

Execution, Delivery Growth

Legal & General sits at the heart of the economy, doing economically and socially useful things. It's terrific that we've got such another good set of results. Operating profits up 18 per cent to £750m. All of the other key metrics are very good. Interim dividend up 19 per cent, the ROE just over 19 per cent, 11 per cent growth in net cash, and adjusted EPS growing at 15 per cent. These all are resounding successes, built on our five macro growth themes.

Global Macro Growth Trends

The five growth trends are playing out exactly as we'd hoped, or anticipated.

First, globalisation of asset markets. LGIM has been hugely successful, not just in America, where lots of British companies have failed so far. Success today has exceeded our expectations. But also, we've successfully entered Korea, Taiwan, Japan, made further progress in China and are beginning to build a platform in Europe, which is realistic in its ambition, i.e. we haven't been ambitious enough in the past in Europe.

Secondly, on ageing populations. There's just a huge amount of demographic evidence going on around the world, and L&G is particularly well placed to capitalise on that, not just with our global pension de-risking business, but also with our DC business here in the UK, but also in the United States, and we launched our lifetime mortgage business. We've doubled the targets already in the first three months, such has been our success.

The third area is welfare reform. The Conservative government has been particularly beating the drum on this one, from the Prime Minister downwards. We have to change the welfare state. Angela Merkel has made exactly same point right across Europe, and L&G is brilliantly positioned in that, in that we've put in the auto-enroll digital pipework already; we'll see that system leveraged in the future to deliver better value products for customers throughout the UK.

The fourth area is digital. We've made good progress in digital, but I'd like to say I want us to make even more progress going forward. We've got some great ideas in individual protection. We've actually got some really innovative ideas coming from America and India, which are feeding back into the UK and our platform businesses have all grown very strongly in the first six months of this year, and I hope they do even better.

And last of all, but not least of all, banks are retrenching. We can see that, particularly in our LGC business, which has seen opportunities in housing, urban regeneration, energy - clean energy - and in alternative finance, all of which are delivering on or above plan.

Slow Money - Housing and Infrastructure

We are relevant today's modern society, because we've identified housing and urban regeneration as two key economic problems that sits at the heart of what we do - things that are economically and socially useful, but also relevant. We've been lucky that we've identified these areas, and we got in early and we're making huge positive momentum.

In housing, Britain has a chronic shortage. We wrote our excellent document, *Let's House Britain*, and we're delivering against that backdrop. CALA has been a huge success. We've entered the PRS market – the private rental sector market in the UK. We've suddenly found we've got a huge following wind towards building out that particular business here in the UK, and have an enormous strategic land-bank which we're just beginning to develop.

And on urban regeneration: huge progress in Salford, where we purchased half of Media City. But we've also made great progress at Bracknell, and we're making progress in Newcastle, Leeds Birmingham, Bristol, Cardiff, right across the UK. And, most of all, we've been welcomed by local business, local politicians, and local people.