and remediation actions.

B.4 INTERNAL CONTROL SYSTEM

The group's internal control policy requires that each division's internal control system shall at least include administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the undertaking and a compliance function.

The group's internal control framework seeks to ensure that:

- An organisational structure is defined, with clarity of roles, responsibilities and reporting lines;
- Appropriate management information and reporting processes are defined;
- Frameworks for decision making (including the delegation of authority) are articulated;
- Clear segregation of duties is in place;
- Conflicts of interest are managed;
- Administrative and accounting procedures are aligned with group requirements;
- Personnel have sufficient skills, knowledge and expertise to discharge their responsibilities (including those relating to the regulatory environment);
- Adequate and orderly records of business are maintained;
- The security of customer data and other internal records is ensured;
- Business procedures combat financial crime;

- Processes are in place to deal with policyholder claims and complaints;
- The integrity of manual and computerised business systems is ensured; and
- Processes ensure assessment of the possible impact of any changes in the legal environment.

The group's Board and Audit Committee, alongside the principal subsidiaries' operating boards and the respective Audit Committees, oversee the adequacy and effectiveness of the internal control framework, primarily through the receipt of assurances in support of the UK Corporate Governance Code, and reports from Group Internal Audit, external auditors, and risk teams in the second line of defence..

B.4.1 SOLVENCY II COMPLIANCE FUNCTION

The group has defined the Solvency II compliance function as being responsible for:

- advising the Group Board and its sub-committees on compliance with the requirements of the Solvency II Directive[3] and its associated laws, regulations and administrative provisions;
- advising the Group Board on the possible impact of any changes in the legal environment on operations of the undertaking concerned and the identification and assessment of compliance risk;
- developing and managing the group's Solvency II Compliance Policy, which inter alia sets out the responsibilities, competencies and reporting duties of the (Solvency II) compliance function; and
- establishing and operating the group's Solvency II Compliance Plan that details the activities the function will undertake in relation to compliance risk.

The group has defined the Group Chief Risk Officer role as the functional head of Solvency II Compliance at the group level, with the Risk, Actuarial, Group Finance and HR functions delivering activities in support of the Solvency II group level compliance function.

The group's Solvency II Compliance Plan is defined as the review activities performed by the compliance function to support it in advising the Group Board and its sub-committees on compliance in relation to Solvency II matters.

B.5 INTERNAL AUDIT FUNCTION

Group Internal Audit (GIA) is an independent and objective assurance and advisory function whose primary role is to support the Group Board and Executive Management in the protection of the assets, reputation and sustainability of the group.

GIA also supports group Executive Management in accomplishing business objectives by adopting a systematic and disciplined approach to the evaluation and improvement of the design and effectiveness of the group's risk management, control and governance processes.

Group Internal Audit carries out:

- independent reviews and audits of the controls mitigating the key risks in all areas of the business, prioritised according to the relative risk of each assignment as determined by the Group Chief Internal Auditor in conjunction with senior management;
- reviews of major business change initiatives; and
- reviews of the risk management and internal control processes.

[3] Directive 2009/138/EC of the European Parliament.

GIA's work may also include reviewing relevant 'lessons learned' analyses following significant adverse events at an organisation. The role of GIA's involvement in any events will generally be determined as part of the audit planning process or on an ad hoc basis, where required.

GIA is responsible for the development of an internal audit plan, with a corresponding delivery timetable and budget. The plan typically details proposed audits over the next twelve months. GIA reviews the plan regularly and advises the Board, through the Group Audit Committee, of any material alterations to it. Any impact of resource limitations and significant interim changes are communicated promptly to the Group Audit Committee.

The Internal Audit plan is developed using a risk-based methodology, including input from executive and non-executive senior management. Any significant deviation from the approved internal audit plan is communicated through the activity reporting process.

Internal control objectives considered by Group Internal Audit include:

- effectiveness of design and operation of processes and their actual outcomes, assessed against the group's established values, ethics, risk appetite and policies;
- the appropriateness of the organisation's risk and control culture, including the attitude and approach taken by all levels of management to risk management and internal control
- efficiency of operations, and use of resources;
- compliance with policies, plans, procedures, laws and regulations;
- reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- safeguarding of assets.

The Group Chief Internal Auditor reports functionally to the Chair of the Group Audit Committee and administratively to the Group Chief Executive Officer.

The Internal Audit activity remains free from interference by anyone within the group. This includes the choice of business areas to audit, procedures, frequency, timing, or the content of the Group Internal Audit reports. This ensures that Group Internal Audit can maintain a necessary independent and objective perspective.

Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' judgement.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and will not lose their objectivity when forming judgements.

The Group Chief Internal Auditor confirms to the Group Audit Committee, at least annually, the organisational independence of Internal Audit activity.

B.6 ACTUARIAL FUNCTION

The actuarial function is split along legal entity lines, with the principal operating subsidiaries having actuarial functions. Legal & General America (LGA) and Legal & General Reinsurance (LG Re) have their own actuarial team but are not EEA insurers. They are therefore supported by the Group Actuarial Function team for their Solvency II reporting.

The PRA have specified that firms should appoint a Chief Actuary who should fulfil the role of Head of Actuarial Function (a role that is not required by the Directive) and hold the Chief Actuary role as set out under the (PRA's) senior insurance managers regime. For Legal & General, Actuarial Functions (and Chief Actuaries) are required for LGAS and PMC. Additionally a Group Chief Actuary is required for the Group Actuarial Function.

The Chief Actuary of each entity presents an annual report to their respective Boards summarising the activities of the actuarial function that:

- Supports compliance with the requirements on the calculation of the technical provisions (TPs);
- Provides the opinions on the underwriting policy and reinsurance arrangements; and
- Contributes to the effectiveness of the risk management systems more widely.

These reports are shared with the Group Chief Actuary.

The requirements covering TP calculations are addressed through various activities, including, in particular, Actuarial Function reviews of divisional and entity level calculations and the membership of oversight committees. A number of reports during the year were provided to the group and subsidiary boards on the data, models, methodologies, assumptions and results of the Solvency II TP calculations.

Oversight of underwriting and reinsurance by the Actuarial Function is provided by regular discussions with key business division personnel from both the first and second lines, review of papers and attendance of pricing and capital committees (or sub-committees) to provide input and challenge to pricing, reinsurance and capital requirements for new business. Business division reports are produced annually on underwriting and reinsurance. Each Chief Actuary (including the Group Chief Actuary) provides an overall report and opinion to their respective boards.

The Actuarial Functions contribute to the effective implementation of the risk management system through various activities and the membership of a number of key divisional, entity and group Committees with risk and financial reporting responsibilities. Areas of focus include: the Internal Model and SCR; the ORSA; identifying, measuring and monitoring risks; Asset Liability Matching (including Matching Adjustment and liquidity management); product pricing; financial reporting; business plans; and Part VII transfers.

The Chief Actuary has a right to be heard in the setting of business strategy, product approval and capital planning activities, and may request revision to business proposals that may otherwise conflict with the overall underwriting policy or the adequacy of reinsurance arrangements. The Group Chief Actuary has the right of escalation to the GRC on any appropriate matters as he or she sees fit.

B.7 OUTSOURCING

The group's Outsourcing and Essential Supplier Services Policy sets out the framework and minimum standards of control and governance that the group expects to be applied in the management of risks associated with outsourced supplier service arrangements. The policy specifies that an activity should not be outsourced where it would materially impair the quality of the group's system of governance; unduly increase the group's exposure to operational risk; impair the ability of supervisory authorities to monitor the group's compliance with its obligations; or undermine continuous and satisfactory service to the group's policyholders.

The policy requires that for all outsourced arrangements a rigorous evaluation and supplier selection process is undertaken having regard for the financial stability, expertise, ability and capacity of the supplier to deliver the required service. The policy also specifies that a written contract must be in place which includes: a service level agreement; the conditions under which the arrangement may be terminated; provisions for the orderly transition of services to another provider or the group if the contract is terminated; a defined mechanism to resolve disputes arising out of or relating to the contract; appropriate contingency plans should the supplier be unable to provide the required service; and provision for the continued availability of any software upon which the group is reliant. Contracts must also ensure access to the providers premises, business management and any data relating to the outsourced activity, by the group's Internal Audit, Risk and Compliance functions, its external auditors and Supervisory Authorities; and appropriate warranties that Legal & General and client data is adequately protected against unauthorised access at all times. All outsourced arrangements must be managed under the direction of a named Legal & General relationship manager. The Risk Function maintains oversight of the management of outsourcing arrangements established by the first line business operations.

A number of outsourcing arrangements are used by the group for a range of operational functions and activities. The material outsourcing arrangements include those for the provision of the following:

- IT infrastructure, IT operations support and development;
- Data storage and hosting;
- Telephony and data connectivity services;
- Document printing and fulfilment activities;
- Fund pricing and valuations

Service providers for these activities are primarily based in the UK, Ireland and India.
Insourcing is the use by one group company of another group company for the supply of business facilities or services. The group's core insourced relationships are as follows:

- Investment management services provided by Legal & General Investment Management Limited (LGIM);
- Treasury services by Legal & General Finance Plc; and
- Employee, IT (through the group's shared service IT function), and procurement services by Legal & General Resources Limited.

Legal & General Resources Limited is the main employment company for staff in the UK, and is also the company through which group-wide contracts for the supply of goods and services for Legal & General's UK businesses are placed.

B.8 ANY OTHER INFORMATION

B.8.1 ADEQUACY OF THE SYSTEM OF GOVERNANCE

The Group Executive Risk Committee (a sub-committee of the GRC) undertakes an annual review of the group's risk management framework and broader system of governance to confirm its adequacy given the nature, scale and complexity of the risks inherent in its business. The most recent review was in February 2020, where the Committee concluded that the group's risk framework aligns with the group's key risk exposures, and operated effectively during 2019 in identifying material risk exposures.

B.8.2 SENIOR MANAGERS AND CERTIFICATION SCHEME

In line with requirements of the Senior Managers and Certification Regime, which was introduced from 10 December 2018, the Group has implemented a framework identifying material risk takers, the annual certification of senior managers of prescribed functions, prescribed responsibilities, individual accountability, the reporting of breaches to the regulator and additional training.

B.8.3 ANY OTHER INFORMATION

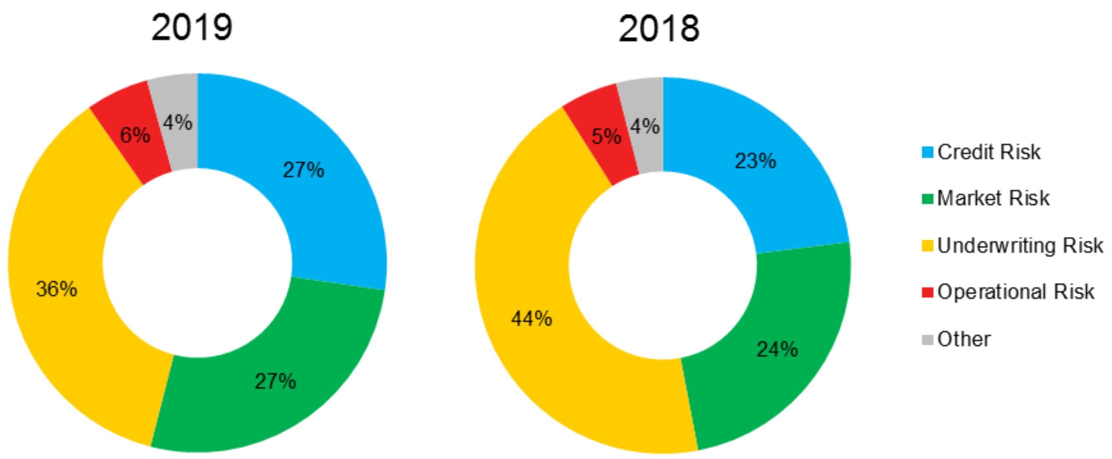
There were no significant events other than those covered above.

C. RISK PROFILE

MEASURES USED TO ASSESS RISKS

Our risk-based capital model (the Internal Model) seeks to provide a quantitative assessment of the group's risk exposures. It forms part of the suite of tools that we use to evaluate our strategic plans, set risk appetite, allocate capital and evaluate product pricing. We also use our capital model to assess significant transactions, including large pension risk transfer deals. The key output from our capital model is the generation of capital requirements. We calibrate our model to a 99.5% value at risk confidence level over one year, equivalent to ensuring that we hold sufficient capital to survive our assessment of a worse case 1-in-200 year event. In terms of capital requirement, credit and insurance (longevity) risks remain our most significant risks. Market risk, which includes equity, property and interest rate risks, are also material risks for which we hold capital.

Below is the percentage breakdown of the group's pre-diversified Solvency Capital Requirements by major risk categories:



The financial risks associated with LGIM's businesses are directly borne by the investors in its funds and therefore detailed risk disclosures have not been presented.

PRUDENT PERSON PRINCIPLE

All investments held by insurance and reinsurance undertakings should be managed in accordance with the 'Prudent Person Principle'. The Prudent Person Principle requires companies to only invest in assets and instruments:

- whose risks can be properly identified, measured, monitored, managed, controlled and reported;
- that ensure the security, quality, liquidity and profitability of the portfolio as a whole;
- that are appropriate to the nature and duration of insurance and reinsurance liabilities; and
- that are in the best interest of policyholders and beneficiaries.

The group risk appetite for credit and market risk is set in accordance with the Prudent Person Principle.

Group credit risk, market risk and asset liability matching policies define the group's policy for the management of assets and the framework that supports its practical application, and have been defined in line with the group risk appetite and the Prudent Person Principle.

The policies are applicable to all entities in the Legal & General Group and any exemptions from the policy must be authorised by the Group CRO.

All divisions are required to invest their assets in line with group policies. Compliance with the group policies is monitored through the group's risk framework described in Section B. System of Governance above. The following processes support the group in ensuring it meets the Prudent Person Principle:

- Risk & Capital Mandates set out the parameters of acceptable risk taking, including the approach taken to ensuring investment decisions are made in accordance with the Prudent Person Principle;
- it is the responsibility of each business to ensure that adherence to the Risk and Capital Mandates are appropriately monitored with any exceptions escalated to the divisional risk committees and relevant group committees; and
- the group's Investment and Market Risk Committee oversees the effectiveness of the overall framework for managing compliance with the Prudent Person Principle.

C.1 UNDERWRITING RISK

C.1.1 RISK EXPOSURE AND CONTROLS

The group is exposed to underwriting (also known as insurance) risk as a consequence of offering the principal products outlined in Section A.1.3. Underwriting risk is the exposure to loss arising from experience being different to that anticipated. Detailed below are the principal underwriting risks to which the group is exposed, presented by reference to the group's business divisions, with associated mitigating activities:

UNDERWRITING RISK

Principal risks	Division	Control to mitigate the risk
Longevity, mortality & morbidity risks		
For contracts providing death benefits, higher mortality rates would lead to an increase in claims costs. The cost of health related claims depends on both the incidence of policyholders becoming ill and the duration over which they remain ill. Higher than expected incidence or duration would increase costs over the level currently assumed in the calculation of liabilities.	LGI	The pricing of protection business is based on assumptions as to future trends in mortality and morbidity having regard to past experience. Underwriting criteria are defined setting out the risks that are unacceptable and the terms for non-standard risks presented by the lives to be insured. Extensive use of reinsurance is made within the UK individual protection business, placing a proportion of all risks meeting prescribed criteria. Mortality and morbidity experience is compared to that assumed within the pricing basis with variances subject to actuarial investigation.
For savings contracts providing minimum assured death benefits, higher mortality rates may result in an increase in claims costs.	Savings[1]	The pricing basis for contracts providing minimum assured death benefits include provision for future trends in mortality based on past experience. The level of mortality risk accepted within each contract is not sufficiently material to warrant formal underwriting at an individual policy level.
Older contracts containing a basic guaranteed benefit expressed as an amount of pension payable or a guaranteed annuity option, expose the group to interest rate and longevity risk. The cost of guarantees increases during periods when interest rates are low or when annuitant mortality improves faster than expected.	Savings[1]	The ultimate cost of basic guarantees provided on older contracts will depend on the take up rate of any option and the final form of annuity selected by the policyholder. The group has limited ability to control the take up of these options. Although the number of policies has reduced over the year, the value of guarantees has increased mainly due to a large reduction in interest rates over the year. As at 31 December 2019 the value of guarantees is estimated to be £39m (31 December 2018: £35m).

Principal risks	Division	Control to mitigate the risk
Longevity, mortality & morbidity risks (continued)		
For annuity contracts, the group is exposed to the risk that mortality experience is lower than assumed. Lower than expected mortality would require payments to be made for longer and increase the cost of benefits provided. Lifetime mortgage business also explicitly has some exposure to the life expectancy of borrowers.	LGR	Annuity business is priced having regard to trends in improvements in future mortality. Enhanced annuities, which are priced taking account of impairments to life expectancy, are subject to specific underwriting criteria. Certain annuitant mortality risks, including enhanced annuities, are placed with reinsurers. The group regularly reviews its mortality experience and industry projections of longevity and adjusts the pricing and valuation assumptions accordingly. In pricing lifetime mortgage business, account is taken of trends in mortality rates in setting the amounts that are advanced to borrowers relative to the value of the property on which the loan is secured.
Persistency risk		
In the early years of a policy, lapses may result in a loss to the group, as the acquisition costs associated with the contract would not have been recovered from product margins.	LGI and Savings[1]	The pricing basis for protection business includes provision for policy lapses. The persistency assumption for non-participating protection business allows for the expected pattern of persistency, adjusted to incorporate a margin for adverse deviation. Actual trends in policy lapse rates are monitored with adverse trends being subject to actuarial investigation. For insured savings contracts, terms and conditions typically include surrender deductions to mitigate the risk. In later periods, once the acquisition costs have been recouped, the effect of lapses and surrenders depends upon the relationship between the exit benefit, if any, and the liability for that contract. Exit benefits are not generally guaranteed and the group has some discretion in determining the amount of the payment. As a result, the effect on profit in later periods is expected to be broadly neutral.
Expense risk		
In pricing long term insurance business, assumptions are made as to the future cost of product servicing. A significant adverse divergence in actual expenses experience could reduce product profitability.	LGR, LGI and Savings[1]	In determining pricing assumptions, account is taken of changes in price indices and the costs of employment, with stress testing used to evaluate the effect of significant deviations. Actual product servicing costs are monitored relative to the costs assumed with the product pricing basis, with variances investigated.
Concentration (catastrophe) risk		
Insurance risk may be concentrated in geographic regions, altering the risk profile of the group. The most significant exposure of this type arises for group protection business, where a single event could result in a large number of related claims.	LGI and General Insurance[2]	Group protection business contracts include an 'event limit' capping the total liability under the policy from a single event. Excess of loss reinsurance further mitigates loss from the exposure. For general insurance business, the risk acceptance policy, terms and premiums reflect expected claims and cost associated with a location and avoids adverse selection. Additionally, exposure by location is monitored to ensure there is a geographic spread of risk. Catastrophe reinsurance cover also mitigates loss from concentrations of risk.
Epidemic (catastrophe) risk		
The spread of an epidemic could cause large aggregate claims across the group's portfolio of protection businesses.	LGI	The pricing basis for protection business includes an assessment of potential claims as a result of epidemic risks. Quota share and excess of loss reinsurance contracts are used by individual and group protection, respectively, to further mitigate the risk. Depending on the nature of an epidemic, mortality experience may lead to a reduction in the cost of claims for annuity business.

Principal risks	Division	Control to mitigate the risk
Weather events risk		
Significant weather events such as windstorms and coastal and river floods can lead to a higher instance of claims than anticipated.	General Insurance[2]	The financial impacts of significant weather events are managed using excess of loss catastrophe treaties under which a portion of the costs of claims may be recovered from external insurers, although the group retains an element of the risk internally. The reinsurance is designed to provide financial protection against a modelled windstorm and coastal flood event with a return probability of 1 in 200 years.
Subsidence risk		
The incidence of subsidence can have a significant impact on the level of claims on household policies.	General Insurance[2]	Underwriting criteria for general insurance business includes assessment of subsidence risk, with an appropriate premium being charged for the risk accepted in line with industry practice.

1. In December 2017, the group announced the sale of its Mature Savings business to ReAssure Limited (a subsidiary of Swiss Re). ReAssure Limited assumed the economic exposure of the business from 1 January 2018 via a risk transfer agreement until the legal transfer of the business is complete. The legal transfer of the Mature Savings business is expected to complete in 2020.

2. On 31 May 2019, the group announced the sale of its General Insurance business to Allianz group. The sale completed on 31 December 2019.

C.1.2 INSURANCE SPECIAL PURPOSE VEHICLES (SPVS)

The group has no SPVs authorised under Article 211 of the Solvency II Directive.

C.1.3 RISK CONCENTRATION AND MANAGEMENT

There is limited potential for single incidents to give rise to a large number of claims across the different contract types written by the group. In particular, there is little significant overlap between the long-term and short-term insurance business written by the group. However, there are potentially material correlations of insurance risk with other types of risk exposure. The group's capital model seeks to measure risk correlations particularly those that would tend to be more acute as the underlying risk scenarios become more extreme. An example of the accumulation of risk is the correlation between reinsurer counterparty risk with mortality and morbidity exposures.

While exposure to concentration risk is an inherent aspect of writing insurance business, we have limited appetite for the scale or frequency of events anticipated in product pricing materially diverging from expectations as a consequence of significant accumulations of exposure to a single event or counterparty. Where required, we will set limits on the aggregate values for individual lives that we will insure, and the minimum geographic spread of insurance business that we will accept. Reinsurance arrangements are also used to mitigate our risk.

Concentrations of risk are reported as part of the group's risk monitoring and reporting framework. The risk management reports presented at divisional and group risk committees provide both qualitative and quantitative information on concentration risks, as well as on material risk drivers and mitigating actions taken where exposures are outside acceptable tolerances.

C.2 MARKET RISK

C.2.1 RISK EXPOSURE AND CONTROLS

The group is exposed to market risk as a consequence of offering the principal products outlined in Section A.1.3. Market risk is the risk of adverse financial impact resulting, directly or indirectly, from fluctuations in interest rates, foreign currency exchange rates, equity indices and property prices. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held.

Detailed below are the principal market risks to which the group is exposed:

Principal risks	Product/ Division	Controls to mitigate the risk
Investment performance risk		
The group is exposed to the risk that the income from, and value of, assets held to back insurance liabilities do not perform in line with investment and product pricing assumptions leading to a potential financial loss.	Annuities and Protection	Stochastic models are used to assess the impact of a range of future return scenarios on investment values and associated liabilities in order to determine optimum portfolios of invested assets. For annuities, which are sensitive to interest rate risk, analysis of the liabilities is undertaken to create a portfolio of securities, the value of which changes in line with the value of liabilities when interest rates change.
The financial risk exposure for participating contracts is different from that for non-participating business. Lower investment returns increase the costs associated with maturity and investment guarantees provided on these contracts. Greater emphasis is placed on investing to maximise future investment returns rather than matching assets to liabilities. This results in holding significant equity and property investments.	With-profits[1]	These risks are managed by maintaining capital sufficient to cover the consequences of mismatches under a number of adverse scenarios. In addition, different investment strategies are followed for assets backing policyholder asset shares and assets backing other participating liabilities and surplus. The former include significant equity and property holdings, whilst the latter are invested largely in fixed interest securities. The assets held are managed so as to provide a partial hedge to movements in fixed interest yields and equity markets. The methodology used to calculate the liabilities for participating contracts makes allowance for the possibility of adverse changes in investment markets on a basis consistent with the market cost of hedging the guarantees provided. The methodology also makes allowance for the cost of future discretionary benefits, guarantees and options. The value of future discretionary benefits depends on the return achieved on assets backing these contracts. The asset mix varies with investment conditions reflecting the group's investment policy, which aims to optimise returns to policyholders over time whilst limiting capital requirements for this business.
For unit linked contracts, there is a risk of volatility in asset management fee income due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based. There is also the risk of expense over-runs should the market depress the level of charges which could be imposed.	Unit linked	The risk is managed through maintaining a diversified range of funds in which customers may invest. The performance of linked investment funds relative to their investment objectives is subject to regular monitoring. Periodic assessment is also made of the long term profitability to the group of these funds. For some contracts the group has discretion over the level of management charges levied.
Property risk		
Lifetime mortgages include a no-negative equity guarantee which transfers an exposure to loss to the group as a result of low house price inflation and an exposure to specific properties which may experience lower house price inflation for whatever reason.	Lifetime mortgages	To mitigate the risk, maximum loan to value ratios are set for all lending with further underwriting criteria setting out acceptable properties for lending purposes. Policy terms also require properties to be fully insured and maintained, including the right of inspection. Diversification of lending by property type and geographic region seek to control exposures to specific aspects of the property market.

Principal risks	Product/ Division	Controls to mitigate the risk
Property risk (continued)		
LGC businesses build homes across the residential market, invest in large commercial and residential development projects and manage several developed real-estate assets. The group's revenue streams are exposed to residential sales achieved, as well as the volume of transactions, both of which may be affected by the performance of the housing market. Independent valuations of real-estate assets, either in development or developed, also depend on an assessment of the wider real-estate market.	LGC	Diversification by geographic region and property type avoids concentration of exposures to specific areas of the property market. Sites are developed in a number of phases to spread the risk to a local market over several years and where possible we seek to co-invest with local experts to manage assets. The purchasing of new land for development requires approval from LGC's Investment Committee and the Group Capital Committee. Where appropriate, key methods are adopted to further manage the risk, such as fixed price construction contracts, forward sales and pre-letting. These businesses can also benefit from flexible funding arrangements available through the group.
Currency risk		
To diversify credit risk within the annuities business corporate bond portfolio, investments are held in corporate bonds denominated in non-sterling currencies. LGC also invest in overseas assets. Fluctuations in the value of, or income from, these assets relative to liabilities denominated in sterling could result in unforeseen loss.	Annuities, LGC and LGI	To mitigate the risk of loss from currency fluctuations, currency swaps and forwards are used to hedge exposures to corporate bonds denominated in currencies other than sterling. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties. In all cases, it is not possible to perfectly hedge currency risk, leading to some residual risk.
The consolidated international subsidiaries and financial instruments of subsidiaries are translated into sterling in the consolidated accounts. Changes in the sterling value can impact consolidated equity but may be mitigated by associated hedging transactions.	Group and LGC	To mitigate the risk of loss from currency translation the group continuously monitors its exposure and executes appropriate hedging transactions when necessary. Hedging arrangements are placed with strongly rated counterparties with collateral requirements being subject to regular review and reconciliation with the counterparties.
Inflation risk		
Inflation risk is the potential for loss as a result of relative or absolute changes in inflation rates. Annuity contracts may provide for future benefits to be paid taking account of changes in the level of inflation. Annuity contracts in payment may include an annual adjustment for movements in price indices.	Annuities	The investment strategy for annuities business takes explicit account of the effect of movements in price indices on contracted liabilities. Significant exposures that may adversely impact profitability are hedged using inflation swaps. Annuity contracts also typically provide for a cap on the annual increase in inflation linked benefits in payment. It is not possible to perfectly hedge inflation risk linked with contracted liabilities, leading to some residual risk.
Interest rate risk		
Interest rate risk is the risk that the group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying interest rates.	Annuities	To mitigate the risk that guarantees and commitments are not met, financial instruments are purchased, which broadly match the expected non-participating policy benefits payable, by their nature and term. The composition of the investment portfolio is governed by the nature of the insurance or savings liabilities, the expected rate of return applicable on each class of asset and the capital available to meet the price fluctuations for each asset class, relative to the liabilities they support.
The group is exposed to interest rate risk on the investment portfolio it maintains to meet the obligations and commitments under its non-linked insurance and investment contracts, in that the proceeds from the assets may not be sufficient to meet the group's obligations to policyholders.	Group and LGC	Asset liability matching significantly reduces the group's exposure to interest rate risk. IFRS sensitivity to interest rate changes is included in Note 19.

1. In December 2017, the group announced the sale of its Mature Savings business to ReAssure Limited (a subsidiary of Swiss Re). ReAssure Limited assumed the economic exposure of the business from 1 January 2018 via a risk transfer agreement until the legal transfer of the business is complete. The legal transfer of the Mature Savings business is expected to complete in 2020.

C.2.2 RISK CONCENTRATION AND MANAGEMENT

The group holds a significant portfolio of investment assets to meet our obligations to policyholders. Investment classes include equities, bonds, properties and cash. Some exposure to concentration risk is an inherent aspect of operating significant portfolios of investment assets.

Concentrations of risk are reported as part of the group's risk monitoring and reporting framework. The risk management reports presented at divisional and group risk committees provide both qualitative and quantitative information on concentration risks, as well as on material risk drivers and mitigating actions taken where exposures are outside acceptable tolerances.

C.3 CREDIT RISK

C.3.1 RISK EXPOSURE AND CONTROLS

The group is exposed to credit risk as a consequence of offering the principal products outlined in Section A.1.3. Credit risk is the risk of a financial loss as a result of the default or failure of third parties to meet their payment obligations to the group, or variations in market values as a result of changes in expectations related to those risks.

Detailed below are the principal credit risks to which the Group is exposed:

Principal risks	Product/ Division	Controls to mitigate the risk
Bond default risk A significant portfolio of corporate bonds and commercial loans are held to back the liabilities arising from writing general insurance and annuities business. Whilst the portfolio is diversified, the asset class is inherently exposed to the risk of issuer default, with the possibility of financial loss.	Annuities, General Insurance[1], and LGIA	Portfolio level and specific issuer limits are set by financial strength rating, sector and geographic region so as to limit exposure to a default event. Issuer limits are regularly reviewed to take account of changes in market conditions, sector performance and the re-assessment of financial strength by rating agencies and the group's own internal analysis. Exposures are monitored relative to limits. Financial instruments are also used to mitigate the impact of rating downgrades and defaults. If appropriate, actions are taken to trade out investments at risk of default.
Reinsurance counterparty risk Exposure to insurance risk is mitigated by ceding part of the risks assumed to the reinsurance market. Default of a reinsurer would require the business to be re-brokered potentially on less advantageous terms, or for the risks to be borne directly resulting in possible financial loss. Credit risk syndication also exposes the group to counterparty default risks. The group is required to carry an element of associated credit risk capital on its balance sheet should the business not be re-brokered on the same terms.	Protection, Annuities, General Insurance[1], and LGIA	When selecting new reinsurance partners for its protection business, the group considers only companies which have a minimum credit rating equivalent to A- from Standard & Poor's. For each reinsurer, exposure limits are determined based on credit ratings and projected exposure over the term of the treaty. Actual exposures are regularly monitored relative to these limits. Similarly, for longevity and credit risk syndication transactions, the group targets the use of strongly rated counterparties and seeks to ensure that positions are fully collateralised. The adequacy and quality of collateral is subject to ongoing monitoring.
Property lending counterparty risk As part of our asset diversification strategy, we hold property lending and sale and leaseback investments. We are inherently exposed to the risk of default by a borrower or tenant.	Annuities and LGC	Each property lending and sale and leaseback investment transaction is subject to a due diligence process to assess the credit risks implicit in the transaction and confirm that any risk of default has been appropriately mitigated. We also protect our interests through taking security over the underlying property associated with each investment transaction.

1. On 31 May 2019, the group announced the sale of its General Insurance business to Allianz group. The sale completed on 31 December 2019.

Principal risks	Product/ Division	Controls to mitigate the risk
Banking counterparty risk		
The group is exposed to potential financial loss should banks or the issuers of financial instruments default on their obligations to us. We are also exposed to counterparty risks in respect of the providers of settlement and custody services.	Group and LGC	The group controls its exposures to banking counterparties and the issuers of financial instruments using a framework of counterparty limits. These limits take account of the relative financial strength of the counterparty as well as other bank counterparty exposures that the group may have. Limits are subject to regular review with actual exposures monitored against limits. The group has defined criteria for the selection of custody and settlement services. The financial strength of providers is regularly reviewed.

C.3.2 RISK CONCENTRATION AND MANAGEMENT

A significant portfolio of corporate bonds is held to back the liabilities arising from writing annuities. The group can be exposed to concentrations of credit risk within the portfolio from events impacting a specific sector or geography or through concentrations of exposure to an individual counterparty. Accumulations of exposures to credit risk in relation to individual counterparties can also arise through holdings in cash, equities, bonds and property and through reinsurance and as a result of delegated premium collection arrangements. We have limited appetite for the scale or frequency of events anticipated in investment management strategies materially diverging from expectations as a consequence of significant accumulations of exposure to a single event or counterparty. Where required, we will set limits on the maximum aggregate exposures to investment, banking and reinsurance counterparties, sectors and geographies.

The group manages the credit concentration risk by setting quantitative limits on maximum exposures to counterparties. The Group Credit Risk Committee (GCRC) is responsible for reviewing the aggregate exposures for the group and the extent to which specific limits are required for concentrations by counterparty, sector and geographic areas. Where exposures are identified as being outside acceptable ranges adjudicated by the Group Credit Risk Committee, it will initiate action with the relevant business firm(s) to manage the exposure.

C.4 LIQUIDITY RISK

C.4.1 RISK EXPOSURE AND CONTROLS

Liquidity and collateral risk is the risk that the group, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The group's exposure to liquidity risk primarily arises from contingent events including pandemic mortality, weather events and cash flow timing differences, such as claims due to policyholders and other operational cash flows. The group is also exposed to 'collateral risk' under its derivatives contracts which could require the firm to post assets eligible as collateral on short notice.

Detailed below are the principal liquidity risks to which the group is exposed:

LIQUIDITY RISK

Principal risks	Product/ Division	Controls to mitigate the risk
Contingent event risk		
Events that result in liquidity risk include a flu pandemic or natural disaster leading to significantly higher levels of claims than would normally be expected, or extreme events impacting the timing of cash flows or the ability to realise investments at a given value within a specified timeframe.	LGI, General Insurance[1] and Group	The group seeks to ensure that it meets its obligations as they fall due and avoids incurring material losses on forced asset sales in order to meet those obligations. A limited level of contingent liquidity risk is, however, an accepted element of writing insurance contracts. It is furthermore a consequence of the markets in which the group operates and the executions of investment management strategies. However, the group's insurance businesses seek to maintain sufficient liquid assets and standby facilities to meet a prudent estimate of the cash outflows that may arise from contingent events. The level of required liquidity is identified using techniques including stress tests for shock events and the profile of actual liquid assets is regularly compared to the required liability profile. The group's treasury function provides formal facilities to other areas of the group to cover contingent liquidity requirements arising from more extreme events and where investment assets may not be readily realisable.
Collateral liquidity risk		
Within the annuities business, the use of financial instruments to hedge default, interest rate, currency and inflation risks can require the posting of collateral with counterparties at short notice.	LGR and LGC	Liquidity requirements to meet potential collateral calls under stressed conditions are actively managed and an appropriate pool of eligible assets specified in the agreements with counterparties is maintained. As at 31 December 2019, LGR held eligible collateral worth four times the total amount of outstanding collateral (using the most representative definition of collateral contained within the group's different collateral agreements).
Investment liquidity risk		
Within the with-profit fund, exposure to liquidity risk may arise if the profile of investment assets held to meet obligations to policyholders is not aligned with the maturity profile of policies, or the profile does not adequately take account of the rights of policyholders to exercise options or guarantees to specified early surrender terms or minimum rates of return.	Savings[2]	Liquidity risk is managed ensuring that an appropriate proportion of the fund is held in cash or other readily realisable assets to meet each tranche of maturities and anticipated early withdrawals as they fall due. Where policyholders have discretion to require early payment of policy proceeds, contractual safeguards are in place to ensure that the fund and remaining policyholders are not disadvantaged should a material number of policyholders exercise this discretion.
Non-participating savings contracts are exposed to liquidity risk in that certain asset classes in which underlying funds invest, such as property, may not be readily realisable in certain market conditions, or only realisable at a reduced value.	Savings[2]	Liquidity risks associated with non-participating savings contracts are documented and communicated to customers within product terms and conditions. The terms also highlight that for certain asset classes such as property, the group retains the right to defer the processing of fund withdrawal requests for up to six months, should underlying assets need to be realised to meet payment requests.
Direct lending, sale and leaseback investments and lifetime mortgage business are inherently illiquid forms of investment, with limited secondary markets to realise the value of assets outside agreed redemption terms	LGR and LGC	Given the illiquid nature of the annuity and other liabilities the group is able and willing to take advantage of the premium offered by illiquid assets. The group, however, sets limits on the overall exposure to illiquid investments taking account of the nature and type of liabilities that the assets are held to meet.

1. On 31 May 2019, the group announced the sale of its General Insurance business to Allianz group. The sale completed on 31 December 2019.

2. In December 2017, the group announced the sale of its Mature Savings business to ReAssure Limited (a subsidiary of Swiss Re). ReAssure Limited assumed the economic exposure of the business from 1 January 2018 via a risk transfer agreement until the legal transfer of the business is complete. The legal transfer of the Mature Savings business is expected to complete in 2020.

C.4.2 LIQUIDITY RISK MANAGEMENT

The group does not seek exposure to liquidity risk as a part of its business model, but accepts that exposure to liquidity risk can arise as a consequence of the markets in which it operates, the products that it writes and through the execution of investment management strategies.

The group seeks to manage its funds and liquidity requirements on a pooled basis and to ensure that the group maintains sufficient liquid assets and standby facilities to meet a prudent estimate of its net cash outflows. In addition, it ensures that, even under plausible but unlikely severe conditions, the group has access to the funds necessary to cover all outgoings such as surrenders, withdrawals and maturing liabilities.

It is the group's policy that business divisions remain self-sufficient from a liquidity perspective by maintaining sufficient liquid assets and assessing the appropriateness of the composition of the assets in terms of their nature, duration and liquidity to meet obligations as they fall due. The business divisions also need to maintain sufficient eligible assets to meet collateral requirements that arise from their normal business activities and under the two defined liquidity stress scenarios. To the extent that a business division has insufficient liquid assets to meet its obligations, it is required to have a committed credit facility (standby facility) with the Group Treasury function to cover the risk exposure.

As at 31 December 2019, the group had £2.7bn (2018: £3.6bn) of cash and cash equivalents in shareholder funds and non-profit non-unit linked funds and a £1.0bn syndicated committed revolving credit facility in place, provided by a number of its key relationship banks, maturing in December 2022.

C.4.3 LIQUIDITY STRESS TESTING

The exposure to liquidity risk is measured by a liquidity coverage ratio (LCR) under the two prescribed liquidity stress scenarios. The main purpose of the liquidity stress testing is to ensure that the group maintains adequate liquidity for stress events and compliance is noted in the approved risk appetite, which is defined in the Group Liquidity Risk Policy. As a group standard the liquidity stress testing is performed monthly or more frequently if needed.

The LCR is defined as total sources of liquidity divided by total liquidity requirements and is calculated separately for each business division, entity and Group Treasury.

The Group Treasury function works with the business divisions to ensure that, at a local and entity level, businesses have developed and implemented their own liquidity risk framework and models, based on the assumptions and processes set out in the Group Liquidity Risk Policy. The frameworks and assumptions are reviewed and reaffirmed annually.

C.4.4 EXPECTED PROFIT IN FUTURE PREMIUMS

The total amount of the expected profit included in future premiums (EPIFP) as calculated in accordance with Article 260(2) of the Solvency II Delegated Regulation was £2,446m as at 31 December 2019 (2018: £2,371m).

C.5 OPERATIONAL RISK

C.5.1 RISK EXPOSURE AND MANAGEMENT

Operational risk is defined as loss arising from inadequate or failed internal processes, people, systems or external events. Potential for exposure to operational risk extends to all of the group's businesses. The group has constructed a framework of internal controls to minimise material loss from operational risk events recognising that no system of internal control can completely eliminate the risk of error, financial loss, fraudulent action, or reputational damage.

Mitigation techniques are deployed via the group's internal control framework, which comprises the systems, processes and procedures that ensure business operations are conducted so as to meet our obligations to all stakeholders, comply with regulation and legislation, and minimise the risk of material error or fraud. We aim to implement effective controls (both preventative and detective) to reduce operational risk exposures, except where the costs of such controls exceed the expected benefits. We accept that no system of control will fully eliminate the risk of financial loss or reputational damage, and we expect all employees to report weaknesses and deficiencies as soon as they are identified.

Dependency on a single supplier (both internal and external to the group) to provide a product or service supporting a critical business function can give rise to concentrations of operational risk. Techniques deployed to mitigate this include business continuity and recovery plans in the event of a supplier failure, a defined mechanism to resolve disputes relating to a contract, and orderly exit and termination plans. Further details are provided in section B.7: Outsourcing.

C.6 OTHER MATERIAL RISKS

The developments in 2020 with respect to the Covid-19 pandemic expose the business to risk in a number of areas, namely operational risk, insurance risk and market/credit risk (including asset valuation uncertainty).

We are exposed to the risk that our business operations could be disrupted as Covid-19 becomes more widespread in the UK or US, for example, and should our employees or those who work in our supply chains become unwell. We are additionally exposed to the resilience of certain suppliers with respect to their ability to continue to deliver services with new ways of working and infrastructure limitations. We have already taken action to support the resilience of our business operations, for example extending the capability and capacity for most employees to work from home (including those employees in customer facing roles), and we have well established management procedures to respond to such scenarios as they develop.

From an insurance risk perspective, based on current data, the impact of Covid-19 on the mortality for those that we insure is difficult to predict, although we are continuing to monitor the developing situation and potential range of outcomes. Pandemic risk is considered within the pricing of our protection business and is a key part of our reinsurance and liquidity management strategies, and the capital we hold in excess of regulatory requirements. As part of our ongoing monitoring of Covid-19, we are in close contact with our reinsurance partners to ensure we have a common understanding of the emerging experience, and that they are both operationally and financially ready to support the group as the pandemic evolves.

As described above the group is exposed to market and credit risk and has strong mitigants in place to manage these risks. In 2020, markets have been extremely volatile as the scale and impact of the Covid-19 outbreak on the global economy has started to emerge. The sensitivities in section C7.1 provide an indication of the impact of market movements on the Solvency II coverage ratio of the group. It is noted that these simple sensitivities cannot perfectly capture the actual market movements, which for example may vary by sector or in the case of the credit spread sensitivity the impact can vary significantly if the spread widening varies by rating; as can be seen in C7.1, an escalating addition across ratings has a more adverse impact on the coverage ratio of the group.

C.7 ANY OTHER INFORMATION

C.7.1 SENSITIVITIES

As part of the ORSA process a range of stress tests are carried out. The following sensitivities are provided to give an indication of how the group's Solvency II surplus as at 31 December 2019 would have changed in a variety of 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 different from adding together the impacts of the same stresses in isolation. It is expected that, particularly for market risks, adverse stresses will happen together.

Risk	Description	Impact on net of tax capital surplus as at 31 Dec 2019 (£bn)[9]	Impact on Solvency II coverage ratio as at 31 Dec 2019 (%)[9]
CREDIT	Credit spreads widen by 100bps assuming a level addition to all ratings[1]	**0.5**	**11**
	Credit spreads widen by 100bps assuming an escalating addition to all ratings[1,2]	**0.3**	**9**
	Credit spreads narrow by 100bps assuming a level addition to all ratings[1]	**(0.6)**	**(12)**
	Credit spreads narrow by 100bps assuming an escalating addition to all ratings[1,2]	**(0.4)**	**(10)**
	Credit migration[3]	**(0.8)**	**(9)**
MARKET	15% fall in property markets[4]	**(0.6)**	**(6)**
	15% rise in property markets[4]	**0.5**	**5**
	25% fall in property markets[4]	**(1.0)**	**(11)**
	25% fall in equity markets[5]	**(0.5)**	**(5)**
	25% rise in equity markets[5]	**0.5**	**5**
	100bps decrease in risk free rates[6,7]	**(1.1)**	**(22)**
	100bps increase in risk free rates[6]	**0.9**	**23**
	50bps decrease in risk free rates[6,7]	**(0.5)**	**(11)**
	50bps increase in gilt spreads over EIOPA risk free rates	**(0.2)**	**(2)**
	50bps increase in future inflation expectation[6]	**(0.0)**	**(3)**
	GBP exchange rates fall by 25%	**0.8**	**8**
UNDERWRITING	Substantially reduced risk margin[8]	**0.4**	**4**
	1% increase in annuitant base mortality[6]	**0.1**	**2**
	1% decrease in annuitant base mortality[6]	**(0.1)**	**(2)**

1. The spread sensitivity applies to Legal & General's corporate bond (and similar) holdings, with no change in the firm's long term default expectations. Restructured Lifetime Mortgages are excluded.

2. 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.

3. 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, Sale & Leaseback rental strips and LTM senior notes).
4. Assets stressed include residual values from sale and leaseback, the full amount of lifetime mortgages and direct investments treated as property.
5. This relates primarily to equity exposure in LGC 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.
6. Assuming a recalculation of the Transitional Measure on Technical Provisions that partially offsets the impact on Risk Margin.
7. In the interest rate down stress negative rates are allowed, i.e. there is no floor at zero rates.
8. Assuming a 2/3 reduction in the Risk Margin, allowing for offset from the Transitional Measure on Technical Provisions.
9. Excluding the impact from the Mature Savings business (including the With-Profits fund) as the risks have been transferred to ReAssure limited (a subsidiary of Swiss Re) via a risk transfer agreement from 1 January 2018.

In the above sensitivity analysis the following management actions are assumed to reduce the SCR impacts, which are in-line with the group's practice of managing the asset portfolio:

- The credit migration stress assumes a rebalancing of the annuity portfolio back to the original average credit rating;
- The fall in property stress assumes a rebalancing of the structured bonds from the Lifetime Mortgages SPV to the original credit rating;
- A dynamic currency hedge management action in the annuity business.

The 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 stresses, we have not allowed for the recalculation of TMTP.

The impacts of these stresses are not linear; therefore, these results should not be used to 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 could be different if performed at an alternative reporting date.

In addition to the sensitivities in the table above, the Group also considers other highly unlikely events in managing the business.

C.7.2 MATERIAL CHANGES TO THE RISK PROFILE OVER THE REPORTING PERIOD

As part of the ORSA the Group has reviewed all material risks and continues to recognise longevity improvements, credit and market risks as our key risk exposures. It is expected that these will continue to be the primary risk exposures for the Group.

D. VALUATION FOR SOLVENCY II PURPOSES

Unless otherwise stated, assets and liabilities have been recognised in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

(£m)	**2019**	2018
IFRS equity	**9,422**	8,652
Solvency II excess of assets over liabilities	**13,207**	13,077
Difference	**3,785**	4,425

The difference in each of the component parts of the Solvency II excess of assets over liabilities to the valuation under IFRS is shown below:

As at 31 December 2019 (£m)	**Ref**	**Differences in the consolidation approach**	**Conversion to aggregation under the D&A method**	**Solvency II valuation differences**	**Total**
		Note 1	Note 3	Note 4	
Assets	D.1	**(100,425)**	**(5,422)**	**(4,398)**	**(110,245)**
Technical provisions	D.2	**-**	**4,288**	**9,098**	**13,386**
Other liabilities	D.3	**100,356**	**985**	**(697)**	**100,644**
Net increase/(decrease)		**(69)**	**(149)**	**4,003**	**3,785**

As at 31 December 2018 (£m)	Ref	Differences in the consolidation approach	Conversion to aggregation under the D&A method	Solvency II valuation differences	Total
		Note 1	Note 3	Note 4	
Assets	D.1	(83,126)	(4,076)	(3,933)	(91,135)
Technical provisions	D.2	-	3,362	9,284	12,646
Other liabilities	D.3	82,965	607	(658)	82,914
Net increase/(decrease)		(161)	(107)	4,693	4,425

Individual assets and liabilities have been valued separately and can offset each other, where permitted, in accordance with IFRS accounting principles. These include deferred tax asset and liabilities where there is a right of offset, and linked derivative liabilities with index-linked and unit-linked assets.

Assets and liabilities (other than deferred tax) have been valued:

- on a going concern basis;
- in accordance with Article 75 of the Solvency II Directive and where specifically provided for by Delegated Acts:
  - where IFRS valuation is consistent with Article 75 this has been adopted, therefore Solvency II economic value is equal to IFRS fair value unless otherwise stated; and
  - where more than one valuation method is permitted by IFRS, only valuation methods that are consistent with Article 75 are applied.

Under IFRS, held for sale assets and liabilities (as defined under IFRS 5) are valued at the lower of carrying amount and fair value less costs to sell and may therefore need to be revalued to fair value in the Solvency II balance sheet, in accordance with Article 75.

Where the valuation of assets and liabilities is the same under IFRS, a description of the bases, methods and main assumptions can be found in the accounting policies and notes of the group's Annual Report and Accounts. Where there are material differences in valuation, these are described in the relevant sections below.

NOTE 1 - CONSOLIDATION APPROACH

The group has treated subsidiary entities in accordance with Article 335 of the Level 2 text. The consolidated balance sheet incorporates the assets, liabilities and equity of the parent company and all the insurance or reinsurance undertakings, third-country insurance or reinsurance undertakings, insurance holding companies, mixed financial holding companies, ancillary services undertakings and special purpose vehicles to which risk has been transferred, drawn up to 31 December each year. All of the consolidated entities' intra-group balances and transactions are eliminated in full.

Subsidiaries are those entities (including special purpose entities) over which the group directly or indirectly has control in accordance with the group's policy for IFRS 10 (when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee).

Subsidiary undertakings which are credit institutions, investment firms and financial institutions, alternative investment fund managers, UCITS management companies, institutions for occupational retirement provision or non-regulated undertakings carrying out financial activities are reflected as the proportional share of the undertakings' own funds according to the relevant sectoral rules (incorporating any relevant regulatory waivers). These undertakings are included in the Holdings In Related Undertakings line in the Solvency II balance sheet. This differs from the IFRS treatment whereby most subsidiaries are fully consolidated in the group balance sheet.

Other subsidiaries are incorporated into the Solvency II balance sheet using the adjusted equity method. The adjusted equity method requires the participation to be presented as a single line item in the balance sheet, valued at the share of the excess assets over liabilities, calculated on a Solvency II basis. These undertakings are included in the Holdings In Related Undertakings Line in the Solvency II balance sheet. This differs from the IFRS treatment whereby most subsidiaries are fully consolidated in the group balance sheet.

Other entities that are under joint arrangements and recognised as financial investments at fair value under IAS 38 on IFRS balance sheet are treated and valued the same under Solvency II as IFRS.

The presentational differences between the Solvency II and IFRS balance sheets created by the application of subsidiary rules under Solvency II, along with any valuation difference created by applying sectoral rules, results in a reduction in net assets of £69m (2018: £161m) in the Solvency II balance sheet.

NOTE 2 - HELD FOR SALE UNDER IFRS

Under IFRS, held for sale assets and liabilities are presented in the balance sheet separately to all other assets and liabilities at a value that is the lower of their carrying amount or fair value less costs to sell. In the Solvency II balance sheet the held for sale treatment is not recognised and therefore all assets and liabilities classified as held for sale under IFRS are recorded as normal in the relevant asset and liability categories. In order to make the IFRS numbers more comparable to the Solvency II numbers we have adjusted the IFRS numbers as presented in the group Annual Report and Accounts to reallocate the held for sale assets and liabilities back to their respective categories.

NOTE 3 - DEDUCTION AND AGGREGATION

The group was granted approval to use Method 2 (Deduction and Aggregation (D&A)) with local statutory equivalence for certain firms. As at 31 December 2019 this approach applies to the following US domiciled companies:

- Banner Life Insurance Company (Banner Life)
- William Penn Life Insurance of New York (William Penn)
- First British Vermont Reinsurance Company II
- First British Vermont Reinsurance Company III
- First British Bermuda Reinsurance Company III Limited

These companies, which are fully consolidated in the IFRS group balance sheet, have been deconsolidated under Solvency II, and included as participations with a local regulatory value.

The impact of reclassifying the D&A firms as participations, along with the adjustment in net value, was a reduction in net assets of £149m (2018: £107m) under Solvency II.

The full list of related undertakings, along with its method of consolidation can be found in form S.32.01, shown in Annex 1 of this report.

NOTE 4 - SOLVENCY II VALUATION DIFFERENCES

Valuation differences between Solvency II and IFRS resulted in an increase to net asset value of £4,003m on the Solvency II balance sheet. Details of the valuation differences are described in the following sections.

D.1 ASSETS

The group's assets as at 31 December 2019 under Solvency II are £450,362m (2018: £401,382m) compared to the total value of assets under IFRS of £560,607m (2018: £492,517m).

(£m)	Reference	2019	2018
IFRS Valuation of Assets		**560,607**	492,517
Solvency II Valuation of Assets		**450,362**	401,382
Difference		**(110,245)**	(91,135)
Explained by:			
Differences in the consolidation approach		**(100,425)**	(83,126)
Conversion to aggregation under the D&A method		**(5,422)**	(4,076)
Solvency II valuation differences	D.1.1	**(4,398)**	(3,933)
Total		**(110,245)**	(91,135)

D.1.1 SOLVENCY II VALUATION DIFFERENCES

The group's assets and the impact of valuation differences under IFRS are shown below:

Assets as at 31 December 2019 (£m)	Reference	Solvency II	IFRS	Variance	Differences due to IFRS valuation differences
Deferred acquisition costs and Goodwill	D.1.1.1	**-**	**577**	**(577)**	**(557)**
Intangible assets	D.1.1.1	**-**	**190**	**(190)**	**(190)**
Deferred tax assets		**1**	**8**	**(7)**	**-**
Property, plant and equipment held for own use	D.1.1.7	**42**	**311**	**(269)**	**-**
Investments (other than assets held for index-linked and unit-linked contracts)		**164,685**	**102,525**	**62,160**	**-**
Property (other than for own use)		***118***	***4,545***	***(4,427)***	**-**
Holdings in related undertakings, including participations		***86,074***	***324***	***85,750***	**-**
Equities		***3,121***	***4,753***	***(1,632)***	**-**
Bonds		***62,255***	***78,357***	***(16,102)***	**-**
Collective investments undertakings		***1,683***	***1,251***	***432***	**-**
Derivatives		***11,317***	***11,671***	***(354)***	**-**
Deposits other than cash equivalents		***117***	***1,624***	***(1,507)***	**-**
Assets held for index-linked and unit-linked contracts		**273,269**	**435,739**	**(162,470)**	**-**
Loans and mortgages	D.1.1.2	**6,013**	**5,170**	**843**	**248**
Reinsurance recoverables	D.1.1.3	**559**	**5,982**	**(5,423)**	**(4,139)**
Deposits to cedants		**789**	**-**	**789**	**-**
Insurance and intermediaries receivables	D.1.1.4	**67**	**67**	**-**	**-**
Reinsurance receivables	D.1.1.5	**307**	**99**	**208**	**240**
Receivables (trade, not insurance)	D.1.1.7	**4,270**	**7,032**	**(2,762)**	**-**
Cash and cash equivalents		**360**	**787**	**(427)**	**-**
Any other assets, not shown elsewhere		**-**	**2,120**	**(2,120)**	**-**
Total Assets		**450,362**	**560,607**	**(110,245)**	**(4,398)**

Assets as at 31 December 2018 (£m)	Reference	Solvency II	IFRS	Variance	Differences due to IFRS valuation differences
Deferred acquisition costs and Goodwill	D.1.1.1	-	644	(644)	(594)
Intangible assets	D.1.1.1	-	226	(226)	(226)
Deferred tax assets		2	7	(5)	-
Property, plant and equipment held for own use		14	57	(43)	-
Investments (other than assets held for index-linked and unit-linked contracts)		138,187	92,093	46,094	-
Property (other than for own use)		*188*	*3,698*	*(3,510)*	-
Holdings in related undertakings, including participations		*76,572*	*293*	*76,279*	-
Equities		*3,048*	*4,423*	*(1,375)*	-
Bonds		*52,753*	*76,362*	*(23,609)*	-
Collective investments undertakings		*1,407*	*1,076*	*331*	-
Derivatives		*3,971*	*4,462*	*(491)*	-
Deposits other than cash equivalents		*248*	*1,779*	*(1,531)*	-
Assets held for index-linked and unit-linked contracts		253,605	383,716	(130,111)	-
Loans and mortgages	D.1.1.2	4,269	3,682	587	194
Reinsurance recoverables	D.1.1.3	567	4,916	(4,349)	(3,379)
Deposits to cedants		753	-	753	-
Insurance and intermediaries receivables	D.1.1.4	74	205	(131)	(135)
Reinsurance receivables	D.1.1.5	212	24	188	207
Receivables (trade, not insurance)		3,106	4,383	(1,277)	-
Cash and cash equivalents		593	877	(284)	-
Any other assets, not shown elsewhere		-	1,687	(1,687)	-
Total Assets		401,382	492,517	(91,135)	(3,933)

D.1.1.1 DEFERRED ACQUISITION COSTS (DAC) AND INTANGIBLES

Goodwill and intangible assets have no active market and therefore are not recognised in the Solvency II balance sheet.

This results in a £577m (2018: £644m) difference arising on DAC and Goodwill, of which £20m (2018: £50m) arises from the Deduction and Aggregation treatment and the balance of £557m (2018: £594m) relates to a valuation difference.

For intangible assets the difference of £190m (2018: £226m) arises purely as a valuation difference.

D.1.1.2 LOANS AND MORTGAGES

The group has recognised Lifetime Mortgage business within this asset class. Lifetime Mortgage business is written in Legal & General Home Finance Limited before beneficial ownership is transferred to LGAS. The transfer value of the assets includes a margin which brings the value closer in line with similar assets available in the market. In the group IFRS balance sheet the increase in value on the transfer of the Lifetime Mortgage business is reversed as it represents a profit on intercompany transfers. On the Solvency II balance sheet the value including the margin is used as a proxy of fair value for the Lifetime Mortgage business. This gives rise to a valuation difference of £248m (2018: £194m) on loans and mortgages.

D.1.1.3 REINSURANCE RECOVERABLES

The reinsurance recoverables and gross liabilities are calculated consistently with the best estimate liability in all cases, save that there is an allowance for the probability weighted best estimate of external reinsurer default (further details can be found in D.2).

The value of the reinsurance recoverables has reduced by £5,423m (2018: £4,349m) under Solvency II. Of this, £1,284m (2018: £970m) is due to the removal of the IFRS reinsurance recoverables in relation to entities aggregated under the Deduction and Aggregation method. The remaining difference of £4,139m (2018: £3,379m) is primarily driven by the different valuation methodology in calculating the provisions.

D.1.1.4 INSURANCE AND INTERMEDIARIES RECEIVABLES

Insurance and intermediaries receivables are valued at fair value, in accordance with their treatment under IFRS. Balances due for general insurance business are included in insurance receivables under IFRS but are shown as insurance recoverables under Solvency II. The result is a presentational difference of £135m in 2018 but is shown above as a valuation difference, offset within reinsurance recoverables. In 2019 the sale of General Insurance was completed on 31 December and as a result there were no presentational or valuation differences.

D.1.1.5 REINSURANCE RECEIVABLES

Reinsurance receivables have been valued in accordance with their treatment under IFRS. The reinsurer's share of unpaid claims on investment contracts is included in the IFRS technical provisions (non-participating investment contracts). Under Solvency II they are shown as reinsurance receivables. The result is a presentational difference of £240m (2018: £207m) but is shown above as a valuation difference, offset within technical provisions.

D.1.1.6 CHANGES IN ASSUMPTIONS AND VALUATION BASES

There have been no significant changes in assumptions, valuation bases or estimations for assets in the reporting period.

D.1.1.7 LEASES

There are directly held investment properties which appear on the group Solvency II balance sheet where the group acts as a lessor. The investment properties are carried at fair value and the group's policy is to let investment properties to tenants through operating leases. The leases have varying terms, escalation clauses and renewal rights.

The group acts as a lessor for a number of properties accounted for as finance leases. These leases which have a weighted average duration to maturity of 30 years as at 31 December 2019 are included in the Solvency II balance sheet under Receivables (trade, not insurance) at a value equal to the present value of future lease payments of £171m (2018: £162m).

Additionally, the group leases offices, vehicles, IT equipment and investment properties under non-cancellable operating lease agreements. From 1 January 2019, following the implementation of the new IFRS lease standard, such leases are recognised in the Solvency II balance sheet in the form of a right-of-use asset under Property, plant & equipment held for own use with a corresponding lease liability under Payables (trade, not insurance). The right-of-use assets and lease liabilities are valued in line with IFRS on the grounds of materiality. As at 31 December 2019 the value of right-of-use lease assets included under Property, plant & equiptment and liabilities was £26m and the value of right of use lease liabilities was £40m. The remainder of such right-of-use assets and corresponding liabilities held by related undertakings are included within Holdings in related undertakings, including participations.

Lease arrangements where the group acts as the lessee are disclosed in section A.4.

D.1.2 VALUATION UNCERTAINTY

The group values its assets in accordance with Article 10 of the Solvency II Delegated Regulation. Valuations of assets are underpinned by a system of processes and controls to ensure that the group complies with Article 267 of the Solvency II Delegated Regulation. Included within these processes is an assessment of valuation uncertainty and the extent to which asset valuations are appropriate in light of uncertainties that exist. This process focuses on, although is not limited to, assets that are valued using alternative valuation techniques. The group has concluded that its assets are valued appropriately in accordance with Article 10 of the Solvency II Delegated Regulation and appropriately reflect consideration of valuation uncertainty.

D.2 TECHNICAL PROVISIONS (TPs)[4]

The group's technical provisions are split below by Solvency II line of business. The table includes a comparison of Solvency II BEL to IFRS liabilities.

Technical provisions as at 31 December 2019 (£m)	**Non-life (excluding health)**	**Health (similar to non-life)**	**Health (similar to life)**	**Life (excluding health, index-linked and unit-linked)**	**Index-linked and unit-linked insurance**	**Total**
Best Estimate Liabilities	43	-	480	75,026	338,098	**413,647**
Risk Margin[1]	1	-	2	5,790	111	**5,904**
Transitional Measure on Technical Provisions[1]	-	-	-	(5,634)	(18)	**(5,652)**
Technical provisions total	44	-	482	75,182	338,191	**413,899**
IFRS	77	-	784	87,155	339,269	**427,285**
IFRS to SII BEL variance[1]	(34)	-	(304)	(12,129)	(1,171)	**(13,638)**

Technical provisions as at 31 December 2018 (£m)	Non-life (excluding health)	Health (similar to non-life)	Health (similar to life)	Life (excluding health, index-linked and unit-linked)	Index-linked and unit-linked insurance	Total
Best Estimate Liabilities	191	2	433	63,383	310,971	374,980
Risk Margin[1]	9	-	1	5,421	85	5,516
Transitional Measure on Technical Provisions[1]	-	-	-	(6,100)	(21)	(6,121)
Technical provisions total	200	2	434	62,704	311,035	374,375
IFRS	343	4	730	74,451	311,493	387,021
IFRS to SII BEL variance[1]	(152)	(2)	(297)	(11,068)	(522)	(12,041)

1 The variance between IFRS TPs and total Solvency II TPs is £(13,386)m (2018: £(12,646)m). This reflects the IFRS to SII BEL difference of £(13,638)m (2018: £(12,041)m) plus additional difference due to Risk Margin £5,904m (2018: £5,516m) and Transitional Measure on Technical provisions £(5,652)m (2018: £(6,121)m) which are part of the SII TPs but not IFRS TPs.

D.2.1 SOLVENCY II VALUATION BASIS

D.2.1.1 METHODOLOGY

The technical provisions (TPs) are calculated as the sum of the best estimate liabilities (BEL) and the Risk Margin (RM) less the Transitional Measure on Technical Provisions (TMTP), calculated in line with PRA approvals.

The BEL reflects the probability-weighted average of future cash flows, taking into account the time value of money (expected present value of future cash flows) using the relevant risk-free interest rate term structure (including applying the Matching Adjustment where relevant). Deterministic and stochastic valuation techniques are used to calculate the BEL.

The main cash flows cover premiums, future financial obligations of policyholder benefits, and expenses of running the business (including investment expense and commission payments). Future management actions are allowed for, where these are deemed to be objective, realistic and verifiable. The management actions used in the calculation of the TPs consider the time delays and costs applicable to their implementation.

The BEL is calculated gross, i.e. without deduction of the amounts recoverable from reinsurance contracts and reinsurance special purpose vehicles, but includes expenses in respect of these

4 Risk Margin and Transitional Measures on Technical Provisions are not subject to audit.

arrangements. The BEL is calculated at a level deemed appropriate for homogeneous risk groupings, at a minimum by line of business segmented according to Article 80 of directive 2009/138/EC.

Future premiums are only considered for the period up to where the policyholder or the group has the option to establish, renew, extend, increase or resume the insurance contract, except for US Term business ceded to Legal and General Assurance Society Limited and Legal & General Reinsurance Company Limited, where the contract boundary is the maximum age in the contract, typically age 95 for Term assurance business.

Business not included in the cash flow projections on materiality grounds is explicitly allowed for in the BEL through manual adjustments. The most material un-modelled business reflects non-participating conventional pensions business within the with-profits BEL. This reflects less than 0.1% of the gross BEL. There are two instances where modelling simplifications are used, namely in the allowance for catastrophe risk (e.g. epidemic and event risks) and mass lapse risk where data is limited and the probability weighted mean is not allowed for in the BEL. For these risks there is some offsetting amount in SCR.

The RM is the cost that would be incurred in holding eligible Own Funds (as defined in the PRA Rulebook for Solvency II firms) to cover the SCR necessary to support the insurance and reinsurance obligations over their lifetime, determined using a cost of capital rate. The RM is calculated separately from the BEL. The RM is the present value of the cost of capital required, to cover the SCR for certain defined risks (referred to here as the RM capital requirement), to meet adverse deviations on the underlying best estimate cash flows over the full run-off of the business. The RM capital requirement covers underwriting risk, credit risk associated with reinsurance contracts and operational risk. Future new business is not allowed for in the RM capital requirement. No allowance is made for the loss-absorbing capacity of deferred taxes as referred to in Article 108 of Directive 2009/138/EC.

The RM is calculated for each entity as a whole, allowing for diversification between the risks within the entity. The discount rate used in the cost of capital calculation is the relevant basic risk-free rate (excluding Matching Adjustment). The cost of capital rate is set to 6% as prescribed in Article 39 of the Delegated Regulation.

Where investment management agreements are in place between Legal & General Investment Management Limited and other group subsidiaries, at a legal entity level the TPs are calculated using investment expenses on a fees (rather than costs) basis. On group consolidation there is an adjustment to reduce this provision to the cost basis to eliminate any intragroup profit.

The calculation of the TPs is dependent on the quality of the data underlying the calculations. The data has been assessed in line with Article 48 of Directive 2009/138/EC. This assessment has concluded that the quality and sufficiency of data used in the preparation of the above TPs is such as to enable a reliable and adequate calculation of the technical provisions.

Further information on material elements of the technical provisions by division is set out below:

D.2.1.1.1 LEGAL & GENERAL RETIREMENT (LGR)

BEST ESTIMATE LIABILITIES (BEL)

Deterministic actuarial projection models are used, in line with the methodology described above.

In addition, insurance undertakings are permitted to apply a Matching Adjustment to the relevant risk-free interest rate term structure when calculating the best estimate of a portfolio of life insurance obligations, subject to prior approval by the supervisory authorities. The group has been approved by the PRA to use a MA when calculating the BEL for the majority of its annuity business. This has been applied in line with the approved application.

RISK MARGIN (RM)

The RM capital requirement is projected forward for each future year over the run-off of the business.

Longevity is the most material component of the RM capital requirement. Consequently, the RM calculation allows for more accuracy in calculating the future run-off of this component. Best estimate and stressed future cash flows are projected to capture the capital requirement at future points in time and the discounted cost of capital is applied. The capital requirement for other risk sub-groups are projected using a proxy approach, i.e. the projected capital requirements are estimated using appropriate carrier variables.

The Matching Adjustment Portfolio in LGR is not assumed to be ring fenced for the purpose of the risk margin calculation.

D.2.1.1.2 LEGAL & GENERAL INSURANCE (LGI)

BEST ESTIMATE LIABILITIES (BEL)

Deterministic actuarial projection models are used, in line with the methodology described above.

RISK MARGIN (RM)

The RM capital requirement is projected for each future year over the run-off of the business by risk sub-group. The projected RM capital requirement is estimated, using appropriate proxy carrier variables e.g. percentage of BEL.

For reinsurance accepted from Legal & General America (LGA), the RM capital requirement is projected over the run-off of the business, with run-off factors determined by projecting the in-force business with real world best estimate assumptions to discrete points in the future. The capital requirement in intermediate years is calculated using linear interpolation. Stresses are applied to the individual non-hedgeable risk types. The RM capital requirement as at the valuation date is projected forward using these run-off factors.

D.2.1.1.3 SAVINGS INCLUDING WORKPLACE SAVINGS

BEST ESTIMATE LIABILITIES (BEL)

Deterministic and stochastic valuation techniques are used, in line with the methodology described above.

Stochastic valuation techniques are used where the cash flows exhibit the presence of material financial options and guarantees and management actions that are employed in the management of the With-Profits Fund. Deterministic actuarial projection models are used for all other BEL calculations.

For unit-linked business, the total BEL is split by unit and non-unit components. The unit BEL is the actuarially funded value of current units, including guaranteed additional units.

The With-Profits Fund has the ability to employ a range of management actions in the management of its business, as set out in the group's Principles and Practices of Financial Management (PPFM). In accordance with Article 225 of the Delegated Regulation, future management actions have been allowed for in the BEL, provided that they are objective, realistic and verifiable. The impact of changes in policyholder behaviour has also been reflected in the BEL.

The surplus funds in respect of With-Profits business refer to accumulated profits which have not been made available for distribution to participating policyholders at the valuation date. The surplus funds reflect the Own Funds, excluding the effect of the RM and the TMTP and also excluding the present value of future shareholder transfers defined in relation to future discretionary benefits. Surplus funds are shown in Annex 1 QRT S.23 Own Funds in R0070. With-profits business forms part of the Mature Savings business. At the time of writing this report the Part VII transfer of the Mature Savings business to ReAssure Limited is expected to complete in 2020.

RISK MARGIN (RM)

The RM capital requirement is projected forward for each future year over the run-off of the business. The RM capital requirement is estimated using appropriate proxy carrier variables e.g. percentage of BEL.

D.2.1.1.4 UNIT-LINKED

The BEL for the unit-linked business is a combination of the bid value of policyholder units and a discounted value of future expected cash flows (i.e. expected fee income less expenses) over a suitable projection period using risk-free rates of return and best estimate experience assumptions.

For valuation purposes, all unit-linked contracts are treated as single premium policies and projected cash flows assume no future premium payments accordingly.

The projection period differs for pooled business and segregated contracts, reflecting their inherently different contractual terms and conditions.

For the segregated business, the assets under management are excluded from the Solvency II balance sheet since these assets remain in the clients' possession. For the purposes of setting technical provisions under Solvency II rules, for segregated contracts the methodology directly reflects the group's unilateral right to terminate the provided services upon one month's notice. Accordingly the present value of future projected profits on segregated contracts would be calculated using a one month projection period, and applying this as a reduction in balance sheet liabilities. In practice, the value is taken to be zero. This proportionate approach gives materially the same overall result on the Solvency II basis.

D.2.1.1.5 GENERAL INSURANCE

The general insurance division was sold at 31 December 2019 to Allianz. The group has agreed with Allianz to reinsure a small proportion of the business whilst it runs off via a residual reinsurance agreement.

D.2.1.2 MAIN ASSUMPTIONS

This section covers the assumptions used in the calculation of the BEL for the group's long-term insurance business.

Cash flow projections are determined using best estimate assumptions for each component of cash flow and for each policy group. The best estimate assumptions used in the valuation of the BEL are the same as those used for deriving IFRS assumptions, excluding any margin for prudence. In some cases, where the class of business is immaterial, the BEL uses the same assumptions as used for IFRS.

The best estimate assumptions are derived by reference to the most recent experience and any relevant market data (e.g. future mortality improvement factors issued by the Continuous Mortality Investigation Bureau).

Assumptions are set by following an established methodology which has been discussed with the Board.

Assumptions are set for homogeneous risk groups to avoid introducing distortions that might arise from combining business with different characteristics. At a minimum, these groupings are by line of business segmentation stipulated by the European Insurance and Occupational Pensions Authority (EIOPA).

Further details of the main assumptions are provided in Annex 3 of this report.

D.2.1.2.1 ECONOMIC ASSUMPTIONS

The economic assumptions have been set such that they reflect the economic conditions at the valuation date.

Risk-free yield curve

The valuation interest rate is based on a risk-free yield curve. The risk-free rate used is calculated based on the methodology implemented by EIOPA, which is applied to construct zero coupon base rates from the underlying swap rates, plus a credit risk adjustment. The group use a continuously compounding version of this rate.

The group has received approval from the PRA to apply a Matching Adjustment (MA), which allows for an increase to be applied to the risk-free yield curve for the MA portfolios. No other adjustments have been made to the risk-free rate.

Inflation

Expense and unit cost inflation rates have been set by reference to external indicators as at the valuation date. Assumptions for claims inflation, such as for RPI-linked annuities, are set using an assessment of inflation implied by UK government bond yields or inflation swap curves.

Unit growth

For the calculation of the non-unit BEL on linked contracts, an assumption regarding the rate of future unit growth is required. The assumption made is that the growth rate before charges is the same as the risk-free discount rate.

Participating business (Mature Savings)[5]

The stochastic model is based on a large number of market consistent economic scenarios derived from assumptions consistent with the deterministic assumptions. The model is calibrated using market data from a variety of sources. This enables assumptions to be determined for the term structure of risk-free interest rates, and for property and equity volatility.

Risk-free interest rates are determined as described above. Property volatility is set with reference to historic variations in property prices. Equity volatility is set such that the model reproduces observed market prices of traded equity derivatives. Correlations between asset classes are based on historic data.

Each investment scenario contains a consistent set of assumptions for investment returns and inflation.

[5] At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

D.2.1.2.2 NON ECONOMIC ASSUMPTIONS

Expenses

The cash flow projection used to calculate the BEL takes into account administrative, investment, claims and acquisition expenses, allowing for future expense inflation. The assumptions for long-term maintenance unit costs are set based on the forecast expenses, suitably adjusted where necessary, and include overhead expenses in line with the approved methodology.

Mortality and morbidity

Regular investigations of mortality and morbidity experience against appropriate base tables are conducted, with the portfolio segmented by groups of contracts that are expected to exhibit similar mortality and/or morbidity trends. An investigation is normally carried out from time to time (typically every three years) to review the fit of the experience to an appropriate base mortality table. In other years, assumptions are compared to the results of the most recent experience investigations and revised where the experience implies a shift that is likely to be due to more than random fluctuation. The best estimate assumptions allow for claims incurred, but not reported, by the investigation date.

The assumption for annuitant mortality is set as a combination of a base table (i.e. the rate of mortality currently experienced by annuitants) plus future improvements (i.e. how the rates of mortality will change over time).

The mortality basis for retail protection business is set as a base table plus an allowance for deterioration in respect of contracts with critical illness cover benefits. Future mortality improvement assumptions are made for term and whole of life products.

For some classes where the reserves are insensitive to the chosen level of mortality, no investigation is carried out but an assumption is set in line with available data.

Persistency

Persistency experience can include lapses, take-up rates for guaranteed annuity options, partial withdrawals and early retirement, where relevant. Persistency rates are reviewed annually for most products to determine the best estimate. This investigation generally uses three years of data with a six month delay, to allow for lapses that the group has not been notified of at the date of the investigation, to generate weighted average (by premium) lapse rates. The long-term persistency assumptions are set using these lapse rates. Alternative approaches are used if it is considered that the exposure is insufficient for the experience to be credible, observed lapse rates are excessively volatile or it is expected that the lapse experience will change in future.

Participating business (Mature Savings)[6]

Participating business requires additional assumptions on future management and policyholder actions.

Future bonuses

Future reversionary and terminal bonuses are consistent with the assumed future investment returns and the bonus policies set out in the group's principles and practices of financial management (PPFM).

[6] At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

Guaranteed annuity options

The guarantees are valued on a market consistent basis. The valuation methodology allows for the correlation between interest rates and the proportion of the policyholders who take up the option.

Guaranteed cash options

The liability is determined assuming that policyholders choose the most valuable alternative between the annuity and cash available at retirement.

Spouse demography

For bulk purchase annuities, assumptions are required where an annuitant's spousal data is not available. These assumptions include the proportion of annuitants within the portfolio who are eligible for a spouse's benefit at the valuation date, and the difference in age between married couples at the time of death of the primary annuitant.

Regular investigations are carried out (at least every three years) to determine these assumptions by examining the experience of the portfolio and comparing these to published population projections.

Further details of the main assumptions are provided in Annex 3 of this report.

D.2.1.3 MATERIAL CHANGES IN ASSUMPTIONS COMPARED TO THE PREVIOUS REPORTING PERIOD

The most material changes to assumptions from the previous reporting period to the current reporting period are listed below.

- Base annuitant mortality assumptions have been updated to reflect the most recent experience, and annuitant mortality trend assumptions have been updated to the CMI 2017 model, with no change to the long-term improvement rates (reduction in BEL of £585m gross of reinsurance, £240m net of reinsurance).

- The persistency and mortality assumptions underlying the US Protection business reinsured into Legal and General Assurance Society Limited and Legal & General Reinsurance Company Limited have been reviewed, as the book continues to mature and more experience becomes available (total BEL impact is an increase of £42m).

- Unit Cost expense assumptions on unit linked business were updated to reflect the latest expectations for future expense levels and future expense inflation (increase in BEL of £94m).

D.2.1.4 TRANSITIONAL MEASURES

The group does not apply the transitional risk-free interest rate-term structure.

The group applies the Transitional Measure on Technical Provisions (TMTP). The TMTP was recalculated in accordance with Article 308d of Directive 2009/138/EC at 31 December 2019. As at 31 December 2019 the impact of not applying the transitional measure is provided in the table below:

As at 31 December 2019 (£m)	Regulatory basis	Impact	Adjusted balance
Technical provisions	413,899	5,652	419,551
SCR[1]	9,439	599	10,038
Basic Own Funds	17,053	(4,926)	12,127
Eligible Own Funds for SCR	16,875	(4,926)	11,949
Capital coverage ratio	179%	(60)%	119%

1 The Solvency Capital Requirement is not subject to audit.

The TMTP has been calculated in line with PRA approvals.

D.2.1.5 VOLATILITY ADJUSTMENT

The group does not apply a volatility adjustment.

D.2.1.6 MATCHING ADJUSTMENT (MA)

In common with other UK annuity providers, the group has received approval from the PRA to apply a MA, in line with Article 77b of Directive 2009/138/EC.

The MA is applied as an addition to the risk-free interest rate term structure and applies to individual annuities and certain bulk purchase annuity schemes that meet the approved eligibility criteria. The assets contained within the Matching Adjustment Portfolios are predominantly corporate bonds, but also long-term direct investments held in MA-eligible structures, such as infrastructure investments and lifetime mortgages.

As at 31 December 2019 the impact of a change to zero of the MA is provided in the table below:

As at 31 December 2019 (£m)	Regulatory basis	Impact[1]	Adjusted balance
Technical provisions	413,899	9,236	423,135
SCR[2]	9,439	13,259	22,698
Basic Own Funds	17,053	(8,054)	8,999
Eligible Own Funds for SCR	16,875	(8,054)	8,821
Capital coverage ratio	179%	(140)%	39%

1 The impact is measured as the change due to setting the MA to zero.

2. The Solvency Capital Requirement is not subject to audit.

Losing MA approval is a remote risk for the business; however Article 296(2d) of the Solvency II Delegated Regulation requires the disclosure of the impact of a change to zero of the MA. We have an extensive controls framework to ensure our on-going MA compliance and we have a regular dialogue with the PRA about our MA strategy.

D.2.2 RECONCILIATION BETWEEN THE VALUATION OF IFRS TPs AND SOLVENCY II GROSS BEL

The table below bridges the BEL under Solvency II to the IFRS liabilities:

(£m)	2019	2018
Closing IFRS TPs	**427,285**	387,021
Removal of entities aggregated under the D&A method	**(4,288)**	(3,362)
Data changes	**(76)**	(142)
Model changes	**(51)**	(51)
Assumptions changes	**(6,830)**	(5,981)
Methodology changes	**(2,393)**	(2,505)
Closing Solvency II gross BELs	**413,647**	374,980

The reduction in liabilities from non-economic assumption differences primarily relates to the removal of margins for adverse deviation allowed for in the IFRS liabilities. The BEL is calculated using best estimate assumptions excluding these prudent margins.

This is partially offset by an increase in liabilities from economic assumption differences which primarily relates to the move from discounting the cash flows at a prudent valuation interest rate (VIR) under IFRS to using the risk-free interest rate term structure plus MA for eligible liabilities under Solvency II. Implicit within this step is the allowance for investment expenses, which changes from an implicit allowance within the IFRS VIR to being an explicit cash flow under Solvency II. The same assumption applies under IFRS and under Solvency II, the only difference is in how it is allowed for, which should have very little impact.

Removal of entities aggregated under the Deduction & Aggregation method

As described in Section D.1.1.3 above the group has been granted approval to use method 2 Deduction and Aggregation (D&A) for the consolidation of the Legal & General America businesses. This reduces the Solvency II BEL by £4.3bn for entities consolidated under the D&A approach. The NAV contribution of these entities is brought through in the Solvency II balance sheet as participations.

Methodology differences

The methodology changes can be broadly split into:

- £1.2bn due to the difference in accounting treatment for negative non-unit liabilities where under IFRS a negative non-unit liability for investment business is not allowed while this is allowed under Solvency II;
- £0.8bn difference between floating and fixed legs on longevity swaps;
- £0.7bn of unallocated distributable surplus for With-Profits business, which is not applicable under Solvency II;
- £0.4bn release of additional provisions for default risk and exchange rates that are held as IFRS liabilities, but under Solvency II are held within the capital requirement; and
- £(0.5)bn of outstanding claims, included within the IFRS liabilities, but not included in the BEL.

D.2.3 REINSURANCE RECOVERABLES

The calculation of the reinsurance recoverable asset is consistent with the calculation of the gross BEL described above, except that where a MA is applied to the gross BEL on eligible business, the equivalent reinsurance recoverable asset will be discounted at the risk-free interest rate term structure, excluding MA. The reinsurance recoverable asset is adjusted for the best estimate probability of reinsurer default, and includes an allowance for the timing difference between recoveries and reinsurance payments.

Reinsurance recoverables are described in Section D.1.2.3 above. The group has no SPVs authorised under Article 211 of the Solvency II Directive.

D.2.4 LEVEL OF UNCERTAINTY ASSOCIATED WITH THE VALUE OF TECHNICAL PROVISIONS (TP)

The assumptions underpinning the Technical Provision calculations are the best estimate view of the group. As one of the UK's largest life insurers, the group has a significant amount of data regarding its own historic experience. Experience investigations using this data are undertaken regularly and the results are used to inform the choice of best estimate assumptions. This is augmented by expert judgement, in particular where past experience is not considered to be an appropriate reflection of future expectations.

The group remains exposed to certain key areas of risk, including:

- Future levels of mortality for UK annuity business. This remains a material source of uncertainty, but experience is closely monitored and assumptions are reviewed regularly, taking into account the latest available data.
- Market conditions: TPs can be very sensitive to changes in certain economic conditions, including inflation, interest rates, credit default rates, and equity markets. The group has strategies in place to limit the exposure to these risks, but a certain level of uncertainty remains.
- Early termination rates: policyholder behaviour can be unpredictable. In some cases, decisions made by policyholders to terminate policies can have a significant impact on TPs. This is a particular risk for US Term business where lapse rates are subject to a shock lapse at the end of the level term period.

The level of uncertainty in TPs is mitigated through the use of reinsurance to reduce exposure to particularly significant risks such as life expectancy.

The group calculates the amount of expected profit in the premiums not yet received into the group (EPIFP). This shows the level of margin that is expected to emerge, if the current assumptions are borne out in practice.

A framework to assess the confidence in the methodology and assumptions used to calculate the TPs has been established by the Group Audit Committee. The framework allocates a status to the confidence in each of the assumptions or methodologies, based on a mixture of qualitative and quantitative criteria. The criteria set out in the framework and the initial assessments have been challenged and validated by experienced actuaries and accountants throughout the business.

Where there is a high level of expert judgement required this has been highlighted in the confidence assessment. For example, confidence in the base annuitant mortality is high, but due to the reliance on expert judgement, when selecting the longevity trend assumption within a range of plausible alternatives, the longevity improvements have been highlighted as an area of future uncertainty. Overall the group has a high degree of confidence in the assumptions underpinning technical provisions and the level of uncertainty in the technical provisions is expected to be low.

D.3 OTHER LIABILITIES

The group's other liabilities under Solvency II are £23,255m (2018: £13,931m) compared to the total value of other liabilities under IFRS of £123,899m (2018: £96,845m).

(£m)	2019	2018
IFRS valuation of other liabilities	**123,900**	96,845
Solvency II valuation of other liabilities	**23,256**	13,931
Difference	**(100,644)**	(82,914)
Explained by:		
Differences in the consolidation approach	**(100,356)**	(82,965)
Conversion to aggregation under the D&A method	**(985)**	(607)
Solvency II valuation differences	**697**	658
Difference	**(100,644)**	(82,914)

Changes to the consolidation approach and use of the Deduction and Aggregation (D&A) method are as described above in Section D1.

Details of the group's other liabilities and the impact of valuation differences under IFRS are shown below:

Other liabilities as at 31 December 2019 (£m)	Reference	Solvency II	IFRS	Variance	Differences due to IFRS valuation
Provisions other than technical provisions		**99**	**113**	**(14)**	**-**
Pension benefit obligations	D.3.1	**1,104**	**1,108**	**(4)**	**14**
Deferred tax liabilities	D.3.2	**1,003**	**553**	**450**	**469**
Derivatives		**11,081**	**13,113**	**(2,032)**	**-**
Debts owed to credit institutions	D.3.3	**1,044**	**1,650**	**(606)**	**229**
Insurance and intermediaries payables	D.3.4	**482**	**17**	**465**	**467**
Reinsurance payables	D.3.5	**102**	**730**	**(628)**	**(628)**
Payables (trade, not insurance)	D.3.6	**4,487**	**103,076**	**(98,589)**	**(129)**
Subordinated liabilities	D.3.7	**3,854**	**3,491**	**363**	**324**
Any other liabilities, not shown elsewhere	D.3.8	**-**	**49**	**(49)**	**(49)**
Total		**23,256**	**123,900**	**(100,644)**	**697**

Other liabilities as at 31 December 2018 (£m)	Reference	Solvency II	IFRS	Variance	Differences due to IFRS valuation
Provisions other than technical provisions		22	29	(7)	-
Pension benefit obligations	D.3.1	1,102	1,112	(10)	5
Deferred tax liabilities	D.3.2	970	426	544	664
Derivatives		2,987	7,790	(4,803)	-
Debts owed to credit institutions	D.3.3	1,175	1,653	(478)	190
Insurance and intermediaries payables	D.3.4	482	42	440	443
Reinsurance payables	D.3.5	92	740	(648)	(648)
Payables (trade, not insurance)	D.3.6	3,566	81,675	(78,109)	(122)
Subordinated liabilities	D.3.7	3,535	3,324	211	180
Any other liabilities, not shown elsewhere	D.3.8	-	54	(54)	(54)
Total		13,931	96,845	(82,914)	658

D.3.1 PENSION BENEFIT OBLIGATIONS

The group operates the following defined benefit pension schemes in the UK and overseas:

- Legal & General Group UK Senior Pension Scheme (UK)
- Legal & General Group UK Pension & Assurance Fund (UK)
- Legal & General America Inc. Cash Balance Plan (US)
- CALA Pension Scheme (UK)

In the Solvency II group balance sheet the surplus/(deficit) of the defined benefit pension schemes is reported as shown in the following table:

(£m)	**2019**	2018
Gross pension benefit obligations	**1,104**	1,102
Annuity obligations insured by LGAS (included in technical provisions)	**(958)**	(862)
Total Pension scheme deficit	**146**	240

Further detail on the pension benefit obligations is provided below:

	2019 £m	**2019 %**	2018 £m	2018 %
Bonds/Liability Driven Investment funds	**900**	**67%**	727	64%
Equity	**357**	**27%**	321	29%
Property	**53**	**4%**	52	5%
Cash	**8**	**1%**	14	1%
Other assets	**8**	**1%**	6	1%
Total Pension scheme assets	**1,326**	**100%**	1,120	100%
Current pensioners[1]	**1,373**	**57%**	1,134	51%
Non-pensioner liabilities	**1,057**	**43%**	1,088	49%
Total Pension scheme liabilities	**2,430**	**100%**	2,222	100%
Gross Pension benefit obligations	**1,104**		1,102	

1 'Current pensioners' includes £958m (2018: £862m) relating to liabilities secured by way of annuities purchased from the group. This amount is excluded from the assets.

Under Solvency II, the group's defined benefit pension schemes are valued under the IAS19 basis, which uses a prescribed methodology also used in IFRS reporting. Valuation differences on the pensions insured internally within the group account for the £14m (2018: £5m) valuation difference under Solvency II.

The Solvency II surplus/deficit is calculated as the fair value of plan assets less the present value of the defined benefit obligation at the balance sheet date, provided any surplus in the fund is not restricted.

D.3.2 DEFERRED TAX LIABILITIES

Deferred tax asset and liabilities are valued and measured in accordance with IFRS principles, with the exception that the carrying value of assets and liabilities for the calculation of temporary differences are the carrying values ascribed under Solvency II. Deferred tax is recognised on unused losses to the extent that it is probable that future taxable profits will arise against which the losses can be utilised.

There is an immaterial amount of non-expiring unused losses, for which no deferred tax asset is recognised on the Solvency II balance sheet.

Differences between the value of deferred tax assets and liabilities under Solvency II and IFRS arise mainly on the valuation of technical provisions and deferred acquisition costs.

The net deferred tax liability on the group's Solvency II balance sheet of £1,002m (2018: £968m) and the equivalent net deferred tax liability on the IFRS balance sheet are summarised below:

(£m)	2019 Solvency II	2019 IFRS	2018 Solvency II	2018 IFRS
Deferred tax assets	**(1)**	**(8)**	(2)	(7)
Deferred tax liabilities	**1,003**	**553**	970	426
Net deferred tax liabilities	**1,002**	**545**	968	419

As at 31 December 2019 (£m)	Solvency II	IFRS
Deferred acquisition expenses	**35**	**40**
Difference between the tax and accounting value of insurance contracts	**715**	**225**
Realised and unrealised gains on investments	**167**	**167**
Excess of depreciation over capital allowances	**(8)**	**(8)**
Excess expenses	**(19)**	**(19)**
General provisions	**139**	**139**
Trading losses	**(3)**	**(2)**
Pension fund deficit	**(24)**	**(24)**
Net deferred tax (assets)/liabilities	**1,002**	**518**
'Holdings In Related Undertakings Line' on Solvency II balance sheet		**(112)**
Net deferred tax liabilities valued on a D&A basis on Solvency II balance sheet		**139**
Net deferred tax (assets)/liabilities – IFRS balance sheet		**545**

There are no material unrecognised deferred tax assets.

D.3.3 DEBTS OWED TO CREDIT INSTITUTIONS

Under IFRS debts owed to credit institutions are held at amortised cost less impairment. On the Solvency II balance sheet bank loans are valued at fair value, excluding changes in own credit. This gives rise to a valuation difference of £229m (2018: £190m) between Solvency II and IFRS.

D.3.4 INSURANCE AND INTERMEDIARIES PAYABLES

All insurance payables are measured at fair value in line with IFRS. Outstanding claims which are included in participating and non-participating contract liabilities under IFRS are presented as payables under Solvency II, and this gives rise to a presentational difference of £467m (2018: £443m) which is offset by a corresponding change in Technical Provisions.

D.3.5 REINSURANCE PAYABLES

Reinsurance payables are valued at fair value in line with IFRS. There is no valuation difference to IFRS. Certain items are treated as payables in IFRS but are incorporated into best estimate liabilities in Solvency II. This gives rise to a presentational difference of £628m (2018: £648m) which is offset by a corresponding change in Technical Provisions.

As in 2018, the balance on the Risk Transfer Agreement (RTA) between Legal and General Assurance Society Limited and ReAssure Limited, which has arisen on the sale of the Mature Savings business, represents the majority of this reinsurance payable amount. Following the completion of sale of the Mature Savings business the RTA will cease to remain in effect.

D.3.6 PAYABLES (TRADE, NOT INSURANCE)

Under IFRS trail commission represents the present value of future commission payments, under Solvency II these amounts are taken into account in the calculation of the SII BEL, they are therefore removed from payables in order to eliminate a double count. This gives rise to a valuation difference of £129m (2018: £122m).

All other payables within this line item are valued at fair value in line with IFRS.

D.3.7 SUBORDINATED LIABILITIES

Under IFRS subordinated liabilities are held at amortised cost less impairment. On the Solvency II balance sheet subordinated liabilities are valued at fair value, excluding changes in own credit.

The fair value of subordinated liabilities is determined by utilising a pricing function where the yield has been adjusted to exclude changes in own credit (equal to current risk free rate plus credit spread at inception). This has been derived as follows:

- The ‘risk free’ rate is equal to the rate of a UK treasury bond with similar maturity date and other characteristics to the group subordinated debt instrument at the balance sheet date; and
- The ‘credit spread’ is equal to the spread of the group subordinated debt instrument as at the date it was issued (as opposed to the balance sheet date).

This gives rise to a valuation difference of £324m (2018: £180m) between Solvency II and IFRS.

D.3.8 ANY OTHER LIABILITIES, NOT SHOWN ELSEWHERE

Under IFRS there are items such as DIL, reinsurer’s share of DAC and liabilities held for sale, which are not shown separately on the Solvency II balance sheet.

The deferred income liabilities (DIL) represents initial charges which are spread over the lifetime of the savings contracts, and are recognised under IFRS on contracts where there is no actuarial reserves in order that there is no day 1 profit. Under Solvency II these charges are allowed for in the BEL. This gives risk to a valuation difference of £49m (2018: £54m).

Reinsurer’s share of DAC and held for sale liabilities are reclassified on the Solvency II balance sheet through the deduction and aggregation and held for sale adjustments.

D.3.9 CHANGES IN ASSUMPTION AND VALUATION BASES

There have been no significant changes in assumptions, valuation bases or estimations for other liabilities in the reporting period.

D.4 ALTERNATIVE METHODS FOR VALUATION

Legal & General has in place a group-wide valuation policy, which sets out the requirements to ensure that all assets across the group, using alternative valuation methods, are governed, controlled and valued in a manner that is appropriate and consistent with the requirements of Article 263 of the Delegated Regulation. This policy includes a requirement for ensuring valuation models are reviewed on a timely basis and that independent review of the models and outputs is obtained on a regular basis.

A Group Asset Valuation Committee ("the Committee") monitors the application of the processes and compliance with the group policy. This includes setting the policies to ensure appropriate documentation, including documentation of the models, significant assumptions and limitations, sensitivities and an assessment of the resulting valuations.

The Committee is responsible for the oversight of asset valuations for each of the Solvency II regulated entities, for Legal & General Capital Investments Limited, and for the US business, to confirm its asset values for the deduction and aggregation methodology. The Committee receives management information relating to each significant entity on their assessments of valuation uncertainty and provides oversight and challenge to these.

Whilst the Committee reviews all assets to which the shareholder has some exposure, its main focus is on assets which present the highest level of valuation uncertainty. These assets include:

Private Credit (including commercial real estate loans)

These are illiquid private assets and valuations are derived by using a discounted future cash flow approach with yields based on selected comparator bonds with similar durations and investment grades, combined with an assumption on the initial spread of the investment.

Valuation uncertainty is assessed by adjusting the discount rate for reasonable alternative assumptions in relation to duration and credit quality of the counterparty.

Income strips

These are property investment assets with lease durations typically in excess of 30 years. This asset class is valued using a yield to maturity discounted future cash flow approach based on comparator bond durations and investment grades, combined with assumptions on initial spread and future inflation factors.

The valuation uncertainty element has been assessed by calculating sensitivities to fixed income and property yields.

Lifetime mortgage loans

There is no market-observable value for Lifetime mortgage assets. However, the amount paid to acquire the assets at outset is objective and is assumed to be the market value of the loan at the start date.

Each Lifetime mortgage loan is valued by projecting the expected proceeds and discounting at an appropriate discount rate. The main component of the spread is an estimate of the expected spread if the loan were issued on terms currently offered on new loans (with comparable LTVs). This spread will change over time, and aims to capture movements in the illiquidity premium available from investing in such Lifetime mortgage assets.

To project the expected proceeds, the assumptions include expected future property prices, volatility of property price growth, costs of selling the properties, decrement rates (mortality, morbidity and prepayment, as well as timing lags), and running expenses. Valuation uncertainty has been assessed by applying sensitivities to those key valuation assumptions.

The asset valuation has been subjected to a variety of sensitivity tests covering reasonable ranges.

Commercial mortgage loans

These mortgage loans are determined by incorporating credit risk for performing loans at the portfolio level and 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. These are further adjusted for credit improvements due to seasonality and illiquidity premiums.

Valuation uncertainty arises from variation of the key assumptions on credit risk and liquidity premiums.

Investment property

Due to the non-heterogeneity of the property portfolio, the valuation of the group's investment property assets are provided by external valuation experts on a quarterly basis which are calibrated to recent precedent transactions in the market place. The external valuations are performed in line with professional valuation standards as prescribed by the Royal Institute of Chartered Surveyors.

The valuation uncertainty element has been calculated by using various sensitivity analyses by property type to expected rental yields, property yields, credit ratings and other key inputs.

Sale and Leaseback arrangements

For the group, these are valued as investment property.

Non-traded or illiquid bonds and equities

Illiquid fixed income securities are valued using a price from the counterparty broker to the deal where possible. Where this is not available, the group uses the purchase or issue price.

Illiquid equity valuations are derived in line with the IPEV guidelines, by establishing a valuation with reference to relevant market, income and cost factors. These valuations are subject to internal review through independent asset valuation committees. Where possible, the valuations are reviewed by independent expert valuation companies.

Following the completion of these processes the group has concluded that its assets are valued appropriately in accordance with Article 10 of the Solvency II Delegated Regulation and appropriately reflect consideration of valuation uncertainty.

D.4.1 ADEQUACY OF THE VALUATION COMPARED TO EXPERIENCE

Where possible, the group aims to value its assets using prices obtained from independent pricing providers. Where independent pricing is obtained, quality checks are performed to ensure valuations are appropriate. These include comparisons to like prices received from multiple providers, comparisons to previous day or period reported prices, spread tolerances built within the pricing, benchmarking to relevant indices and other tolerance based analyses. Deviations from tolerances are investigated and reported through the relevant asset governance process.

For assets where mark-to-market valuations from independent pricing providers are not available, the group performs reviews to validate and verify the continued suitability of the model for valuation purposes. This includes verification of the information, data, assumptions and output of the model, and a review of the model to ensure that it is still appropriate. The latter might consider external factors such as developments in standard modelling techniques for the asset in question, or internal factors such as evidence of the valuation against purchases or disposals of similar assets.

D.5 ANY OTHER INFORMATION

There were no significant events other than those covered above.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

E.1.1 OBJECTIVES FOR MANAGING OWN FUNDS

The Group Board has established Group Risk Appetite statements to set the group's overall objective for capital; the group aims to maintain an appropriate buffer of capital resources over the minimum regulatory capital requirements. The Board sets a quantitative risk appetite for the Solvency II coverage ratio and this is used to monitor the position relative to the risk appetite.

The Group Capital Committee considers and approves matters such as capital allocation, new product lines, large transactions and capital investments, mergers and acquisition transactions, direct investments and other material group-wide matters that may arise.

The group's capital position is monitored by the Group Capital Committee and GRC on a monthly basis or more frequently if deemed appropriate. These committees identify if actions are required in order to maintain the group capital position.

Each year the group prepares a five-year Capital Plan, consistent with the group's Strategic and Business Plans, to forecast how the capital position is expected to develop over the group business planning period and to consider the impact of the group's strategy on the capital position. Performance against the Capital Plan is monitored on a regular basis and is used to inform decisions on the group's capital structure and dividend policy.

Regarding the group's capital management, a combination of methods, as referred to in Articles 230 and 233 of the Solvency II Directive is used to calculate the group solvency. The method used for each individual undertaking in the group is described in Column C0260 of the QRT S.32.01.22 (shown in Annex 1 of this report).

There have been no significant changes in the objectives for managing Own Funds in the year.

E.1.2 QUANTITATIVE EXPLANATION OF OWN FUNDS

The components of IFRS equity and Solvency II Own Funds as at 31 December 2019 are as follows:

(£m)	IFRS Equity 2019	Solvency II Basic Own Funds 2019	IFRS Equity 2018	Solvency II Basic Own Funds 2018
Ordinary shares	**149**	**149**	149	149
Share premium	**1,000**	**1,000**	992	992
Retained earnings and reserves	**8,273**	**-**	7,511	-
Surplus funds	**-**	**443**	-	394
Reconciliation reserve	**-**	**11,607**	-	11,542
Subordinated liabilities	**-**	**3,854**	-	3,535
Total	**9,422**	**17,053**	8,652	16,612

E.1.3 STRUCTURE, AMOUNT, AND QUALITY OF BASIC OWN FUNDS

All Legal & General group Own Funds have been assessed as Basic Own Funds. There are no ancillary Own Fund items included in total Own Funds. Basic Own Funds have been assessed against Article 71 of the Delegated Regulation and have been categorised accordingly.

The structure and quality of the group's Own Funds by tier is as follows:

As at 31 December 2019 (£m)	**Reference**	**Total**	**Tier 1 Unrestricted**	**Tier 1 Restricted**	**Tier 2**	**Tier 3**
Ordinary share capital (gross of own shares)	E.1.4.1	**149**	**149**	**-**	**-**	-
Share premium account related to ordinary share capital	E.1.4.1	**1,000**	**1,000**	**-**	**-**	-
Surplus funds	E.1.4.2	**443**	**443**	**-**	**-**	-
Reconciliation reserve[1]	E.1.4.3	**11,607**	**11,607**	**-**	**-**	-
Subordinated liabilities	E.1.4.5	**3,854**	**-**	**-**	**3,854**	-
Total Basic Own Funds		**17,053**	**13,199**	**-**	**3,854**	**-**
Restrictions on Own Funds	E.1.5	**(178)**	**(178)**	**-**	**-**	-
Total Eligible Own Funds to cover the SCR		**16,875**	**13,021**	**-**	**3,854**	-
Total Eligible Own Funds to cover the MCR[2,3]		**12,685**	**12,267**	**-**	**418**	-

1. Excluding £8m of other non available own funds, see E.1.5.
2. Excluding Own Funds from other financial sector and from the undertakings included via Method 2 – Deduction and Aggregation.
3. Tier 2 funds eligible to meet the MCR are capped at 20% of the MCR, as specified in Article 82 of the Delegated Regulation.

As at December 2018 (£m)	Reference	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	E.1.4.1	149	149	-	-	-
Share premium account related to ordinary share capital	E.1.4.1	992	992	-	-	-
Surplus funds	E.1.4.2	394	394	-	-	-
Reconciliation reserve	E.1.4.3	11,542	11,542	-	-	-
Subordinated debt	E.1.4.5	3,535	-	-	3,535	-
Total Basic Own Funds		16,612	13,077	-	3,535	-
Restrictions to Own Funds	E.1.5	(164)	(164)	-	-	-
Total Eligible Own Funds to cover the SCR		16,448	12,913	-	3,535	-
Total Eligible Own Funds to cover the MCR[1,2]		12,519	12,072	-	447	-

1. Excluding Own Funds from other financial sector and from the undertakings included via Method 2 – Deduction and Aggregation.
2. Tier 2 funds eligible to meet the MCR are capped at 20% of the MCR, as specified in Article 82 of the Delegated Regulation.

An analysis of significant movements in the items of Basic Own Funds during the period is provided in Section E.1.4. Further details on the restrictions to Own Funds are provided in Section E1.5.

Group Own Funds are based on the consolidated group IFRS balance sheet, from which all intragroup transactions have been eliminated, and Solvency II adjustments are performed net of intragroup transactions.

E.1.4 DETAILS OF OWN FUNDS ITEMS AND ANALYSIS OF SIGNIFICANT MOVEMENTS IN OWN FUNDS DURING THE YEAR

E.1.4.1 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2019 the group had an aggregate issued and paid up ordinary share capital of £149m (2018: £149m) and share premium of £1,000m (2018: £992m). The share capital remained unchanged from 2018. The share premium increased by £8m during the year which represents issuance of shares for savings related share options exercised during the year under employee share option schemes.

E.1.4.2 SURPLUS FUNDS

With respect to the With-Profits fund, the group recognised £443m (2018: £394m) of surplus funds as at 31 December 2019. This represents the excess assets over liabilities, excluding Risk Margin and Transitional Measures on Technical Provisions, of the With-Profits Fund after deducting the present value of expected future shareholder transfers. The surplus funds are available to fully support the With-Profits Funds SCR, thereby meeting the criteria for classification as Tier 1 own funds.

The largest contributors to the increase in surplus funds during the year were market movements, partially offset by a distribution of the With-Profits estate.

E.1.4.3 RECONCILIATION RESERVE

The Reconciliation reserve is a core component of Basic Own Funds. The following table sets out how the reconciliation reserve is determined:

(£m)	**2019**	2018
Excess of assets over liabilities	**13,207**	13,077
Ordinary share capital	**(149)**	(149)
Share premium account	**(1,000)**	(992)
Surplus funds	**(443)**	(394)
Other non available own funds[1]	**(8)**	-
Reconciliation reserve	**11,607**	11,542

1. Details of other non available own funds are provided in E.1.5.

The Reconciliation Reserve is predominantly made up of the excess of assets over liabilities, adjusted for ordinary share capital, surplus funds and the share premium account, which are presented as separate components of Own Funds.

The movement in the excess of assets over liabilities essentially represents net profits generated by the group, partially offset by dividends paid to the shareholders. During the year the group paid £998m (2018: £932m) in dividends to shareholders.

E.1.4.4 ANALYSIS OF MOVEMENT IN OWN FUNDS

An analysis of significant movements in Own Funds during the year is provided below:

(£m)	**Own Funds**
Own Funds as at 31 December 2018	**16,448**
Net surplus generation	**1,365**
Dividend paid	**(998)**
Other operating and non-operating variances	**(140)**
Subordinated debt	**200**
Own Funds as at 31 December 2019	**16,875**

The increase in Own Funds is primarily driven by the net surplus of £1,365m generated from the books of existing and new business and including the release of Risk Margin and TMTP and includes a one-off benefit of £155m from an update in the longevity trend assumptions from adjusted CMI 2016 to adjusted CMI 2017.

These positive movements in Own Funds are partially offset by the dividends of £998m paid to shareholders during the year. Other movements in Own Funds arise from other operating and non-operating variances, including assumption changes described in Section D.2.1.3.

The issuance of qualifying Sterling subordinated notes on 26 November 2019 contributed an additional £600m to Own Funds. The group has redeemed in full the £400m 5.875% notes on the first call date of 1 April 2019.

E.1.4.5 SUBORDINATED BORROWINGS

In assessing the quality of each material Own Fund item, the group has considered, along with the outstanding duration, the extent to which it is available against the following criteria:

- Rank on insolvency before policyholder or non-subordinated creditors
- Encumbrances or connected transaction
- Pay distributions or coupons whilst in breach of the SCR
- Ability to redeem without supervisory approval

The group's subordinated borrowings are given in the following table:

Solvency II Own Funds classi-fication	**Coupon rate (%)**	**Issue date**	**Maturity date**	**Call date[1]**	**Issue amount**	**Solvency II value 2019 (£m)**	Solvency II value 2018 (£m)	**Transitional rules**
Tier 2[2]	5.875	30/03/2004	Perpetual	01/04/2019	£400m	**-**	404	-
Tier 2[3]	10.000	23/07/2009	23/07/2041	23/07/2021	£300m	**326**	319	(a),(b)
Tier 2[3]	5.500	27/06/2014	27/06/2064	27/06/2044	£600m	**798**	743	(b)
Tier 2	5.375	27/10/2015	27/10/2045	27/10/2025	£600m	**640**	623	-
Tier 2	5.250	21/03/2017	21/03/2047	21/03/2027	$850m	**677**	661	-
Tier 2	5.550	24/04/2017	24/04/2052	24/04/2032	$500m	**396**	379	-
Tier 2	5.125	14/11/2018	14/11/2048	14/11/2028	£400m	**423**	406	-
Tier 2	3.750	26/11/2019	26/11/2049	26/11/2029	£600m	**594**	-	-
Total subordinated debt						**3,854**	3,535	

1. Notes are callable every 5 years following the first call date.
2. Notes were called in full in 2019.
3. Subject to transitional arrangements.

The group has concluded that all subordinated borrowings are available following assessment against the criteria listed above.

Over 2019 the value of the subordinated debt increased by £319m to £3,854m (2018: £3,535m). This was primarily driven by the issuance of 3.75% Sterling subordinated notes of £600m and a redemption of 5.875% Perpetual subordinated notes of £400m. Other movements in the total value of subordinated borrowings relate to changes in the risk-free rates used for the Solvency II valuation of subordinated borrowings which are reflected within Other operating variances in Section E.1.4.4.

The group has performed a review of each of the debt instruments treated as group capital resources under the Solvency I regime against the required features in the Solvency II regulations and the transitional measures. The instruments have been classified under the Solvency II transitional arrangements as required.

The specific rationale for two of the instruments being subject to transitional arrangements rather than Solvency II compliant in their own right is as follows:

a) Solvency II requires that the first contractual opportunity to redeem an instrument shall not occur before 5 years from the date of issuance, unless the instrument is exchanged or converted, or redeemed out of the proceeds of a new instrument of the same or better quality. The instrument does not meet this requirement.
b) Solvency II requires the suspension of repayment or redemption of instruments in case of non-compliance with SCR or upon insolvent issuer winding up. It also requires mandatory coupon deferral upon breach of SCR. These instruments do not contain either one or both of these features.

E.1.5 RESTRICTIONS TO OWN FUNDS

A number of non-insurance regulated entities across the group (e.g. Legal & General Investment Management (Holdings) Limited) have an additional regulatory capital requirement above the capital requirement (sectorial basis) used in the Solvency Capital Requirement (SCR) calculation. These entities' Own Funds items are eligible to meet the SCR of the regulated subsidiary but cannot be made available to cover the Solvency Capital Requirements of firms elsewhere in the group, resulting in a restriction to be reflected in the group Eligible Own Funds. As at 31 December 2019 this has resulted in a restriction of £178m (2018: £164m).

As at 31 December 2019 there were no restrictions on the Own Funds for any of the Matching Adjustment Portfolios (MAPs) or the ring-fenced funds (RFF) within the group (2018:nil).

The group has set aside an additional £8m in relation to Legal & General Mastertrust arrangement and treated it as a non-available own funds item during 2019 (2018:nil).

E.1.6 RECONCILIATION BETWEEN IFRS EQUITY AND EXCESS OF ASSETS OVER LIABILITIES

The reconciliation between IFRS equity and Solvency II excess of assets over liabilities is shown below:

(£m)	Reference	2019	2018
IFRS equity		**9,422**	8,652
Solvency II Excess of assets over liabilities		**13,207**	13,077
Difference		**3,785**	4,425
Explained by:			
Elimination of intangibles[1]		**(569)**	(644)
Conversion to aggregation under the D&A method	D	**(149)**	(107)
Difference in the valuation of technical provisions		**5,360**	6,182
- Valuation differences on technical provisions	D	9,098	9,284
- Valuation differences on reinsurance recoverables	D.1.1.3	(4,139)	(3,379)
- Valuation differences on reinsurance receivables[2]	D.1.1.5	240	72
- Valuation differences on reinsurance payables	D.3.5	628	648
- Valuation differences on insurance and intermediaries payables	D.3.4	(467)	(443)
Revaluation of subordinated debt and debts owed to credit institutions[3]	D.3	**(553)**	(370)
Other valuation differences[4]		**165**	28
Deferred tax impacts	D.3	**(469)**	(664)
Total		**3,785**	4,425

1. Includes £557m (2018: £594m) of deferred acquisition costs and goodwill, £190m (2018: £226m) of intangible assets less £129m (2018: £122m) of trail commission payable and £49m (2018: £54m) of deferred income liabilities.
2. Includes insurance and intermediaries receivables.
3. Includes valuation differences of £324m (2018: £180m) related to subordinated debt and £229m (2018: £190m) related to debts owed to credit institutions.
4. Other valuation differences include fair value adjustments.

An explanation of the material movements in each of the component parts of the Solvency II excess of assets over liabilities, including a qualitative explanation for the valuation adjustments, is presented in Section D: Valuation for Solvency II purposes.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT[7]

E.2.1 SOLVENCY CAPITAL REQUIREMENT (SCR)

The total SCR for the group as at 31 December 2019 was £9,439m (2018: £8,681m). This was calculated using the group's approved partial internal model. No element of the SCR is subject to supervisory assessment.

The table below provides an analysis of material changes to the SCR during the year:

(£m)	SCR
SCR as at 31 December 2018	8,681
Net surplus generation	463
Market movements	434
Other operating and non-operating variances	(139)
SCR as at 31 December 2019	**9,439**

- Net Surplus Generation includes SCR release from the back-book and the addition from new business written during the year;
- Market Movements represents the impact of changes in investment market conditions over the period and changes to future economic assumptions; and
- Other operating and non-operating variances include the impact of experience variances, changes to valuation and capital calibration assumptions, changes to planned volumes of new business, tax rate changes, PRA approval of changes to the Internal Model and Matching Adjustment and other management actions including changes in asset mix, hedging strategies, Matching Adjustment optimisation and update to the longevity assumptions.

The group SCR allows for diversification across the group, and as such is less than the sum of the standalone SCR requirements for insurance entities. The main sources of diversification for the group are derived from the different risk profiles of PMC compared to the rest of the group. The Group Internal Model allows a quantification and allocation of this diversification benefit and as at year end 2019 it allocated c.£200m of diversification benefit to PMC (2018: c.£180m). In line with Solvency II regulations, there is no allowance for diversification when aggregating capital requirements from other financial sectors or firms included through the deduction and aggregation methodology.

Further information on the SCR by risk categories is provided in the QRT S.25.02.22 in Annex 1 of this report.

E.2.2 MINIMUM CAPITAL REQUIREMENT (MCR)

The group's MCR as at 31 December 2019 was £2,088m (2018: £2,236m) as shown in the Own Funds QRT S.23.01.22 in Annex 1 of this report.

In accordance with Solvency Directive Article 230(2), the Minimum Capital Requirement for the group is the sum of the Minimum Capital Requirements for subsidiaries consolidated under Method 1 (accounting consolidation based method). Banner Life and William Penn are aggregated for group solvency purposes under Method 2 (deduction and aggregation) and have been excluded from the above MCR.

The reduction in the MCR over the year arises because of the sale of the General Insurance business, as well as a reduction in the SCR of Legal and General Assurance Society Limited.

[7] The Internal Model and Solvency Capital Requirement are not subject to audit.

Legal & General

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The duration based equity risk sub module is not used in the calculation of the group's Solvency Capital Requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

E.4.1 INTERNAL MODEL

The group uses a group-wide partial internal model (referred to as the Internal Model), as approved by the PRA. The Internal Model is used to calculate the capital requirements for the group. The following sections describe various aspects of the Internal Model.

E.4.1.1 USE OF THE INTERNAL MODEL

The Internal Model is a key tool within the Risk Management framework. It plays a central role in the measurement of risks, as the Internal Model translates identified risk exposures into risk-based capital requirements. The Internal Model models the material and quantifiable risks that are identified as part of the group's risk identification and review process.

The Internal Model's primary calculation engine, Algorithmics (Algo), has been designed to generate output at the level at which it will be used, i.e. at both a divisional and entity level, and by risk sub-category. This is important in ensuring its use and also helps to improve understanding and decision-making.

In addition to being the Internal Model's calculation engine, Algo is also employed by the group for operational asset liability management purposes.

Output from the Internal Model is used to formulate risk tolerances for the following group level risk appetite statements which are reviewed annually:

- The measure of return on risk-based capital;
- The appropriate additional capital resources to be held over the minimum regulatory capital requirements; and
- Management of earnings volatility.

Output from the Internal Model is essential for effectively monitoring risk exposures across the group. Effective management information (MI) informs and supports the decision-making, oversight and risk assessment responsibilities of the group's risk and capital management committees.

The group level approach also serves as a model for the MI required for lower-level (i.e. divisional, entity and business unit) committees.

In an Internal Model context, risk and capital MI assists the group to monitor risk exposures in relation to appetite and limits.

E.4.1.2 SCOPE OF THE INTERNAL MODEL

We have chosen to adopt an Internal Model approach to calculate the Solvency Capital Requirement (SCR) for material insurance companies in the group. The Internal Model covers all of the group's material and quantifiable risk exposures, which are identified as falling into the following categories:

- Insurance;
- Market;
- Counterparty credit;
- Operational; and
- Diversification between risks.

The following subsidiaries are within the scope of the group's partial internal model and are 'major business units':

Firms regulated on a solo basis

Entity	Model type	Description
Legal and General Assurance Society Limited (LGAS)	Partial Internal Model (The model includes business on a Standard Formula basis)	LGAS is a European economic area (EEA) composite insurer. LGAS currently operates primarily as a life and pensions business in the UK.
Legal and General Assurance (Pensions Management) Limited (PMC)	Internal Model	PMC is an EEA long-term insurer. PMC provides unit-linked pension policies and segregated investment management services primarily to occupational pension scheme trustees.

Other firms included in the group SCR

Entity	Model type	Description
Legal & General Group Plc	Internal Model	The group level insurance holding company.
Legal & General Reinsurance Company Limited (LG Re)	Internal Model	LG Re is a non-EEA reinsurer that started writing business during 2014, initially accepting primarily annuity related risks.
Banner Life Insurance Company William Penn Life Insurance Company of New York	Included in the model using the deduction and aggregation method based on the local statutory requirements	Banner and William Penn primarily sell individual protection policies in the US and are subsidiaries of the non-EEA holding company Legal & General America Inc.
Legal & General Finance Plc	Internal Model	Legal & General Finance Plc is an ancillary firm whose principal activity is to provide funding to other Legal & General insurance entities.

In line with the regulations, Legal & General Finance Plc has been classified as a ‘major business unit’. As an 'ancillary services undertaking' as defined in the Solvency II Delegated Regulation (January 2015), its activities are highly integrated with other insurance entities within the group.

The PRA has approved the use of the Deduction and Aggregation method to include the Legal & General America firms in the group Solvency Capital Requirements (SCR) until 1 January 2021.

The group’s overall (SCR) includes the following elements. The percentages shown are as at 31 December:

	2019	2018
SCR for Internal Model firms	**88.2%**	86.3%
SCR for Group Pension Scheme	**2.9%**	3.6%
With-profits fund standalone position	**5.3%**	6.1%
SCR for Standard Formula firms	**0.0%**	0.0%
SCR for D&A Firms (Legal & General America)	**2.8%**	3.2%
Capital requirement for financial firms	**0.8%**	0.8%
Total Group SCR	**100.0%**	100.0%

Our Internal Model is integrated into our risk management and governance systems. The material risks identified through the risk framework are also those covered by the Internal Model and vice versa. Actual risk exposures relative to Internal Model derived risk limits are reported and monitored.

The output of the Internal Model is used:

- to measure and rank the relative profile of the group’s core risk exposures;
- in determining the group’s strategies, risk limits and tolerances for managing different types of risk exposure relative to risk appetite;
- in the own risk and solvency assessment (ORSA) for the group and for relevant solo firms;
- as a key factor in decisions such as those covering capital allocations, product pricing and asset class selection; and
- in the assessment of significant transactions.

The Board is assured of the adequacy and effectiveness of the integration and use of the Internal Model through regular reporting to the GRC, both as part of the formal management information received by the Committee and through briefings on the operation and development of the Internal Model.

The group uses the alternative aggregation Method 1 defined in the Solvency II Delegated Regulations for aggregation of the Internal Model SCR. The Legal & General America major business units are then aggregated for group solvency purposes under Method 2 (deduction and aggregation). Method 1 involves simple addition of various sources of SCR without allowing for diversification between them (but allowing for full diversification within each of the Internal Model and Standard Formula (SF) SCRs). The sources of SCR are as follows:

- Group Internal Model SCR, with full diversification between Internal Model firms (apart from any ring-fencing restrictions);
- SF SCR for SF firms, with full diversification between SF firms (this is now de minimis);
- SCR for undertakings included via the deductions and aggregation method;
- Proxy capital requirement for each financial firm individually, without diversification between them; and
- The value of reinsurance internal to the group is eliminated at the group level.

The pension scheme is within the scope of the Group Internal Model SCR, allowing for some diversification within the Internal Model assessment.

E.4.1.3 METHODS USED IN THE INTERNAL MODEL

The calculation approach used generates 500,000 simulations of ‘risk drivers’ such as equity returns and interest rates. The simulations are constructed in such a way that each risk driver follows a predefined distribution and that the relationship between any two risk drivers follows a predefined correlation assumption. The simulations can be looked at as a sample generated from a multidimensional distribution. This distribution is sometimes referred to as a ‘marginal distribution’.

The multidimensional distribution is built from the risk driver distributions, correlation assumptions and a t-copula function which represents the dependency structure between the risks.

Each scenario is fed into an asset valuation module, which is capable of revaluing the group’s assets for each of these scenarios. The output is the total asset value under each scenario. This module covers the vast majority of the relevant assets.

Similarly, the scenarios are fed into a liability valuation module (and for certain situations the results from the asset valuation are also fed into the liability valuation module). Due to run time constraints, the liability valuation module is a simplified model (referred to as a ‘proxy model’).

The results of the liability valuation and the asset valuation module are combined for each scenario to give the resulting net asset position and the change in net asset value compared to the starting position. These results cover existing business, as well as the new business expected to be written over the following 12 months.

The risk measure used for the purpose of the Internal Model is a ‘value-at-risk’ measure (VaR); the VaR is defined as the estimated loss for a given probability over a one-year period.

By ordering the results (i.e. changes in net assets) the empirical aggregated loss distribution can be constructed. If the number of simulations is too small then the estimate of the percentile can be volatile and methods (such as smoothing) are required to stabilise results.

Whilst capital calculations are based upon a one-year VaR approach, the stresses applied in Algo are effectively carried out assuming that the event occurs exactly at the valuation date. An adjustment is made to allow for the investment return (using pre and post stress risk-free rates) that would be earned over the year on the eligible Own Funds (EOF). For prudence it is assumed that the assets earn a risk free rate of return from the balance sheet date. At the point of the SCR event the EOFs will reduce by the size of the SCR and will then only yield a return at the post stress risk free rate. The 1-in-200 event could occur at any point over the year; however, to simplify the calculation of the adjustment, only month-ends are considered.

A simple average of the possible returns (each relating to the event occurring at the end of a different month) gives the expected return, on the assumption that the probability of the event occurring is uniformly distributed across the year.

E.4.2 THE RISK MEASURE AND TIME PERIOD USED IN THE INTERNAL MODEL

In line with Article 101 of the Solvency II Directive the Internal Model SCR is the 1-in-200 value-at-risk (VaR) of Own Funds over a one-year period.

E.4.3 MAIN DIFFERENCES AGAINST THE STANDARD FORMULA APPROACH

As described above, the Internal Model calibration standard is the same as for the standard formula. However, the detailed calculations differ in their sophistication and the extent to which they have been tailored to the group’s own risk profile. As part of the review of the Internal Model an annual exercise is carried out to assess the group Standard Formula result.

Standard Formula is not the group's regulatory basis. The production of a group Standard Formula result is not carried out as part of the year end valuation cycle, and has been carried out on a proportionate basis. It is not subject to the level of rigour as the Internal Model result validation.

The most significant (pre-diversification between risks) differences are as follows:

- Standard Formula has no inflation risk capital requirement, whereas the Internal Model has a non-zero amount;
- The capital requirement arising from spread risk (net of matching premium) is significantly higher (pre-diversification) for the Standard Formula than for the Internal Model, primarily due to the treatment of Special Purpose Vehicles (SPVs). Aside from this, the Internal Model calibration is significantly stronger than the Standard Formula, but there is an offsetting impact from lower than 100% correlation between the various Internal Model spread risk drivers. Also, differing treatments for asset types will influence the relative strength;
- There are stronger calibrations in the Internal Model compared to Standard Formula for longevity risk and operational risk;
- There are stronger calibrations in the Standard Formula compared to the Internal Model for lapse risk and mortality risk;
- Equity risk capital requirement is higher (pre-diversification between risks) for Standard Formula than Internal Model primarily due to different classifications of certain assets;
- Property risk capital requirement is lower (pre-diversification between risks) for Standard Formula than Internal Model primarily due to different classifications of certain assets;
- Loss absorbing capacity of deferred taxes (LACoDT) is proportionately lower for Standard Formula as the Standard Formula SCR is materially higher overall, and there are insufficient deferred tax liabilities or sources of future profits to support full LACoDT recoverability under Standard Formula;
- The Internal Model has a non-market risk capital requirement on the group's defined benefit pension schemes, whereas Standard Formula has no requirement for this risk;
- The Internal Model uses a copula approach to aggregate the components rather than the matrix multiplication specified in the Standard Formula. This enables the Internal Model to more accurately allow for interactions between risks and non-normal risk distribution shapes and results in different diversification benefit under the Internal Model; and
- The Internal Model also allows for diversification between the business inside and outside the Matching Adjustment portfolio upon aggregation, whereas the Standard Formula does not.

E.4.4 INTERNAL MODEL DATA

In order to calculate our Solvency Capital Requirement our Internal Model is provided with data about our assets, liabilities and the risks associated with each of these. The majority of assets are modelled on an individual asset terms and conditions basis, providing readily validated valuations and granular modelling of how assets respond under different scenarios. Insurance liabilities are provided by our proven process for the calculation of best estimate liabilities; the same process provides figures for our IFRS reporting and calculation of technical provisions.

In order to assess the risks associated with our assets and liabilities a wide range of economic, market and insurance data and operational risk experience is used. Internal and external historical and experience data are used to project possible future scenarios, and external forecasts are used for example in life longevity, causes of death and epidemic risks.

Data are used to assess:

- the likelihood and scale of individual risks; and

- how these risks are correlated, i.e. the extent to which a change in one risk is likely to coincide with a change in another risk.

Our Solvency II data governance framework has been designed to instil best practice in managing data risk and in improving data quality to add robustness to model processes and outputs. The Solvency II Data Management Policy sets out the group's requirements for managing data risk on data used to develop, populate, operate and validate the Internal Model. The data management control framework provides the conditions for business areas to ensure that all Internal Model data are recorded and that associated data risks and quality are managed effectively. The framework includes regular assessments of data quality and controls effectiveness.

The appropriateness of all internal and external data is considered and justified by the experts in each area of risk, and these justifications are independently validated.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There have been no instances of non-compliance with either the MCR or SCR for any of Legal & General Solvency II entity over the reporting period.

E.6 ANY OTHER INFORMATION

Legal & General Insurance Limited

On 31 December 2019 the group completed the sale of the General Insurance business to Allianz. The impact of completion of sale on the group's Solvency II coverage ratio was an increase of circa 1%.

Dividend

As at 4 March 2020 the group declared a final dividend of £753m (2018: £704m) to be paid on 4 June 2019. The impact of this dividend payment as at 31 December 2019 would have been to reduce the regulatory solvency coverage ratio by 8% (2018: 8%).

Mature Savings

On 6 December 2017 the group announced the sale of the Mature Savings business to ReAssure Limited (a subsidiary of Swiss Re). ReAssure Limited assumed the economic exposure of the business from 1 January 2018 via a risk transfer agreement (RTA). The impact of the risk transfer agreement has been reflected in the Own Funds and SCR. At the time of writing this report the Part VII transfer of the Mature Savings business is expected to complete in 2020.

ANNEX 1 – QUANTITATIVE REPORTING TEMPLATES (QRT)

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.02.01.02
Balance sheet

		Solvency II value
	Assets	C0010
R0010	Goodwill	-
R0020	Deferred acquisition costs	-
R0030	Intangible assets	-
R0040	Deferred tax assets	994
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	41,687
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	164,685,452
R0080	*Property (other than for own use)*	117,637
R0090	*Holdings in related undertakings, including participations*	86,074,843
R0100	*Equities*	3,121,365
R0110	*Equities - listed*	3,121,157
R0120	*Equities - unlisted*	208
R0130	*Bonds*	62,255,192
R0140	*Government Bonds*	12,034,620
R0150	*Corporate Bonds*	49,160,905
R0160	*Structured notes*	-
R0170	*Collateralised securities*	1,059,667
R0180	*Collective Investments Undertakings*	1,682,892
R0190	*Derivatives*	11,316,588
R0200	*Deposits other than cash equivalents*	116,935
R0210	*Other investments*	-
R0220	Assets held for index-linked and unit-linked contracts	273,268,970
R0230	Loans and mortgages	6,013,464
R0240	*Loans on policies*	114
R0250	*Loans and mortgages to individuals*	4,953,258
R0260	*Other loans and mortgages*	1,060,092
R0270	Reinsurance recoverables from:	558,624
R0280	*Non-life and health similar to non-life*	-
R0290	*Non-life excluding health*	-
R0300	*Health similar to non-life*	-
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	408,848
R0320	*Health similar to life*	100,848
R0330	*Life excluding health and index-linked and unit-linked*	308,000
R0340	*Life index-linked and unit-linked*	149,776
R0350	Deposits to cedants	789,360
R0360	Insurance and intermediaries receivables	67,277
R0370	Reinsurance receivables	306,846
R0380	Receivables (trade, not insurance)	4,269,509
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	359,759
R0420	Any other assets, not elsewhere shown	-
R0500	**Total assets**	450,361,942

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.02.01.02
Balance sheet

		Solvency II value	
	Liabilities	C0010	
R0510	Technical provisions - non-life	43,110	
R0520	*Technical provisions - non-life (excluding health)*	43,110	
R0530	*TP calculated as a whole*	-	
R0540	*Best Estimate*	42,610	Note 1
R0550	*Risk margin*	500	Note 2
R0560	*Technical provisions - health (similar to non-life)*	-	
R0570	*TP calculated as a whole*	-	
R0580	*Best Estimate*	-	Note 1
R0590	*Risk margin*	-	Note 2
R0600	Technical provisions - life (excluding index-linked and unit-linked)	75,664,975	
R0610	*Technical provisions - health (similar to life)*	482,241	
R0620	*TP calculated as a whole*	-	
R0630	*Best Estimate*	479,827	Note 1
R0640	*Risk margin*	2,414	Note 2
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	75,182,734	
R0660	*TP calculated as a whole*	-	
R0670	*Best Estimate*	74,179,022	Note 1
R0680	*Risk margin*	1,003,712	Note 2
R0690	Technical provisions - index-linked and unit-linked	338,191,166	
R0700	*TP calculated as a whole*	-	
R0710	*Best Estimate*	338,098,146	Note 1
R0720	*Risk margin*	93,020	Note 2
R0730	Other technical provisions	-	
R0740	Contingent liabilities	-	
R0750	Provisions other than technical provisions	99,197	
R0760	Pension benefit obligations	1,104,289	
R0770	Deposits from reinsurers	-	
R0780	Deferred tax liabilities	1,003,094	
R0790	Derivatives	11,081,151	
R0800	Debts owed to credit institutions	1,043,515	
R0810	Financial liabilities other than debts owed to credit institutions	-	
R0820	Insurance & intermediaries payables	481,955	
R0830	Reinsurance payables	101,848	
R0840	Payables (trade, not insurance)	4,486,624	
R0850	Subordinated liabilities	3,853,685	
R0860	*Subordinated liabilities not in BOF*	-	
R0870	*Subordinated liabilities in BOF*	3,853,685	
R0880	Any other liabilities, not elsewhere shown	-	
R0900	**Total liabilities**	437,154,609	
R1000	**Excess of assets over liabilities**	13,207,333	

Note 1
BELs are shown net of Transitional Measure on Technical Provisions (TMTP) applied
The total BEL above sum to £412,800m. The total unadjusted BELs of £413,647m can be seen in section D.2 of the report.

Note 2
Risk Margin is shown net of TMTPs applied. The total Risk Margin above sums to £1,100m. The total unadjusted Risk Margin of £5,904m can be seen in section D.2 of the report.

In total, TMTP of £5,652m was applied, and can be seen in section D.2 of the report.

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.05.01.02
Premiums, claims and expenses by line of business

	Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	*Gross - Direct Business*	-	5,353	-	-	-	-	397,086	10,655	-	-	-	35,416					448,510
R0120	*Gross - Proportional reinsurance accepted*	-	-	-	-	-	-	65,817	-	-	-	-	-					65,817
R0130	*Gross - Non-proportional reinsurance accepted*													-	-	-	-	-
R0140	*Reinsurers' share*	-	196	-	-	-	-	16,960	2,122	-	-	-	295	-	-	-	-	19,573
R0200	*Net*	-	5,157	-	-	-	-	445,943	8,533	-	-	-	35,121	-	-	-	-	494,754
	Premiums earned																	
R0210	*Gross - Direct Business*	-	5,422	-	-	-	-	453,413	10,385	-	-	-	34,004					503,224
R0220	*Gross - Proportional reinsurance accepted*	-	-	-	-	-	-	-	-	-	-	-	-					-
R0230	*Gross - Non-proportional reinsurance accepted*													-	-	-	-	-
R0240	*Reinsurers' share*	-	196	-	-	-	-	100,101	605	-	-	-	295	-	-	-	-	101,197
R0300	*Net*	-	5,226	-	-	-	-	353,312	9,780	-	-	-	33,709	-	-	-	-	402,027
	Claims incurred																	
R0310	*Gross - Direct Business*	-	4,707	-	-	-	-	220,540	2,145	-	-	-	22,285					249,677
R0320	*Gross - Proportional reinsurance accepted*	-	-	-	-	-	-	10,700	-	-	-	-	-					10,700
R0330	*Gross - Non-proportional reinsurance accepted*													-	-	-	-	-
R0340	*Reinsurers' share*	-	55	-	-	-	-	19,072	489	-	-	-	42	-	-	-	-	19,658
R0400	*Net*	-	4,652	-	-	-	-	212,168	1,656	-	-	-	22,243	-	-	-	-	240,719
	Changes in other technical provisions																	
R0410	*Gross - Direct Business*	-	-	-	-	-	-	-	-	-	-	-	-					-
R0420	*Gross - Proportional reinsurance accepted*	-	-	-	-	-	-	-	-	-	-	-	-					-
R0430	*Gross - Non-proportional reinsurance accepted*													-	-	-	-	-
R0440	*Reinsurers' share*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0500	*Net*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0550	**Expenses incurred**	-	3,241	-	-	-	(8)	199,443	5,114	-	-	-	16,660	-	-	-	-	224,450
R1200	**Other expenses**																	-
R1300	**Total expenses**																	224,450

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.05.01.02
Premiums, claims and expenses by line of business

	Life	**Line of Business for: life insurance obligations**						**Life reinsurance obligations**		**Total**
		Health insurance	**Insurance with profit participation**	**Index-linked and unit-linked insurance**	**Other life insurance**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance**	**Health reinsurance**	**Life reinsurance**	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	*Gross*	148,587	19,697	35,475,683	15,209,069	-	-	-	11,300,860	62,153,896
R1420	*Reinsurers' share*	30,194	922	6,592	3,500,455	-	-	-	-	3,538,163
R1500	*Net*	118,393	18,775	35,469,091	11,708,614	-	-	-	11,300,860	58,615,733
	Premiums earned									
R1510	*Gross*	148,587	19,697	-	14,801,280	-	-	-	209,560	15,179,124
R1520	*Reinsurers' share*	30,194	922	-	3,500,455	-	-	-	-	3,531,571
R1600	*Net*	118,393	18,775	-	11,300,825	-	-	-	209,560	11,647,553
	Claims incurred									
R1610	*Gross*	91,101	653,402	56,937,708	5,844,550	-	-	-	10,616,739	74,143,500
R1620	*Reinsurers' share*	19,620	659	74,828	2,480,414	-	-	-	-	2,575,521
R1700	*Net*	71,481	652,743	56,862,880	3,364,136	-	-	-	10,616,739	71,567,979
	Changes in other technical provisions									
R1710	*Gross*	53,624	(137,082)	48,719,132	12,823,711	-	-	-	221,216	61,680,601
R1720	*Reinsurers' share*	35,799	-	35,004	1,070,430	-	-	-	-	1,141,233
R1800	*Net*	17,825	(137,082)	48,684,128	11,753,281	-	-	-	221,216	60,539,368
R1900	**Expenses incurred**	41,437	25,295	268,153	943,081	-	-	-	11,835	1,289,801
R2500	**Other expenses**									1,928,263
R2600	**Total expenses**									3,218,064

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.22.01.22
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	**Technical provisions**	413,899,250	5,651,668	-	-	9,235,926
R0020	**Basic own funds**	16,120,675	(4,926,444)	-	-	(8,053,911)
R0050	**Eligible own funds to meet Solvency Capital Requirement**	16,874,697	(4,926,444)	-	-	(11,826,283)
R0090	**Solvency Capital Requirement**	9,438,927	598,875	-	-	13,258,765

Note
The information disclosed in this template is as defined in Annex I of Commission Implementing Regulation (EU) 2015/2542,and is as at 31 December 2019.
Values in this table alone do not provide sufficient information to gain a fair and transparent understanding of the Group's solvency position

Additional information on the Transition Measure on Technical Provisions and the Matching Adjustment can be found in section D.2 of the report.

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.23.01.22
Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	149,125	149,125		-	
R0020	*Non-available called but not paid in ordinary share capital at group level*	-	-		-	
R0030	Share premium account related to ordinary share capital	1,000,552	1,000,552		-	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0060	*Non-available subordinated mutual member accounts at group level*	-		-	-	-
R0070	Surplus funds	442,513	442,513			
R0080	*Non-available surplus funds at group level*	-	-			
R0090	Preference shares	-		-	-	-
R0100	*Non-available preference shares at group level*	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0120	*Non-available share premium account related to preference shares at group level*	-		-	-	-
R0130	Reconciliation reserve	11,607,144	11,607,144			
R0140	Subordinated liabilities	3,853,685		-	3,853,685	-
R0150	*Non-available subordinated liabilities at group level*	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	-				-
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	-				-
R0180	Other items approved by supervisory authority as basic own funds not specified above	-	-	-	-	-
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	-	-	-	-	-
R0200	Minority interests (if not reported as part of a specific own fund item)	-	-	-	-	-
R0210	*Non-available minority interests at group level*	-	-	-	-	-

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

		Total
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-

Deductions

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	378,766	378,766	-	-	-
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	-	-	-	-	
R0250	Deductions for participations where there is non-availability of information (Article 229)	-	-	-	-	-
R0260	Deduction for participations included by using D&A when a combination of methods is used	553,579	553,579	-	-	-
R0270	**Total of non-available own fund items**	-	-	-	-	-
R0280	**Total deductions**	932,345	932,345	-	-	-
R0290	**Total basic own funds after deductions**	16,120,674	12,266,989	-	3,853,685	-

Ancillary own funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0380	Non available ancillary own funds at group level	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	**Total ancillary own funds**	-			-	-

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.23.01.22
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds of other financial sectors					
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	200,443	200,443	-	-	
R0420	Institutions for occupational retirement provision	-	-	-	-	-
R0430	Non regulated entities carrying out financial activities	-	-	-	-	
R0440	**Total own funds of other financial sectors**	200,443	200,443	-	-	-
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	553,579	553,579	-	-	-
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	553,579	553,579	-	-	-
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	16,120,674	12,266,989	-	3,853,685	-
R0530	Total available own funds to meet the minimum consolidated group SCR	16,120,674	12,266,989	-	3,853,685	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	16,120,674	12,266,989	-	3,853,685	-
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	12,684,633	12,266,989	-	417,644	
R0610	**Minimum consolidated Group SCR**	2,088,222				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	607%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	16,874,697	13,021,012	-	3,853,685	-
R0680	**Group SCR**	9,438,927				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	179%				

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	13,207,335
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	1,592,191
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0750	Other non available own funds	8,000
R0760	**Reconciliation reserve**	11,607,144
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	2,445,681
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-
R0790	**Total Expected profits included in future premiums (EPIFP)**	2,445,681

LEGAL & GENERAL GROUP - SOLVENCY AND FINANCIAL CONDITION REPORT 31 DECEMBER 2019
Values are shown in £'000
S.25.02.22
Solvency Capital Requirement - for groups using the standard formula and partial internal model

Row	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	
	C0010	C0020	C0030	C0070	
3	10300I	Interest rate risk (other than pension scheme)	254,226	254,226	
4	10400I	Equity risk (other than pension scheme)	1,319,393	1,319,393	
5	10600I	Property risk (other than pension scheme)	1,726,203	1,726,203	
6	10700I	Spread risk (other than pension scheme)	5,274,020	5,274,020	
7	10800I	Concentration risk (other than pension scheme)	-	-	
8	10900I	Currency risk (other than pension scheme)	705,456	705,456	
9	11000I	Other market risk (other than pension scheme)	1,009,902	1,009,902	
10	10300P	Interest rate risk (pension scheme)	42,393	42,393	
11	10400P	Equity risk (pension scheme)	289,102	289,102	
12	10600P	Property risk (pension scheme)	17,638	17,638	
13	10700P	Spread risk (pension scheme)	385,705	385,705	
14	10800P	Concentration risk (pension scheme)	-	-	
15	10900P	Currency risk (pension scheme)	38,608	38,608	
16	11000P	Other market risk (pension scheme)	120,881	120,881	
17	19900I	Diversification within market risk (including pension scheme)	(2,089,362)	(2,089,362)	Note 1
18	20100I	Type 1 counterparty risk	351,931	351,931	
19	20200I	Type 2 counterparty risk	-	-	
20	29900I	Diversification within counterparty risk	-	-	Note 1
21	30100I	Mortality risk	558,585	558,585	
22	30200I	Longevity risk (other than pension scheme)	4,224,484	4,224,484	
23	30200P	Longevity risk (pension scheme)	379,385	379,385	
24	30400I	Mass lapse	363,265	363,265	
25	30500I	Other lapse risk	426,333	426,333	
26	30600I	Expense risk	577,740	577,740	
27	30800I	Life catastrophe risk	864,625	864,625	
28	30900I	Other life underwriting risk	183,426	183,426	
29	39900I	Diversification within life underwriting risk	(2,761,127)	(2,761,127)	Note 1
30	41600I	Other health underwriting risk	160,418	160,418	
31	50100I	Premium risk	-	-	
32	50200I	Reserve risk	-	-	
33	50150I	Premium risk if premium risk covers premium provision and business planned to be written in coming 12 months combined	83,783	83,783	
34	50210I	Reserving risk if claims provision and premium provision combined	18,374	18,374	
35	50300I	Non-life catastrophe risk	82,075	82,075	
36	59900I	Diversification within non-life underwriting risk	(54,685)	(54,685)	Note 1
37	70100I	Operational risk	1,110,940	1,110,940	
38	80100I	Other risks	73,463	73,463	
39	80200I	Loss-absorbing capacity of technical provisions	-	-	
40	80300I	Loss-absorbing capacity of deferred tax	(1,348,473)	(1,348,473)	
41	80400I	Other adjustments	(133,722)	(133,722)	

	Calculation of Solvency Capital Requirement	C0100	
R0110	Total undiversified components	14,254,985	Sum of components above
R0060	Diversification	(5,082,566)	Note 2
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-	
R0200	**Solvency capital requirement excluding capital add-on**	9,172,421	
R0210	Capital add-ons already set	-	
R0220	**Solvency capital requirement for undertakings under consolidated method**	9,172,421	Total plus diversification (R0110 + R0060)
	Other information on SCR - ***For information only, embedded in components above***		
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	(1,160,976)	
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes	(1,348,473)	
R0400	Capital requirement for duration-based equity risk sub-module	-	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	3,833,025	
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	497,912	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	6,036,796	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-	
R0470	Minimum consolidated group solvency capital requirement	1,980,039	
	Information on other entities - ***For information only, embedded in components above***		
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	73,463	
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	73,463	
R0520	*Institutions for occupational retirement provisions*	-	
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	-	
R0540	Capital requirement for non-controlled participation requirements	-	
R0550	Capital requirement for residual undertakings	-	
	Overall SCR		
R0560	SCR for undertakings included via D and A	266,506	
R0570	**Solvency capital requirement**	9,438,927	

Note 1
These items represent diversification within individual risk categories. The total diversification within categories is £4,905m.

Note 2
This item represents diversification between risk categories. The total diversification within and between risk categories is £9,988m.

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800JH9QQWHLO99821GB05210	Specific code	103 Wardour Street Retail Investment Company Limited	Other	Limited by shares	Non-mutual		99.00%	99.00%	99.00%		Dominant	99.00%	Included in the scope		Method 1: Adjusted equity method
2	GB	213800JH9QQWHLO99821GB10910	Specific code	245 Hammersmith Road Limited Partnership	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
3	GB	213800JH9QQWHLO99821GB07140	Specific code	245 Hammersmith Road Nominee 1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
4	GB	213800JH9QQWHLO99821GB07150	Specific code	245 Hammersmith Road Nominee 2 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
5	GB	213800JH9QQWHLO99821GB07160	Specific code	245 HR GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
6	GB	213800JH9QQWHLO99821GB10930	Specific code	Accelerated Digital Ventures Limited	Other	Limited by shares	Non-mutual		97.00%	97.00%	97.00%		Significant	97.00%	Included in the scope		Method 1: Adjusted equity method
7	JE	213800JH9QQWHLO99821JE94990	Specific code	Access Development General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
8	JE	213800JH9QQWHLO99821GB10920	Specific code	Access Development Limited Partnership	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
9	GB	213800G8IDPE56ETLV96	LEI	Antham 1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
10	JE	213800JH9QQWHLO99821GB11420	Specific code	Atlantic Quay Three Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
11	GB	213800JH9QQWHLO99821GB06220	Specific code	Banner (Spare) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
12	GB	213800JH9QQWHLO99821GB05230	Specific code	Banner Construction Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
13	GB	213800JH9QQWHLO99821GB05240	Specific code	Banner Developments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
14	GB	213800JH9QQWHLO99821GB05250	Specific code	Banner Freehold Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
15	GB	213800JH9QQWHLO99821GB05260	Specific code	Banner Homes Bentley Priory Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
16	GB	213800JH9QQWHLO99821GB05270	Specific code	Banner Homes Central Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
17	GB	213800JH9QQWHLO99821GB07480	Specific code	Banner Homes Group Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
18	GB	213800JH9QQWHLO99821GB05290	Specific code	Banner Homes Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
19	GB	213800JH9QQWHLO99821GB05300	Specific code	Banner Homes Midlands Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
20	GB	213800JH9QQWHLO99821GB05310	Specific code	Banner Homes Southern Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
21	GB	213800JH9QQWHLO99821GB05320	Specific code	Banner Homes Ventures Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
22	US	213800JH9QQWHLO99821US94250	Specific code	Banner Life Insurance Company	Life insurance undertaking	Limited by shares	Non-mutual	Maryland Insurance Administration	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
23	GB	213800JH9QQWHLO99821GB05330	Specific code	Banner Management Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
24	JE	213800JH9QQWHLO99821JE95000	Specific code	Bishopsgate Long Term Property Fund general Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25	JE	213800JH9QQWHLO99821JE95010	Specific code	Bishopsgate Long Term Property Fund Nominees No 1 Ltd	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
26	JE	213800JH9QQWHLO99821JE95020	Specific code	Bishopsgate Long Term Property Fund Nominees No 2 Ltd	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
27	GB	213800JH9QQWHLO99821GB07170	Specific code	BQN Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
28	JE	213800JH9QQWHLO99821GB10520	Specific code	Bracknell Property Unit Trust	Other	Limited by shares	Non-mutual		50.92%	50.92%	50.92%		Dominant	50.92%	Included in the scope		Method 1: Adjusted equity method
29	GB	213800JH9QQWHLO99821GB05375	Specific code	Bruntwood SciTech Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
30	GB	213800JH9QQWHLO99821GB05340	Specific code	BTR Core Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
31	GB	213800JH9QQWHLO99821GB05350	Specific code	Bucklers Park Estate Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
32	GB	213800JH9QQWHLO99821GB05385	Specific code	CALA (ESOP) Trustees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
33	GB	213800JH9QQWHLO99821GB06380	Specific code	CALA 1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
34	GB	21380017XJ9PUNCD7S07	LEI	CALA 1999 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
35	GB	213800JH9QQWHLO99821GB07450	Specific code	CALA Evans Restoration Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
36	GB	213800JH9QQWHLO99821GB05390	Specific code	CALA Group (Holdings) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
37	GB	213800G5Y18V29K2TP32	LEI	CALA Group Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
38	GB	213800JH9QQWHLO99821GB05420	Specific code	CALA Homes (Chiltern) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
39	GB	213800JH9QQWHLO99821GB05410	Specific code	CALA Homes (East) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
40	GB	213800JH9QQWHLO99821GB05430	Specific code	CALA Homes (Midlands) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
41	GB	213800JH9QQWHLO99821GB05450	Specific code	CALA Homes (North Home Counties) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
42	GB	213800JH9QQWHLO99821GB05445	Specific code	CALA Homes (North) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
43	GB	213800JH9QQWHLO99821GB05460	Specific code	CALA Homes (Scotland) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
44	GB	213800JH9QQWHLO99821GB05470	Specific code	CALA Homes (South Home Counties) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
45	GB	213800JH9QQWHLO99821GB05485	Specific code	CALA Homes (Southern) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
46	GB	213800JH9QQWHLO99821GB05490	Specific code	CALA Homes (Thames) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
47	GB	213800JH9QQWHLO99821GB05505	Specific code	CALA Homes (West) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
48	GB	213800JH9QQWHLO99821GB05515	Specific code	CALA Homes (Yorkshire) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
49	GB	213800JH9QQWHLO99821GB05400	Specific code	CALA Homes Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
50	GB	213800JH9QQWHLO99821GB05525	Specific code	CALA Land Investments (Bearsden) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
51	GB	213800JH9QQWHLO99821GB05530	Specific code	CALA Land Investments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
52	GB	213800JH9QQWHLO99821GB05545	Specific code	CALA Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
53	GB	213800JH9QQWHLO99821GB05550	Specific code	CALA Management Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
54	GB	213800JH9QQWHLO99821GB05560	Specific code	CALA Properties (Holdings) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
55	GB	213800JH9QQWHLO99821GB05570	Specific code	CALA Properties Banbury Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
56	GB	213800JH9QQWHLO99821GB05580	Specific code	CALA Ventures Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
57	JE	213800JH9QQWHLO99821GB09310	Specific code	Canary Property Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
58	GB	213800JH9QQWHLO99821GB07180	Specific code	Cardiff Interchange Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
59	GB	213800JH9QQWHLO99821GB05600	Specific code	Care Secured Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
60	GB	213800JH9QQWHLO99821GB05590	Specific code	Caresourcer Limited	Other	Limited by shares	Non-mutual		20.00%	20.00%	20.00%		Significant	20.00%	Included in the scope		Method 1: Adjusted equity method
61	JE	213800JH9QQWHLO99821GB10530	Specific code	Central St Giles Unit Trust	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
62	GB	213800JH9QQWHLO99821GB05360	Specific code	Chineham General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
63	GB	213800JH9QQWHLO99821GB05370	Specific code	Chineham Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
64	JE	213800JH9QQWHLO99821GB09250	Specific code	Chineham Shopping Centre Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
65	GB	213800JH9QQWHLO99821GB05380	Specific code	City & Urban Developments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
66	GB	213800JH9QQWHLO99821GB06450	Specific code	CleverMover Limited	Other	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
67	GB	213800JH9QQWHLO99821GB07190	Specific code	Cross Trees Park (Shrivenham) Mangement Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
68	GB	213800JH9QQWHLO99821GB05500	Specific code	Current Health Limited	Other	Limited by shares	Non-mutual		14.00%	14.00%	14.00%		Significant	14.00%	Included in the scope		Method 1: Adjusted equity method
69	GB	213800JH9QQWHLO99821GB05440	Specific code	Ealing Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
70	GB	213800JH9QQWHLO99821GB10960	Specific code	ECV Partnerships Tattenhall Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
71	GB	213800JH9QQWHLO99821GB10970	Specific code	ECV Partnerships Warwick Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
72	GB	213800JH9QQWHLO99821GB05480	Specific code	English Cities Fund	Other	Limited by shares	Non-mutual		35.40%	35.40%	35.40%		Significant	35.40%	Included in the scope		Method 1: Adjusted equity method
73	US	213800JH9QQWHLO99821US06620	Specific code	FBV Financing-1, LLC	Reinsurance undertaking	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
74	US	213800JH9QQWHLO99821US06630	Specific code	FBV Financing-2, LLC	Reinsurance undertaking	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
75	GB	213800JH9QQWHLO99821GB07200	Specific code	Finchwood Park Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
76	IE	213800JH9QQWHLO99821GB11750	Specific code	Finovation Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
77	GB	213800JH9QQWHLO99821GB07210	Specific code	Finovation UK Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
78	BM	213800JH9QQWHLO99821BM00010	Specific code	First British Bermuda Reinsurance Company II Limited	Reinsurance undertaking	Limited by shares	Non-mutual	Bermuda Monetary Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
79	BM	213800JH9QQWHLO99821BM9990	Specific code	First British Bermuda Reinsurance Company III Limited	Reinsurance undertaking	Limited by shares	Non-mutual	Bermuda Monetary Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
80	US	213800JH9QQWHLO99821US14183	Specific code	First British Vermont Reinsurance Company II	Reinsurance undertaking	Limited by shares	Non-mutual	Vermont Department of Financial Regulation	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
81	US	213800JH9QQWHLO99821US06640	Specific code	First British Vermont Reinsurance Company III	Reinsurance undertaking	Limited by shares	Non-mutual	Vermont Department of Financial Regulation	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
82	GB	213800JH9QQWHLO99821GB07220	Specific code	Florence (building) Basingstoke Limited (UK)	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
83	US	213800JH9QQWHLO99821US04030	Specific code	Global Index Advisors Inc.	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	U.S. Securities and Exchange Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
84	GB	213800LC19MI2DCO7444	LEI	GO ETF Solutions LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
85	JE	213800JH9QQWHLO99821JE95040	Specific code	Gracechurch Property Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
86	GB	213800JH9QQWHLO99821GB05510	Specific code	Gresham Street General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
87	GB	213800JH9QQWHLO99821GB05520	Specific code	Gresham Street Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
88	JE	213800JH9QQWHLO99821GB09270	Specific code	Gresham Street Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
89	GB	213800JH9QQWHLO99821GB06530	Specific code	Guild Living Limited	Other	Limited by shares	Non-mutual		49.90%	49.90%	49.90%		Significant	49.90%	Included in the scope		Method 1: Adjusted equity method
90	GB	213800JH9QQWHLO99821GB09411	Specific code	Haut Investments 2 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
91	GB	213800JH9QQWHLO99821GB07000	Specific code	Haut Investments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
92	GB	213800JH9QQWHLO99821GB11480	Specific code	Inspired Villages Group Limited	Other	Limited by shares	Non-mutual		49.90%	49.90%	49.90%		Significant	49.90%	Included in the scope		Method 1: Adjusted equity method
93	GB	213800JH9QQWHLO99821GB97450	Specific code	Investment Discounts On Line Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
94	GB	213800JH9QQWHLO99821GB10980	Specific code	IPIF Trade General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
95	GB	213800JH9QQWHLO99821GB07230	Specific code	IPIF Trade Nominee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
96	GB	213800JH9QQWHLO99821GB97460	Specific code	Jimcourt Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
97	GB	213800JH9QQWHLO99821GB07460	Specific code	Kao Data Limited	Other	Limited by shares	Non-mutual		49.50%	49.50%	49.50%		Significant	49.50%	Included in the scope		Method 1: Adjusted equity method
98	LU	213800CWHOHPVRFZDA88	LEI	L&G Absolute Return Bond Fund	Other	Limited by shares	Non-mutual		97.07%	97.07%	97.07%		Dominant	97.07%	Included in the scope		Method 1: Adjusted equity method
99	LU	213800SIJ46ILXYN8O51	LEI	L&G Absolute Return Bond Plus Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
100	IE	2138002EQ2WSEOQT1X67	LEI	L&G Asia Pacific ex Japan Equity UCITS ETF	Other	Limited by shares	Non-mutual		95.90%	95.90%	95.90%		Dominant	95.90%	Included in the scope		Method 1: Adjusted equity method
101	GB	213800KFZMHN5JMTPI10	LEI	L&G Asian Income Trust	Other	Limited by shares	Non-mutual		74.31%	74.31%	74.31%		Dominant	74.31%	Included in the scope		Method 1: Adjusted equity method
102	LU	213800ES48I97ADSUQ86	LEI	L&G Buy & Maintain Credit Fund	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
103	GB	213800JH9QQWHLO99821GB10700	Specific code	L&G Cash Trust	Other	Limited by shares	Non-mutual		75.95%	75.95%	75.95%		Dominant	75.95%	Included in the scope		Method 1: Adjusted equity method
104	LU	213800JH9QQWHLO99821GB11460	Specific code	L&G Commodity Index Fund	Other	Limited by shares	Non-mutual		95.27%	95.27%	95.27%		Dominant	95.27%	Included in the scope		Method 1: Adjusted equity method
105	LU	213800ZVSCE7L3KU6U28	LEI	L&G EMERGING MARKETS BOND FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
106	LU	2138006RKFXVH1NL4H90	LEI	L&G EMERGING MARKETS SHORT DURATION BOND FUND	Other	Limited by shares	Non-mutual		65.75%	65.75%	65.75%		Dominant	65.75%	Included in the scope		Method 1: Adjusted equity method
107	LU	213800D2L3KB3XYWQ480	LEI	L&G Euro High Alpha Corporate Bond Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
108	IE	213800UF5J8AYM6VO179	LEI	L&G Europe ex UK Equity UCITS ETF	Other	Limited by shares	Non-mutual		98.80%	98.80%	98.80%		Dominant	98.80%	Included in the scope		Method 1: Adjusted equity method
109	GB	213800JH9QQWHLO99821GB10990	Specific code	L&G European Equity Income Fund	Other	Limited by shares	Non-mutual		99.65%	99.65%	99.65%		Dominant	99.65%	Included in the scope		Method 1: Adjusted equity method
110	IE	213800W1S1FQANKD9935	LEI	L&G Frontier Markets Equity Fund	Other	Limited by shares	Non-mutual		57.08%	57.08%	57.08%		Dominant	57.08%	Included in the scope		Method 1: Adjusted equity method
111	GB	213800UNFC16586G4F46	LEI	L&G Future World Equity Factors Index Fund	Other	Limited by shares	Non-mutual		60.56%	60.56%	60.56%		Significant	60.56%	Included in the scope		Method 1: Adjusted equity method
112	GB	21380056O1E9M3IDC771	LEI	L&G Future World ESG Developed Index	Other	Limited by shares	Non-mutual		86.41%	86.41%	86.41%		Dominant	86.41%	Included in the scope		Method 1: Adjusted equity method
113	GB	213800NNWZOLZNX2NU79	LEI	L&G Future World ESG UK Index	Other	Limited by shares	Non-mutual		94.14%	94.14%	94.14%		Dominant	94.14%	Included in the scope		Method 1: Adjusted equity method
114	GB	2138007GC1XWTLKWGX98	LEI	L&G Future World Gender in Leadership UK Index	Other	Limited by shares	Non-mutual		94.09%	94.09%	94.09%		Dominant	94.09%	Included in the scope		Method 1: Adjusted equity method
115	LU	213800YNONAI5YNVKU48	LEI	L&G Future World Global Credit Fund	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
116	IE	2138006Y3NDDDWM7P573	LEI	L&G Future World Global Credit Fund - UK	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
117	LU	213800FIVGGU3C9KSN67	LEI	L&G Future World Global Equity Focus Fund	Other	Limited by shares	Non-mutual		68.80%	68.80%	68.80%		Dominant	68.80%	Included in the scope		Method 1: Adjusted equity method
118	GB	213800QCS8SOU1MLIT62	LEI	L&G Future World Multi-Index 4	Other	Limited by shares	Non-mutual		30.65%	30.65%	30.65%		Significant	30.65%	Included in the scope		Method 1: Adjusted equity method
119	GB	2138007G859VM1DB5Y76	LEI	L&G Future World Multi-Index 5	Other	Limited by shares	Non-mutual		27.36%	27.36%	27.36%		Significant	27.36%	Included in the scope		Method 1: Adjusted equity method
120	GB	21380017N1VVS6LC7V69	LEI	L&G Future World Sustainable Opportunities	Other	Limited by shares	Non-mutual		99.04%	99.04%	99.04%		Dominant	99.04%	Included in the scope		Method 1: Adjusted equity method
121	GB	213800KNX3DPH7A7MH30	LEI	L&G Global Developed Four Factor Scientific Beta Index Fund	Other	Limited by shares	Non-mutual		60.40%	60.40%	60.40%		Dominant	60.40%	Included in the scope		Method 1: Adjusted equity method
122	IE	213800YP7LZ2F7O97G56	LEI	L&G Global Equity UCITS ETF	Other	Limited by shares	Non-mutual		98.30%	98.30%	98.30%		Dominant	98.30%	Included in the scope		Method 1: Adjusted equity method
123	GB	213800JH9QQWHLO99821GB02100	Specific code	L&G Global Infrastructure Fund	Other	Limited by shares	Non-mutual		33.90%	33.90%	33.90%		Significant	33.90%	Included in the scope		Method 1: Adjusted equity method
124	IE	213800NBKT25BC62A624	LEI	L&G Japan Equity UCITS ETF	Other	Limited by shares	Non-mutual		54.70%	54.70%	54.70%		Dominant	54.70%	Included in the scope		Method 1: Adjusted equity method
125	IE	213800SG3PXYRCOM9J34	LEI	L&G Multi Asset Core 20 Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
126	IE	2138005M8M5VBGLTB289	LEI	L&G Multi Asset Core 45 Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: YES/NO	Inclusion in the scope of Group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
127	IE	213800XYMDN3C8FCJD41	LEI	L&G Multi Asset Core 75 Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
128	GB	213800JH9QQWHLO99821GB10750	Specific code	L&G Multi Manager Balanced Trust	Other	Limited by shares	Non-mutual		39.46%	39.46%	39.46%		Significant	39.46%	Included in the scope		Method 1: Adjusted equity method
129	GB	213800JH9QQWHLO99821GB10400	Specific code	L&G Multi-Asset Target Return Fund	Other	Limited by shares	Non-mutual		69.40%	69.40%	69.40%		Dominant	69.40%	Included in the scope		Method 1: Adjusted equity method
130	GB	213800JH9QQWHLO99821GB11210	Specific code	L&G Real Capital Builder Fund	Other	Limited by shares	Non-mutual		99.90%	99.90%	99.90%		Dominant	99.90%	Included in the scope		Method 1: Adjusted equity method
131	GB	213800JH9QQWHLO99821GB10690	Specific code	L&G Real Income Builder Fund	Other	Limited by shares	Non-mutual		93.41%	93.41%	93.41%		Dominant	93.41%	Included in the scope		Method 1: Adjusted equity method
132	LU	213800T9PN3V4EPPUM78	LEI	L&G UK Core Plus Bond Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
133	GB	213800JH9QQWHLO99821GB07430	Specific code	L&G UK Equity Income Fund	Other	Limited by shares	Non-mutual		43.95%	43.95%	43.95%		Significant	43.95%	Included in the scope		Method 1: Adjusted equity method
134	GB	213800JH9QQWHLO99821GB11240	Specific code	L&G UK Mid Cap Index Fund	Other	Limited by shares	Non-mutual		31.70%	31.70%	31.70%		Significant	31.70%	Included in the scope		Method 1: Adjusted equity method
135	GB	213800I2ZF7JRQ8Q2688	Specific code	L&G US Index Trust	Other	Limited by shares	Non-mutual		65.38%	65.38%	65.38%		Significant	65.38%	Included in the scope		Method 1: Adjusted equity method
136	GB	213800JH9QQWHLO99821GB05610	Specific code	Latchmore Park Nominee No.1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
137	GB	UHW8J6W3L0NAAJPWCH59	LEI	Legal & General (Caerus) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
138	GB	213800JH9QQWHLO99821GB05620	Specific code	Legal & General (PMC Trustee) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
139	GB	213800WT2FV8TTBG4574	LEI	Legal & General (Portfolio Management Services) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
140	GB	213800JH9QQWHLO99821GB05060	Specific code	Legal & General (Portfolio Management Services) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
141	GB	213800JH9QQWHLO99821GB07240	Specific code	Legal & General (Strategic Land Harpenden) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
142	GB	213800JH9QQWHLO99821GB09120	Specific code	Legal & General (Strategic Land North Horsham) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
143	GB	213800JH9QQWHLO99821GB09130	Specific code	Legal & General (Strategic Land) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
144	GB	549300AJXEFOY444EO24	LEI	Legal & General (Unit Trust Managers) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
145	GB	213800JH9QQWHLO99821GB05050	Specific code	Legal & General (Unit Trust Managers) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
146	GB	213800JH9QQWHLO99821GB07250	Specific code	Legal & General Affordable Homes (Development 2) Ltd	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
147	GB	213800JH9QQWHLO99821GB37150	Specific code	Legal & General Affordable Homes (Development) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
148	GB	213800JH9QQWHLO99821GB37160	Specific code	Legal & General Affordable Homes (Operations) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
149	GB	213800JH9QQWHLO99821GB37170	Specific code	Legal & General Affordable Homes Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
150	US	213800JH9QQWHLO99821US36150	Specific code	Legal & General America Inc.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
151	GB	213800JH9QQWHLO99821GB05630	Specific code	Legal & General Capital Investments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
152	GB	213800JH9QQWHLO99821GB05650	Specific code	Legal & General Co Sec Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
153	GB	213800JH9QQWHLO99821GB09110	Specific code	Legal & General Development Assets Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
154	GB	213800USG18JGRN9EQ90	LEI	Legal & General Dynamic Bond Trust	Other	Limited by shares	Non-mutual		60.44%	60.44%	60.44%		Dominant	60.44%	Included in the scope		Method 1: Adjusted equity method
155	GB	213800I2ZF7JRQ8Q2678	LEI	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	Other	Limited by shares	Non-mutual		30.80%	30.80%	30.80%		Significant	30.80%	Included in the scope		Method 1: Adjusted equity method
156	GB	213800FWBWOJEX2XZX77	LEI	Legal & General Emerging Markets Government Bond (US$) Index Fund	Other	Limited by shares	Non-mutual		38.05%	38.05%	38.05%		Significant	38.05%	Included in the scope		Method 1: Adjusted equity method
157	GB	213800JH9QQWHLO99821GB11000	Specific code	Legal & General Employee Benefits Administration Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
158	GB	213800JH9QQWHLO99821GB05700	Specific code	Legal & General Estate Agencies Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
159	GB	213800OK851HMU3QA115	LEI	Legal & General Ethical Trust	Other	Limited by shares	Non-mutual		50.01%	50.01%	50.01%		Significant	50.01%	Included in the scope		Method 1: Adjusted equity method
160	GB	213800ICCVSYFHCO4857	LEI	Legal & General European Index Trust	Other	Limited by shares	Non-mutual		73.41%	73.41%	73.41%		Significant	73.41%	Included in the scope		Method 1: Adjusted equity method
161	GB	213800BENVO8O97LVB42	LEI	Legal & General European trust	Other	Limited by shares	Non-mutual		94.17%	94.17%	94.17%		Dominant	94.17%	Included in the scope		Method 1: Adjusted equity method
162	GB	213800AJC8I72ZCD2E71	LEI	Legal & General Finance PLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
163	GB	213800JH9QQWHLO99821GB07260	Specific code	Legal & General Financial Advice Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
164	GB	213800NBH8PCPDVJOV48	LEI	Legal & General Fixed Interest Trust	Other	Limited by shares	Non-mutual		37.51%	37.51%	37.51%		Significant	37.51%	Included in the scope		Method 1: Adjusted equity method
165	IE	213800JH9QQWHLO99821IE02020	Specific code	Legal & General Fund Managers (Ireland) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
166	GB	213800KFT8IYVAP9KS02	LEI	Legal & General FX Structuring (SPV) Limited	Special purpose vehicle other than special purpose vehicle authorised in accordance with Art. 211 of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
167	GB	213800QP6LZTBSKZU913	LEI	Legal & General Global Emerging Markets Index Fund	Other	Limited by shares	Non-mutual		33.28%	33.28%	33.28%		Significant	33.28%	Included in the scope		Method 1: Adjusted equity method
168	GB	213800Z9N3OILJFLNC70	LEI	Legal & General Global Real Estate Dividend Index Fund	Other	Limited by shares	Non-mutual		45.40%	45.40%	45.40%		Dominant	45.40%	Included in the scope		Method 1: Adjusted equity method

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
169	GB	213800JH9QQWHLO99821GB10560	Specific code	Legal & General GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
170	GB	213800JH9QQWHLO99821GB08050	Specific code	Legal & General Growth Trust	Other	Limited by shares	Non-mutual		94.51%	94.51%	94.51%		Dominant	94.51%	Included in the scope		Method 1: Adjusted equity method
171	GB	213800YSUVVHCQVEL772	LEI	Legal & General High income Trust	Other	Limited by shares	Non-mutual		49.40%	49.40%	49.40%		Dominant	49.40%	Included in the scope		Method 1: Adjusted equity method
172	GB	213800JH9QQWHLO99821GB05070	Specific code	Legal & General Holdings No.2 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
173	GB	213800JH9QQWHLO99821GB11010	Specific code	Legal & General Home Finance Administration Services Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
174	GB	213800JH9QQWHLO99821GB09020	Specific code	Legal & General Home Finance Holding Company Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
175	GB	213800JH9QQWHLO99821GB09030	Specific code	Legal & General Home Finance Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
176	GB	213800JH9QQWHLO99821GB09230	Specific code	Legal & General Homes (Services Co) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
177	GB	213800JH9QQWHLO99821GB11040	Specific code	Legal & General Homes Communities (Arborfield) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
178	GB	213800JH9QQWHLO99821GB11050	Specific code	Legal & General Homes Communities (Crowthorne) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
179	GB	213800JH9QQWHLO99821GB07270	Specific code	Legal & General Homes Communities (Didcot) Ltd	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
180	GB	213800JH9QQWHLO99821GB11060	Specific code	Legal & General Homes Communities (Shrivenham) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
181	GB	213800JH9QQWHLO99821GB11070	Specific code	Legal & General Homes Communities Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
182	GB	213800JH9QQWHLO99821GB09220	Specific code	Legal & General Homes Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
183	GB	213800JH9QQWHLO99821GB09240	Specific code	Legal & General Homes Modular Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
184	IE	213800JH9QQWHLO99821IE10720	Specific code	Legal & General ICAV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
185	IE	213800LPFTDQVNP63Z92	LEI	Legal & General ICAV - L&G Asia Pacific ex. Japan Equity Index Fund	Other	Limited by shares	Non-mutual		54.91%	54.91%	54.91%		Dominant	54.91%	Included in the scope		Method 1: Adjusted equity method
186	IE	213800XZ3N7J6LSA4789	LEI	Legal & General ICAV - L&G North American Equity Index Fund	Other	Limited by shares	Non-mutual		32.20%	32.20%	32.20%		Significant	32.20%	Included in the scope		Method 1: Adjusted equity method
187	GB	213800JH9QQWHLO99821GB05770	Specific code	Legal & General Insurance Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
188	GB	213800JH9QQWHLO99821GB05780	Specific code	Legal & General Insurance Holdings No. 2 Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
189	GB	213800JH9QQWHLO99821GB05790	Specific code	Legal & General International (Holdings) Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
190	GB	213800JH9QQWHLO99821GB05800	Specific code	Legal & General International Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
191	GB	213800JH9QQWHLO99821GB05010	Specific code	Legal & General Investment Management (Holdings) Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
192	US	549300M32WBVVFDTS111	LEI	Legal & General Investment Management America, Inc.	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	U.S. Securities and Exchange Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
193	HK	213800JH9QQWHLO99821HK02910	Specific code	Legal & General Investment Management Asia Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Securities & Futures Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
194	GB	213800JH9QQWHLO99821GB10900	Specific code	Legal & General Investment Management Funds ICVC	Other	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
195	JP	213800JH9QQWHLO99821GB11450	Specific code	Legal & General Investment Management Japan KK	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Services Agency	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
196	GB	2138005NNERSR7ODIC73	LEI	Legal & General Investment Management Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
197	US	213800JH9QQWHLO99821US04020	Specific code	Legal & General Investment Management United States (Holdings), Inc.	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	U.S. Securities and Exchange Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
198	GB	2138004P86AIU9KJD719	LEI	Legal & General Japan Index Trust	Other	Limited by shares	Non-mutual		35.50%	35.50%	35.50%		Significant	35.50%	Included in the scope		Method 1: Adjusted equity method
199	GB	213800JH9QQWHLO99821GB07280	Specific code	Legal & General Later Living Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
200	GB	213800JH9QQWHLO99821GB05820	Specific code	Legal & General Leisure Fund Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
201	GB	213800JH9QQWHLO99821GB05830	Specific code	Legal & General Life Fund Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
202	GB	213800JH9QQWHLO99821GB09010	Specific code	Legal & General LTM Structuring (SPV) Limited	Special purpose vehicle other than special purpose vehicle authorised in accordance with Art. 211 of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
203	GB	213800JH9QQWHLO99821GB05840	Specific code	Legal & General Middle East Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
204	GB	213800EXRCY8DIMEAO47	LEI	Legal & General Mixed Investment 0-20% Fund	Other	Limited by shares	Non-mutual		25.30%	25.30%	25.30%		Significant	25.30%	Included in the scope		Method 1: Adjusted equity method
205	GB	213800JH9QQWHLO99821GB05850	Specific code	Legal & General Overseas Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
206	GB	213800JH9QQWHLO99821GB05860	Specific code	Legal & General Overseas Operations Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
207	GB	213800RV69QAMCUUQP06	LEI	Legal & General Pacific Index Trust	Other	Limited by shares	Non-mutual		24.80%	24.80%	24.80%		Significant	24.80%	Included in the scope		Method 1: Adjusted equity method
208	GB	213800JH9QQWHLO99821GB05120	Specific code	Legal & General Partnership Holdings Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
209	GB	213800JH9QQWHLO99821GB00792	Specific code	Legal & General Partnership Services Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
210	GB	213800JH9QQWHLO99821GB05870	Specific code	Legal & General Pension Fund Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
211	GB	213800JH9QQWHLO99821GB05880	Specific code	Legal & General Pension Scheme Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
212	GB	213800AJ4H1CUB5QNX65	LEI	Legal & General Pensions Limited	Special purpose vehicle other than special purpose vehicle authorised in accordance with Art. 211 of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
213	GB	213800JH9QQWHLO99821GB05890	Specific code	Legal & General Property Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
214	GB	213800JH9QQWHLO99821GB05900	Specific code	Legal & General Property Partners (Industrial Fund) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
215	GB	213800JH9QQWHLO99821GB05910	Specific code	Legal & General Property Partners (Industrial) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
216	GB	213800JH9QQWHLO99821GB05920	Specific code	Legal & General Property Partners (IPIF GP) LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
217	GB	213800JH9QQWHLO99821GB10590	Specific code	Legal & General Property Partners (Leisure GP) LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
218	GB	213800JH9QQWHLO99821GB05940	Specific code	Legal & General Property Partners (Leisure) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
219	GB	213800JH9QQWHLO99821GB05950	Specific code	Legal & General Property Partners (Life Fund) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
220	GB	213800JH9QQWHLO99821GB47041	Specific code	Legal & General Property Partners (Life Fund) Nominee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
221	GB	213800JH9QQWHLO99821GB05990	Specific code	Legal & General Property Partners (UKPIF Geared Two) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
222	GB	213800JH9QQWHLO99821GB05970	Specific code	Legal & General Property Partners (UKPIF Geared) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
223	GB	213800JH9QQWHLO99821GB06000	Specific code	Legal & General Property Partners (UKPIF Two) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
224	GB	213800JH9QQWHLO99821GB05980	Specific code	Legal & General Property Partners (UKPIF) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
225	GB	213800JH9QQWHLO99821GB05130	Specific code	Legal & General Re Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
226	BM	213800QVB8WWDL51HK08	LEI	Legal & General Reinsurance Company Limited	Reinsurance undertaking	Limited by shares	Non-mutual	Bermuda Monetary Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
227	BM	213800JH9QQWHLO99821BM00030	Specific code	Legal & General Resources Bermuda Limited	Reinsurance undertaking	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
228	GB	213800JH9QQWHLO99821GB06010	Specific code	Legal & General Resources Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
229	GB	21380081MP6MEQJET187	LEI	Legal & General Retail Investments (Holdings) Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
230	BM	213800JH9QQWHLO99821GB09100	Specific code	Legal & General SAC Limited	Reinsurance undertaking	Limited by shares	Non-mutual	Bermuda Monetary Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
231	GB	213800JH9QQWHLO99821GB11080	Specific code	Legal & General Senior Living Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
232	GB	213800JH9QQWHLO99821GB06020	Specific code	Legal & General Share Scheme Trustees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
233	LU	213800JH9QQWHLO99821LU96010	Specific code	Legal & General SICAV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
234	GB	213800JH9QQWHLO99821GB06050	Specific code	Legal & General Surveying Services Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
235	GB	213800JH9QQWHLO99821GB06060	Specific code	Legal & General Trustees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
236	IE	213800JH9QQWHLO99821IE02040	Specific code	Legal & General UCITS Managers (Ireland) Limited	UCITS management companies as defined in Article 1 (54) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
237	GB	213800J1A318S531GT94	LEI	Legal & General UK Alpha Trust	Other	Limited by shares	Non-mutual		85.33%	85.33%	85.33%		Dominant	85.33%	Included in the scope		Method 1: Adjusted equity method
238	GB	213800JH9QQWHLO99821GB11640	Specific code	Legal & General UK PIF Two GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
239	GB	213800JH9QQWHLO99821GB08070	Specific code	Legal & General UK Smaller Companies Trust	Other	Limited by shares	Non-mutual		96.88%	96.88%	96.88%		Dominant	96.88%	Included in the scope		Method 1: Adjusted equity method
240	GB	213800JH9QQWHLO99821GB08060	Specific code	Legal & General UK Special Situations Trust	Other	Limited by shares	Non-mutual		77.30%	77.30%	77.30%		Dominant	77.30%	Included in the scope		Method 1: Adjusted equity method
241	GB	213800FCHCNERLM1G641	LEI	Legal and General Assurance (Pensions Management) Limited	Life insurance undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
242	GB	213800LKFXEMM8WLMA04	LEI	Legal and General Assurance Society Limited	Composite undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
243	IE	213800JH9QQWHLO99821IE02050	Specific code	LGIM (Ireland) Risk Management Solutions Plc	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
244	IE	213800941WV6KCMQ4G51	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
245	IE	213800S85SNVQD7EL529	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
246	IE	213800D7RY14IIFSAH66	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
247	IE	2138004IJ8KA1W3MEA50	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2024 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
248	IE	213800F687CJ8P5MNS13	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
249	IE	213800TUDKQ1JXA35704	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
250	IE	213800NRUJOVYNWRRZ17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
251	IE	2138004VCDEILQMHHS87	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
252	IE	2138006LWBRVWFMWSR02	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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Undertakings in the scope of the group

									Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
253	IE	2138009MLH74KJ96LF76	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Leveraged Index Linked Gilt fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
254	IE	2138002AD2JAFG2T6X21	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
255	IE	213800U83I2RPLZVB906	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2034 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
256	IE	213800XCOZ1O5OOSYS07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
257	IE	213800QTCAOHWTNPNB95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
258	IE	213800QGQWR4NDVE5X78	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
259	IE	213800XKA7X3OGZJRC45	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2037 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
260	IE	213800RHT43PL1VAUN95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2038 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
261	IE	2138002W643ZACLLU115	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
262	IE	213800WCLGVVDNJOVA05	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
263	IE	213800TRZCGU73DGNZ53	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
264	IE	213800M9P63GXX67CQ14	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
265	IE	21380034FZCG7S6OZU34	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2042 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
266	IE	213800FRM52MADDUAR40	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2042 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
267	IE	2138009YI5CV66N93D59	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
268	IE	213800B1WK9EDRE4XJ19	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
269	IE	213800MSGMNVT5MPBV57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
270	IE	2138001ZX589S6983H89	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2047 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
271	IE	213800X4P3DELXHNNM12	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2049 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
272	IE	213800F22H8H831GMX30	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
273	IE	213800ZT35HUVVCDOH47	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
274	IE	2138009RYH3G9FAOYE66	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
275	IE	213800KO5KOPP3HEFI93	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
276	IE	213800IC7AS1E1NLHA08	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
277	IE	213800PTOPXK9AUQ7V89	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
278	IE	213800FBORGLUCYWB664	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
279	IE	213800MBBRM7ZEKUGK91	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
280	IE	213800R1ALYJ7513PB15	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Fixed Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
281	IE	21380047SAW8H8ENBN97	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
282	IE	2138007ORTV9VXAYYA73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
283	IE	213800CCHZX2GDIMPA29	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
284	IE	2138006KKHYFORYLOA07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2062 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
285	IE	213800D1PPMCE5H33G17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2068 Leveraged Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
286	IE	2138009FVE6UF4UAWA73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2068 Leveraged Index Linked Gilt Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
287	IE	213800VPAMVYCYMV2T54	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Active Gilts All Stocks Fund AH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
288	IE	2138008QPGKWCYOQ1583	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund AM	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
289	IE	213800E9II7HTHQZ8R17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund BP	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
290	IE	213800H3UHXXMJ6V9798	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM BESPOKE ACTIVE CREDIT FUND BS	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
291	IE	213800JH9QQWHLO99821GB10600	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM ETF Managers limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
292	IE	213800S2NZF9VFTUI661	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Fixed Long Duration Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
293	IE	2138009UJIT5OWO4JC12	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Fixed Short Duration Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
294	IE	213800CZ9HIK5L8B4Y57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund A	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
295	IE	213800OM2RDQP5ARFF46	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AC	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
296	IE	213800SMJTDAAXRRKI85	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AE	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
297	IE	213800TP1HHPAIHNCE07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AI	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
298	IE	2138006S1FXHNAOWPZ38	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AK	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
299	IE	2138001MCGJS9Z1Q4O23	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AN	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
300	IE	213800GAZN5GW432GI64	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AO	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
301	IE	2138002O37H1Y16JWX10	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
302	IE	213800GAZN5GW432GI74	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AQ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
303	IE	2138006IX8XRER3BOH57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AR	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
304	IE	2138003L433Y11U7AU83	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AS	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
305	IE	213800JH9QQWHLO99821GB10800	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AT	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
306	IE	213800JH9QQWHLO99821GB10760	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AU	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
307	IE	213800JH9QQWHLO99821GB10770	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
308	IE	213800S5LQFRI6HM2V51	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AW	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
309	IE	21380027445JPBRWB915	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AY	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
310	IE	213800ZD58YSGFJSUZ32	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AZ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
311	IE	213800IKB7LGRH4AXM75	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund B	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
312	IE	213800IVWP4AA11DQJ83	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BA	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
313	IE	2138002LUW1MHEH1NV43	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BB	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
314	IE	213800JH9QQWHLO99821GB10780	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BF	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
315	IE	213800VCBJOLL9LSL567	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BG	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
316	IE	213800JH9QQWHLO99821GB10790	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
317	IE	213800Z73UNTZIHW5X36	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BI	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
318	IE	213800P7XO6XLQ6IPL95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund BJ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
319	IE	2138002PKAKXQ5Q2BE78	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BL	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
320	IE	213800P7XO6XLQ6IPL100	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund BR	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
321	IE	2138004PRIMWLWO1V574	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BT	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
322	IE	213800V6DIAHJCDUKY81	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund C	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
323	IE	213800CN3Y1FGA2L6W51	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND CI	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
324	IE	213800AJ6D4G7XTQ1V31	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND CJ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
325	IE	2138009NUIECLOXWUD14	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund DC	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
326	IE	213800I8CDT19N9FL506	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund H	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
327	IE	213800NOC3QZXVVZ6W20	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund I	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
328	IE	213800GH91IAN689YM04	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund J	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
329	IE	2138006RVV3EJYP3SP69	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund L	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
330	IE	213800ZXGMXWXD31J415	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund M	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
331	IE	213800JBBUPAI69DAM52	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund O	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
332	IE	213800FDP4ROXDJSRS68	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund P	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
333	IE	213800D4YLJWSDCMH413	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Q	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
334	IE	213800PPU8E841B71G28	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund R	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
335	IE	2138004Z5FHE5QEZC240	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund V	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
336	IE	21380034WPBU4PG5V270	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund W	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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Undertakings in the scope of the group

									Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
337	IE	213800MYEI4SX4CYT593	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
338	IE	213800MV5NBQ3QV7U351	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WS	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
339	IE	2138009DZ6GVB5SLN174	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WT	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
340	IE	213800UGW572KMZDVY23	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND ZZ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
341	IE	213800BV31BWC1ODI682	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund BU	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
342	IE	2138002L8VGMTR4DW161	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund BV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
343	IE	2138007FJWCCJQ6KZM89	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund CK	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
344	IE	2138003RTFQMWGXTU493	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund CL	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
345	IE	213800UKSF2RC5NDBU63	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund DK	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
346	IE	213800W6JSRDGHSA7562	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging Fund DL	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
347	IE	213800JS6SCR26913L70	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM LEVERAGED GILT PLUS FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
348	IE	213800CRXY7E8IFNAF35	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM LEVERAGED INDEX LINKED GILT PLUS FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
349	IE	213800JH9QQWHLO99821GB10610	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM MATURING BUY & MNTN CR FD 2020-2024	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
350	IE	213800JH9QQWHLO99821GB10620	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM MATURING BUY & MNTN CR FD 2025-2029	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
351	IE	213800JH9QQWHLO99821GB10630	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Maturing Buy & MNTN CR FD 2030-2034	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
352	IE	213800JH9QQWHLO99821GB10640	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Maturing BUY & MNTN CR FD 2035-2039	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
353	IE	213800JH9QQWHLO99821GB10650	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM MATURING BUY & MNTN CR FD 2040-2054	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
354	IE	213800K9AX1P2PV8X187	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM REAL LONG DURATION FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
355	IE	213800UY1XDS9H5OCX38	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM REAL SHORT DURATION FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
356	IE	213800BNURKBNGJH6C57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund AQ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
357	IE	213800JH9QQWHLO99821GB10670	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund BA	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
358	IE	213800JH9QQWHLO99821GB10660	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund BB	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
359	IE	2138007ICH5Z3UTVHI43	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund BF	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
360	IE	213800Z9WPDKFRNAPU81	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CA	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
361	IE	213800S2ZBCRAQ37OI38	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CB	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
362	IE	213800JH9QQWHLO99821IE11265	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CC	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
363	IE	213800JH9QQWHLO99821IE11275	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CD	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
364	IE	213800JH9QQWHLO99821IE11285	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CE	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
365	IE	213800JH9QQWHLO99821IE11295	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CF	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
366	IE	213800JH9QQWHLO99821IE11305	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CG	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
367	IE	213800JH9QQWHLO99821IE11315	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
368	IE	213800JH9QQWHLO99821IE11325	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
369	IE	213800LSDFE9JM4ZKZ95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund CR	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
370	IE	213800SE7Q69822A8L63	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND CU	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
371	IE	213800UYMWDS9N5QJY47	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund CW	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
372	IE	213800JH9QQWHLO99821IE11240	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND DB	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
373	IE	213800XSZSJAALL8RI36	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund DD	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
374	IE	2138008F3ZT412OF8J24	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund DE	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
375	IE	213800JH9QQWHLO99821IE11250	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM SOLUTIONS FUND DF	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
376	IE	213800IY2IP5RW7OEK81	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund DG	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
377	IE	213800RPVG811NVTIH12	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund DH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
378	IE	213800JH9QQWHLO99821GB10890	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund M	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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Row	Undertakings in the scope of the group								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
379	IE	213800JH9QQWHLO99821GB11110	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Solutions Fund P	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
380	GB	213800JH9QQWHLO99821GB05030	Specific code	LGIM Commercial Lending Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
381	GB	213800JH9QQWHLO99821GB18241	Specific code	LGIM Corporate Director Limited	Other	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
382	IE	213800AT493RQ15WZY42	LEI	LGIM Credit and Liquidity - FUND BM	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
383	IE	213800348DVF7UT8RK46	LEI	LGIM Credit and Liquidity - FUND BN	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
384	IE	213800JH9QQWHLO99821GB10190	Specific code	LGIM Euro 2030 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
385	GB	213800JH9QQWHLO99821GB10210	Specific code	LGIM Global Corporate Bond Fund	Other	Limited by shares	Non-mutual		65.00%	65.00%	65.00%		Dominant	65.00%	Included in the scope		Method 1: Adjusted equity method
386	IE	213800P4WIFFTUIR9G73	LEI	LGIM Hedging - Fund DJ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
387	GB	213800HR77K2NMOFU194	LEI	LGIM International Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
388	IE	213800AWF9H2ZBFPAN08	LEI	LGIM Leveraged Synthetic Equity Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
389	IE	2138006VGU2BITSZCT06	LEI	LGIM Leveraged Synthetic Equity Fund (Gbp Curr Hdgd)	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
390	IE	213800JH9QQWHLO99821GB10740	Specific code	LGIM Liquidity Funds Plc	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
391	IE	213800SH16GUU1ZUNX26	LEI	LGIM Liquidity Funds Plc - LGIM EURO LIQUIDITY FUND	Other	Limited by shares	Non-mutual		58.32%	58.32%	58.32%		Dominant	58.32%	Included in the scope		Method 1: Adjusted equity method
392	IE	213800JH9QQWHLO99821GB11350	Specific code	LGIM Managers (Europe) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
393	GB	213800JH9QQWHLO99821GB07400	Specific code	LGIM OEIC Global Corporate Bond	Other	Limited by shares	Non-mutual		64.65%	64.65%	64.65%		Dominant	64.65%	Included in the scope		Method 1: Adjusted equity method
394	GB	213800JK8U46713L3454	LEI	LGIM Real Assets (Operator) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
395	GB	213800JH9QQWHLO99821GB11120	Specific code	LGIM Real Assets Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
396	IE	2138008WUNKVBYYWMK57	LEI	LGIM Synthetic Leveraged Credit Fund	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
397	GB	213800JH9QQWHLO99821GB06150	Specific code	LGP Newco Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
398	GB	213800JH9QQWHLO99821GB06160	Specific code	LGPL Cornwall Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
399	GB	213800JH9QQWHLO99821GB21912	Specific code	LGV Capital Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
400	GB	213800JH9QQWHLO99821GB05160	Specific code	LGV Capital Partners (GP) LLP	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
401	GB	213800JH9QQWHLO99821GB05150	Specific code	LGV Capital Partners (Scotland) Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
402	GB	213800JH9QQWHLO99821GB05140	Specific code	LGV Capital Partners Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
403	GB	213800JH9QQWHLO99821GB10680	Specific code	ND7 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
404	GB	213800JH9QQWHLO99821GB09040	Specific code	New Bailey (East) Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
405	GB	213800JH9QQWHLO99821GB09050	Specific code	New Bailey (West) Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
406	GB	213800JH9QQWHLO99821GB09080	Specific code	New Life Mortgage Funding Limited	Other	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
407	GB	213800JH9QQWHLO99821GB07470	Specific code	Newcastle Science Central Developments LLP	Other	Limited by shares	Non-mutual		33.00%	33.00%	33.00%		Significant	33.00%	Included in the scope		Method 1: Adjusted equity method
408	GB	213800JH9QQWHLO99821GB06230	Specific code	Northampton General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
409	GB	213800JH9QQWHLO99821GB06240	Specific code	Northampton Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
410	JE	213800JH9QQWHLO99821GB09290	Specific code	Northampton Shopping Centre Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
411	GB	213800JH9QQWHLO99821GB97452	Specific code	NSC Building A Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
412	GB	213800JH9QQWHLO99821GB97453	Specific code	NSC Building B Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
413	IE	213800JH9QQWHLO99821GB10310	Specific code	NTR Wind Management Limited	Other	Limited by shares	Non-mutual		25.00%	25.00%	25.00%		Significant	25.00%	Included in the scope		Method 1: Adjusted equity method
414	GB	213800JH9QQWHLO99821GB06250	Specific code	Old Cornwall Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
415	GB	213800JH9QQWHLO99821GB07440	Specific code	Oxford University Property Development Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
416	GB	213800JH9QQWHLO99821GB09170	Specific code	Peel Holdings (Media) Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
417	JE	213800JH9QQWHLO99821GB09340	Specific code	Pemberton Asset Management Holdings Limited	Other	Limited by shares	Non-mutual		40.00%	40.00%	40.00%		Significant	40.00%	Included in the scope		Method 1: Adjusted equity method
418	GB	213800JH9QQWHLO99821GB06280	Specific code	Performance Retail (General Partner) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
419	GB	213800JH9QQWHLO99821GB06290	Specific code	Performance Retail (Nominee) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
420	GB	213800JH9QQWHLO99821GB06300	Specific code	Performance Retail Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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Undertakings in the scope of the group

									Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
421	JE	213800JH9QQWHLO99821GB08010	Specific code	Performance Retail Unit trust	Other	Limited by shares	Non-mutual		50.10%	50.10%	50.10%		Dominant	50.10%	Included in the scope		Method 1: Adjusted equity method
422	GB	213800JH9QQWHLO99821GB07290	Specific code	PRLP GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
423	JE	213800JH9QQWHLO99821GB08020	Specific code	Procession House One Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
424	GB	213800JH9QQWHLO99821GB07310	Specific code	Red Ahead Storage Shed Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
425	GB	213800JH9QQWHLO99821GB11125	Specific code	Salary Direct Holdings Limited	Other	Limited by shares	Non-mutual		45.40%	45.40%	45.40%		Significant	45.40%	Included in the scope		Method 1: Adjusted equity method
426	GB	213800JH9QQWHLO99821GB06350	Specific code	Sapphire Campus Management Company Limited	Other	Limited by shares	Non-mutual		9.50%	9.50%	9.50%		Significant	9.50%	Included in the scope		Method 1: Adjusted equity method
427	JE	213800JH9QQWHLO99821GB10860	Specific code	SCBD S6 Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
428	GB	213800JH9QQWHLO99821GB11130	Specific code	Senior Living (Bramshott Place) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
429	GB	213800JH9QQWHLO99821GB11135	Specific code	Senior Living (Caddington) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
430	GB	213800JH9QQWHLO99821GB07320	Specific code	Senior Living (Chandlers Ford) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
431	GB	213800JH9QQWHLO99821GB11140	Specific code	Senior Living (Durrants) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
432	GB	213800JH9QQWHLO99821GB11150	Specific code	Senior Living (Exeter) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
433	GB	213800JH9QQWHLO99821GB11155	Specific code	Senior Living (Freelands) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
434	GB	213800JH9QQWHLO99821GB07330	Specific code	Senior Living (Great Leighs) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
435	GB	213800JH9QQWHLO99821GB11160	Specific code	Senior Living (Ledian Farm) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
436	JE	213800JH9QQWHLO99821GB11440	Specific code	Senior Living (Liphook) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
437	GB	213800JH9QQWHLO99821GB07340	Specific code	Senior Living (Matchams) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
438	GB	213800JH9QQWHLO99821GB07350	Specific code	Senior Living (Sonning Common) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
439	GB	213800JH9QQWHLO99821GB11185	Specific code	Senior Living (Tattenhall) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
440	GB	213800JH9QQWHLO99821GB11175	Specific code	Senior Living (Tunbridge Wells) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
441	GB	213800JH9QQWHLO99821GB11165	Specific code	Senior Living (Turvey) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
442	GB	213800JH9QQWHLO99821GB11195	Specific code	Senior Living (Warwick Gates) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
443	GB	213800JH9QQWHLO99821GB11170	Specific code	Senior Living Finance 1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
444	GB	213800JH9QQWHLO99821GB11180	Specific code	Senior Living Medici Holdco Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
445	GB	213800JH9QQWHLO99821GB11190	Specific code	Senior Living Medici Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
446	GB	213800JH9QQWHLO99821GB11205	Specific code	Senior Living Urban (Bath) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
447	GB	213800JH9QQWHLO99821GB07360	Specific code	Senior Living Urban (Epsom) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
448	GB	213800JH9QQWHLO99821GB07370	Specific code	Senior Living Urban (Walton) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
449	IE	213800QJI1LMN74GPL72	LEI	Sennen Finance Designated Activity Company	Other	Limited by shares	Non-mutual	Central Bank of Ireland	-	-	-		Significant	-	Included in the scope		Method 1: Adjusted equity method
450	JE	213800JH9QQWHLO99821JE95030	Specific code	Sheffield Vulcan House SPV Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
451	JE	213800JH9QQWHLO99821GB09330	Specific code	Smartr365 Finance Limited	Other	Limited by shares	Non-mutual		42.50%	42.50%	42.50%		Significant	42.50%	Included in the scope		Method 1: Adjusted equity method
452	JE	213800JH9QQWHLO99821GB11650	Specific code	Smugglers Way Unit Trust	Other	Limited by shares	Non-mutual		33.00%	33.00%	33.00%		Dominant	33.00%	Included in the scope		Method 1: Adjusted equity method
453	IE	213800JH9QQWHLO99821GB10150	Specific code	STERLING LIQUIDITY FUND	Other	Limited by shares	Non-mutual		55.07%	55.07%	55.07%		Dominant	55.07%	Included in the scope		Method 1: Adjusted equity method
454	IE	213800DBB4A9OPYN9154	LEI	Sterling Liquidity Plus Fund	Other	Limited by shares	Non-mutual		81.66%	81.66%	81.66%		Dominant	81.66%	Included in the scope		Method 1: Adjusted equity method
455	GB	213800JH9QQWHLO99821GB07380	Specific code	Stratford City Offices (No. 2) General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
456	GB	213800JH9QQWHLO99821GB07390	Specific code	Stratford City Offices (No. 2) Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
457	JE	213800JH9QQWHLO99821GB09320	Specific code	Stratford City Offices Jersey Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
458	JE	213800JH9QQWHLO99821GB09350	Specific code	Swandon Way Unit Trust	Other	Limited by shares	Non-mutual		33.00%	33.00%	33.00%		Dominant	33.00%	Included in the scope		Method 1: Adjusted equity method
459	JE	213800JH9QQWHLO99821JE95070	Specific code	Synergy Gracechurch Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
460	GB	213800JH9QQWHLO99821GB06390	Specific code	Synergy Gracechurch Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
461	GB	213800JH9QQWHLO99821GB07410	Specific code	T P Property Services Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
462	GB	213800JH9QQWHLO99821GB11500	Specific code	Tattenhall Care Village LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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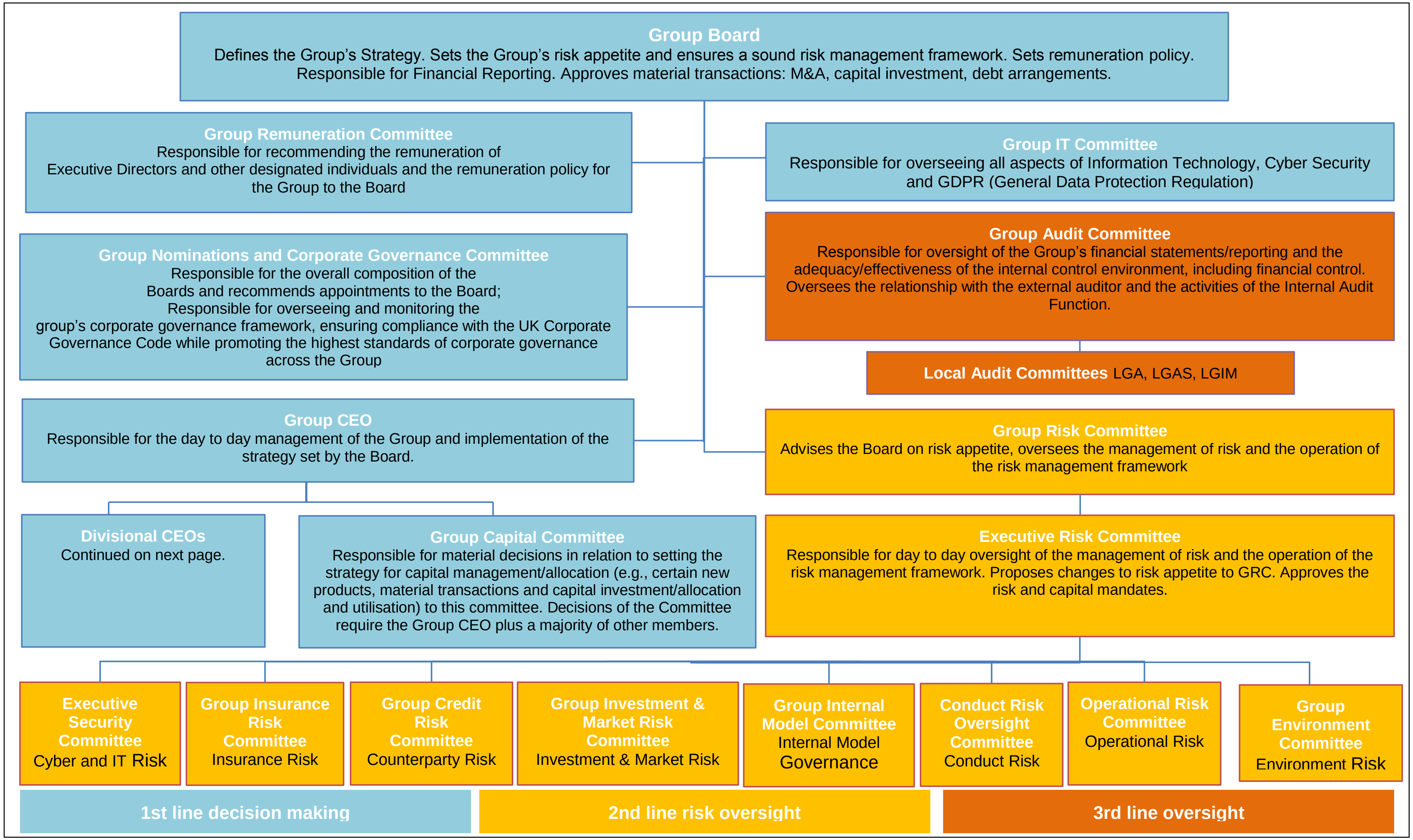
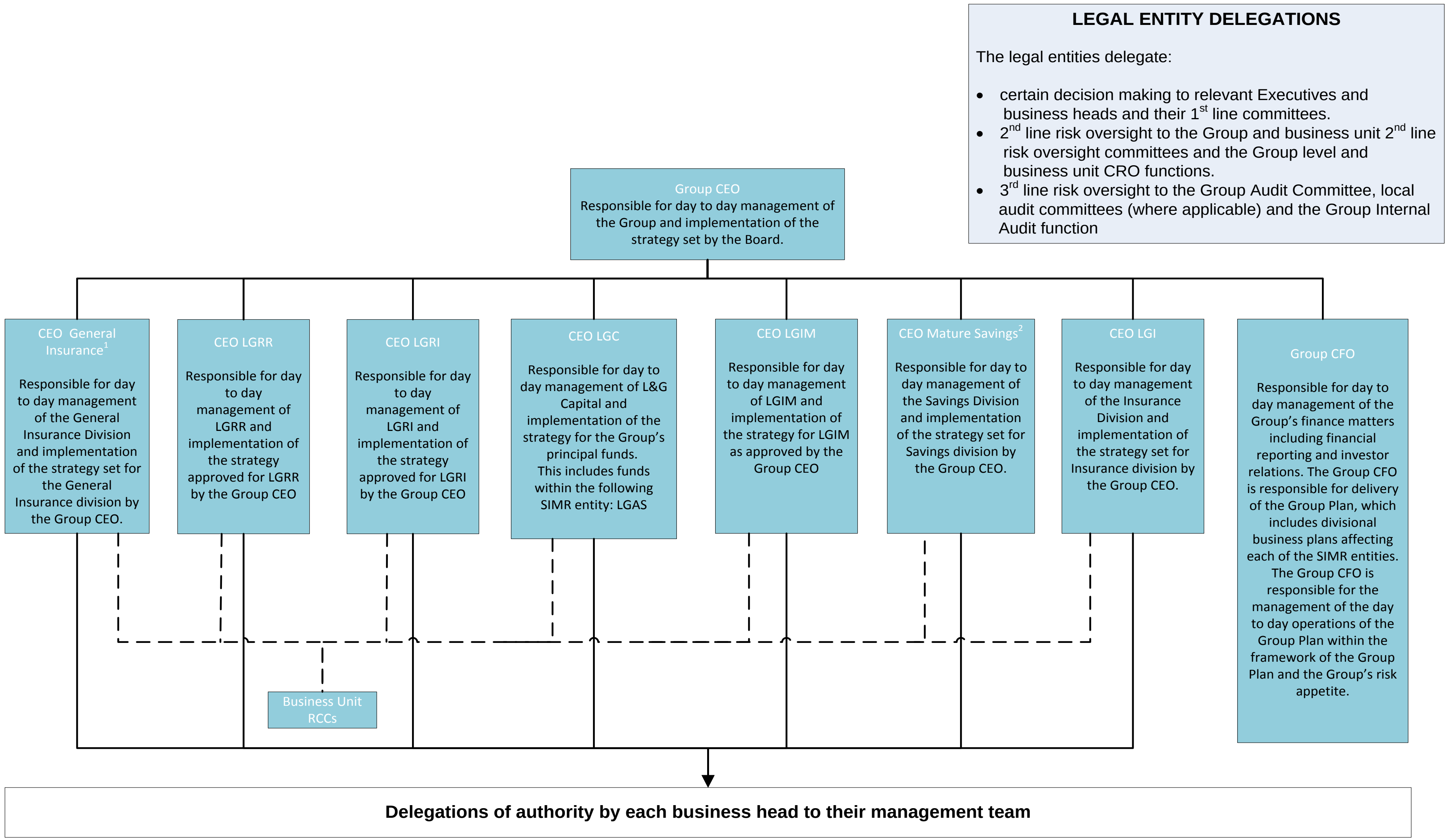
Undertakings in the scope of the group

									Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
463	GB	213800JH9QQWHLO99821GB06400	Specific code	Terminus Road (Nominee 1) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
464	GB	213800JH9QQWHLO99821GB06410	Specific code	Terminus Road (Nominee 2) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
465	GB	213800JH9QQWHLO99821GB09155	Specific code	The Advantage Collection Ltd	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
466	GB	213800JH9QQWHLO99821GB06460	Specific code	The Pathe Building Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
467	GB	213800JH9QQWHLO99821GB11230	Specific code	Thorpe Park Developments Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
468	GB	213800JH9QQWHLO99821GB09140	Specific code	Thorpe Park Holdings Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
469	GB	213800JH9QQWHLO99821GB09150	Specific code	TP 2005 Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
470	GB	213800JH9QQWHLO99821GB10870	Specific code	UK PIF FGP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
471	GB	213800JH9QQWHLO99821GB10880	Specific code	UKPIF Two Founder GP Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
472	GB	213800JH9QQWHLO99821GB07420	Specific code	UKPIF Two Founder Partner LP	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Dominant	50.00%	Included in the scope		Method 1: Adjusted equity method
473	IE	213800JH9QQWHLO99821GB10160	Specific code	US DOLLAR LIQUIDITY FUND	Other	Limited by shares	Non-mutual		66.37%	66.37%	66.37%		Significant	66.37%	Included in the scope		Method 1: Adjusted equity method
474	JE	213800JH9QQWHLO99821JE95090	Specific code	Vantage General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
475	GB	213800JH9QQWHLO99821GB11200	Specific code	Warwick Gates LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
476	GB	213800JH9QQWHLO99821GB06610	Specific code	Whitegates (Holdings) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
477	US	5493001KE6Q5DH04LJ92	LEI	William Penn Life Insurance Company of New York	Life insurance undertaking	Limited by shares	Non-mutual	NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
478	GB	213800JH9QQWHLO99821GB05495	Specific code	Winchburgh Developments (Holdings) Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method

ANNEX 2 – GROUP GOVERNANCE FRAMEWORK





[1]The General Insurance disposal completed on 31 December 2019

[2]The legal transfer of Mature Savings business is expected to complete in 2020.

ANNEX 3 – MAIN ASSUMPTIONS UNDERLYING TECHNICAL PROVISIONS

Non-linked individual term assurances [1]	
Smokers	86% TMS08/TFS08 Sel 5
Non-smokers	90% TMN08/TFN08 Sel 5
Non-linked individual term assurances with terminal illness[1]	
Smokers	54-90% TMS08/TFS08 Sel 5
Non-smokers	79-89% TMN08/TFN08 Sel 5
Non-linked individual term assurances with critical illness (Sold until 31/12/2012) [2]	
Smokers	93% - 118% ACMS04/ACFS04
Non-smokers	104% - 121% ACMN04/ACFN04
Non-linked individual term assurances with critical illness (Sold from 01/01/2013) [2]	
Smokers	97% - 123% ACMS04/ACFS04
Non-smokers	108% - 137% ACMN04/ACFN04
Whole of Life[3]	
Smokers	Bespoke tables based on TMS08/TFS08, AM92/AF92 and UK death registrations
Non-smokers	Bespoke tables based on TMN08/TFN08, AM92/AF92 and UK death registrations
Annuities	
Annuities in deferment[4, 5]	78.6% - 88.2% PNMA00/PNFA00
Bulk purchase annuities in payment[5]	78.6% - 88.2% PCMA00/PCFA00
Other annuities[5]	67.9% - 105.5% PCMA00/PCFA00

1. The percentage of the table varies with the duration that the policy has been in-force for the first five years. Mortality rates are assumed to improve at a rate of 1.00% p.a. for both males and females.

2. The percentage of the table varies with the duration that the policy has been in-force for the first two years. For term assurance with critical illness, morbidity rates are assumed to deteriorate at a rate of 0.50% p.a. for males and 0.75% p.a. for females.

3. The percentage of the TM08/TF08 tables varies with the duration that the policy has been in-force for the first five years. Thereafter, a bespoke mortality table constructed based on TM08/TF08 tables, AM92/AF92 tables and UK death registrations. Mortality rates are assumed to reduce based on CMI2016 model with a long term annual improvement rate of 1.5% for males and 1.0% for females.

4. Table created by blending PCXA00 with PNXA00 tables. The base table to be used for bulk purchase annuity policies in deferment is PNMA00 up to and including age 55 and PCMA00 for age 65 and above for males. The identical method is applied to females using PNFA00 and PCFA00.

5. For vested annuities, mortality rates are assumed to reduce according to an adjusted version of CMIB's mortality improvement model; CMI 2017 with the following parameters:

Males: Long Term Rate of 1.50% p.a. up to age 85 tapering to 0% at 110
Females: Long Term Rate of 1.0% p.a. up to age 85 tapering to 0% at 110

Smoothing is applied to derive initial rates using a smoothing parameter (Sk) value of 7.5 applied to L&G bespoke population data to 2017. The resulting initial rates are then adjusted to reflect socio economic class. (2018: smoothing parameter (Sk) value of 7.5 applied to L&G bespoke population data to 2016).

Different business classes have different effective dates for applying improvers.

For certain annuities, a further allowance is made for the effect of initial selection.

The improvement basis described above is applicable up to age 90. After age 90 the basis is blended towards a bespoke table from age 105 onwards

Lapse Rates

	Years 1-5	Years 6-10	Years 11+
Level Term	6.8% - 21.1%	3.7% - 7.7%	2.8% - 4.8%
Decreasing Term	5.1% - 12.7%	6.9% - 9.3%	6.4% - 8.0%
Investment Bond	1.1% - 4.1%	4.6% -11.4%	4.4% - 7.1%

GLOSSARY

A

ALM
Asset liability management.

Annuity
A regular payment 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.

B

Basic Own Funds
The surplus of assets over liabilities and subordinated liabilities.

Best estimate liability (BEL)
The probability-weighted average of best estimate future cash flows, discounted using risk-free term structure of interest rates (adjusted for a matching adjustment where appropriate).

C

Capital coverage ratio
Also known as the solvency coverage ratio. 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.

CEO
Chief Executive Officer.

Code Staff
A category of role defined under various applicable European Directives (CRDIII & IV, AIFMD, UCITS V, and Solvency II). The name is taken from the FCA's Remuneration Code that interprets and applies these Directives for the UK. Broadly, Code Staff includes roles that are considered to have the authority to take risks that could directly, or indirectly, affect one or more firms within the group and its investors.

CRO
Chief Risk Officer.

D

DAC
Deferred acquisition costs.

Deduction and Aggregation (D&A)
A method of solvency consolidation, where approved non-EEA entities' contribution to the group Solvency II balance sheet is based on the entity's local regulatory basis.

E

EEA
European economic area.

EIOPA
European Insurance and Occupational Pensions Authority.

Eligible Own Funds (EOF)
The amount of Own Funds available to meet the SCR and MCR. This includes any adjustments for eligibility requirements as defined by the Solvency II regulations.

EPIFP
Expected profit included in future premiums.

G

GIMC
Group Internal Model Committee.

I

IFRS operating profit
Operating profit measures the pre-tax result excluding the impact of investment volatility, economic assumption changes and exceptional items. Operating profit therefore reflects longer-term economic assumptions and changes in insurance risks such as mortality and longevity for the group's insurance business and shareholder funds, except for LGA which excludes unrealised investment returns to align with the liability measurement under US GAAP. Variances between actual and smoothed assumptions are reported below operating profit. Exceptional income and expenses which arise outside the normal course of business in the period, such as merger and acquisition and

start-up costs are excluded from operating profit.

Internal Model
A solvency calculation model tailored to the individual risk profile of a specific firm.

International financial reporting standards (IFRS)
These are accounting guidelines and rules that companies and organisations follow when completing financial statements. They are designed to enable comparable reporting between companies, and they are the standards that all publicly listed groups in the European Union (EU) are required to use.

L

LGA
Legal & General America.

LGAS
Legal and General Assurance Society Limited.

LG Re
Legal & General Reinsurance Limited.

LGC
Legal & General Capital division.

LGI
Legal & General Insurance division.

LGIM
Legal & General Investment Management division.

LGR
Legal & General Retirement division.

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 60 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.

Liquidity coverage ratio (LCR)
The measure of exposure to liquidity risk. The LCR is defined as total sources of liquidity divided by total liquidity requirements.

Longevity
Risk associated with increasing life expectancy trends among policyholders and pensioners.

M

Matching adjustment (MA)
An adjustment to the risk-free interest rate term structure used to calculate the best estimate of a portfolio of eligible insurance obligations. Its use is subject to prior supervisory approval where certain eligibility criteria are met.

MAP
Matching Adjustment Portfolio.
A portfolio of assets created to back a certain set of liabilities, which is then eligible for a matching adjustment.

MCR
Minimum Capital Requirement is calculated using a prescribed formula and which is the minimum level of capital below which the amount of financial resources should not fall.

Method 1
Also known as the Accounting Method. A method of solvency consolidation for groups which reflects the underlying information of the in-scope entities.
Method 1 is the default method of calculation.

Method 2
Also known as the Deduction & Aggregation method (D&A). A method of solvency consolidation, where approved non-EEA entities' contribution to the group Solvency II balance sheet is based on the entity's local regulatory basis.

MI
Management information.

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.

N

Notional Solvency Capital Requirement
A Notional Solvency Capital requirement is calculated for a specific group of business, such as the With-Profits Fund, on a standalone basis.

O

ORSA
Own risk and solvency assessment, also known as the forward-looking assessment of own risks.

Own Funds
The amount of capital available to cover a firm's SCR.

P

Pension risk transfer (PRT)
PRT represents 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.

PIM
Partial internal model.

PMC
Legal and General Assurance (Pensions Management) Limited.

PPE
Property, plant and equipment.

PPFM
The principles and practices of financial management (PPFM) used to manage the with-profits business.

PRA
Prudential Regulation Authority was created as a part of the Bank of England by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of insurance companies in the UK.

Q

QRTs
Quantitative reporting templates.
Templates defined by EIOPA for the regular reporting of financial information.

R

Reconciliation reserve
A Basic Own Funds item, comprising the excess of assets over liabilities, adjusted for other Basic Own Funds items comprising of own shares, foreseeable dividends, restricted Own Fund items, and other non-available Own Funds.

Ring-fenced funds (RFF)
Own Funds that can only be used to cover a particular segment of liabilities or particular risks and cannot be made available to cover liabilities or risks outside the ring-fenced fund.

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.

Risk margin (RM)
The cost of providing funds to cover the Solvency Capital requirements over the lifetime of the associated insurance policies. The approach for calculating the risk margin is prescribed in Solvency II regulations.

S

SBP
Share bonus plan.

SCR

Solvency Capital Requirement is the amount of capital that insurance and reinsurance undertakings are required to hold and is calibrated to ensure that all quantifiable risks are taken into account in a 1-in-200 year risk event.

SFCR

Solvency and Financial Condition Report.

Solvency coverage ratio

Also known as the capital coverage ratio. 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

Taking effect from 1 January 2016, the Solvency II regulatory regime is a harmonised prudential framework for insurance firms in the EEA. This single market approach is based on economic principles that measure assets and liabilities to appropriately align insurers' risk with the capital they hold to safeguard policyholders.

Solvency II Delegated Regulation

Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Solvency II Directive

Directive 2009/138/EC of the European Parliament (Solvency II Directive).

SPV

Special purpose vehicle.

Standard Formula (SF)

A standardised solvency calculation method, not tailored to the individual risk profile of a specific firm. It aims to capture the material quantifiable risks to which most undertakings are exposed.

Surplus

The excess of Eligible Own Funds on a regulatory basis over the Solvency Capital Requirement. 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.

T

Technical provisions (TP)

The sum of the best estimate liabilities and the risk margin.

TMTP

Transitional measure on technical provisions.

Total shareholder return (TSR)

TSR is 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.

V

Value-at-risk (VaR)

The estimated loss for a given probability over a one-year period.

W

With-Profits Fund

Individually identifiable portfolios where policyholders have a contractual right to receive additional benefits based on factors such as the performance of a pool of assets held within the fund, as a supplement to any guaranteed benefits. An insurer may either have discretion as to the timing of the allocation of those benefits to participating policyholders or may have discretion as to the timing and the amount of the additional benefits.

Y

Yield

A measure of the income received from an investment compared to the market value of the investment. It is usually expressed as a percentage.

Legal & General