

On the eve of the announcement of Legal and General's half year results for 2013, we're joined by Mark Gregory. Now Mark, these are your first results as Chief Financial Officer, tell me, what are the key highlights for you?

I think what pleased me most about the results is just how broad based they are, and how, if anything, it reflects really an acceleration of what we have been able to achieve over the last few years. We've seen very good progress at L&G over the last three or four years in terms of financial performance and trading performance and if anything I think the first half of this year represents an acceleration of that progress, you know. Key stats in there: the financials are a very good and broad base but I'd point to perhaps increase in the return on equity up to 16.8% on the annualised basis at the end of the first half. And couple that with the fact that we have a very healthy increase in our interim dividends, so really good news all round.

And what particular achievements stand out for you in the 2013 first-half performance?

Clearly these numbers are very, very broad based, and good progress across the board, but if I pull out one or two key stats I would say the net cash generation increase up 23% at half a billion pounds year-on-year, that really is a very, very good number in its own right. That is really one of our very good numbers, and that coupled with the trading performance being very strong across all of our divisions. That for me would be the highlights.

Turning now to each of your main businesses, let's talk about investment management first. How successful has 2013 been for LGIM so far?

Well LGIM really has had a great first half of this year. You know, we look at again, the key facts there, you'll see net inflows up to eight billion pounds in the first half of this year, and 7.5 billion of that coming from our international clients. Now we said we wanted to internationalise and globalise LGIM now that really has come into fruition now. So good growth in America, good growth in the middle east, good growth in Europe, and we just opened up our office in Hong Kong as well so looking to again expand that footprint around the world, that really is kind of for the me the biggest progress in LGIM.

And your annuity's business has also been very successful. What particularly stands out for you there?

Well it is now a truly scale business, so the scale has thrown off good profitability, so operating cash up 7%, 130 million pounds, and we are adding to that scale. We had a truly tremendous trading performance in the first half of this year, individual annuity is up very, very strongly at 44%, and bulk annuity is up ten-fold year-on-year, and really, really good performance going on there. I think some of the highlights within that, we saw our biggest, in the UK at least, the biggest ever longevity insurance deal which we did with BAE Systems in the first half of this year. We did our first ever international bulk annuity deal with New Ireland assurance, again something which we want to expand on going forwards, and since the half year, we actually completed the acquisition of Lucida, the closed buyout annuity company, so again growing the scale, and good momentum in that business.

You've recently brought together the Savings and Protection businesses, how have these businesses performed recently?

They've performed very well, perhaps before I get to that, I should point out the rationale for doing it. We do see there being some very good synergies bringing our retail and corporate clients together. We think about the fact they've got quite similar needs, and think about how we deploy our proposition, certainly we think about we use digital more fully going forwards...., and we're very happy, and we can see clear advantages about that, bringing the two businesses together, but the two components do have great momentum in their own right. Savings has good momentum, £111 billion pounds of assets under administration at the end of the half year; it's got Cofunds, the UK's leading platform business within savings. That had nearly 54 billion pounds of assets on the platform at the end of the half year. Our workplace savings business is going from strength to strength, sales up 94% compared to the first half of last year. We have £7.3 billion pounds now on our workplace platform, and on the housing and protection side, again good momentum there as well. We have the market leading protection franchise in the UK, again further growth and the premiums going on there and our general insurance business had a very, very good first half, again, total premiums up 10%, as well as a very, very good combined operating ratio at 81%. So both businesses have great momentum, and again we see greater value in bringing the two things together going forwards.

And finally, looking at your US business, how have you been able to build on the strong growth seen in 2012?

Well you're quite right, we did have good growth last year, in fact I would also say we've had good growth for the last four years as well across sales, across total premiums, and across profitability. So it wasn't just last year, but again we've seen further acceleration in the first half of this year. It's probably a little known fact, but actually our US business is the third largest term assurance writer in the United States, we have over a million policies in force at the half year. So it is a very, very big business in its own right, and that scale is throwing off every greater profitability. So we've seen growth in operating cash, with a dividend paid to the UK of up to \$66 million dollars in the first half of this year, and again that scale combined with very good efficiency improvements, again keeping tight control over unit costs, and shows that business to be in very good shape going forwards as well.