Legal & General Group Plc

Solvency and Financial Condition Report

31.12.2016

Contents

Summary

This document

This Solvency and Financial Condition Report (SFCR) for Legal & General Group Plc (the Group) is a regulatory document required under Solvency II[1]. All values are (unless otherwise stated) as at 31 December 2016.

Who we are

We're one of the world's largest insurance and investment management groups, with assets under management of £894bn at 31 December 2016. Established in London in 1836, we have been providing insurance for our customers for over 180 years. We now offer much more than just insurance and are one of the world's top 10 asset managers. With around 8,000 employees we look after the financial security of over 10 million customers in the UK and US and manage investments for around 3,000 institutional clients.

What we do

We enable our customers, who range from some of the world's largest companies and funds to millions of individuals and families, to manage their financial futures 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 means that we strive at all times to do the right thing not just for our customers and shareholders, but for the broader economy and society at large.

Our businesses

Legal & General Group is managed across divisions rather than legal entities. The Group's business divisions are Legal & General Investment Management; Legal & General Capital; Legal & General Retirement; Legal & General Insurance; Savings; and General Insurance.

Our performance

IFRS operating profit on the insurance and savings business is the measure we use to manage the Group's underwriting performance. This is the key measure used to manage our business.

Operating profit measures the pre-tax result excluding the impact of short-term economic variances and exceptional items which arise outside the normal course of business in the period. Operating profit reflects longer-term economic assumptions and changes in insurance risks.

The key measures in our financial statements for the year ending 31 December 2016 were:

- IFRS Operating profit contribution from divisions £1,902m
- Adjusted IFRS operating profit[2] for the Group £1,628m
- IFRS Profit before tax £1,582m
- IFRS Profit for the period £1,265m
- Solvency II surplus of £5.7bn on a shareholder basis

[1] 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.
[2] Adjusted operating profit is calculated as operating profit of £1,562m before taking account of the provision in respect of the closure of our Kingswood office of £66m.

- Solvency II coverage ratio of 171% on a shareholder basis
- Solvency II surplus of £5.4bn on a SFCR regulatory basis
- Solvency II coverage ratio of 163% on a SFCR regulatory basis

The Solvency II coverage ratio is the eligible Own Funds divided by the Group Solvency Capital Requirement (SCR).

In line with market practice, the shareholder basis excludes the contribution to SCR of the with-profits fund and final salary pension scheme from both the Own Funds and SCR. These exclusions have no impact on the Solvency II surplus, only the reported ratio.

The shareholder basis as disclosed in the full year results in March 2017, incorporates the estimated impacts of a recalculation of the Transitional Measures for Technical Provisions (Estimated TMTP) based on 31 December 2016 economic conditions and changes during 2016 to the Internal Model and Matching Adjustment. The Estimated TMTP was amortised to 31 December 2016. This was considered by the Board to be a more consistent and appropriate disclosure for shareholders to judge the financial position and performance of the Group.

The conditions for the PRA to allow a formal recalculation of the Group's TMTP were not met as at 31 December 2016. The TMTP is designed to be recalculated every two years unless there are significant market movements or significant changes to a company's risk profile. In line with PRA guidance, we expect to undertake a formal recalculation of the TMTP on or before 1 January 2018, i.e. when PRA conditions are met or two years from the date of commencement of the Solvency II regime.

The SFCR regulatory basis uses a TMTP recalculated at 30 June 2016 when it was deemed that the interest rate movements were sufficiently significant to warrant recalculation, it does not allow for recalculation of the TMTP as at 31 December 2016, or the amortisation since the last recalculation of the TMTP in June 2016.

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

Our governance

The Group Board

The Board's role is to lead the Company and oversee the governance of the Group. It plays a key role in ensuring that the tone for the Group's culture and values is set from the top. 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 framework is designed to enable the Group's Board to draw assurance that risks are being appropriately identified and managed in line with our risk appetite.

Our framework seeks to reinforce the parameters of acceptable risk taking, allowing business managers to make decisions that are consistent with our risk appetite.

We deploy 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 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. The core elements of our risk framework are set out below.

Risk appetite

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.

We cascade the parameters of our risk appetite to our business managers, empowering managers to make decisions that are consistent with our appetite for risk.

Risk policies

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 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.

Scenario planning

We undertake scenario analysis of emerging and uncertain future events to assess possible outcomes and to develop proactive management responses.

Own risk and solvency assessment (ORSA)

Our risk identification and assessment process forms part of our broader 'own risk and solvency assessment' process, our ongoing 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.

Risk management information

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

Risk oversight

The Group Chief Risk Officer and his team, who are independent of the business line, support 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 ongoing assessment of the Group's capital requirements to confirm that they meet regulatory solvency requirements.

The Group Chief Risk Officer 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.

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 Chief Risk Officer, serves as the focal point for risk management activities. Beneath the Group Risk Committee 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.

Further details on our systems of governance can be found in Section B. Systems of governance.

Our risk profile

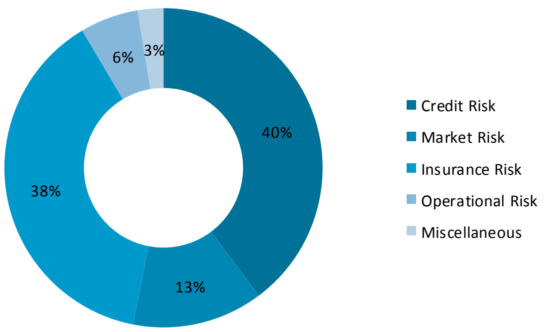
We're exposed to:

- longevity, mortality, morbidity and household insurance risks transferred to us by customers of our annuities, protection and general insurance businesses;
- investment risks, from holding portfolios of assets to meet our obligations to our customers and to deliver returns to shareholders; and
- 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 ongoing basis the capital that we need to hold above 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 capital requirement, 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 regulatory capital requirement. We have chosen to adopt a partial internal model (the Internal Model) approach to calculate the Solvency Capital Requirement (SCR) for all of the material insurance companies in the Group. Our SCR by major risk category is shown in the chart below.



Further details on our risk profile can be found in Section C. Risk profile.

Valuation for Solvency purposes

The Solvency II valuation of asset is £406bn. These are valued in line with the Solvency II definitions, and are generally consistent with the accounting fair value valuation. Assets include expected recoveries from reinsurance contracts. These are calculated consistently with the technical provisions that the Group holds to meet future policyholder liabilities. Further details can be found in Section D.1 Assets.

The Solvency II valuation for total liabilities is £394bn. The main component of liabilities is the technical provisions (TPs) of £383bn. The TPs are calculated as the sum of the best estimate liabilities (BEL) of £383bn and the risk margin (RM) of £6.4bn less the TMTP of £6.7bn, calculated in line with PRA approvals and allowing for the change in capital requirements from the old Solvency I regime.

The BEL represents our best estimate of future cash flows on the in-force business as at 31 December 2016. The BEL is calculated without any deductions 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.

Solvency II balance sheet

The Group is required to measure and monitor its capital resources on a regulatory basis and to comply with the minimum capital requirements of regulators in each territory in which it operates. Following the implementation of the Solvency II regulatory regime, which came into force on 1 January 2016, the Group's capital resources are managed on a Solvency II basis, as adopted by the Prudential Regulation Authority (PRA) at the balance sheet date.

The Group SCR was £8.6bn at 31 December 2016. The Group was granted approval in December 2015 to use method 2 (deduction and aggregation (D&A)) with local statutory equivalence for Legal & General America firms. 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 statutory and regulatory value. The SCR has been calculated in line with the approved Internal Model. Further details can be found in Section E.2 Solvency Capital Requirement and Minimum Capital Requirement.

As at 31 December 2016 the Group held £5.4bn of Own Funds in excess of the Group's regulatory solvency requirements, a regulatory capital coverage ratio of 163%. This buffer of capital resources over the regulatory requirement ensures that we're able to still meet our 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 Own Funds are described below.

(£m)	2016
Solvency II Own Funds	**14,069**
Group Solvency Capital Requirement	**(8,635)**
Group Solvency II surplus	**5,434**
SFCR Regulatory Capital coverage ratio	**163%**
Impact of minor true-up adjustments	(1)%
Impact of six months amortisation of TMTP to 1 January 2017	(2)%
Impact of a recalculation of the TMTP	5%
Impact of exclusion of the contribution to SCR of with-profits fund and final salary pension schemes	6%
Shareholder basis capital coverage ratio (as disclosed March 2017)	**171%**

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

Any other information

The sale of Cofunds to Ageon was completed on 1 January 2017. The sale of Legal & General Nederland Levensversekering Maatschappij (Legal & General Netherlands) to Chesnara Plc (Chesnara) was completed on 6 April 2017. Both are therefore included in the figures shown in the Group SFCR.

The combined impact of these disposals provided a 2.5% benefit to the Group capital coverage ratio in 2017, through a net increase to Solvency II surplus of £119m.

Directors' certificate

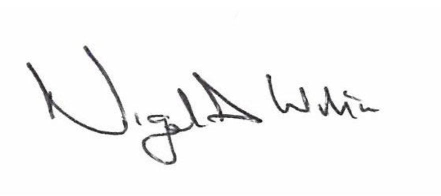
Legal & General Group – financial year ended 31 December 2016

The Directors acknowledge their responsibility for the proper preparation of the SFCR in all material respects 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 2016, 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 2016 to the date of the publication of the SFCR, 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 2017.



Nigel Wilson

Chief Executive Officer

18 May 2017

Auditors' report

Report of the external independent auditors to the Directors of Legal & General Group Plc ('the Company') 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 the Company as at 31 December 2016:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Company as at 31 December 2016, ('**the Narrative Disclosures subject to audit**'); and

- Group templates S.02.01.02, S.22.01.22, S.23.01.22 and S.32.01.22 ('**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 above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;

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

- Group templates S.05.01.02, S.05.02.01 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 information relating to the transitional measure on technical provisions as set out in the Appendix to this report
- The written acknowledgement by management of their responsibilities, including for the 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'**) as identified in the Appendix to this report.

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 the Company as at 31 December 2016 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 and Ireland) (ISAs (UK & I)), International Standard on Auditing (UK) 800 and International Standard on Auditing (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' 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.

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, as detailed below:

- Approval to apply the Transitional Measure on Technical Provisions;
- Matching Adjustment Approval;
- Internal model approval for the SCR;
- Original Transitional Measure Approval;
- Inclusion of the Group's American subsidiaries on the deduction and aggregation basis;
- Permission to recalculate the transitional measure at HY 16;
- Matching adjustment approval;
- Modification of rulebook wording regarding Group supervision of Group insurance undertakings;
- Approval to exclude IndiaFirst from Group Supervision; and
- Approval to submit a single Group ORSA, rather than separate ORSA for each regulated entity.

The Directors are also responsible for such internal control as they determine 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.

Auditors' 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, in accordance with applicable law, ISAs (UK & I) and ISAs (UK) 800 and 805 as to whether the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report 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. ISAs (UK & I) require us to comply with the Auditing Practices Board's Ethical Standard for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the relevant elements of the Group Solvency and Financial Condition Report sufficient to give reasonable assurance that the relevant elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the relevant elements of the Group Solvency and Financial Condition Report. In addition, we read all the financial and non-financial information in the Group Solvency and Financial Condition Report to identify material inconsistencies with the audited relevant elements of the Group Solvency and Financial Condition Report. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

This report, including the opinion, has been prepared for the Directors of the Company to comply with their obligations under External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Other Matter

The Company 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 Company'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, 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 required to read the Other Information and consider whether it is materially inconsistent with the relevant elements of the Group Solvency and Financial Condition Report and our knowledge obtained in the audits of the Group Solvency and Financial Condition Report and of the Company'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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

London

18 May 2017

- The maintenance and integrity of the Legal & General Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Group Solvency and Financial Condition Report since it was initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.

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

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 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 (Legal & General Group) for the financial year ended 31 December 2016.

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	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

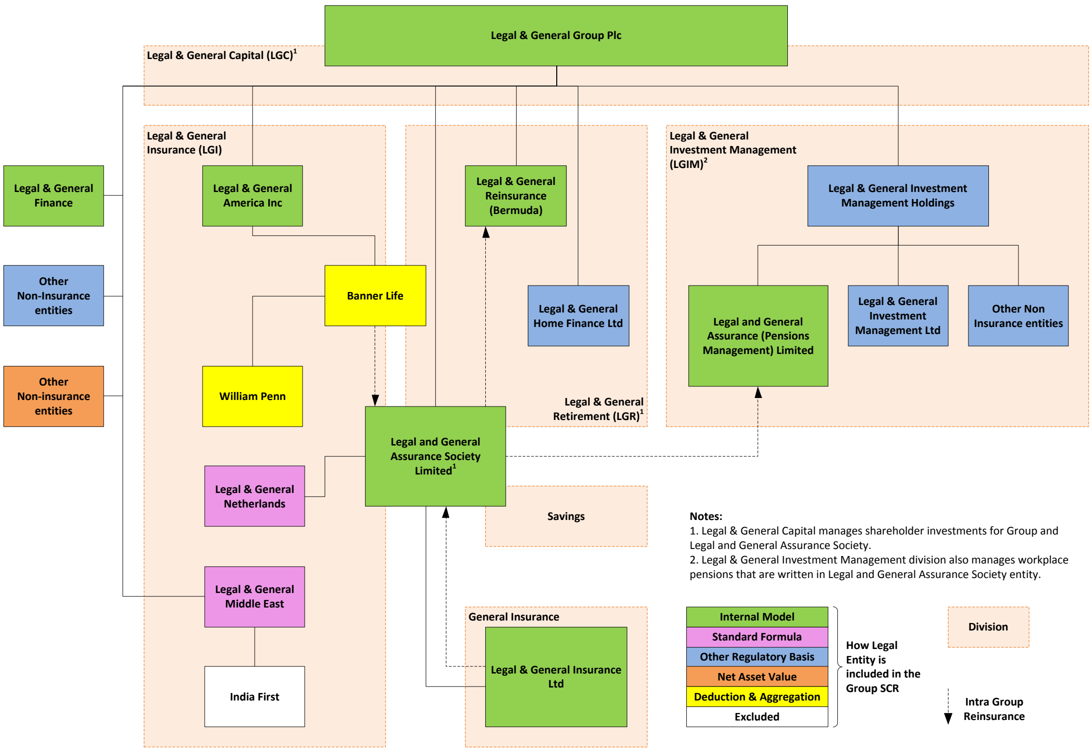
A.1.1.1 Qualifying holdings

The Group has issued 5,954,656,466 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 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 Company's subsidiaries as at 31 December 2016 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 & General Assurance (Pensions Management) Ltd (PMC)	England & Wales	100%
Legal & General Insurance Ltd (LGIL)	England & Wales	100%
Legal & General Nederland Levensverzekering Maatschappij NV (LGN)[1]	Netherlands	100%
William Penn Life Insurance Company of New York	USA	100%
Banner Life Insurance Company	USA	100%
Legal & General Reinsurance Co Ltd (LG Re)	Bermuda	100%

1. The sale of LGN to Chesnara Plc was completed on 6 April 2017.

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[3].

Our overseas joint venture insurance operation in India has been excluded from the scope of group supervision under Solvency II, and this entity has been excluded from the consolidation. It is not considered to be material to the Group.

The consolidation treatment of entities varies depending on the nature 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 Sections B. Systems of governance and 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 business comprises pension risk transfers including bulk annuities and longevity insurance, retail annuity business and lifetime mortgages. Business is written through Legal and General Assurance Society Limited in the UK and Legal & General Reinsurance, in Bermuda. Lifetime mortgages are written in New Life Co.

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 to UK clients, but also for US, Dutch and Irish clients. A small portfolio of immediate annuities has been written as participating business.

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.

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.

[3] Commission Delegated Regulation (EU) 2015/35.

A.1.3.1.2 Longevity insurance contracts

The Group also 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 60 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.

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 on behalf of pension funds, institutional clients, sovereign wealth clients, retail funds and subsidiary companies within the Group. PMC is the Solvency II regulated entity within the LGIM division. LGIM also manages workplace pensions written in Legal and General Assurance Society Limited. The core asset classes are set out below.

A.1.3.2.1 Index fund management

The Group 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 Passive and active fixed income and liquidity management

The Group 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.

A.1.3.2.3 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.

Solutions also includes a range of pooled multi-asset funds for retail and institutional clients, built using LGIM's expertise in asset allocation, 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, where clients may also allocate some of the portfolio to managers other than LGIM.

A.1.3.2.4 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.1.3.2.5 Active equity

An active equity management business comprised of teams focused on managing stock selection across different regions.

A.1.3.2.6 Workplace pensions

Workplace savings are a range of workplace pension solutions, focusing on the UK defined contribution auto enrolment schemes. These schemes offer a wide choice of investment options, including a self-investment option.

A.1.3.3 Legal & General Capital (LGC)

LGC manages shareholder assets which are not directly required to meet contractual obligations to policyholders. LGC employs capital and sector expertise to target attractive risk-adjusted returns.

A.1.3.3.1 Investment strategy and implementation

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.1.3.3.2 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 venture with strategic partners or by creating 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)

In November 2016, the Group announced the formation of Legal & General Insurance (LGI) which combined our UK and US Protection businesses. 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
- the Netherlands business, written in Legal & General Netherland (LGN).

A.1.3.4.1 UK Protection business (retail and group)

The Group offers protection products which provide mortality or morbidity benefits. They 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.1.3.4.3 Legal & General Netherlands (LGN)

In addition to protection products, LGN also writes savings business, which includes unit-linked and index-linked savings products, bank based investment accounts and corporate pension products. Certain savings products include an exposure to interest rate and credit risk, managed through an active asset-liability management programme. In April 2017 the sale of LGN was completed.

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.

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 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.

A.1.3.6 General Insurance (GI)

General Insurance business comprises Household, Accident, Sickness and Unemployment (ASU), and pet products.

A.1.3.6.1 Household

These contracts provide cover in respect of policyholders' homes, investment properties, contents, personal belongings and incidental liabilities which they may incur as a property owner, occupier and individual. Exposure is normally limited to the rebuilding cost of the home, the replacement cost of belongings and a policy limit in respect of liability claims.

A.1.4 Significant business or other events

There were no significant business or other events over the reporting period.

A.2 Underwriting performance

We consider the IFRS operating profit on insurance and savings business to be a good measure of the business'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 and includes expected investment return. 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 long-term economic 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.

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 (86%), and the US (12%) measured by gross written premium. Further quantitative information by geographical area is provided in QRT S.05.02 in Annex 1 of this report.

A.2.1 Operating profit by division

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

		2016 (£m)	2015 (£m)
From continuing operations			
Legal & General Retirement (LGR)		**811**	641
Legal & General Investment Management (LGIM)		**366**	355
Legal & General Capital (LGC)		**257**	233
Legal & General Insurance (LGI)		**317**	315
	- UK and Other	232	232
	- US	85	83
General Insurance		**52**	51
Savings		**99**	107
Operating profit from divisions		**1,902**	1,702
Group debt costs[1]		(172)	(153)
Group investment projects and expenses[2]		(102)	(86)
Adjusted operating profit		**1,628**	1,463
Kingswood office closure provision		**(66)**	(8)
Operating profit		**1,562**	1,455

1. Group debt costs exclude interest on non-recourse financing.
2. Group investment projects and expenses in 2016 include restructuring costs of £54m (2015: £42m).

Adjusted operating profit increased 11% to £1,628m (2015: £1,463m).

Legal & General Retirement (LGR)

LGR achieved record operating profits of £811m driven by strong performance from our front and back books, as well as benefitting from higher levels of longevity reinsurance on new business. Longevity experience in the year was once again positive compared to our assumptions. Despite this outcome, forward-looking longevity reserves have not been materially changed.

Total new business was up 190% at £8.5bn (2015: £2.9bn). In 2016, LGR completed £3,685m (2015: £2,417m) of buy-in and buy-out transactions and a longevity insurance transaction of £900m. Sales of individual annuities and lifetime mortgages reached £1bn in LGR's Retail customer business in 2016. This business area now manages almost £20bn in assets for its 500,000 individual annuity customers.

Individual annuity sales were up 16% on 2015 at £378m (2015: £327m). In July LGR agreed an arrangement with Aegon where Legal & General would be Aegon's preferred supplier of annuity business from October 2016. This arrangement is expected to increase LGR's individual annuity volumes by approximately 50%.

Legal & General Home Finance Lifetime mortgages sales were £620m in 2016 (2015: £201m), and now has over 10,000 customers.

LGR's £54.4bn asset portfolio backing its IFRS liabilities is well diversified. We hold £2.7bn of IFRS credit default reserves (2015: £2.2bn) against these assets and have experienced less than £10m in defaults in the last five years, with no defaults in 2016.

Our direct investment portfolio is secured through directly negotiated covenants and security or collateral. This portfolio is now £8.1bn, (2015: £5.7bn) including £852m in lifetime mortgages, and makes up c.15% of the assets within the annuity portfolio.

Legal & General Investment Management (LGIM)

LGIM operating profit increased by 3%. The combined contribution from positive net flows of £31.2bn (2015: £33.3bn) and higher asset values in the second half, was partially offset by planned investment to grow the business, as well as the impact of ongoing industry fee pressure. This is the total performance for LGIM including PMC and other non-insurance entities within the division.

LGIM continues to expand its business across channels, regions and product lines. External net flows were £29.2bn (2015: £37.7bn), contributing to 20% growth in assets under management (AUM) to £894.2bn (2015: £746.1bn). Revenues from management fees were up 10% to £714m (2015: £651m), while transactional revenues were lower at £30m (2015: £43m) due to the decision to discontinue box profits (2015: £11m). Operating profit increased by 3% to £366m (2015: £355m), reflecting higher AUM growth occurring later in the year, partially offset by planned investment to grow the business, and ongoing industry fee pressure.

The International business experienced net inflows of £14.5bn (2015: £9.5bn), with a particularly strong performance in the US business and higher flows in Europe, the Gulf and Asia. The Defined Contribution (DC) business continued to expand, with net inflows of £2.0bn (2015: £2.9bn) driven by our bundled business, which offers investment and administration services to DC schemes. The retail business experienced net inflows of £1.4bn (2015: £1.2bn).

LGIM experienced a 23% increase in customers on our Workplace platform to more than 2.2m (2015: 1.8m). Net flows were £2.0bn (2015: £2.9bn) and contributed to £20.8bn of assets on our Workplace platform. The number of pension schemes supported by the DC business has grown to over 9,400 (2015: 4,376). Total LGIM DC AUM increased by 24% to £57.1bn (2015: £46.1bn).

Legal & General Capital (LGC)

LGC operating profit increased by 10% due to strong performance in the division's £1.1bn (2015: £0.9bn) direct investment portfolio which delivered £121m (2015: £69m) operating profit, and profit before tax of £94m (2015: £73m), representing a net portfolio return of 9.0% (2015: 9.2%). Direct investments increased 31% to £1,137m (2015: £867m).

LGC's traded investment portfolio delivered operating profit of £122m (2015: £154m). Treasury assets contributed a further £14m (2015: £10m) to operating profit. The investment variance on the traded investment portfolio and treasury assets was £189m (2015: £(120)m), resulting in a combined profit before tax of £325m (2015: £44m).

Legal & General Insurance (LGI)

LGI operating profit was flat year-on-year, in part as a consequence of a £39m lower expected release from the UK retail protection back book, and adverse claims experience of £43m, primarily in group protection. The 2015 comparator for LGI was impacted by one-off reserve strengthening primarily relating to the modelling of reinsurance contracts in retail protection.

UK Retail Protection gross premium income increased 6% to £1,179m (2015: £1,112m) with new business annual premiums of £170m (2015: £162m). UK Group Protection gross premium income was £333m (2015: £330m) with new business of £58m (2015: £69m). LGI US Gross premium revenue increased 3% (16% on a Sterling basis) to $1,220m (2015: $1,183m) due to continued strong persistency of the core term product.

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.

The total investment return as reported in the Group financial statements over 2016 was £67,824m (2015: £5,947m).

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 income and expenses

The table below presents the actual investment income and expenses split by Solvency II asset class and the component of such income and expenses.

(£m)	Rent	Interest	Dividends	Gains and losses	Total investment performance
Property	10	-	-	26	36
Holdings in related undertakings, including participations	191	980	20	7,758	8,949
Equities	-	-	229	1,556	1,785
Bonds	-	1,612	-	6,116	7,728
Collective investment undertakings	35	4	-	(980)	(941)
Derivatives	-	-	-	(302)	(302)
Deposits other than cash equivalents	-	83	-	91	174
Assets held for index-linked and unit-linked contracts	263	1,920	4,502	43,686	50,371
Loans & Mortgages	-	-	-	24	24
Total	**499**	**4,599**	**4,751**	**57,975**	**67,824**

There were no material investment performance gains and losses recognised directly in equity all gains and losses recognised directly in equity are disclosed in the Group's report and accounts consolidated statement of comprehensive income.

A.3.2 Investments in securitisation

The Group holds securitisations with a market value of £1.8bn as at 31 December 2016, of which £0.6bn is held for index-linked and unit-linked contracts.

A.4 Performance of other activities

Other material income includes:

- Fees from fund management and investment contracts £1,068m (2015: £1,139m)
- Other operational income £321m (2015: £876m)

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

2016 the Group disposed of two consolidated private equity investments resulting in a drop in this income and associated expenses, when compared to 2015.

Expenses of the Group include:

£m	2016	2015
Acquisition costs[1]	793	838
Finance costs	198	186
Staff costs	629	611
Expenses attributable to consolidated private equity investment vehicles	132	586
Other administrative expenses	808	696

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

The Group leases offices 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.

The Group does not hold any material finance leases.

A.5 Any other information

The sale of Cofunds to Ageon was completed on 1 January 2017. The sale of Legal & General Nederland Levensversekering Maatschappij (Legal & General Netherlands) to Chesnara Plc (Chesnara) was completed on 6 April 2017. Both are therefore included in the figures shown in the Group SFCR.

The combined impact of these disposals provided a 2.5% benefit to the Group capital coverage ratio in 2017, through a net increase to Solvency II surplus of £119m.

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 Company 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 comprised three Executive Directors (the Group Chief Executive, the Chief Financial Officer and the Chief Executive Officer LGIM) 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 strategic proposals, acquisitions and major transactions as a standing agenda item. The Group and its subsidiaries operate within a clearly defined delegated authority framework. 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 business divisions are Legal & General Investment Management; Legal & General Capital; Legal & General Retirement; Legal & General Insurance; Savings; and General Insurance. 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 others, matters relating to the Group's strategic plan, risk appetite, and 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 onward delegates decision making to the Group Capital Committee 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 and the independence and objectivity of the internal and external auditors.
- **Group Risk Committee** The purpose of the Committee is to assist the Board in fulfilling its responsibilities in relation to the oversight of risk within the Group and to provide 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.
- **Group Nominations 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.
- **Group Governance Committee** Responsible for overseeing and monitoring the Group's corporate governance framework and ensuring compliance with the UK Corporate Governance Code while promoting the highest standards of corporate governance across the Group.

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 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 allocations 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 & General Insurance Limited (LGIL)
- Legal & General Insurance (Pensions Management) Limited (PMC)
- Legal & General Netherlands (LGN)

The Legal and General Assurance Society Limited, which is a principal operating subsidiary of the Group, is the regulated entity through which the vast 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 in to 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.

Legal & General Insurance Limited is a direct subsidiary of the Legal and General Assurance Society Limited. The Board of Legal & General Insurance Limited reports in to the Legal and General Assurance Society Limited Board via the submission of minutes for noting following each meeting. To the extent material issues arise in relation to the business of Legal & General Insurance Limited, the Group Board has line of sight of these through the Legal and General Assurance Society Limited.

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.

William Penn Life Insurance Company of New York and Banner Life Insurance Company are included in the Group Solvency II balance sheet using the deduction and aggregation method.

The sale of Legal & General Nederland Levensversekering Maatschappij was completed in April 2017.

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 onwards delegates to the heads of the Group's business divisions.

Oversight of risk management, audit and remuneration responsibilities for these entities is provided by the Group Board committees, being the Group Risk Committee, Group Remuneration Committee and the Audit Committee.

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.

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. When making individual variable pay awards, both financial and non-financial performance in support of our business strategy is considered against specific, measurable targets, which are set at the beginning of the year.

The Group operates bespoke bonus plans where business 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.

Deferred awards are normally held in shares for three years.

The Company reserves the right to adjust deferral levels for Code Staff[1] as deemed appropriate.

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 Company 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. In addition, the Group operates a cash-based long-term incentive plan for LGIM (LGIM LTIP) based on the financial performance of the division. Participation in the LGIM LTIP is limited to senior managers within the division.
Pension	All employees are given the opportunity to participate in a group pension scheme.
Shareholding requirements	The CEO is asked to build up a shareholding for 300% of salary and other Executive Directors are asked to build up a shareholding of 200% of salary. Other members of the leadership group are asked to build up a voluntary shareholding of 50% of base salary.

1. 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.

Further details on the remuneration policy can be found in the Directors' Remuneration Report.

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.

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. From 2015 onwards, 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), dividends per share, earnings per share and return on equity performance conditions which clearly aligns 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).

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 £75m (2015: £93m) for all employees.

At 31 December 2016 there were no loans outstanding to officers of the Company.

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 function being mandated by the Group Board's 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 and Compliance functions, and the actuarial function 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 Group Risk Committee. Administratively, the CRO reports to the Group Chief Financial Officer. The risk management function is aligned to the divisional structure, with LGIM, LGR, LGI, Savings and General Insurance having risk management functions. The Group CRO role is:

- Independent of the business line, with an independent reporting line to the Chair of the Group Risk Committee
- A provider of objective advice and guidance, oversight and challenge for all of Legal & General's risks
- 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 Group Risk Committee. The Group CRO has the right of escalation to the Group Risk Committee on any appropriate matters as they see fit.

Internal audit

The Group Chief Internal Auditor (GCIA), a senior position within the Group, reports functionally to the Chair of the Group Audit Committee. Administratively, the GCIA reports to the Group Chief Executive. The Group Audit Committee approves the performance evaluation, appointment, or removal of the GCIA and reviews his/her annual remuneration each year. There is regular communication between the Group Audit Committee Chair and the GCIA. In addition, the GCIA will also engage in day-to-day communication with Executive Management. The GCIA has right of attendance at all or part of any of the Group's governance and risk forums or any other forum in the execution of the Group Internal Audit remit.

Actuarial function

The actuarial function is split along legal entity lines, with Legal and General Assurance Society Limited, PMC, LGN, Legal & General Insurance Ltd and Legal & General Reinsurance having actuarial functions. Each legal entity has a Chief Actuary who fulfils the role of Head of Actuarial Function as required under the Prudential Regulation Authority's (PRA) senior insurance managers regime. Additionally there is a Group Chief Actuary responsible for the Group actuarial function. The actuarial activities are split between those involved in delivery of actuarial results and analysis and independent oversight and validation. The Chief Actuary role:

- Coordinates the calculation of technical provisions
- Ensures models are appropriate
- Assesses sufficiency and quality of data used in technical provisions
- Compares best estimates against experience
- Assesses the level of uncertainty in the assumptions
- Informs the Board of the reliability and adequacy of the calculation of technical provisions
- Oversees the calculation of technical provisions where insufficient data of appropriate quality requires approximations in the calculation of the best estimate
- Expresses an opinion on the overall underwriting policy
- Expresses an opinion on the adequacy of reinsurance arrangements
- Contributes to the effective implementation of the risk management systems

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 Group Risk Committee on any appropriate matters as he or she sees fit.

B.2 Fit and proper requirements

B.2.1 Application of the policy

Legal & General 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 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.

Legal & General 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
- 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.

Legal & General's assessment of an individual's competence and capability will be based around the following factors:

- 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 for each of the three key factors 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.

Legal & General's Group 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, Legal & General 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.

Legal & General's performance management process is the primary mechanism for tracking ongoing competency. Legal & General will take appropriate steps to monitor an individual's financial soundness on an ongoing 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.

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 Group Risk Committee and the Group Chief Executive. The regular management information received by Group Board and Group Risk Committee includes our 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 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’[4] (ORSA) process, our ongoing 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 report and support the review of ongoing 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 ongoing 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.

[4] Also known as the forward-looking assessment of own risks.

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 Group Risk Committee are set out in the full 2016 annual report.

Beneath the Group Risk Committee 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 system
- Owns the Group's risk appetite statements
- Is the ultimate owner of the regulatory relationships

The Group Risk Committee 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
- 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. The annual Group ORSA process covers the whole Group, including non-EU entities and non-insurance entities.

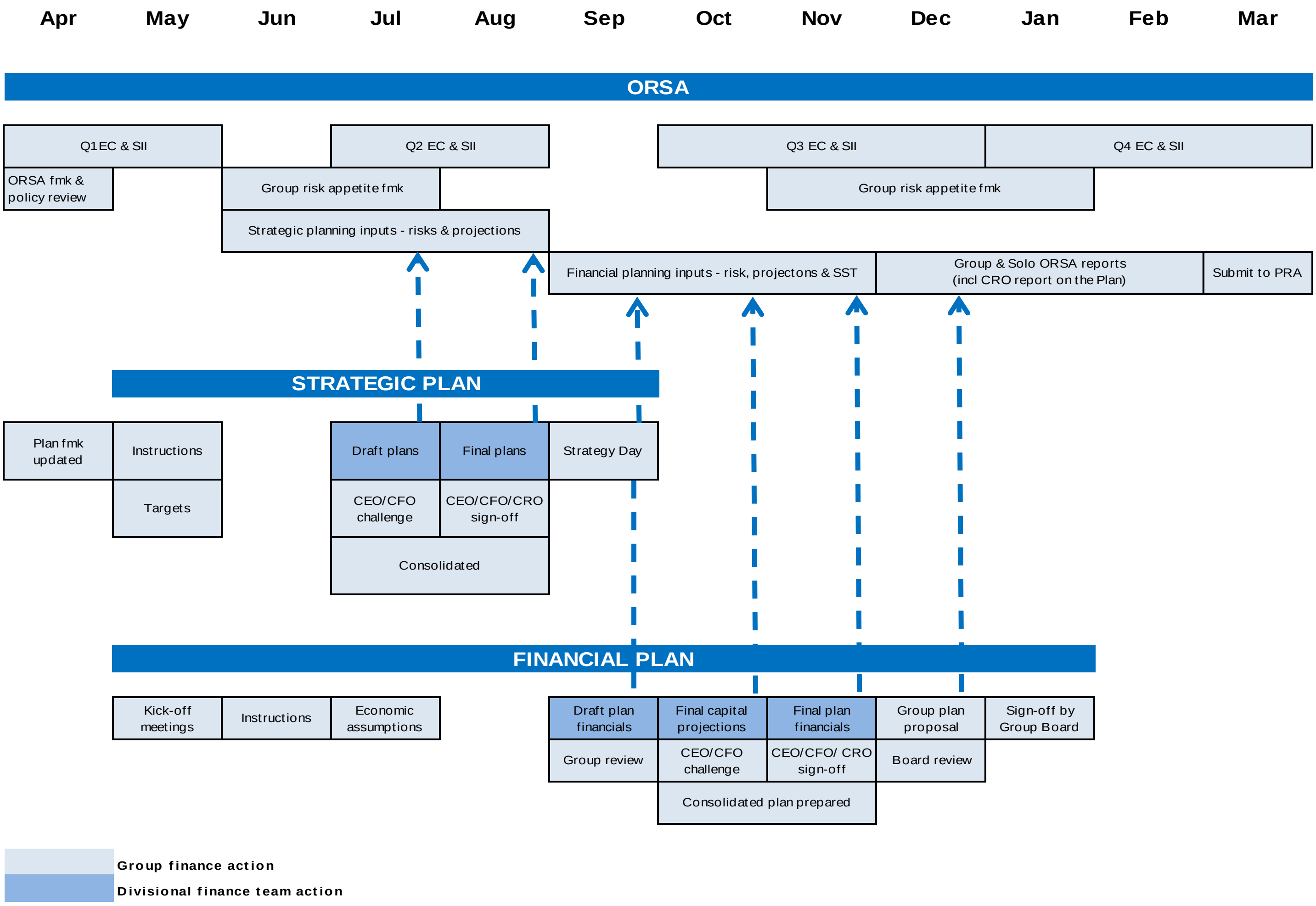
The Group's ORSA process brings together the underlying risk and capital management processes by which we assess, monitor and measure our risks, review our business against risk appetite and tolerances and project the solvency position over the business plan. We have continued to integrate the ORSA with business as usual risk and capital management. 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. This is set out in diagram B3.1 below.

The ORSA policy was last reviewed by the Group Board (delegated to Group Risk Committee) in July 2016 and the Legal and General Assurance Society Limited Board in September 2016. This has been cascaded to the legal entities and business (and approved at the legal entity Boards between August and September).

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. A single group and Legal and General Assurance Society Limited ORSA report is produced. Additionally a number of solo ORSA (or ORSA equivalent) reports are produced for legal entities.

Diagram B3.1: ORSA and strategic plan timeline



The core stages to the Group's ORSA process are as follows:

- Q1, review the ORSA framework and policy along with lessons learnt and feedback from the Group Risk Committee from the previous ORSA cycle
- Q2, stress and scenario tests determined and recommended in order to provide BUs with sufficient time to model
- Q3, projections of capital requirements (part of the plan financials); stress and scenario testing results inform the review of the plan
- Q4, formal ORSA reporting – CRO's review of the plan and ORSA report

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 continuous appropriateness of the design and operation of the Group's partial internal model (the Internal Model). This responsibility is discharged through the Group Risk Committee, 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 ongoing 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 Group Risk Committee. Group Internal Audit provide independent oversight of the effectiveness of the internal control system.

This approach has ensured the implementation of adequate controls to ensure the ongoing 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 Legal & General's partial 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 ongoing appropriateness of the design and operation of the Internal Model. This responsibility is discharged through the Group Risk Committee, subject to certain matters being reserved for its direct attention.
Legal entity boards	Ensuring the ongoing appropriateness of the design and operation of their parts of the Internal Model; discharged by 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 Group Risk Committee discharges these responsibilities through acting on the receipt of recommendations, analysis and reports from the Group CRO team 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

First line business divisions are responsible for operating a robust control framework and appropriate controls to manage exposures and mitigate unacceptable outcomes (per the Group's risk appetite). Business management are responsible for implementing robust controls to mitigate key risks associated with processes they are responsible for, and to ensure that these are regularly reviewed and remain fit for purpose. Day-to-day responsibility for ensuring that robust 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 coverage 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 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

Solvency II regulations necessitated the implementation of additional financial reporting and governance processes, and 2016 was the first year of full live operation of these processes. There has been close scrutiny by our second and third line teams to ensure that the processes are fully embedded in the Group's governance and that they are being operated robustly and effectively. The Group has responded to supervisory requirements to provide greater levels of evidence in areas such as model change and validation.

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 as part of the production of the SCR as at 31 December 2016. 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 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
- Processes ensure assessment of the possible impact of any changes in the legal environment

The Group's main operating boards and the Group Audit Committee 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

Legal & General 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[5] 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.

Legal & General 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.

Legal & General'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 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.

Internal control objectives considered by Group Internal Audit include:

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

- consistency of operations or programmes with the Group's established risk appetite, objectives and goals;
- effectiveness and 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 Legal & General. This includes the choice of business areas to audit, procedures, frequency, timing, or the content of the Group Internal Audit reports. This ensures that the 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 GCIA 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 Legal and General Assurance Society Limited, PMC, LGN, LGIL and group 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 Prudential Regulatory Authority 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 Prudential Regulation Authority's (PRA) senior insurance managers regime. For Legal & General, actuarial functions (and Chief Actuaries) are required for the Legal and General Assurance Society Limited, PMC and LGIL. Additionally a Group Chief Actuary is required for the Group Actuarial Function.

Entity Chief Actuary present an annual report to the Board summarising the activities of the actuarial function that:

- Supported compliance with the requirements on the calculation of the technical provisions (TPs)
- Provided the opinions on the underwriting and reinsurance arrangements
- Contributed to the effectiveness of the risk management systems more widely

These reports are shared with the Group Chief Actuary.

The requirements covering TP calculations were addressed through various activities, including, in particular, actuarial function review of divisional and entity level calculations and the membership of oversight committees. A number of reports during the year were provided to the Board on the data, models, methodologies, assumptions and results of the Solvency II TP calculations.

Oversight of underwriting and reassurance by the actuarial function were provided substantially through the membership of Divisional Pricing and Capital Committees. Business division reports were produced on underwriting and reassurance, and actuarial function reports providing an actuarial opinion on these areas were provided to the Boards during the year.

The actuarial function contributes 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, both within the responsibility of the risk function and more generally, with significant levels of actuarial function involvement include: the Internal Model and SCR; the ORSA; identifying, measuring and monitoring risks; Asset Liability Modelling (including Matching Adjustment and liquidity management); product pricing; financial reporting; business plans; and Part VII transfers.

B.7 Outsourcing

The Group's Outsourcing and Essential Supplier Services Policy sets out the framework and minimum standards of control and governance that Legal & General 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 must include: a service level agreement; the conditions under which the arrangement may be terminated; provision for the orderly transition of services to another provider or Legal & General 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 Legal & General is reliant. Contracts must also ensure access to the providers premises, business management and any data relating to the outsourced activity, by Legal & General'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.

Below is a schedule of outsourcers used by the Group.

A number of the outsourcing arrangements used by the Group's insurance companies are considered to be essential to operations. These are:

Service providers	Entity	Goods/services	Jurisdiction
SunGard Availability Services (UK) Limited	LGAS, LGIL	Disaster recovery warm site	UK
IBM United Kingdom Limited	LGAS, LGIL	IT infrastructure and operations	UK
RR Donnelley Global Document Solutions Group Limited	LGAS, LGIL	Document printing and mailing	UK
Tata Consultancy Services Limited	LGAS, LGIL	IT application development	UK
Vodafone Ltd	LGAS, LGIL	Telephony and data connectivity services	UK
State Street Bank And Trust Company	LGAS	Fund pricing and valuations	UK

In addition to the above suppliers, Legal & General Insurance Limited uses the following parties to underwrite or provide product services:

Service providers	Entity	Goods/services	Jurisdiction
Junction/BGL	LGIL	Motor panel administration	UK
CDL	LGIL	Application and platform provider	UK
SSP	LGIL	Application and platform provider	UK
Accenture (UK) Limited	LGIL	Policy administration system operation	UK
Ultimate Pet Partners Limited	LGIL	Pet product administration	UK
AXA Assistance Home Emergency	LGIL	Home emergency service	UK
Cunningham Lindsey United Kingdom	LGIL	Claims management service provider	UK
Das Legal Expenses Insurance Company Limited	LGIL	Legal expenses insurance provider	UK
Latchams	LGIL	Document printing and mailing	UK

Insourcing is the use by one Legal & General Group company of another company within the Group 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
- the provision of employees and procurement services by Legal & General Resources Limited.

Legal & General Resources Limited is the main employment company for the UK Group as the contracts of employment for all staff, other than main Board Directors and staff employed by LGIM, are held with this company. Legal & General Resources Limited is also the company through which group-wide contracts for the supply of goods and services for Legal & General UK businesses are placed.

The Group's Shared Services IT (SSIT) provides IT services for Legal & General Assurance Society, LGIL and Group entities. By virtue of all IT personnel, and many of BIS's contracts, being in the name of Legal & General Resources, from a corporate entity perspective these services are effectively provided to these companies by Legal & General Resources.

B.8 Any other information

B.8.1 Adequacy of the system of governance

The Group Executive Risk Committee (a sub-committee of the Group Risk Committee) 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 2017, where the Committee concluded that the Group's risk framework aligns with the Group's key risk exposures, and operated effectively during 2016 in identifying material risk exposures. The conclusion was noted by the Group Audit Committee.

B.8.2 Any other information

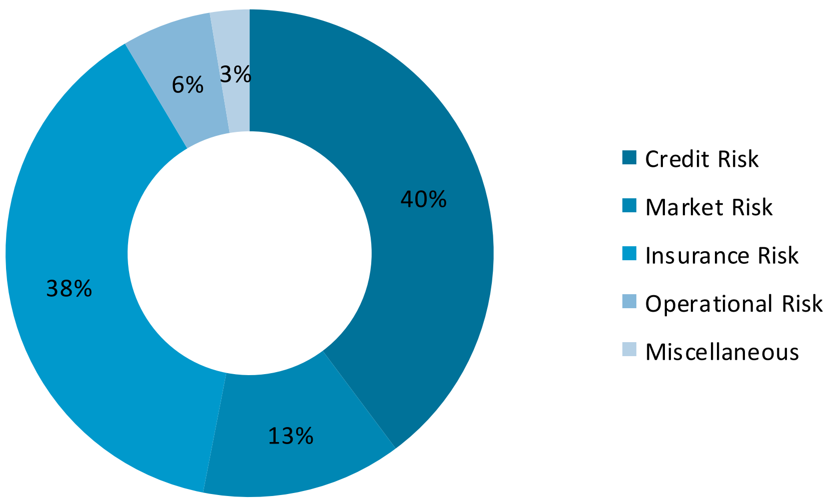
The Chief Executive Officer of Legal & General Retirement (LGR), has been appointed as a Group Executive Director of the Group with effect from 9 March 2017.

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 more material risks for which we hold capital.

Below is the breakdown of the Group's 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. 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
- 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 the 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 Principles;
- it is the responsibility of the business to ensure that the 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 Management Risk Committee oversees the effectiveness of overall framework for managing the compliance of Prudent Person Principles.

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.1.2. Underwriting risk is the exposure to loss arising from experience being different to that anticipated. Detailed below are the risks associated with each of the Group's divisions and the associated controls operated.

Principal risk	Division	Risk mitigations
Longevity, mortality and 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 retail 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	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.

Principal risk	Division	Risk mitigations
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	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. However, the book of business itself is diminishing in size.
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	The pricing basis for protection business includes provision for policy lapses. The persistency assumption for non-participating UK protection business allows for the expected pattern of persistency. Actual trends in policy lapse rates are monitored with adverse trends being subject to actuarial investigation. For insured 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	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.

Principal risk	Division	Risk mitigations
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	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.
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	The financial impacts of significant weather events are managed using excess of loss catastrophe treaties under which an element of the costs of claims may be recovered from external insurers. 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.
Other risks	**Division**	**Risk mitigations**
Subsidence risk The incidence of subsidence can have a significant impact on the level of claims on household policies.	General Insurance	Underwriting criteria for general insurance business includes assessment of subsidence risk, with an appropriate premium being charged for the risk accepted.

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

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.1.2. Market risk is the exposure to loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets.

Principal risk	Division	Risk mitigations
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.	LGR and LGI	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 immediate 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. 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. Lower investment returns increase the costs associated with maturity and investment guarantees provided on these contracts.	Savings	These risks are managed by maintaining capital sufficient to cover the consequences of mismatch 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.

Principal risk	Division	Risk mitigations
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.	LGIM, LGI and Savings	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 on specific properties which may underperform the general house price inflation for whatever reason.	LGR	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.
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.	LGR and LGC	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, leaving some residual risk.
The consolidated international subsidiaries are revalued into Sterling potentially resulting in a loss to equity.	LGC and Group	Balance sheet foreign exchange currency translation exposure in respect of the Group's international subsidiaries is managed in accordance with a policy, agreed by the Group Board, which allows net foreign currency assets to be hedged through the use of derivatives. In all cases, it is not possible to perfectly hedge currency risk, leaving some residual risk.
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.	LGR	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, leaving some residual risk.

Principal risk	Division	Risk mitigations
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.	LGR	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. Additionally the Group is exposed to interest rate fluctuations on the repayments on variable rate debt issued by the Group.	LGC and Group	Asset liability matching significantly reduces the Group's exposure to interest rate risk. IFRS sensitivity to interest rate changes is included in our analysis and disclosed in our financial statements.

C.2.2 Risk concentration

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. However, 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 reassurance counterparties, sectors and geographies.

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.1.2. Credit risk is the exposure to loss if another party fails to perform its financial obligations to the Group.

Principal risk	Division	Risk mitigations
Bond default risk A significant portfolio of corporate bonds and commercial loans are held to back the liabilities arising from writing annuities and general insurance business. Whilst the portfolio is diversified, the asset class is inherently exposed to the risk of issuer default, with financial loss.	LGR, LGI (US) and General Insurance	Portfolio level and specific issuer limits are set by financial strength rating, sector and geographic region so as to limit exposure from 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 analysts. 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 an increased exposure to insurance risk. Credit risk syndication also exposes the Group to counterparty default risks with the Group being required to carry an element of associated credit risk capital requirement on its balance sheet should the business not be re-brokered on the same terms.	LGR, LGI and General Insurance	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.	LGR 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 the investment transaction.

Principal risk	Division	Risk mitigations
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.	LGC and Group	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 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

A significant portfolio of corporate bonds is held to back the liabilities arising from writing annuities and general insurance business. 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.

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

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. For Legal & General this means an amalgamation of:

Liquidity risk the Group's exposure to liquidity risk primarily arises from contingent events including pandemic mortality, weather events and timing difference of cash flows, 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 a short notice.

C.4.2 Liquidity risk

Principal risk	Division	Risk mitigations
Contingent event risk Events that result in liquidity risk may 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 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 contracts of insurance. 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, with the profile of actual liquid assets being regularly compared to the required profile. The Group's Treasury function provides formal facilities to the rest of the Group to cover contingent liquidity requirements arising from more extreme events and where investment assets may not be readily realisable.
Collateral risk Within the annuities businesses, the use of financial instruments to hedge default, interest rate, currency and inflation risks can require the posting of collateral with counterparties, and as such an appropriate pool of the asset types specified by counterparties must either be held or readily available.	LGR	Liquidity requirements to meet potential collateral calls are actively managed. Typically within the overall fund of investment assets held to meet the long-term liabilities arising from annuity business, £600m is held in cash and other highly liquid investment types for general liquidity purposes. As at 31 December 2016 eligible assets worth five times the outstanding collateral were held (using the most representative definition of collateral contained within the Company's different collateral agreements).

Other risks	Division	Risk mitigations
Investment liquidity risk Within the with-profits 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	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.

Other risks	Division	Risk mitigations
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 are realisable at a diminution of value.	Savings	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, sales 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 investment types taking account of the nature and type of liabilities that the assets are held to meet.

C.4.3 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.

Overall, the Group maintains sufficient funds for business-as-usual purposes. Furthermore, it seeks to ensure that exposures to liquidity risk which arise across the Group are effectively managed so that the firm is able to meet payment and collateral obligations under unlikely but plausible, extreme liquidity scenarios.

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 conduct and under the two defined stressed scenarios. To the extent that a business division is not self-sufficient it is required to have a committed credit facility (standby facility) with the Group Treasury function to cover the risk exposure.

The primary sources of liquidity across the Group are cash and gilts. In addition the Group has a committed revolving syndicated facility.

C.4.4 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 model is to measure the compliance to the approved risk appetite defined in the Group Liquidity Risk Policy. As a Group standard the liquidity stress testing is performed monthly or more frequently if needed.

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 by Group Treasury. The framework and assumptions are reviewed and reaffirmed annually.

C.4.5 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 £2,885m as at 31 December 2016 as seen in Column C0060, Row R0790 of the Own Funds QRT S.23 in Annex 1.

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 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 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.

A variety of sensitivity tests have been undertaken within the calibration of the operational risk SCR, including: using alternative distribution shapes for operational risk scenarios; applying different techniques to combine scenarios; and varying correlation assumptions. The sensitivity tests employed have identified no material concerns with the results of the standard calibration.

We have not identified any material risk concentrations for operational risk.

C.6 Other material risks

Other material risks, such as group and conduct risk, have been included in the above assessment of the Company's risk profile.

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 Company's Solvency II surplus as at 31 December 2016 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 2016(£bn)	Impact on Solvency II coverage ratio 2016 (%)
CREDIT	Credit spreads widen by 100bps assuming a level addition to all ratings[1]	**0.4**	**8**
	Credit spreads widen by 100bps assuming an escalating addition to ratings[1,2]	**0.2**	**6**
	Credit spreads narrow by 100bps assuming a level addition to all ratings[1]	**(0.4)**	**(7)**
	Credit spreads narrow by 100bps assuming an escalating addition to ratings[1,2]	**(0.2)**	**(6)**
	Credit migration[3]	**(0.6)**	**(7)**
MARKET	20% fall in equity markets	**(0.4)**	**(4)**
	40% fall in equity markets	**(0.8)**	**(8)**
	20% rise in equity markets	**0.5**	**5**
	15% fall in property markets	**(0.2)**	**(2)**
	15% rise in property markets	**0.2**	**2**
	100bps increase in risk free rates	**1.0**	**19**
	50bps fall in risk free rates[4]	**(0.5)**	**(9)**
UNDERWRITING	1% reduction in annuitant base mortality	**(0.2)**	**(2)**
	1% increase in annuitant base mortality	**0.2**	**2**
	Substantially reduced risk margin[5]	**0.1**	**1**

1. The spread sensitivity applies to the Group's corporate bond (and similar) holdings, with no change in the Group's long-term default expectations.
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 100bps.
3. Credit migration stress covers the cost of an immediate big letter downgrade on c.20% of annuity portfolio bonds, or three-times level expected in the next 12 months.
4. In the 'interest rate down' stress negative rates are allowed, i.e. there is no floor at zero.
5. This represents a reduction of two-thirds in risk margin and subsequent recalculation of the TMTP.

In the sensitivity for credit spreads, corporate bond yields have increased by 100bps, gilt and approved security yields are unchanged, and there has been no adjustment to the default assumptions.

The annuitant mortality stress is a 1% change in the mortality rates for immediate and deferred annuitants with no change to the mortality improvement rates.

The above sensitivity analysis does not reflect management actions which could be taken to reduce the impacts. In practice, the Group manages its asset and liability positions to respond to market movements. The above table does allow for the recalculation of the TMTP in line with management's view of the underlying risks.

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.

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; credit and market risks and longevity improvements remain our key risk exposures. These risk exposures are expected to remain relatively stable. Over the reporting period longevity exposure has increased due to the reduction in interest rates.

D. Valuation for Solvency purposes

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

(£m)	2016
IFRS shareholders' equity	7,283
Solvency II excess of assets over liabilities	11,495
Difference	**4,212**

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:

(£m)	Ref	Differences in the consolidation approach	Held for sale under IFRS	Conversion to aggregation under the D&A method	Solvency II valuation differences	Total
		Note 1	Note 2	Note 3	Note 4	
Assets	D.1	(54,836)	41	(4,595)	(2,664)	**(62,054)**
Technical provisions	D.2	-	(1,709)	3,404	9,027	**10,722**
Other liabilities	D.3	54,489	1,715	688	(1,348)	**55,544**
Net increase/(decrease)		**(347)**	**47**	**(503)**	**5,015**	**4,212**

Individual assets and liabilities have been valued separately and can offset each other, where permitted, in accordance with IFRS accounting principles.

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 or where specifically provided for by Delegated Acts:
  - where IFRS valuation is consistent with Article 75 this shall be adopted, therefore Solvency II economic value is equal to IFRS fair value in line with IFRS unless otherwise stated; and
  - where more than one valuation method is prescribed by IFRS, only valuation methods that are consistent with Article 75 shall be applied.

Under IFRS, held for sale assets (as defined under IFRS 5) are valued at the lower of carrying amount or 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.

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 intragroup balances and transactions are eliminated in full.

Subsidiaries are those entities (including special purpose entities) over which the Group directly or indirectly controls the vehicle (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, 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 in accordance with either quoted market prices or the adjusted equity method as appropriate to the individual vehicle. 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.

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 of net assets by £347m on the Solvency II balance sheet.

Note 2 - Held for sale under IFRS

On 6 April 2017 the Group completed the sale of Legal & General Nederland Levensvervekering Maatschappij N.V. (LGN) to Chesnara Plc.

On 1 January 2017 the Group completed the disposal of Cofunds Limited (Cofunds) to Aegon.

Accordingly, the assets and liabilities of LGN and Cofunds have been assessed separately and classified as held for sale in the IFRS balance sheet. An impairment loss was recognised in the IFRS balance sheet in respect of Cofunds.

In addition, two investment properties have been classified as held for sale as we have entered into advanced sale negotiations.

The held for sale treatment is not recognised under Solvency II and as such the entities have been fully reconsolidated at fair value in the Solvency II balance sheet.

The reclassification impact of reconsolidating the undertakings, along with the unwinding of the impairment was an increase to the net assets value of £47m under Solvency II.

Note 3 - Deduction and aggregation

The Group was granted approval in December 2015 to use method 2 (deduction and aggregation (D&A)) with local statutory equivalence for the following firms:

- Banner Life Insurance Company (Banner Life)
- William Penn Life Insurance of New York (William Penn)
- First British American Reinsurance Company II (recaptured in 2016)
- First British Vermont Reinsurance Company II

- First British Bermuda Reinsurance Company II

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 statutory and regulatory value.

The impact of reclassifying the D&A firms as participations, along with the adjustment in net value, was a reduction of net assets of £503m 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 £5,015m 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 2016 under Solvency II are £405,800m compared to the total value of assets under IFRS of £467,854m.

(£m)	Reference	2016
IFRS Valuation of Assets		467,854
Solvency II Valuation of Assets		405,800
Difference		**(62,054)**
Explained by:		
Differences in the consolidation approach		(54,836)
Held for sale under IFRS		41
Conversion to aggregation under the D&A method		(4,595)
Solvency II valuation differences	D.1.1	(2,664)
Total		**(62,054)**

D.1.1 Solvency II valuation differences

The Group's assets as at 31 December 2016 and the impact of valuation differences under IFRS are shown below:

Assets (£m)	Reference	Solvency II	IFRS	Differences	Differences due to IFRS valuation differences
Deferred acquisition costs and Goodwill	D.1.1.1	-	2,116	(2,116)	(702)
Intangible assets	D.1.1.1	-	155	(155)	(228)
Deferred tax assets	D.1.1.2	3	5	(2)	-
Property, plant and equipment held for own use	D.1.1.3	15	76	(61)	-
Investments (other than assets held for index-linked and unit-linked contracts)		118,041	77,865	40,176	-
Property (other than for own use)	D.1.1.4	*414*	*3,958*	*(3,544)*	-
Holdings in related undertakings, including participations		*59,473*	*283*	*59,190*	-
Equities	D.1.1.5	*3,674*	*5,100*	*(1,427)*	-
Bonds	D.1.1.6	*49,645*	*62,430*	*(12,785)*	-
Collective investments undertakings	D.1.1.7	*827*	*653*	*174*	-
Derivatives	D.1.1.8	*3,696*	*4,827*	*(1,130)*	-
Deposits other than cash equivalents	D.1.1.9	*312*	*614*	*(303)*	-
Assets held for index-linked and unit-linked contracts	D.1.1.10	279,448	370,045	(90,597)	-
Loans and mortgages	D.1.1.11	1,585	1,414	171	-
Reinsurance recoverables	D.1.1.12	2,471	5,593	(3,122)	(1,761)
Deposits to cedants	D.1.1.13	906	-	906	-
Insurance and intermediaries receivables	D.1.1.14	78	193	(115)	(106)
Reinsurance receivables	D.1.1.15	148	40	108	133
Receivables (trade, not insurance)	D.1.1.16	2,269	5,022	(2,753)	-
Cash and cash equivalents	D.1.1.17	836	3,001	(2,165)	-
Any other assets, not elsewhere shown		-	2,329	(2,329)	-
Total assets		**405,800**	**467,854**	**(62,054)**	**(2,664)**

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 £2,116m valuation difference arising on DAC and Goodwill, £1,414m difference arises from the held for sale and deduction and aggregation treatments, leaving a Solvency II valuation difference of £702m.

Similarly, for intangible assets there is a held for sale adjustment of £73m, leaving a Solvency II valuation difference of £228m, and a total difference from IFRS to Solvency II of £155m.

D.1.1.2 Deferred tax assets

The valuation of deferred tax assets is consistent with the deferred tax liability methodology. Further details of this methodology are provided in Section D.3.3 below.

D.1.1.3 Property, plant and equipment (PPE)

Property plant and equipment is valued in accordance with their treatment under IFRS, and there is no valuation difference under Solvency II.

D.1.1.4 Property (other than for own use)

The valuation of the Group's property assets are provided by external valuation experts on a regular basis which are calibrated to recent similar transactions. The external valuations are performed in line with professional standards. Property is carried at fair value and in the UK is valued quarterly by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors. Valuation techniques may include discounted cash flow calculations using net current rent, and estimated and terminal values. They may also include yield methodology calculations using market rental values capitalised with a market capitalisation rate. Both of these are then further validated against actual market transactions to produce a final valuation.

The Group operates as a lessor for certain assets. For IFRS these are assessed under IAS 17 as either operating or financing leases. Property assets leased under operating leases are recognised on the Solvency II balance sheet as investment properties and valued at fair value.

D.1.1.5 Equities

Equity investments are measured at fair value in accordance with IFRS. The fair values of quoted financial investments are based on bid prices. If the market for a financial investment is not active, the Group establishes fair value using valuation techniques such as recent arm's length transactions, consensus market pricing, reference to similar listed investments, discounted cash flow models or option pricing models (see Section D.4 Alternative methods for valuation below for further information on valuation techniques).

Private equity investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which represent current best practice. The techniques used for determining fair value include earnings multiples, the price of a recent investment or a net asset basis. There is no valuation difference from IFRS.

D.1.1.6 Bonds

Bond investments are measured at fair value in accordance with IFRS. Where available, valuations are based on quoted market prices. Where quoted prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial investment (see section D.4 Alternative methods for valuation below for further information on valuation techniques). There is no valuation difference from IFRS.

D.1.1.7 Collective investment undertakings

Collective Investment Undertakings are measured at fair value in accordance with IFRS. Where available, valuations are based on quoted market prices. Where quoted prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial investment (see section D.4 Alternative methods for valuation below for further information on valuation techniques). There is no valuation difference from IFRS.

D.1.1.8 Derivatives

Derivatives are measured at fair value in accordance with IFRS. Where available, valuations are based on quoted market prices. Where quoted prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial investment. There is no valuation difference from IFRS.

D.1.1.9 Deposits other than cash equivalents

Deposits other than cash equivalents are measured at fair value, and there is no valuation difference between Solvency II and IFRS.

D.1.1.10 Assets held for index-linked and unit-linked funds

Investment assets held for index-linked and unit-linked contracts are measured at the fair value of the underlying assets and liabilities (other than technical provisions) held within such funds. There is no valuation difference from IFRS.

D.1.1.11 Loans and Mortgages

The Group has recognised Lifetime Mortgage business in this asset class.

Policy loans are valued using the amortised cost basis under IFRS. This approach is deemed to be prudent and appropriate for use in the Solvency II balance sheet, where the amount of policy loans is not material to the reporting entity balance sheet.

D.1.1.12 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. The reinsurance recoverables have reduced by £3,122m under Solvency II. Of this, £1,363m 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 £1,761m is primarily driven by the different valuation methodology in calculating the provisions.

D.1.1.13 Deposits to cedants

Deposits to cedants are valued at fair value, in accordance with their treatment in IFRS.

D.1.1.14 Insurance and intermediaries receivables

Insurance and intermediaries receivables are valued at fair value, in accordance with their treatment in 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 £106m but is shown above as a valuation difference, offset within reinsurance recoverables.

D.1.1.15 Reinsurance receivables

Reinsurance receivables have been valued in accordance with their treatment in 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 £133m but is shown above as a valuation difference, offset within technical provisions.

D.1.1.16 Receivables (trade not insurance)

Trade receivables are short term in nature and are valued in line with IFRS on a cost basis on materiality grounds.

D.1.1.17 Cash and cash equivalents

Cash and cash equivalents are valued at fair value in accordance with IFRS.

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 processes focus 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)

A summary of the Group's technical provisions where the entity is aggregated for group solvency calculation using Method 1 is set out below.

Technical provisions (£m) (net of inter-group transactions)	Non-life (excluding health)	Health (similar to non-life)	Health (similar to life)	Life (excluding health and index-linked and unit-linked)	Index-linked and unit-linked insurance	Total
LGAS	2	0	451	59,704	41,598	101,755
PMC	0	0	0	3	279,219	279,222
LGI	124	1	0	0	0	125
LGN	0	0	0	156	1,323	1,479
LG Re	0	0	0	172	0	172
Technical provisions total	**126**	**1**	**451**	**60,035**	**322,140**	**382,753**

D.2.1 Solvency II valuation basis

The technical provisions (TPs) are calculated as the sum of the best estimate liabilities (BEL) of £383,006m and the risk margin (RM) of £6,434m less the transitional measure on technical provisions (TMTP) of £6,687m, calculated in line with PRA approvals and allowing for the change in capital requirements from the old Solvency I regime.

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 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, 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, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, but includes expenses in respect of these arrangements. The BEL is calculated at a level deemed appropriate for homogeneous risk groupings, at a minimum by line of business segmented according to Chapter 10 of the TPs part of the Prudential Regulation Authority (PRA) Rulebook for Solvency II firms. The BEL is based on exposures as at 31 December 2016.

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

Business not included in the full cash flow projections on materiality grounds is explicitly allowed for in the BEL through manual adjustments. The most material un-modelled business reflects the non-participating conventional pensions business within the with-profits BEL. This reflects less than 0.5% of the gross BEL. There are two instances where BEL modelling simplifications are used, namely 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 a corresponding SCR overstatement offsetting this on the Solvency II balance sheet.

The RM is the cost that would be incurred in holding eligible Own Funds (as defined in the Own Funds part of 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 with Legal and General Investment Management Limited, 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 (MA) 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. Legal & General has been approved by the PRA to use a MA when calculating the BEL for the majority of annuity business held within the Group. 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 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 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 Company's Principles and Practices of Fund 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, the transitional measure on technical provisions allocated to the with-profits fund and 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. Permanent enhancements to benefits resulting from the previous distribution of surplus assets are allowed for in the appropriate BEL.

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 PMC

The best estimate liability for the unit-linked business is a combination of the bid value of policyholder units and a discounted value of future expected cashflows (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 PMC 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 Company'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 BEL is comprised of the claims and premium provision. These are calculated separately for each line of business. The following methodology relates to the calculation for Household insurance, other lines of business are not material at the Group level.

Claims provisions

Claims are split by peril across buildings and contents sections, with a number of different reserving methods used to calculate the best estimate ultimate cost of claims.

Fees and recoveries are projected separately and then combined with the claim projection to get a net claims projection.

Premium provisions

All in-force household policies at the valuation date are identified split by channel and section. The expected cost of future claims, gross of reinsurance, on this unearned exposure is calculated using the expected cost of a buildings and a contents claim per policy, which are calculated separately as part of the Pricing process or using a loss ratio if it is MGA business.

A separate reserve is held for events not in data (ENID), calculated separately for weather related and non-weather events. The weather ENID covers weather events which could happen in the future but haven't happened in the past. This data is sought from our reinsurance broker.

The non-weather ENID is estimated by the LGIL Reserving Committee, following a rigorous expert judgement process that considers a wide range of possible scenarios that could impact household insurance.

Risk margin

The risk margin is calculated using the GI Internal Model. The model is a multi-year model and allows for capital projections to be made over five years. For the purposes of the risk margin calculation the RM Capital requirement in each future year of run-off is calculated over a five-year time horizon assuming no new business is written after year one. After five years the risks are assumed to be fully run off considering the short-term nature of GI's liabilities. The run off SCR for each non-hedgeable risk is modelled and aggregated allowing for diversification between the risks within the entity and discounted using the risk free rate.

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 assumptions used in the valuation of the BEL are the same best estimate assumptions as the basis for calculating IFRS assumptions, excluding the margin for prudence included within the IFRS assumptions. In some cases, where the class of business is immaterial, the BEL uses the same assumptions as used in the IFRS reserves.

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. In some cases assumptions can vary significantly from year to year. An example would be the mortality rates for term assurance contracts, which reflect the mortality experience emerging from the block of assurance business.

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 2 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 specified by EIOPA, which is applied to construct zero coupon base rates from the underlying swap rates. The Group use a continuously compounding version of this rate.

The Group has received approval from the PRA to apply a matching adjustment, 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. Claims inflation, such as RPI-linked annuities, is 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

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 so 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.

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 assumption allows 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 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 that is demonstrably prudent is used.

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 Company 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

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

Future bonuses

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

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.

D.2.1.2.3 General insurance assumption

Due to the short tailed nature of GI business and the amount of data available the impact of changes in individual assumptions generally have less impact compared to other classes of business, such as life or retirement products. The most material assumptions for the general insurance business include:

Risk premium for future exposure

Risk premium for future exposure assumes risk price from claim trends process. This uses a combination of actual data and external models to project the cost of future claims. External data from our reinsurance broker is used for the expected cost of weather events not in data (ENIDs) within the risk premium. Changes in the risk premium are fed through to the premium provisions.

Development factors

These are estimated using specialist software and applied to claims projections with the objective of developing claims to their ultimate level.

Prior loss ratio assumptions, including seasonality adjustments – if recent data is volatile or lacks credibility then a prior loss ratio can be used. This will be based off past claims data, as will the seasonality adjustments.

D.2.1.3 Material changes in assumptions compared to the previous reporting period

This is the first annual report since the Solvency II regime took effect, and as such no comparative assumptions are provided relating to the position during the previous solvency regime.

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 to the technical provisions (TMTP). As at 31 December 2016 the impact of not applying the transitional measure is provided in the table below:

(£m)	Regulatory basis	Impact	Adjusted balance
Technical provisions	382,753	6,687	389,440
SCR	8,635	930	9,565
Basic Own Funds	14,211	(5,651)	8,560
Eligible Own Funds for SCR	14,069	(5,651)	8,418
Capital coverage ratio	163%	(75)%	88%

The TMTP has been calculated in line with PRA approvals. The TMTP of £6,687m is broadly equivalent to the impact of the risk margin of £6,434m.

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 matching adjustment, 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 2016 the impact of change to zero of the MA is provided in the table below:

(£m)	Regulatory basis	Impact[1]	Adjusted balance
Technical provisions	382,753	8,343	391,096
SCR	8,635	9,560	18,195
Basic Own Funds	14,211	(7,067)	7,144
Eligible Own Funds for SCR	14,069	(7,067)	7,002
Capital coverage ratio	163%	(125)%	38%

1. The impact is measured as the change due to setting the MA to zero. The impact has been calculated assuming no further recalculation of the TMTP.

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 ongoing MA compliance and we have a regular dialogue with the PRA about our MA strategy.

D.2.2 Reconciliation between IFRS and Solvency II valuation of gross BEL

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

(£m)	LGI	LGR	Savings	General Insurance	PMC	Total
Closing IFRS TPs	**9,367**	**51,855**	**54,097**	**268**	**279,598**	**395,185**
Removal of entities aggregated under the D&A method	(3,404)	-	-	-	-	**(3,404)**
Data changes	-	(96)	(1)	-	-	**(97)**
Model changes	(27)	-	-	-	-	**(27)**
Assumptions changes	(2,604)	(1,558)	-	(150)	-	**(4,312)**
Methodology changes	(958)	(1,247)	(1,720)	-	(414)	**(4,339)**
Closing Solvency II gross BELs	**2,374**	**48,954**	**52,376**	**118**	**279,184**	**383,006**

The reduction in liabilities from non-economic assumptions 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.

The increase in liabilities from economic assumption differences 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 matching adjustment (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.

Legal & General Insurance (LGI) As described in Section D.1.1.3 above the Group has been granted approval to use method 2 deduction and aggregation for the consolidation of the Legal & General America businesses. This reduces the Solvency II BEL by £3.4bn 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. Additional prudence within the retail protection IFRS calculation accounts for £0.6bn of the methodology difference.

Legal & General Retirement (LGR) For LGR, the £1.2bn methodology difference is made up of the difference between floating and fixed legs on longevity swaps (£0.5bn); a 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 (£0.6bn); and a difference arising from surplus asset hypothecation.

Savings The £1.7bn methodology difference for Savings includes £0.7bn of unallocated distributable surplus for with-profits business, which is not applicable under Solvency II. The remaining £1.0bn is mainly 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.

PMC The difference of £0.4bn represents the negative non-unit liabilities that are permissible under Solvency II.

Solvency II Line of business

The table below shows a comparison of Solvency II technical provisions and IFRS liabilities, split by Solvency II line of business.

YE 2016 (£m)	IFRS	Solvency II	Variance
Non-life	268	119	(149)
Life (excluding health and index-linked and unit-linked)	71,342	60,365	(10,977)
Health (similar to life)	689	449	(240)
Index-linked and unit-linked	321,177	322,073	896
Total	**393,476**	**383,006**	**(10,470)**
RM		6,434	6,434
TMTP		(6,687)	(6,687)
Held for Sale (LGN)	1,709		(1,709)
Technical provisions	**395,185**	**382,753**	**(12,432)**

LGR business from the above table is included within the ‘life insurance’ column above. LGI is included within ‘life insurance’, Savings and PMC business is mostly included within ‘Index and unit-linked’. General Insurance business is included in ‘non-life’ column.

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 matching adjustment 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 matching adjustment. 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.1.2.15 above. The Company 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 (TPs)

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.

The assumptions underpinning the technical provision calculations are the best estimate view of the Group. As one of the UK’s largest life companies, 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. 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 good, 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 hence the level of uncertainty in the technical provisions is low.

D.3 Other liabilities

The Group's other liabilities as at 31 December 2016 under Solvency II are £11,551m compared to the total value of other liabilities under IFRS of £67,095m.

(£m)	**2016**
IFRS valuation of other liabilities	67,095
Solvency II valuation of other liabilities	11,551
Difference	**(55,544)**
Explained by	
Differences in the consolidation approach	(54,489)
Held for sale under IFRS	(1,715)
Conversion to aggregation under the D&A method	(688)
Solvency II valuation differences	1,348
Difference	**(55,544)**

Changes to the consolidation approach, held for sale and use of the deduction and aggregation (D&A) method are as described above in Section D1.

Details of the Group's other liabilities as at 31 December 2016 and the impact of valuation differences under IFRS are shown below:

Liabilities (£m)	**Reference**	**Solvency II**	**IFRS**	**Differences**	**Differences due to IFRS valuation differences**
Provisions other than technical provisions	D.3.1	71	89	(18)	-
Pension benefit obligations	D.3.2	1,286	1,239	47	51
Deferred tax liabilities	D.3.3	1,245	814	431	827
Derivatives	D.3.4	2,007	9,014	(7,007)	-
Debts owed to credit institutions	D.3.5	984	1,005	(21)	192
Insurance & intermediaries payables	D.3.6	398	55	343	348
Reinsurance payables	D.3.7	15	58	(43)	(43)
Payables (trade, not insurance)	D.3.8	2,829	50,353	(47,524)	(177)
Subordinated liabilities	D.3.9	2,716	2,496	220	220
Any other liabilities, not elsewhere shown	D.3.10	-	1,972	(1,972)	(70)
Total		**11,551**	**67,095**	**(55,544)**	**1,348**

D.3.1 Provisions other than technical provisions

Provisions are valued in accordance with IFRS, at an amount representing the best estimate of the expenditure required to settle the obligation or to transfer it to a third party at the balance sheet date.

D.3.2 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)
- Legal & General Nederland Stichting Pensioenfonds (Netherlands)[6]

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)	2016
Gross pension benefit obligations	1,286
Annuity obligations insured by LGAS (included in technical provisions)	(830)
Other amounts, largely Loss Absorbing Capacity of Technical Provisions (included in technical provisions)	(42)
Total Pension scheme deficit	**413**

Further detail on the pension benefit obligations is provided below:

2016	£m	%
Bonds	675	47%
Equity	601	42%
Property	68	5%
Cash	94	6%
Other assets	0	0%
Total Pension scheme assets	**1,438**	**100%**
Current pensioners	1,298	48%
Non-pensioner liabilities	1,426	52%
Total Pension scheme liabilities	**2,724**	**100%**
Gross Pension benefit obligations	**1,286**	

Note: 'Current pensioners' includes £830m relating to liabilities secured by way of annuities purchased from the Group. This amount is excluded from the assets.

For 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 £51m valuation difference under Solvency II.

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

The defined benefit obligation is calculated each year using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The discount rate is based on market yields of high-quality corporate bonds which are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate to those of the related pension liability.

There have been no major changes to the recognition and valuation bases used or on estimations during the reporting period.

Assumptions and judgements

The principal assumptions for the UK defined benefit schemes were:

[6] The sale of LGN was completed on 6 April 2017.

Rate used to discount liabilities	2.70%
Rate of increase in pensions in payment	3.70%
Rate of increase in deferred pensions	3.82%
Rate of general inflation (RPI)	3.25%
Rate of CPI inflation	2.55%
Post retirement mortality	80%/90% (male/female) (Fund) and 70%/80% (male/female) (Scheme) of PCMA/PCFA 00 with improvement at CMI 2014 base date 2013 with long-term rates 1.5% p.a. males and 1.0% p.a. females, tapering linearly down to nil between ages 90 and 120.

The valuation of financial investments held by the schemes is consistent with the valuation of financial investments held directly on the Group's balance sheet that is at fair value.

In accordance with IAS19 the discount rate applied is derived from the yields on AA corporate bonds of appropriate duration and currency. The remaining assumptions reflect the best estimate view of the Group. For the mortality assumptions historic experience is taken into account, consistent with the approach used for the annuity portfolio technical provisions.

The effect of assuming reasonable alternative assumptions in isolation to the gross defined benefit pension deficit are shown below. Opposite sensitivities are broadly symmetrical, but larger sensitivities are not necessarily broadly proportionate due to the existence of maxima and minima for inflation linked benefits.

1 year increase in longevity	£(86)m
0.1% decrease in the rate used to discount liabilities	£(43)m
0.1% increase in the rate of general inflation (RPI)	£(20)m

D.3.3 Deferred tax liabilities

Deferred tax assets and liabilities are recognised and valued in accordance with IFRS (IAS12), except that deferred tax assets and liabilities in respect of temporary differences are valued based upon the differences between the value of assets and liabilities in the Solvency II balance sheet and their value for tax purposes.

The net deferred tax liability on the Group's Solvency II Pillar 3 balance sheet of £1,242m and the equivalent net deferred tax liability on the IFRS balance sheet are summarised below.

(£m)	**Solvency II**	**IFRS**
Deferred tax assets	(3)	(5)
Deferred tax liabilities	1,245	813
Net deferred tax liabilities	**1,242**	**808**

(£m)	Solvency II	IFRS
Deferred acquisition expenses	**26**	422
Difference between the tax and accounting value of insurance contracts	**1,003**	226
Realised and unrealised gains on investments	**257**	255
Excess of depreciation over capital allowances	**(13)**	(13)
Excess expenses	**(49)**	(49)
General provisions	**106**	153
Trading losses	**(7)**	(78)
Pension fund deficit	**(81)**	(81)
Acquired intangibles	**0**	0
Net deferred tax (assets)/liabilities	**1,242**	835
‘Holdings In Related Undertakings Line’ on Solvency II balance sheet		(27)
Net deferred tax (assets)/liabilities – IFRS balance sheet		808

There are no material unrecognised deferred tax assets.

D.3.4 Derivatives

All derivative contracts are measured at fair value in accordance with IFRS by reference to market transactions or using valuation models incorporating market-based assumptions. There is no valuation difference between IFRS and Solvency II.

D.3.5 Debts owed to credit institutions

Under Solvency II bank loans are valued at fair value, excluding changes in own credit. There is a valuation difference of £192m between Solvency II and IFRS.

D.3.6 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 £348m which is offset by a corresponding change in the technical provisions.

D.3.7 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 £43m which is offset by a corresponding change in the technical provisions.

D.3.8 Payables (trade, not insurance)

Under IFRS trail commission is included in payables but under Solvency II it is deemed to be intangible (in line with deferred acquisition costs and deferred income liability). As such it is eliminated from the balance sheet, giving rise to a valuation difference of £177m.

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

D.3.9 Subordinated liabilities

Subordinated debt is valued at fair value, excluding changes in own credit. This gives rise to a valuation difference of £220m from IFRS.

D.3.10 Any other liabilities, not elsewhere shown

Under IFRS there are some items that are not shown elsewhere; reinsurer’s share of DAC and assets held for sale are accounted for by the deduction and aggregation and held for sale adjustments.

Deferred income liability is intangible and therefore not admissible in Solvency II. This gives risk to a valuation difference of £70m.

D.4 Alternative methods for valuation

Legal & General has in place a group-wide valuation policy, which sets out the policy to ensure that for all assets across the Group, valued 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. These policies include a requirement for ensuring 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 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, sensitivities and an assessment of the resulting valuations.

The Group Committee reviews all asset valuation submission from each of the Solvency II regulated entities, Legal & General Capital Investments Limited, and LGA to confirm its assets values for the deduction and aggregation methodology. Whilst the committee will review all asset valuations, the committee's main focus is on assets or liabilities where alternative methods for valuation have been used. These assets include:

- **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 initial spread to calculate a plausible range of valuation scenarios to ensure that a fair value is reflected.
- **Income strips** These are property investment assets with lease durations typically in excess of 30 years. This asset class is valued using a 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 comparing the valuation against independent valuations performed by Royal Institute of Chartered Surveyors approved external valuers as a reasonableness check.
- **Lifetime Mortgages 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, we make assumptions about: 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), running expenses.
  The asset valuation has been subjected to a variety of sensitivity tests covering reasonable ranges. The Lifetime mortgage portfolio is immature, and credible experience is yet to emerge.
- **Investment property** Due to the non heterogeneity of the property portfolio, the valuation of the Group's 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.
- **Sale and Leaseback arrangements** For the Group these are valued as property.

- **Any non traded or illiquid bonds and equities** For illiquid Fixed Income we will consume a price from the counterparty broker to the deal where possible, or we will utilise the purchase price or issue price.
  For illiquid equities, our valuations are made, 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. Valuations are reviewed by independent expert valuation companies.

The Group valuation uncertainty committee receives management information from each significant entity on their assessments of valuation uncertainty and provides oversight and challenge to these.

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.5 Any other information

The transitional measure on technical provisions (TMTP) is assumed to be amortised as at 1 January 2017. The impact of the reduction in the TMTP from an additional six months of amortisation is a reduction to the regulatory solvency coverage ratio of 2%.

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 and economic capital requirements. The Board sets a quantitative risk appetite for the Solvency II and Economic Capital coverage ratios and these are 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 acquisitions transactions, direct investment and other material group-wide matters that may arise.

Each year the Group prepares a five-year Capital Plan, consistent with the Group's strategic Plan and Business Plan, to forecast how the capital position is expected to develop over the Group business planning period and 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.

E.1.2 Quantitative explanation of Own Funds

The components of the IFRS equity and the Solvency II Own Funds as at 31 December 2016 are as follows:

(£m)	**IFRS Equity**	**Solvency II basic Own Funds**
Ordinary shares	149	149
Share premium	981	981
Retained earnings and reserves	6,153	
Surplus funds		224
Reconciliation reserve		10,141
Subordinated liabilities		2,716
Total	**7,283**	**14,211**

This is the first annual report since the Solvency II regime took effect, and as such no comparative figures are provided relating to the position during the previous solvency regime.

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. Material 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 as at 31 December 2016 is as follows:

(£m)	Total	Tier 1 – Unrestricted	Tier 1 – Restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	149	149	-	-	-
Share premium account related to ordinary share capital	981	981	-	-	-
Surplus funds	224	224	-	-	-
Reconciliation reserve	10,141	10,141	-	-	-
Subordinated debt	2,716	-	608	2,108	-
Total basic Own Funds	**14,211**	**11,495**	**608**	**2,108**	-
Restrictions to Own Funds	(142)	(142)	-	-	-
Total eligible Own Funds to cover the SCR	14,069	11,353	608	2,108	-
Total eligible Own Funds to cover the MCR[1]	11,766	10,719	608	439[2]	-

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.

(£m)	Total
Group Solvency Capital Requirement	8,635
Group Solvency Surplus	5,434
Ratio of eligible Own Funds to SCR	**1.63**
Group Minimum Capital Requirement	2,198
Group Minimum Capital Surplus	9,584
Ratio of eligible Own Funds to MCR	**5.36**

These values can be seen in the Own Funds QRT S.23.01.22 in Annex 1 of this report.

Further details on the restrictions to Own Funds are provided in Section E1.5 Restrictions on Own Funds below.

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. With regard to Own Funds items issued at group level, intragroup holdings of subordinated debt are also eliminated.

There were no new issues or redemptions of instruments over the reporting period.

E.1.4 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

Solvency II Own Funds classification	Coupon rate	Issue date	Maturity date	Call date	Issue amount (£m)	SII valuation net of internal holdings (£m)	Transitional rules
Tier 1[1]	6.3850	02/05/2007	Perpetual	02/05/2017	600	608	(a), (b)
Tier 2[1]	5.875	30/03/2004	Perpetual	01/04/2019	400	435	(b), (c)
Tier 2[1]	10.000	23/07/2009	23/07/2041	23/07/2021	300	332	(b), (c)
Tier 2[1]	5.500	27/06/2014	27/06/2064	27/06/2044	600	727	(c)
Tier 2	5.375	27/10/2015	27/10/2045	27/10/2025	600	614	

1. Subject to transitional arrangements.

The Group has concluded that all subordinated borrowings are available.

Over 2016 the valuation of subordinated debt increased by £75m to £2,716m. This was primarily driven by a reduction in the risk free rate used to value our Tier 2 debt with call dates in 2025 and 2044. Partially offset by a decrease in the value of our Tier 1 debt due to its impending redemption at its first call date in May 2017.

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.

Specific rationale for these four instruments being subject to transitional arrangements rather than SII compliant in their own right is as follows:

a) Solvency II does not permit a ‘dividend stopper’. This instrument contains this feature.
b) Solvency II does not allow redemption within the first five years unless there are provisions that the capital will be replaced with equal or better quality capital. These instruments contain this feature.
c) Solvency II requires that basic Own Funds items do not include features which may cause or accelerate insolvency of the undertaking event language and/or allows for deferral triggers based on the Group SCR and/or solo SCR. These instruments do not contain these item(s).

6.385% Sterling perpetual capital securities

In 2007, Legal & General Group Plc issued £600m of 6.385% Sterling perpetual capital securities. These securities are callable at par on 2 May 2017 and every three months thereafter. If not called, the coupon from 2 May 2017 will be reset to three month LIBOR plus 1.93% p.a. For Solvency II purposes these securities are treated as Tier 1 Own Funds.

5.875% Sterling undated subordinated notes

In 2004, Legal & General Group Plc issued £400m of 5.875% Sterling undated subordinated notes. These notes are callable at par on 1 April 2019 and every five years thereafter. If not called, the coupon from 1 April 2019 will be reset to the prevailing five-year benchmark gilt yield plus 2.33% p.a. These notes are treated as Tier 2 Own Funds for Solvency II purposes.

10% Sterling subordinated notes 2041

In 2009, Legal & General Group Plc issued £300m of 10% dated subordinated notes. The notes are callable at par on 23 July 2021 and every five years thereafter. If not called, the coupon from 23 July 2021 will be reset to the prevailing five-year benchmark gilt yield plus 9.325% p.a. These notes mature on 23 July 2041. They are treated as Tier 2 Own Funds for Solvency II purposes.

5.5% Sterling subordinated notes 2064

In 2014, Legal & General Group Plc issued £600m of 5.5% dated subordinated notes. The notes are callable at par on 27 June 2044 and every five years thereafter. If not called, the coupon from 27 June 2044 will be reset to the prevailing five-year benchmark gilt yield plus 3.17% p.a. These notes mature on 27 June 2064. They are treated as Tier 2 Own Funds for Solvency II purposes.

5.375% Sterling subordinated notes 2045

On 27 October 2015, Legal & General Group Plc issued £600m of 5.375% dated subordinated notes. The notes are callable at par on 27 October 2025 and every five years thereafter. If not called, the coupon from 27 October 2025 will be reset to the prevailing five-year benchmark gilt yield plus 4.58% p.a. These notes mature on 27 October 2045. They are treated as Tier 2 Own Funds for Solvency II purposes.

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 form S.32.01.22, attached as Annex 1 of this report.

E.1.5 Restrictions on Own Funds

A number of non-insurance regulated entities across the Group (e.g. LGIM) 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 2016 this has resulted in a restriction of £142m.

As at 31 December 2016 there were no restrictions on the Own Funds for any of the Matching Adjustment Portfolios (MAPs) or the ring-fenced funds (RFF) within the Company.

E.1.6 Reconciliation between IFRS equity and excess assets over liabilities

An explanation of the movement in each of the component parts of the Solvency II excess of assets over liabilities is presented in Section D – Valuation for Solvency Purposes, including a qualitative explanation for all valuation adjustments. The movement is shown below:

(£m)	2016	
IFRS shareholders' equity	7,283	
Solvency II excess of assets over liabilities	11,495	
Difference	**4,212**	
Explained by:		
Difference in the valuation of assets	(62,054)	Section D1
Difference in the valuation of technical provisions	10,722	Section D2
Difference in the valuation of other liabilities	55,544	Section D3
Total	**4,212**	

E.1.7 Reconciliation reserve

The Reconciliation Reserve, which is a core component of basic Own Funds, is made up of the excess of assets over liabilities seen on the Balance Sheet QRT S.02.01.02 (shown in Annex 1 of this report), adjusted for ordinary share capital, surplus funds and the share premium account, which are presented as separate components of Own Funds.

The calculation of the reconciliation reserve is as follows:

(£m)	2016
Excess of assets over liabilities	11,495
Ordinary share capital	(149)
Share premium account	(981)
Surplus funds	(224)
Reconciliation reserve	10,141

As shown in Annex 1 - QRT S.02.01.02.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement (SCR)

The total SCR for the Group as at 31 December 2016 was £8,635m. This was calculated using the Group's approved partial internal model. No element of the SCR is subject to supervisory assessment.

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 from PMC and LGIL 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 2016 it allocated c.£175m of diversification benefit to PMC and c.£100m to LGIL. The diversification benefit from LGAS and the business written in LG Re is less material due to the similar risk profiles of these entities and the Group. 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 in Annex 1 of this report.

E.2.2 Minimum Capital Requirement (MCR)

The Group's MCR as at 31 December 2016 was £2,198m as shown in the Own Funds QRT S.23.01.22.

In accordance with Solvency Directive Article 230(2), the Minimum Capital Requirement for the Group is the sum of the Minimum Capital Requirement for the subsidiary 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.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Duration based equity risk sub module is not used in the calculation of the 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 Prudential Regulation Authority (PRA). The Internal Model is used to calculate the capital requirements for the Group. The following sections describe the Internal Model.

E.4.1.1 Use of the Internal Model

The Internal Model is a key tool within the risk management system. 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 business unit 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
- Management of volatility of earnings

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
- Liquidity
- Operational
- Group

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 entities 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 & General Insurance Limited (LGIL)	Internal Model	LGIL is an EEA general insurer. A wholly owned subsidiary of LGAS, LGIL operates as a stand-alone business unit.
Legal & 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	Partial internal model	The Group level insurance holding company.
Legal & General Reinsurance Ltd (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 sell primarily 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 is an ancillary firm whose principal activity is to provide funding to other Legal & General insured 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 insured entities within the Group.

The PRA approved the use of the deduction and aggregation method to include the Legal & General America firms in the Group Solvency Capital Requirements (SCR) until 30 November 2017. We will apply to renew this approval during 2017.

The Group's overall (SCR) includes the following elements. The percentages shown are as at year-end 2016:

SCR for Internal Model firms	86.9%
With-profits fund standalone position	6.3%
SCR for Standard Formula firms	1.2%
SCR for D&A Firms (Legal & General America)	2.5%
Capital requirement for financial firms	1.0%
Capital requirement for Group pension scheme	2.1%
Total Group SCR	**100.0%**

To support the management of the Group, the business is also run on a divisional basis. The divisions have business in the 'major business units' as follows:

Division	**Major business units with division business**
Legal & General Retirement (LGR)	LGAS, LG Re, Banner Life
Legal & General Insurance (LGI)	LGAS, Banner Life, William Penn
Legal & General Capital (LGC)	LGAS, Legal & General Finance
Legal & General Investment Management (LGIM)	PMC, LGAS
Savings	LGAS
General Insurance	LGIL

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 monitored and reported.

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 Group Risk Committee, 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 Internal Model SCR is calculated using a simple addition of the SCRs relating to separate categories of the Group's entities.

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)
- Pension Scheme SCR, with an approximate (but materially appropriate) allowance for diversification with the Group Internal Model
- SF SCR for SF firms, with full diversification between SF firms
- SCR for undertakings included via the deductions and aggregation method
- Proxy capital requirement for each financial firm individually, without diversification between them
- The value of reinsurance internal to the Group is eliminated at the Group level

Our approach also includes the addition of pension scheme required capital allowing for some diversification with the Internal Model assessment, which is considered a part of the Internal Model rather than a separate source of SCR.

E.4.1.3 Methods used in the Internal Model

The 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 Company'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.

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 Legal & General'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 and is not subject to the level of rigour as the Internal Model result validation.

The most significant (pre-diversification between risks) differences, based on the year end 2015 Standard Formula calculation, are as follows:

- the Standard Formula SCR includes segregation of the Matching Adjustment Portfolio, which results in a loss of diversification between annuities and the remaining business units;
- the capital arising from spread risk (net of matching adjustment) is higher for the Standard Formula than for the Internal Model, primarily due to the treatment of the assets held in special purpose vehicles (SPVs). The Internal Model spread risk calibration is significantly stronger than the Standard Formula, but the stronger calibration is offset by an assumed correlation of less than 100% between the various Internal Model spread risk drivers. Different treatment of asset types in the Internal Model to the Standard Formula approach make a direct comparison difficult;
- property risk capital is lower for Standard Formula than Internal Model because, under Standard Formula, the rental element of sale and leaseback assets is treated as an unrated structured product and hence receives a credit stress. There are also some investments which are modelled using property risk factors in the Internal Model but in the Standard Formula they are modelled as 'strategic equity' and included in the equity risk family. Otherwise investments are treated consistently;
- Standard Formula has no inflation risk capital, whereas the Internal Model has a non-zero amount;
- Standard Formula has no non-market risk capital on the pension scheme, whereas the Internal Model has a non-zero amount;
- longevity risk capital is lower for Standard Formula than for Internal Model primarily because the Internal Model calibration (which targets base mortality as well as trend) is stronger than the Standard Formula;
- mortality risk capital is higher for Standard Formula than for Internal Model, primarily because the Internal Model calibration for retail protection business is lower than the Standard Formula;
- lapse risk capital is higher for Standard Formula than for Internal Model, primarily because the Internal Model mass lapse calibration for PMC and retail protection business is lower than the Standard Formula; where the Group's Standard Formula biting lapse shock is the mass lapse scenario;
- there is less diversification benefit between both market and insurance risks under Standard Formula than under Internal Model. This is primarily because the risks from annuities included within the Matching Adjustment Portfolio are assumed to diversify against the other insurance risks on other products within the Internal Model but this is not permitted under the Standard Formula;
- there is generally less diversification between market, insurance, operational and counterparty risks under Standard Formula than under Internal Model; and
- 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.

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, epidemic risks and event catastrophe 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 has been designed to instil best practice in managing data risk and 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; 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 entities over the reporting period.

E.6 Any other information

As at 8 March 2017 the Group declared a dividend payment of £616m to be paid on 8 June 2017. The impact of this dividend payment as at 31 December 2016 would have been to reduce the regulatory solvency coverage ratio by 7%.

On 2 May 2017 the Group called its £600m 6.385% Tier 1 notes at par.

In March 2017 the Group issued $850m Tier 2 debt with a coupon of 5.25%.

In April 2017 the Group issued $500m Tier 2 private placement debt with a coupon of 5.55%.

Annex 1 – Quantitative Reporting Templates (QRTs)

Values are shown in £'000

S.02.01.02
Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	2,993
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	14,565
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	118,041,079
R0080	*Property (other than for own use)*	414,433
R0090	*Holdings in related undertakings, including participations*	59,473,070
R0100	*Equities*	3,673,587
R0110	*Equities - listed*	3,573,382
R0120	*Equities - unlisted*	100,205
R0130	*Bonds*	49,644,984
R0140	*Government Bonds*	14,294,446
R0150	*Corporate Bonds*	34,390,869
R0160	*Structured notes*	0
R0170	*Collateralised securities*	959,669
R0180	*Collective Investments Undertakings*	826,980
R0190	*Derivatives*	3,696,422
R0200	*Deposits other than cash equivalents*	311,603
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	279,447,914
R0230	Loans and mortgages	1,585,433
R0240	*Loans on policies*	625
R0250	*Loans and mortgages to individuals*	869,833
R0260	*Other loans and mortgages*	714,975
R0270	Reinsurance recoverables from:	2,470,755
R0280	*Non-life and health similar to non-life*	4,806
R0290	*Non-life excluding health*	4,707
R0300	*Health similar to non-life*	99
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	2,181,763
R0320	*Health similar to life*	88,005
R0330	*Life excluding health and index-linked and unit-linked*	2,093,758
R0340	*Life index-linked and unit-linked*	284,186
R0350	Deposits to cedants	905,929
R0360	Insurance and intermediaries receivables	78,189
R0370	Reinsurance receivables	147,676
R0380	Receivables (trade, not insurance)	2,268,910
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	836,143
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	405,799,586

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016
Values are shown in £'000

S.02.01.02
Balance sheet

		Solvency II value	
	Liabilities	C0010	
R0510	Technical provisions - non-life	127,236	
R0520	*Technical provisions - non-life (excluding health)*	126,384	
R0530	*TP calculated as a whole*	0	
R0540	*Best Estimate*	118,006	note 1
R0550	*Risk margin*	8,378	note 2
R0560	*Technical provisions - health (similar to non-life)*	852	
R0570	*TP calculated as a whole*	0	
R0580	*Best Estimate*	816	note 1
R0590	*Risk margin*	36	note 2
R0600	Technical provisions - life (excluding index-linked and unit-linked)	60,486,369	
R0610	*Technical provisions - health (similar to life)*	451,248	
R0620	*TP calculated as a whole*	0	
R0630	*Best Estimate*	448,775	note 1
R0640	*Risk margin*	2,473	note 2
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	60,035,121	
R0660	*TP calculated as a whole*	0	
R0670	*Best Estimate*	59,870,336	note 1
R0680	*Risk margin*	164,785	note 2
R0690	Technical provisions - index-linked and unit-linked	322,139,660	
R0700	*TP calculated as a whole*	0	
R0710	*Best Estimate*	322,073,227	note 1
R0720	*Risk margin*	66,433	note 2
R0740	Contingent liabilities	0	
R0750	Provisions other than technical provisions	71,236	
R0760	Pension benefit obligations	1,285,579	
R0770	Deposits from reinsurers	0	
R0780	Deferred tax liabilities	1,244,783	
R0790	Derivatives	2,006,731	
R0800	Debts owed to credit institutions	983,705	
R0810	Financial liabilities other than debts owed to credit institutions	0	
R0820	Insurance & intermediaries payables	398,325	
R0830	Reinsurance payables	14,612	
R0840	Payables (trade, not insurance)	2,829,901	
R0850	Subordinated liabilities	2,716,102	
R0860	*Subordinated liabilities not in BOF*	0	
R0870	*Subordinated liabilities in BOF*	2,716,102	
R0880	Any other liabilities, not elsewhere shown	0	
R0900	**Total liabilities**	394,304,239	
R1000	**Excess of assets over liabilities**	11,495,347	

Note 1
BELs are shown net of Transitional Measure on Technical Provisions (TMTP) applied.
The total BELs above sum to £382,511,160k. The total unadjusted BELs of £383,005,898k can be seen in section D.2.2 on page 73 of the report.

Note 2
Risk Margin is shown net of TMTPs applied. The total risk margin above sums to £242,105k. The total unadjusted risk margin of £6,434,114k can be seen in section D.2.2 on page 74 of the report.

In total, TMTP of £6,686,707k was applied, and can be seen in section D.2.2 on page 74 of the report.

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016
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: 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	Misc. financial loss	Health	Casualty	Marine, aviation and 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*	0	7,496	0	0	0	0	290,670	7,574	0	0	0	20,399					326,139
R0120	*Gross - Proportional reinsurance accepted*	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	*Gross - Non-proportional reinsurance accepted*													0	0	0	0	0
R0140	*Reinsurers' share*	0	324	0	0	0	0	12,428	774	0	0	0	486	0	0	0	0	14,012
R0200	*Net*	0	7,172	0	0	0	0	278,242	6,800	0	0	0	19,913	0	0	0	0	312,127
	Premiums earned																	
R0210	*Gross - Direct Business*	0	7,946	0	0	0	0	297,400	7,681	0	0	0	16,147					329,174
R0220	*Gross - Proportional reinsurance accepted*	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	*Gross - Non-proportional reinsurance accepted*													0	0	0	0	0
R0240	*Reinsurers' share*	0	324	0	0	0	0	11,741	253	0	0	0	486	0	0	0	0	12,804
R0300	*Net*	0	7,622	0	0	0	0	285,659	7,428	0	0	0	15,661	0	0	0	0	316,370
	Claims incurred																	
R0310	*Gross - Direct Business*	0	2,861	0	1,682	0	0	124,053	3,664	0	0	0	9,807					142,067
R0320	*Gross - Proportional reinsurance accepted*	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	*Gross - Non-proportional reinsurance accepted*													0	0	0	0	0
R0340	*Reinsurers' share*	0	50	0	0	0	0	613	551	0	0	0	120	0	0	0	0	1,334
R0400	*Net*	0	2,811	0	1,682	0	0	123,440	3,113	0	0	0	9,687	0	0	0	0	140,733
	Changes in other technical provisions																	
R0410	*Gross - Direct Business*	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	*Gross - Proportional reinsurance accepted*	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	*Gross - Non-proportional reinsurance accepted*													0	0	0	0	0
R0440	*Reinsurers' share*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	*Net*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	3,451	0	0	0	0	130,745	3,325	0	0	0	6,700	0	0	0	0	144,221
R1200	**Other expenses**																	0
R1300	**Total expenses**																	144,221

Values are shown in £'000

S.05.01.02
Premiums, claims and expenses by SII line of business
Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		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 obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	*Gross*	116,387	43,806	110,335	6,367,774	0	328,290	0	3,032,118	9,998,710
R1420	*Reinsurers' share*	30,008	1,311	1,202	1,526,726	0	0	0	0	1,559,247
R1500	*Net*	86,379	42,495	109,133	4,841,048	0	328,290	0	3,032,118	8,439,463
	Premiums earned									
R1510	*Gross*	116,387	43,806	110,335	6,367,774	0	328,290	0	3,032,118	9,998,710
R1520	*Reinsurers' share*	30,008	1,311	1,202	1,526,726	0	0	0	0	1,559,247
R1600	*Net*	86,379	42,495	109,133	4,841,048	0	328,290	0	3,032,118	8,439,463
	Claims incurred									
R1610	*Gross*	88,020	810,843	140,646	4,345,324	0	31,850	0	171,674	5,588,357
R1620	*Reinsurers' share*	17,720	869	11,944	1,372,967	0	0	0	0	1,403,500
R1700	*Net*	70,300	809,974	128,702	2,972,357	0	31,850	0	171,674	4,184,857
	Changes in other technical provisions									
R1710	*Gross*	54,134	271,339	58,275,870	8,644,572	0	362,295	0	3,023,274	70,631,484
R1720	*Reinsurers' share*	4,029	10	-9,831	1,379,458	0	0	0	0	1,373,666
R1800	*Net*	50,105	271,329	58,285,701	7,265,114	0	362,295	0	3,023,274	69,257,818
R1900	**Expenses incurred**	10,536	53,815	300,456	602,430	0	9,443	0	7,741	984,421
R2500	**Other expenses**									1,214,528
R2600	**Total expenses**									2,198,949

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016
Values are shown in £'000
S.05.02.01
Premiums, claims and expenses by country

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	Life	Home Country UK	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
R1400			USA	Netherlands	Bermuda			
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	*Gross*	8,582,335	1,228,831	187,544	0			9,998,710
R1420	*Reinsurers' share*	1,424,578	121,443	13,226	0			1,559,247
R1500	*Net*	7,157,757	1,107,388	174,318	0	0	0	8,439,463
	Premiums earned							
R1510	*Gross*	8,582,335	1,228,831	187,544	0			9,998,710
R1520	*Reinsurers' share*	1,424,578	121,443	13,226	0			1,559,247
R1600	*Net*	7,157,757	1,107,388	174,318	0	0	0	8,439,463
	Claims incurred							
R1610	*Gross*	4,680,997	702,150	195,713	9,497			5,588,357
R1620	*Reinsurers' share*	1,253,480	138,076	11,944	0			1,403,500
R1700	*Net*	3,427,517	564,074	183,769	9,497	0	0	4,184,857
	Changes in other technical provisions							
R1710	*Gross*	70,189,514	410,902	0	31,068			70,631,484
R1720	*Reinsurers' share*	1,351,452	2,844	19,370	0			1,373,666
R1800	*Net*	68,838,062	408,058	-19,370	31,068	0	0	69,257,818
R1900	**Expenses incurred**	794,591	157,311	27,476	5,043			984,421
R2500	**Other expenses**							1,214,528
R2600	**Total expenses**							2,198,949

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016
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**	382,753,265	6,686,747	0	0	8,342,805
R0020	**Basic own funds**	14,211,449	-5,650,894	0	0	-7,066,766
R0050	**Eligible own funds to meet Solvency Capital Requirement**	14,069,289	-5,650,894	0	0	-7,066,766
R0090	**Solvency Capital Requirement**	8,634,556	930,291	0	0	9,560,108

Note
The information disclosed in this template is as defined in Annex I of Commission Implementing Regulation (EU) 2015/2542, and is at 31 December 2016.
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 transitional measure on technical provisions and the matching adjustment can be found in section D2 of the report.

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)	148,866	148,866		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0	0		0	
R0030	Share premium account related to ordinary share capital	981,326	981,326		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0		0	0	0
R0070	Surplus funds	224,654	224,654			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0		0	0	0
R0130	Reconciliation reserve	10,140,501	10,140,501			
R0140	Subordinated liabilities	2,716,102		607,525	2,108,577	0
R0150	*Non-available subordinated liabilities at group level*	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0	0	0	0	0
R0200	Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
R0210	*Non-available minority interests at group level*	0	0	0	0	0
	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					
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	0				
	Deductions					
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	334,405	334,405	0	0	0
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0	0	0	0	
R0250	Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
R0260	Deduction for participations included by using D&A when a combination of methods is used	441,667	441,667	0	0	0
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	776,072	776,072	0	0	0
R0290	**Total basic own funds after deductions**	13,435,377	10,719,275	607,525	2,108,577	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0380	Non available ancillary own funds at group level	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016
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 insitutions, alternative investment fund manager, financial institutions	192,246	192,246	0	0	
R0420	Institutions for occupational retirement provision	0	0	0	0	0
R0430	Non regulated entities carrying out financial activities	0	0	0	0	
R0440	**Total own funds of other financial sectors**	192,246	192,246	0	0	0
	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	441,667	441,667	0	0	0
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	441,667	441,667	0	0	0
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)	13,435,377	10,719,275	607,525	2,108,577	0
R0530	Total available own funds to meet the minimum consolidated group SCR	13,435,377	10,719,275	607,525	2,108,577	
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)	13,435,377	10,719,275	607,525	2,108,577	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	11,766,425	10,719,275	607,525	439,624	
R0610	**Minimum consolidated Group SCR**	2,198,122				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	535.29%				
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)**	14,069,289	11,353,188	607,525	2,108,577	0
R0680	**Group SCR**	8,634,556				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	162.94%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	11,495,347
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	1,354,846
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	0
R0760	**Reconciliation reserve**	10,140,501
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	2,863,515
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	21,594
R0790	**Total Expected profits included in future premiums (EPIFP)**	2,885,109

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	
1	10300I	Interest rate risk (other than pension scheme)	753,707	753,707	
2	10400I	Equity risk (other than pension scheme)	972,300	972,300	
3	10600I	Property risk (other than pension scheme)	989,642	989,642	
4	10700I	Spread risk (other than pension scheme)	4,715,900	4,715,900	
5	10800I	Concentration risk (other than pension scheme)	0	0	
6	10900I	Currency risk (other than pension scheme)	623,936	623,936	
7	11000I	Other market risk (other than pension scheme)	320,663	320,663	
8	10300P	Interest rate risk (pension scheme)	163,140	163,140	
9	10400P	Equity risk (pension scheme)	246,873	246,873	
10	10600P	Property risk (pension scheme)	21,118	21,118	
11	10700P	Spread risk (pension scheme)	386,315	386,315	
12	10800P	Concentration risk (pension scheme)	0	0	
13	10900P	Currency risk (pension scheme)	0	0	
14	11000P	Other market risk (pension scheme)	324,652	324,652	
15	19900I	Diversification within market risk (including pension scheme)	-2,340,741	-2,340,741	note 1
16	20100I	Type 1 counterparty risk	170,740	170,740	
17	20200I	Type 2 counterparty risk	5,084	5,084	
18	29900I	Diversification within counterparty risk	-5,242	-5,242	note 1
19	30100I	Mortality risk	469,653	469,653	
20	30200I	Longevity risk (other than pension scheme)	6,021,785	6,021,785	
21	30200P	Longevity risk (pension scheme)	453,622	453,622	
22	30400I	Mass lapse	436,775	436,775	
23	30500I	Other lapse risk	490,058	490,058	
24	30600I	Expense risk	532,924	532,924	
25	30800I	Life catastrophe risk	725,715	725,715	
26	30900I	Other life underwriting risk	92,323	92,323	
27	39900I	Diversification within life underwriting risk	-2,550,051	-2,550,051	note 1
28	41600I	Other health underwriting risk	115,211	115,211	
29	50100I	Premium Risk	0	0	
30	50200I	Reserve risk	0	0	
31	50150I	Premium risk if premium risk covers premium provision and business planned to be written in coming 12 months combined	98,790	98,790	
32	50210I	Reserving risk if claims provision and premium provision combined	25,192	25,192	
33	50300I	Non-life catastrophe risk	419,925	419,925	
34	59900I	Diversification within non-life underwriting risk	-103,013	-103,013	note 1
35	70100I	Operational risk	996,954	996,954	
36	80100I	Other risks	87,353	87,353	
37	80200I	Loss-absorbing capacity of technical provisions	0	0	
38	80300I	Loss-absorbing capacity of deferred tax	-1,377,575	-1,377,575	
39	80400I	Other adjustments	-93,450	-93,450	

	Calculation of Solvency Capital Requirement	C0100	
R0110	Total undiversified components	14,190,278	sum of components above
R0060	Diversification	-5,753,295	note 2
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0	
R0200	**Solvency capital requirement excluding capital add-on**	8,436,983	
R0210	Capital add-ons already set	0	
R0220	**Solvency capital requirement for undertakings under consolidated method**	8,436,983	total plus diversification (a)

	Other information on SCR - *FOR INFORMATION ONLY, EMBEDDED IN COMPONENTS ABOVE*	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	-1,108,440
R0310	Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	-1,377,575
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	3,406,228
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	484,227
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	6,012,536
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	2,198,122

	Information on other entities - *FOR INFORMATION ONLY, EMBEDDED IN COMPONENTS ABOVE*	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	87,353
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS*	87,353
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0

	Overall SCR		
R0560	SCR for undertakings included via D and A	197,573	(b)
R0570	**Solvency capital requirement**	8,634,556	(a+b)

note 1
These items represent diversification within individual risk categories. The total diversification within categories is £4,999,047k

note 2
This item represents diversification between risk categories. The total diversification within and between risk categories is £10,752,342k.

LEGAL & GENERAL GROUP - SOLVENCY and FINANCIAL CONDITION REPORT 31 DECEMBER 2016

S.32.01.22
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	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
1	GB	213800JH9QQWHLO99821GB05210	Specific code	103 Wardour Street Retail Investment Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
2	GB	213800JH9QQWHLO99821GB10910	Specific code	245 Hammersmith Road Limited Partnership	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
3	GB	213800JH9QQWHLO99821GB05220	Specific code	7T Developments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
4	GB	213800JH9QQWHLO99821GB10930	Specific code	Accelerated Digital Ventures Limited	Other	Limited by shares	Non-mutual		46.00%	46.00%	46.00%		Significant
5	JE	213800JH9QQWHLO99821GB10830	Specific code	Access Development General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
6	JE	213800JH9QQWHLO99821GB10920	Specific code	Access Development Limited Partnership	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
7	GB	213800JH9QQWHLO99821GB05250	Specific code	Adam Kennedy Estate Agents Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
8	GB	213800JH9QQWHLO99821GB10940	Specific code	Air Energi Group Holdings Limited	Other	Limited by shares	Non-mutual		29.00%	29.00%	29.00%		Significant
9	GB	213800G8IDPE56ETLV96	LEI	Antham 1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
10	JE	213800JH9QQWHLO99821GB10550	Specific code	Arlington Business Parks Unit Trust	Other	Limited by shares	Non-mutual		41.30%	41.30%	41.30%		Significant
11	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
12	JE	213800JH9QQWHLO99821JE95020	Specific code	Bishopsgate Long Term Property Fund General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Significant
13	JE	213800JH9QQWHLO99821JE95030	Specific code	Bishopsgate Long Term Property Limited Partnership	Other	Limited by shares	Non-mutual		25.00%	25.00%	25.00%		Significant
14	JE	213800JH9QQWHLO99821GB10520	Specific code	Bracknell Property Unit Trust	Other	Limited by shares	Non-mutual		50.40%	50.40%	50.40%		Dominant
15	GB	213800JH9QQWHLO99821GB10370	Specific code	BTR Residential Development Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
16	GB	213800JH9QQWHLO99821GB05290	Specific code	Bucklersbury House General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
17	JE	213800JH9QQWHLO99821GB10840	Specific code	Bucklersbury House Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
18	GB	213800JH9QQWHLO99821GB09310	Specific code	Canary Property Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
19	GB	213800JH9QQWHLO99821GB09320	Specific code	Cardiff Central One Property Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
20	JE	213800JH9QQWHLO99821GB10530	Specific code	Central St Giles Unit Trust	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Dominant
21	GB	213800JH9QQWHLO99821GB05360	Specific code	Chineham General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
22	GB	213800JH9QQWHLO99821GB05370	Specific code	Chineham Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
23	GB	213800JH9QQWHLO99821GB09250	Specific code	Chineham Shopping Centre Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
24	GB	213800JH9QQWHLO99821GB05380	Specific code	City & Urban Developments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
25	GB	213800JH9QQWHLO99821GB05110	Specific code	Cofunds Leasing Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
26	GB	213800JH9QQWHLO99821GB49734	Specific code	Cofunds Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
27	GB	213800JH9QQWHLO99821GB05080	Specific code	Cofunds Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
28	JE	213800JH9QQWHLO99821GB10850	Specific code	CSQ1 Property Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
29	GB	213800MRW8IPNNSRNT79	LEI	Dorset Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
30	GB	213800JH9QQWHLO99821GB05430	Specific code	Ealing General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
31	GB	213800JH9QQWHLO99821GB05440	Specific code	Ealing Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
32	GB	213800JH9QQWHLO99821GB09260	Specific code	Ealing Shopping Centre Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
33	GB	213800JH9QQWHLO99821GB05470	Specific code	Ellis & Co (Estate Agents) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
34	GB	213800JH9QQWHLO99821GB05480	Specific code	English Cities Fund	Other	Limited by shares	Non-mutual		37.50%	37.50%	37.50%		Significant
35	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
36	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
37	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
38	JE	213800JH9QQWHLO99821JE95040	Specific code	Gracechurch Property Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
39	GB	213800JH9QQWHLO99821GB05510	Specific code	Gresham Street General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
40	GB	213800JH9QQWHLO99821GB05520	Specific code	Gresham Street Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
41	GB	213800JH9QQWHLO99821GB09270	Specific code	Gresham Street Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
42	GB	213800JH9QQWHLO99821GB07000	Specific code	Haut Investments Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Dominant

S.32.01.22
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	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
43	IN	213800JH9QQWHLO99821IN09410	Specific code	IndiaFirst Life Insurance Company Limited	Life insurance undertaking	Limited by shares	Non-mutual	Insurance Regulatory and Development Authority of India	26.00%	26.00%	26.00%		Significant
44	GB	213800JH9QQWHLO99821GB05540	Specific code	Industrial Property Investment Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
45	GB	213800JH9QQWHLO99821GB05550	Specific code	Insurebeam Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
46	GB	213800JH9QQWHLO99821GB97451	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
47	GB	213800JH9QQWHLO99821GB05570	Specific code	Key Consultants Mortgages Nationwide Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
48	GB	213800JH9QQWHLO99821GB05580	Specific code	Key Mortgage & Property Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
49	GB	213800JH9QQWHLO99821GB05590	Specific code	Key Surveyors Nationwide Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
50	GB	213800JH9QQWHLO99821GB10700	Specific code	L&G Cash Trust	Other	Limited by shares	Non-mutual		94.45%	94.45%	94.45%		Dominant
51	GB	213800JH9QQWHLO99821GB10480	Specific code	L&G Global Equity Index Fund	Other	Limited by shares	Non-mutual		37.43%	37.43%	37.43%		Significant
52	JE	213800JH9QQWHLO99821JE95050	Specific code	L&G LL Feeder Company Jersey Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
53	GB	213800JH9QQWHLO99821GB10400	Specific code	L&G Multi-Asset Target Return Fund	Other	Limited by shares	Non-mutual		99.70%	99.70%	99.70%		Dominant
54	GB	213800JH9QQWHLO99821GB10750	Specific code	L&G MultiManager Balanced Trust	Other	Limited by shares	Non-mutual		49.68%	49.68%	49.68%		Significant
55	GB	213800JH9QQWHLO99821GB10720	Specific code	L&G MultiManager Income Trust	Other	Limited by shares	Non-mutual		20.65%	20.65%	20.65%		Significant
56	IE	213800JH9QQWHLO99821GB10170	Specific code	Lagoon 1	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
57	IE	213800JH9QQWHLO99821GB10180	Specific code	Lagoon 2	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
58	IE	213800JH9QQWHLO99821GB10190	Specific code	Lagoon 3	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
59	IE	213800JH9QQWHLO99821GB10200	Specific code	Lagoon 4	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
60	IE	213800JH9QQWHLO99821GB10730	Specific code	Lagoon Finance Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
61	GB	213800JH9QQWHLO99821GB05600	Specific code	Land & Co Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
62	GB	213800JH9QQWHLO99821GB05610	Specific code	Latchmore Park Nominee No.1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
63	GB	UHW8J6W3L0NAAJPWCH59	LEI	Legal & General (Caerus) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Non-regulated	100.00%	100.00%	100.00%		Dominant
64	GB	213800JH9QQWHLO99821GB05620	Specific code	Legal & General (PMC Trustee) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
65	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
66	GB	213800JH9QQWHLO99821GB05060	Specific code	Legal & General (Portfolio Management Services) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
67	GB	213800JH9QQWHLO99821GB09120	Specific code	Legal & General (Strategic Land) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
68	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
69	GB	213800JH9QQWHLO99821GB05050	Specific code	Legal & General (Unit Trust Managers) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
70	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
71	GB	213800KFZMHN5JMTPI10	LEI	Legal & general Asian Income Trust	Other	Limited by shares	Non-mutual		36.34%	36.34%	36.34%		Significant
72	GB	213800Z7VL8B5PLQJ965	LEI	Legal & General Authorised Contractual Scheme - L&G Real Income Builder Fund	Other	Limited by shares	Non-mutual		99.65%	99.65%	99.65%		Dominant
73	GB	213800JH9QQWHLO99821GB05630	Specific code	Legal & General Capital Investments Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
74	GB	213800JH9QQWHLO99821GB05650	Specific code	Legal & General Co Sec Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
75	GB	213800JH9QQWHLO99821GB10710	Specific code	Legal & General Communities Homes Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
76	DE	213800JH9QQWHLO99821DM09310	Specific code	Legal & General Deutschland Service-GmbH	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
77	GB	213800JH9QQWHLO99821GB09110	Specific code	Legal & General Development Assets Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
78	GB	213800JH9QQWHLO99821GB05660	Specific code	Legal & General Direct (Holdings) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
79	GB	213800JH9QQWHLO99821GB05670	Specific code	Legal & General Direct Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
80	GB	213800JH9QQWHLO99821GB05680	Specific code	Legal & General Distribution Services Limited	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
81	GB	213800USG18JGRN9EQ90	LEI	Legal & General Dynamic Bond Trust	Other	Limited by shares	Non-mutual		22.39%	22.39%	22.39%		Significant
82	GB	213800I2ZF7JRQ8Q2678	LEI	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	Other	Limited by shares	Non-mutual		42.31%	42.31%	42.31%		Significant
83	GB	213800FWBWOJEX2XZX77	LEI	Legal & General Emerging Markets Government Bond (US$) Index Fund	Other	Limited by shares	Non-mutual		54.26%	54.26%	54.26%		Dominant
84	GB	213800JH9QQWHLO99821GB05690	Specific code	Legal & General Estate Agencies (FS) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
85	GB	213800JH9QQWHLO99821GB05700	Specific code	Legal & General Estate Agencies Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant

S.32.01.22

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	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
86	GB	213800OK851HMU3QA115	LEI	Legal & General Ethical Trust	Other	Limited by shares	Non-mutual		41.32%	41.32%	41.32%		Dominant
87	GB	213800ICCVSYFHCO4857	LEI	Legal & General European Index Trust	Other	Limited by shares	Non-mutual		50.38%	50.38%	50.38%		Dominant
88	GB	213800BENVO8O97LVB42	LEI	Legal & General European trust	Other	Limited by shares	Non-mutual		65.51%	65.51%	65.51%		Dominant
89	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
90	GB	213800JH9QQWHLO99821GB05710	Specific code	Legal & General Financial Services Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
91	GB	213800NBH8PCPDVJOV48	LEI	Legal & General Fixed Interest Trust	Other	Limited by shares	Non-mutual		37.84%	37.84%	37.84%		Significant
92	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
93	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
94	GB	213800QP6LZTBSKZU913	LEI	Legal & General Global Emerging Markets Index Fund	Other	Limited by shares	Non-mutual		55.10%	55.10%	55.10%		Dominant
95	GB	213800Z9N3OILJFLNC70	LEI	Legal & General Global Real Estate Dividend Index Fund	Other	Limited by shares	Non-mutual		68.50%	68.50%	68.50%		Dominant
96	GB	213800JH9QQWHLO99821GB10560	Specific code	Legal & General GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
97	GB	213800JH9QQWHLO99821GB05740	Specific code	Legal & General Grenfell Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
98	GB	213800JH9QQWHLO99821GB08050	Specific code	Legal & General Growth trust	Other	Limited by shares	Non-mutual		89.96%	89.96%	89.96%		Dominant
99	GB	213800YSUVVHCQVEL772	LEI	Legal & General High income Trust	Other	Limited by shares	Non-mutual		62.87%	62.87%	62.87%		Dominant
100	GB	213800JH9QQWHLO99821GB05760	Specific code	Legal & General Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
101	GB	213800JH9QQWHLO99821GB05070	Specific code	Legal & General Holdings No.2 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
102	GB	213800JH9QQWHLO99821GB09230	Specific code	Legal & General Homes (Services Co) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
103	GB	213800JH9QQWHLO99821GB09220	Specific code	Legal & General Homes Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
104	GB	213800JH9QQWHLO99821GB09240	Specific code	Legal & General Homes Modular Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
105	IE	213800JH9QQWHLO99821IE10720	Specific code	Legal & General ICAV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
106	IE	213800LPFTDQVNP63Z92	LEI	Legal & General ICAV - L&G Asia Pacific ex. Japan Equity Index Fund	Other	Limited by shares	Non-mutual		92.70%	92.70%	92.70%		Dominant
107	IE	213800EOJ3NOJZF25A57	LEI	Legal & General ICAV - L&G Diversified EUR Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
108	IE	2138009N444CX2GNGO28	LEI	Legal & General ICAV - L&G Diversified USD Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
109	IE	213800IXB2YO576Y3H12	LEI	Legal & General ICAV - L&G Europe ex. UK Equity Index Fund	Other	Limited by shares	Non-mutual		77.40%	77.40%	77.40%		Dominant
110	IE	213800XZ3N7J6LSA4789	LEI	Legal & General ICAV - L&G North American Equity Index Fund	Other	Limited by shares	Non-mutual		77.20%	77.20%	77.20%		Dominant
111	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
112	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
113	GB	213800VTGAH76TQX1J40	LEI	Legal & General Insurance Limited	Non life insurance undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant
114	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
115	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
116	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
117	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
118	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
119	IE	213800JH9QQWHLO99821GB10900	Specific code	Legal & General Investment Management Funds ICVC	Other	Limited by shares	Non-mutual		78.70%	78.70%	78.70%		Dominant
120	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
121	IE	213800JH9QQWHLO99821GB10740	Specific code	Legal & General Investment Management Liquidity Funds Plc	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
122	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
123	GB	2138004P86AIU9KJD719	LEI	Legal & General Japan Index Trust	Other	Limited by shares	Non-mutual		53.42%	53.42%	53.42%		Dominant
124	GB	213800JH9QQWHLO99821GB05810	Specific code	Legal & General Kingston Upon Hull Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
125	GB	213800JH9QQWHLO99821GB05820	Specific code	Legal & General Leisure Fund Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
126	GB	213800JH9QQWHLO99821GB05830	Specific code	Legal & General Life Fund Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
127	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

S.32.01.22
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	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
128	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
129	GB	213800EXRCY8DIMEAO47	LEI	Legal & General Mixed Investment 0-20% Fund	Other	Limited by shares	Non-mutual		74.69%	74.69%	74.69%		Dominant
130	GB	213800WQWL1E7G2FZC22	LEI	Legal & General Mixed Investment 40-85% Fund	Other	Limited by shares	Non-mutual		41.86%	41.86%	41.86%		Dominant
131	GB	21380058Q2GWN95WGR64	LEI	Legal & General Mixed Investment Income 0-35% Fund	Other	Limited by shares	Non-mutual		25.76%	25.76%	25.76%		Dominant
132	GB	213800HE5FEJBOBR7N60	LEI	Legal & General Mixed Investment Income 20-60% Fund	Other	Limited by shares	Non-mutual		26.11%	26.11%	26.11%		Dominant
133	GB	2138008MVUBOKL8ICD92	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 4 Fund	Other	Limited by shares	Non-mutual		30.01%	30.01%	30.01%		Dominant
134	GB	213800T922ACOWJTC625	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 5 Fund	Other	Limited by shares	Non-mutual		31.59%	31.59%	31.59%		Dominant
135	GB	213800FDK3HXR91UNJ16	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 6 Fund	Other	Limited by shares	Non-mutual		52.13%	52.13%	52.13%		Dominant
136	NL	2138005TNXFN8HKJ9779	LEI	Legal & General Nederland Levensverzekering Maatschappij N.V.	Life insurance undertaking	Limited by shares	Non-mutual	De Nederlandsche Bank	100.00%	100.00%	100.00%		Dominant
137	NL	213800JH9QQWHLO99821NL04030	Specific code	Legal & General Overseas Holdings B.V.	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
138	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
139	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
140	GB	213800RV69QAMCUUQP06	LEI	Legal & General Pacific Index Trust	Other	Limited by shares	Non-mutual		38.13%	38.13%	38.13%		Significant
141	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		100.00%	100.00%	100.00%		Dominant
142	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
143	GB	213800JH9QQWHLO99821GB05870	Specific code	Legal & General Pension Fund Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
144	GB	213800JH9QQWHLO99821GB05880	Specific code	Legal & General Pension Scheme Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
145	GB	213800AJ4H1CUB5QNX65	LEI	Legal & General Pensions Limited	Special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant
146	GB	213800JH9QQWHLO99821GB05890	Specific code	Legal & General Property Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
147	GB	213800JH9QQWHLO99821GB05900	Specific code	Legal & General Property Partners (Industrial Fund) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
148	GB	213800JH9QQWHLO99821GB05910	Specific code	Legal & General Property Partners (Industrial) Nominees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
149	GB	213800JH9QQWHLO99821GB05920	Specific code	Legal & General Property Partners (IPIF GP) LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
150	GB	213800JH9QQWHLO99821GB10590	Specific code	Legal & General Property Partners (Leisure GP) LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
151	GB	213800JH9QQWHLO99821GB05940	Specific code	Legal & General Property Partners (Leisure) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
152	GB	213800JH9QQWHLO99821GB05950	Specific code	Legal & General Property Partners (Life Fund) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
153	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
154	GB	213800JH9QQWHLO99821GB05960	Specific code	Legal & General Property Partners (Operator) Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
155	GB	213800JH9QQWHLO99821GB05970	Specific code	Legal & General Property Partners (UK PIF Geared) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
156	GB	213800JH9QQWHLO99821GB05980	Specific code	Legal & General Property Partners (UK PIF) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
157	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
158	GB	213800JH9QQWHLO99821GB06000	Specific code	Legal & General Property Partners (UKPIF Two) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
159	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
160	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
161	BM	213800JH9QQWHLO99821BM00030	Specific code	Legal & General Resources Bermuda Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
162	GB	213800JH9QQWHLO99821GB06010	Specific code	Legal & General Resources Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
163	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
164	BM	213800JH9QQWHLO99821GB09100	Specific code	Legal & General SAC Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
165	GB	213800JH9QQWHLO99821GB06020	Specific code	Legal & General Share Scheme Trustees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
166	LU	213800JH9QQWHLO99821LU96010	Specific code	Legal & General SICAV	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
167	GB	213800CWHOHPVRFZDA88	LEI	LEGAL & GENERAL SICAV - L&G ABSOLUTE RETURN BOND FUND	Other	Limited by shares	Non-mutual		88.90%	88.90%	88.90%		Dominant
168	GB	213800SIJ46ILXYN8O51	LEI	LEGAL & GENERAL SICAV - L&G ABSOLUTE RETURN BOND PLUS FUND	Other	Limited by shares	Non-mutual		95.20%	95.20%	95.20%		Dominant
169	GB	213800ES48I97ADSUQ86	LEI	Legal & General SICAV - L&G BUY AND MAINTAIN CREDIT FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
170	LU	213800ZVSCE7L3KU6U28	LEI	LEGAL & GENERAL SICAV - L&G EMERGING MARKETS BOND FUND	Other	Limited by shares	Non-mutual		99.90%	99.90%	99.90%		Dominant

S.32.01.22
Undertakings in the scope of the group

									Criteria of influence				
	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
171	LU	2138006RKFXVH1NL4H90	LEI	LEGAL & GENERAL SICAV - L&G EMERGING MARKETS SHORT DURATION BOND FUND	Other	Limited by shares	Non-mutual		77.70%	77.70%	77.70%		Dominant
172	GB	213800D2L3KB3XYWQ480	LEI	Legal & General SICAV - L&G Euro High Alpha Corporate Bond Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
173	GB	2138001LVBA2KPLMQU68	LEI	Legal & General SICAV - L&G LIBOR High Alpha Global Rates Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
174	GB	213800DYRUXZU68IM445	LEI	Legal & General SICAV - L&G Multi-Strategy Credit fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
175	GB	213800T9PN3V4EPPUM78	LEI	Legal & General SICAV - L&G UK CORE PLUS BOND FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
176	GB	213800JH9QQWHLO99821GB06050	Specific code	Legal & General Surveying Services Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
177	GB	213800JH9QQWHLO99821GB06060	Specific code	Legal & General Trustees Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
178	GB	213800NLXZ3K4C7QXA32	LEI	Legal & General U.S. Index Trust	Other	Limited by shares	Non-mutual		40.24%	40.24%	40.24%		Significant
179	IE	213800JH9QQWHLO99821IE02040	Specific code	Legal & General UCITS 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
180	GB	213800J1A318S531GT94	LEI	Legal & General UK Alpha Trust	Other	Limited by shares	Non-mutual		58.07%	58.07%	58.07%		Dominant
181	GB	213800JH9QQWHLO99821GB10600	Specific code	Legal & General UK BTR GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
182	GB	213800KE8SS7VUVDUC06	LEI	Legal & General UK Equity Income Fund	Other	Limited by shares	Non-mutual		46.11%	46.11%	46.11%		Dominant
183	GB	213800JH9QQWHLO99821GB10610	Specific code	Legal & General UK PIF Co-Investor, L.P.	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
184	GB	213800JH9QQWHLO99821GB10620	Specific code	Legal & General UK PIF GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
185	GB	213800JH9QQWHLO99821GB10630	Specific code	Legal & General UK PIF Two Co-Investor, LP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
186	GB	213800JH9QQWHLO99821GB10640	Specific code	Legal & General UK PIF Two GP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
187	GB	213800JH9QQWHLO99821GB10650	Specific code	Legal & General UK Property Income Geared Fund Two, LP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
188	GB	213800JH9QQWHLO99821GB10660	Specific code	Legal & General UK Property Income Geared Fund, L.P.	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
189	GB	213800JH9QQWHLO99821GB10670	Specific code	Legal & General UK Property Income Ungeared Fund Two, LP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
190	GB	213800JH9QQWHLO99821GB06140	Specific code	Legal & General UK Property Income Ungeared Fund, L.P.	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
191	GB	213800JH9QQWHLO99821GB08090	Specific code	Legal & General UK Property Ungeared Fund Limited Partnership	Other	Limited by shares	Non-mutual		49.60%	49.60%	49.60%		Significant
192	GB	213800JH9QQWHLO99821GB08070	Specific code	Legal & General UK Smaller Companies Trust	Other	Limited by shares	Non-mutual		64.11%	64.11%	64.11%		Dominant
193	GB	213800JH9QQWHLO99821GB08060	Specific code	Legal & General UK Special Situations Trust	Other	Limited by shares	Non-mutual		68.53%	68.53%	68.53%		Dominant
194	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
195	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
196	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
197	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
198	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
199	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
200	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
201	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
202	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
203	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
204	IE	2138006LWBRVWFMWSR02	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Inflation Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
205	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
206	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
207	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
208	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
209	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
210	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
211	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
212	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
213	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

S.32.01.22
Undertakings in the scope of the group

									Criteria of influence				
	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
214	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
215	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
216	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
217	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
218	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
219	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
220	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
221	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
222	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
223	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
224	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
225	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
226	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
227	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
228	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
229	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
230	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
231	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
232	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
233	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
234	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
235	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
236	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
237	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
238	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
239	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
240	IE	2138008QPGKWCYOQ1583	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund AM	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
241	IE	213800E9II7HTHQZ8R17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund BP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
242	IE	213800P4WIFFTUIR9G73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Euro 2030 Real Fund	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
243	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
244	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
245	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
246	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
247	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
248	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
249	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
250	IE	213800EZLCZ913LB6T11	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Al	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
251	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
252	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
253	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
254	IE	213800BNURKBNGJH6C57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AQ	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
255	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
256	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

S.32.01.22
Undertakings in the scope of the group

									Criteria of influence				
	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
257	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
258	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
259	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
260	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
261	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
262	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
263	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
264	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
265	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
266	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
267	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
268	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
269	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
270	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
271	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
272	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
273	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
274	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
275	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
276	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
277	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
278	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
279	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
280	IE	2138005MJ2KNJ57CIP92	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Z	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
281	IE	213800JH9QQWHLO99821IE02070	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Liquidity Funds plc	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
282	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
283	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
284	GB	2138008WUNKVBYYWMK57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM SYNTHETIC LEVERAGED CREDIT FUND	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
285	IE	213800JH9QQWHLO99821GB10820	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM UK Smaller Companies Alpha Fund plc	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
286	IE	213800JH9QQWHLO99821IE02050	Specific code	LGIM (Ireland) Risk Management Solutions Public Limited Company	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
287	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
288	GB	213800JH9QQWHLO99821GB18241	Specific code	LGIM Corporate Director Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
289	GB	213800JH9QQWHLO99821GB10210	Specific code	LGIM Global Corporate Bond Fund	Other	Limited by shares	Non-mutual		78.70%	78.70%	78.70%		Dominant
290	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
291	GB	213800DBB4A9OPYN9154	LEI	LGIM Liquidity Funds Plc - LGIM Sterling Liquidity Plus Fund	Other	Limited by shares	Non-mutual		99.20%	99.20%	99.20%		Dominant
292	GB	213800JH9QQWHLO99821GB06150	Specific code	LGP Newco Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
293	GB	213800JH9QQWHLO99821GB06160	Specific code	LGPL Cornwall Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
294	GB	213800JH9QQWHLO99821GB08030	Specific code	LGV 7 Private Equity Fund Limited Partnership	Other	Limited by shares	Non-mutual		99.70%	99.70%	99.70%		Dominant
295	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
296	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
297	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

S.32.01.22
Undertakings in the scope of the group

									Criteria of influence				
	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
298	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
299	GB	213800JH9QQWHLO99821GB08040	Specific code	LGV6 Private Equity Limited Partnership	Other	Limited by shares	Non-mutual		99.50%	99.50%	99.50%		Dominant
300	GB	213800JH9QQWHLO99821GB06170	Specific code	Meteor (GP) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
301	GB	213800JH9QQWHLO99821GB05100	Specific code	Minster Nominees Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant
302	GB	213800JH9QQWHLO99821GB10950	Specific code	Mithras Investment Trust	Other	Limited by shares	Non-mutual		32.90%	32.90%	32.90%		Significant
303	GB	213800JH9QQWHLO99821GB10680	Specific code	ND7 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
304	GB	213800JH9QQWHLO99821GB09050	Specific code	New Life Administration Services Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
305	GB	213800JH9QQWHLO99821GB09020	Specific code	New Life 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
306	GB	213800JH9QQWHLO99821GB09080	Specific code	New Life Mortgage Funding Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
307	GB	213800JH9QQWHLO99821GB09030	Specific code	New Life Mortgages Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
308	GB	213800JH9QQWHLO99821GB09090	Specific code	New Life Reversions Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
309	GB	213800JH9QQWHLO99821GB09040	Specific code	New Life Secured Loans Limited	Credit institution, investment firm and financial institution	Limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant
310	GB	213800JH9QQWHLO99821GB09060	Specific code	NLR Nominee No.1 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
311	GB	213800JH9QQWHLO99821GB09070	Specific code	NLR Nominee No.2 Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
312	GB	213800JH9QQWHLO99821GB06230	Specific code	Northampton General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
313	GB	213800JH9QQWHLO99821GB06240	Specific code	Northampton Shopping Centre Limited Partnership	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
314	GB	213800JH9QQWHLO99821GB09290	Specific code	Northampton Shopping Centre Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
315	IE	213800JH9QQWHLO99821GB10310	Specific code	NTR Wind Management Limited	Other	Limited by shares	Non-mutual		18.00%	18.00%	18.00%		Significant
316	GB	213800JH9QQWHLO99821GB06250	Specific code	Old Cornwall Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
317	GB	213800JH9QQWHLO99821GB06260	Specific code	Overgate GP Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
318	GB	213800JH9QQWHLO99821GB06270	Specific code	Partnership Nominee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
319	GB	213800JH9QQWHLO99821GB09170	Specific code	Peel Holdings (Media) Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
320	GB	213800JH9QQWHLO99821GB06280	Specific code	Performance Retail (General Partner) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
321	GB	213800JH9QQWHLO99821GB06290	Specific code	Performance Retail (Nominee) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
322	GB	213800JH9QQWHLO99821GB06300	Specific code	Performance Retail Limited Partnership	Other	Limited by shares	Non-mutual		50.10%	50.10%	50.10%		Dominant
323	LU	213800JH9QQWHLO99821GB08010	Specific code	Performance Retail Unit trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
324	JE	213800JH9QQWHLO99821GB08020	Specific code	Procession House One Unit Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
325	GB	213800JH9QQWHLO99821GB06330	Specific code	Rackhams Birmingham Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
326	GB	213800JH9QQWHLO99821GB10690	Specific code	Real Income Builder	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
327	GB	213800JH9QQWHLO99821GB06350	Specific code	Sapphire Campus Management Company Limited	Other	Limited by shares	Non-mutual		9.50%	9.50%	9.50%		Significant
328	GB	213800JH9QQWHLO99821GB06360	Specific code	Sauchiehall Trustee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
329	JE	213800JH9QQWHLO99821GB10860	Specific code	SCBD S6 Trust	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
330	GB	213800JH9QQWHLO99821GB10150	Specific code	STERLING LIQUIDITY FUND	Other	Limited by shares	Non-mutual		52.00%	52.00%	52.00%		Dominant
331	JE	213800JH9QQWHLO99821JE95070	Specific code	Synergy Gracechurch Holdings Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
332	GB	213800JH9QQWHLO99821GB06390	Specific code	Synergy Gracechurch Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
333	GB	213800JH9QQWHLO99821GB06400	Specific code	Terminus Road (Nominee 1) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
334	GB	213800JH9QQWHLO99821GB06410	Specific code	Terminus Road (Nominee 2) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
335	GB	213800JH9QQWHLO99821GB06430	Specific code	The Cavendish Land Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
336	GB	213800XCE8OVHKEYG964	LEI	The Leisure Fund Limited Partnership	Other	Limited by shares	Non-mutual		22.80%	22.80%	22.80%		Significant
337	GB	213800JH9QQWHLO99821GB06460	Specific code	The Pathe Building Management Company Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
338	GB	213800JH9QQWHLO99821GB09130	Specific code	Thorpe Park Holdings Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
339	GB	213800JH9QQWHLO99821GB09150	Specific code	TP 2005 Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
340	GB	213800JH9QQWHLO99821GB09160	Specific code	TP Property Services Limited	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant

S.32.01.22
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	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220
341	GB	213800JH9QQWHLO99821GB10870	Specific code	UK PIF FGP LLP	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
342	GB	213800JH9QQWHLO99821GB10880	Specific code	UK PIF Two Founder Partner, LP	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
343	JE	213800JH9QQWHLO99821JE95080	Specific code	UKPIF (Jersey) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
344	GB	213800JH9QQWHLO99821GB06560	Specific code	UKPIF Founder GP Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
345	GB	213800JH9QQWHLO99821GB10890	Specific code	UKPIF Founder Partner LP	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Significant
346	GB	213800JH9QQWHLO99821GB06570	Specific code	UKPIF Two Founder GP Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
347	GB	213800JH9QQWHLO99821GB10160	Specific code	US DOLLAR LIQUIDITY FUND	Other	Limited by shares	Non-mutual		23.30%	23.30%	23.30%		Significant
348	JE	213800JH9QQWHLO99821JE95090	Specific code	Vantage General Partner Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
349	GB	213800JH9QQWHLO99821GB06590	Specific code	Warrington (General Partner) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
350	GB	213800JH9QQWHLO99821GB06600	Specific code	Warrington Nominee Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
351	JE	213800JH9QQWHLO99821GB10540	Specific code	Warrington Retail Unit Trust	Other	Limited by shares	Non-mutual		50.00%	50.00%	50.00%		Dominant
352	GB	213800JH9QQWHLO99821GB06610	Specific code	Whitegates (Holdings) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
353	GB	213800JH9QQWHLO99821GB06620	Specific code	Whitegates (Tyne & Wear) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
354	GB	213800JH9QQWHLO99821GB06640	Specific code	William Parker and Son (Reading) Limited	Other	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant
355	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

S.32.01.22

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	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	C0230	C0240	C0250	C0260
1	GB	213800JH9QQWHLO99821GB05210	Specific code	103 Wardour Street Retail Investment Company Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
2	GB	213800JH9QQWHLO99821GB10910	Specific code	245 Hammersmith Road Limited Partnership	50.00%	Included in the scope		Method 1: Adjusted equity method
3	GB	213800JH9QQWHLO99821GB05220	Specific code	7T Developments Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
4	GB	213800JH9QQWHLO99821GB10930	Specific code	Accelerated Digital Ventures Limited	46.00%	Included in the scope		Method 1: Adjusted equity method
5	JE	213800JH9QQWHLO99821GB10830	Specific code	Access Development General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
6	JE	213800JH9QQWHLO99821GB10920	Specific code	Access Development Limited Partnership	50.00%	Included in the scope		Method 1: Adjusted equity method
7	GB	213800JH9QQWHLO99821GB05250	Specific code	Adam Kennedy Estate Agents Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
8	GB	213800JH9QQWHLO99821GB10940	Specific code	Air Energi Group Holdings Limited	29.00%	Included in the scope		Method 1: Adjusted equity method
9	GB	213800G8IDPE56ETLV96	LEI	Antham 1 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
10	JE	213800JH9QQWHLO99821GB10550	Specific code	Arlington Business Parks Unit Trust	41.30%	Included in the scope		Method 1: Adjusted equity method
11	US	213800JH9QQWHLO99821US94250	Specific code	Banner Life Insurance Company	100.00%	Included in the scope		Method 2: Local rules
12	JE	213800JH9QQWHLO99821JE95020	Specific code	Bishopsgate Long Term Property Fund General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
13	JE	213800JH9QQWHLO99821JE95030	Specific code	Bishopsgate Long Term Property Limited Partnership	25.00%	Included in the scope		Method 1: Adjusted equity method
14	JE	213800JH9QQWHLO99821GB10520	Specific code	Bracknell Property Unit Trust	50.40%	Included in the scope		Method 1: Adjusted equity method
15	GB	213800JH9QQWHLO99821GB10370	Specific code	BTR Residential Development Company Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
16	GB	213800JH9QQWHLO99821GB05290	Specific code	Bucklersbury House General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
17	JE	213800JH9QQWHLO99821GB10840	Specific code	Bucklersbury House Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
18	GB	213800JH9QQWHLO99821GB09310	Specific code	Canary Property Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
19	GB	213800JH9QQWHLO99821GB09320	Specific code	Cardiff Central One Property Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
20	JE	213800JH9QQWHLO99821GB10530	Specific code	Central St Giles Unit Trust	50.00%	Included in the scope		Method 1: Adjusted equity method
21	GB	213800JH9QQWHLO99821GB05360	Specific code	Chineham General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
22	GB	213800JH9QQWHLO99821GB05370	Specific code	Chineham Shopping Centre Limited Partnership	100.00%	Included in the scope		Method 1: Adjusted equity method
23	GB	213800JH9QQWHLO99821GB09250	Specific code	Chineham Shopping Centre Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
24	GB	213800JH9QQWHLO99821GB05380	Specific code	City & Urban Developments Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
25	GB	213800JH9QQWHLO99821GB05110	Specific code	Cofunds Leasing Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
26	GB	213800JH9QQWHLO99821GB49734	Specific code	Cofunds Limited	100.00%	Included in the scope		Method 1: Sectoral rules
27	GB	213800JH9QQWHLO99821GB05080	Specific code	Cofunds Nominees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
28	JE	213800JH9QQWHLO99821GB10850	Specific code	CSQ1 Property Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
29	GB	213800MRW8IPNNSRNT79	LEI	Dorset Nominees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
30	GB	213800JH9QQWHLO99821GB05430	Specific code	Ealing General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
31	GB	213800JH9QQWHLO99821GB05440	Specific code	Ealing Shopping Centre Limited Partnership	100.00%	Included in the scope		Method 1: Adjusted equity method
32	GB	213800JH9QQWHLO99821GB09260	Specific code	Ealing Shopping Centre Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
33	GB	213800JH9QQWHLO99821GB05470	Specific code	Ellis & Co (Estate Agents) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
34	GB	213800JH9QQWHLO99821GB05480	Specific code	English Cities Fund	37.50%	Included in the scope		Method 1: Adjusted equity method
35	BM	213800JH9QQWHLO99821BM00010	Specific code	First British Bermuda Reinsurance Company II Limited	100.00%	Included in the scope		Method 2: Local rules
36	US	213800JH9QQWHLO99821US14183	Specific code	First British Vermont Reinsurance Company II	100.00%	Included in the scope		Method 2: Local rules
37	US	213800JH9QQWHLO99821US04030	Specific code	Global Index Advisors Inc.	100.00%	Included in the scope		Method 1: Sectoral rules
38	JE	213800JH9QQWHLO99821JE95040	Specific code	Gracechurch Property Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
39	GB	213800JH9QQWHLO99821GB05510	Specific code	Gresham Street General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
40	GB	213800JH9QQWHLO99821GB05520	Specific code	Gresham Street Limited Partnership	100.00%	Included in the scope		Method 1: Adjusted equity method
41	GB	213800JH9QQWHLO99821GB09270	Specific code	Gresham Street Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
42	GB	213800JH9QQWHLO99821GB07000	Specific code	Haut Investments Limited	50.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22
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	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	C0230	C0240	C0250	C0260
43	IN	213800JH9QQWHLO99821IN09410	Specific code	IndiaFirst Life Insurance Company Limited	0.00%	Not included in the scope (art. 214 b)	2016-01-01	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC
44	GB	213800JH9QQWHLO99821GB05540	Specific code	Industrial Property Investment Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
45	GB	213800JH9QQWHLO99821GB05550	Specific code	Insurebeam Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
46	GB	213800JH9QQWHLO99821GB97451	Specific code	Investment Discounts On Line Limited	100.00%	Included in the scope		Method 1: Sectoral rules
47	GB	213800JH9QQWHLO99821GB05570	Specific code	Key Consultants Mortgages Nationwide Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
48	GB	213800JH9QQWHLO99821GB05580	Specific code	Key Mortgage & Property Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
49	GB	213800JH9QQWHLO99821GB05590	Specific code	Key Surveyors Nationwide Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
50	GB	213800JH9QQWHLO99821GB10700	Specific code	L&G Cash Trust	94.45%	Included in the scope		Method 1: Adjusted equity method
51	GB	213800JH9QQWHLO99821GB10480	Specific code	L&G Global Equity Index Fund	37.43%	Included in the scope		Method 1: Adjusted equity method
52	JE	213800JH9QQWHLO99821JE95050	Specific code	L&G LL Feeder Company Jersey Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
53	GB	213800JH9QQWHLO99821GB10400	Specific code	L&G Multi-Asset Target Return Fund	99.70%	Included in the scope		Method 1: Adjusted equity method
54	GB	213800JH9QQWHLO99821GB10750	Specific code	L&G MultiManager Balanced Trust	49.68%	Included in the scope		Method 1: Adjusted equity method
55	GB	213800JH9QQWHLO99821GB10720	Specific code	L&G MultiManager Income Trust	20.65%	Included in the scope		Method 1: Adjusted equity method
56	IE	213800JH9QQWHLO99821GB10170	Specific code	Lagoon 1	100.00%	Included in the scope		Method 1: Adjusted equity method
57	IE	213800JH9QQWHLO99821GB10180	Specific code	Lagoon 2	100.00%	Included in the scope		Method 1: Adjusted equity method
58	IE	213800JH9QQWHLO99821GB10190	Specific code	Lagoon 3	100.00%	Included in the scope		Method 1: Adjusted equity method
59	IE	213800JH9QQWHLO99821GB10200	Specific code	Lagoon 4	100.00%	Included in the scope		Method 1: Adjusted equity method
60	IE	213800JH9QQWHLO99821GB10730	Specific code	Lagoon Finance Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
61	GB	213800JH9QQWHLO99821GB05600	Specific code	Land & Co Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
62	GB	213800JH9QQWHLO99821GB05610	Specific code	Latchmore Park Nominee No.1 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
63	GB	UHW8J6W3L0NAAJPWCH59	LEI	Legal & General (Caerus) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
64	GB	213800JH9QQWHLO99821GB05620	Specific code	Legal & General (PMC Trustee) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
65	GB	213800WT2FV8TTBG4574	LEI	Legal & General (Portfolio Management Services) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
66	GB	213800JH9QQWHLO99821GB05060	Specific code	Legal & General (Portfolio Management Services) Nominees Limited	100.00%	Included in the scope		Method 1: Sectoral rules
67	GB	213800JH9QQWHLO99821GB09120	Specific code	Legal & General (Strategic Land) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
68	GB	549300AJXEFOY444EO24	LEI	Legal & General (Unit Trust Managers) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
69	GB	213800JH9QQWHLO99821GB05050	Specific code	Legal & General (Unit Trust Managers) Nominees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
70	US	213800JH9QQWHLO99821US36150	Specific code	Legal & General America Inc.	100.00%	Included in the scope		Method 1: Full consolidation
71	GB	213800KFZMHN5JMTPI10	LEI	Legal & general Asian Income Trust	36.34%	Included in the scope		Method 1: Adjusted equity method
72	GB	213800Z7VL8B5PLQJ965	LEI	Legal & General Authorised Contractual Scheme - L&G Real Income Builder Fund	99.65%	Included in the scope		Method 1: Adjusted equity method
73	GB	213800JH9QQWHLO99821GB05630	Specific code	Legal & General Capital Investments Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
74	GB	213800JH9QQWHLO99821GB05650	Specific code	Legal & General Co Sec Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
75	GB	213800JH9QQWHLO99821GB10710	Specific code	Legal & General Communities Homes Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
76	DE	213800JH9QQWHLO99821DM09310	Specific code	Legal & General Deutschland Service-GmbH	100.00%	Included in the scope		Method 1: Adjusted equity method
77	GB	213800JH9QQWHLO99821GB09110	Specific code	Legal & General Development Assets Holdings Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
78	GB	213800JH9QQWHLO99821GB05660	Specific code	Legal & General Direct (Holdings) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
79	GB	213800JH9QQWHLO99821GB05670	Specific code	Legal & General Direct Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
80	GB	213800JH9QQWHLO99821GB05680	Specific code	Legal & General Distribution Services Limited	100.00%	Included in the scope		Method 1: Full consolidation
81	GB	213800USG18JGRN9EQ90	LEI	Legal & General Dynamic Bond Trust	22.39%	Included in the scope		Method 1: Adjusted equity method
82	GB	213800I2ZF7JRQ8Q2678	LEI	Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	42.31%	Included in the scope		Method 1: Adjusted equity method
83	GB	213800FWBWOJEX2XZX77	LEI	Legal & General Emerging Markets Government Bond (US$) Index Fund	54.26%	Included in the scope		Method 1: Adjusted equity method
84	GB	213800JH9QQWHLO99821GB05690	Specific code	Legal & General Estate Agencies (FS) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
85	GB	213800JH9QQWHLO99821GB05700	Specific code	Legal & General Estate Agencies Limited	100.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22
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	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	C0230	C0240	C0250	C0260
86	GB	213800OK851HMU3QA115	LEI	Legal & General Ethical Trust	41.32%	Included in the scope		Method 1: Adjusted equity method
87	GB	213800ICCVSYFHCO4857	LEI	Legal & General European Index Trust	50.38%	Included in the scope		Method 1: Adjusted equity method
88	GB	213800BENVO8O97LVB42	LEI	Legal & General European trust	65.51%	Included in the scope		Method 1: Adjusted equity method
89	GB	213800AJC8I72ZCD2E71	LEI	Legal & General Finance PLC	100.00%	Included in the scope		Method 1: Full consolidation
90	GB	213800JH9QQWHLO99821GB05710	Specific code	Legal & General Financial Services Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
91	GB	213800NBH8PCPDVJOV48	LEI	Legal & General Fixed Interest Trust	37.84%	Included in the scope		Method 1: Adjusted equity method
92	IE	213800JH9QQWHLO99821IE02020	Specific code	Legal & General Fund Managers (Ireland) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
93	GB	213800KFT8IYVAP9KS02	LEI	Legal & General FX Structuring (SPV) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
94	GB	213800QP6LZTBSKZU913	LEI	Legal & General Global Emerging Markets Index Fund	55.10%	Included in the scope		Method 1: Adjusted equity method
95	GB	213800Z9N3OILJFLNC70	LEI	Legal & General Global Real Estate Dividend Index Fund	68.50%	Included in the scope		Method 1: Adjusted equity method
96	GB	213800JH9QQWHLO99821GB10560	Specific code	Legal & General GP LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
97	GB	213800JH9QQWHLO99821GB05740	Specific code	Legal & General Grenfell Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
98	GB	213800JH9QQWHLO99821GB08050	Specific code	Legal & General Growth trust	89.96%	Included in the scope		Method 1: Adjusted equity method
99	GB	213800YSUVVHCQVEL772	LEI	Legal & General High income Trust	62.87%	Included in the scope		Method 1: Adjusted equity method
100	GB	213800JH9QQWHLO99821GB05760	Specific code	Legal & General Holdings Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
101	GB	213800JH9QQWHLO99821GB05070	Specific code	Legal & General Holdings No.2 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
102	GB	213800JH9QQWHLO99821GB09230	Specific code	Legal & General Homes (Services Co) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
103	GB	213800JH9QQWHLO99821GB09220	Specific code	Legal & General Homes Holdings Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
104	GB	213800JH9QQWHLO99821GB09240	Specific code	Legal & General Homes Modular Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
105	IE	213800JH9QQWHLO99821IE10720	Specific code	Legal & General ICAV	100.00%	Included in the scope		Method 1: Adjusted equity method
106	IE	213800LPFTDQVNP63Z92	LEI	Legal & General ICAV - L&G Asia Pacific ex. Japan Equity Index Fund	92.70%	Included in the scope		Method 1: Adjusted equity method
107	IE	213800EOJ3NOJZF25A57	LEI	Legal & General ICAV - L&G Diversified EUR Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
108	IE	2138009N444CX2GNGO28	LEI	Legal & General ICAV - L&G Diversified USD Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
109	IE	213800IXB2YO576Y3H12	LEI	Legal & General ICAV - L&G Europe ex. UK Equity Index Fund	77.40%	Included in the scope		Method 1: Adjusted equity method
110	IE	213800XZ3N7J6LSA4789	LEI	Legal & General ICAV - L&G North American Equity Index Fund	77.20%	Included in the scope		Method 1: Adjusted equity method
111	GB	213800JH9QQWHLO99821GB05770	Specific code	Legal & General Insurance Holdings Limited	100.00%	Included in the scope		Method 1: Full consolidation
112	GB	213800JH9QQWHLO99821GB05780	Specific code	Legal & General Insurance Holdings No. 2 Limited	100.00%	Included in the scope		Method 1: Full consolidation
113	GB	213800VTGAH76TQX1J40	LEI	Legal & General Insurance Limited	100.00%	Included in the scope		Method 1: Full consolidation
114	GB	213800JH9QQWHLO99821GB05790	Specific code	Legal & General International (Holdings) Limited	100.00%	Included in the scope		Method 1: Full consolidation
115	GB	213800JH9QQWHLO99821GB05800	Specific code	Legal & General International Limited	100.00%	Included in the scope		Method 1: Full consolidation
116	GB	213800JH9QQWHLO99821GB05010	Specific code	Legal & General Investment Management (Holdings) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
117	US	549300M32WBVVFDTS111	LEI	Legal & General Investment Management America, Inc.	100.00%	Included in the scope		Method 2: Local rules
118	HK	213800JH9QQWHLO99821HK02910	Specific code	Legal & General Investment Management Asia Limited	100.00%	Included in the scope		Method 1: Sectoral rules
119	IE	213800JH9QQWHLO99821GB10900	Specific code	Legal & General Investment Management Funds ICVC	78.70%	Included in the scope		Method 1: Adjusted equity method
120	GB	2138005NNERSR7ODIC73	LEI	Legal & General Investment Management Limited	100.00%	Included in the scope		Method 1: Sectoral rules
121	IE	213800JH9QQWHLO99821GB10740	Specific code	Legal & General Investment Management Liquidity Funds Plc	100.00%	Included in the scope		Method 1: Adjusted equity method
122	US	213800JH9QQWHLO99821US04020	Specific code	Legal & General Investment Management United States (Holdings), Inc.	100.00%	Included in the scope		Method 1: Sectoral rules
123	GB	2138004P86AIU9KJD719	LEI	Legal & General Japan Index Trust	53.42%	Included in the scope		Method 1: Adjusted equity method
124	GB	213800JH9QQWHLO99821GB05810	Specific code	Legal & General Kingston Upon Hull Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
125	GB	213800JH9QQWHLO99821GB05820	Specific code	Legal & General Leisure Fund Trustee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
126	GB	213800JH9QQWHLO99821GB05830	Specific code	Legal & General Life Fund Limited Partnership	100.00%	Included in the scope		Method 1: Adjusted equity method
127	GB	213800JH9QQWHLO99821GB09010	Specific code	Legal & General LTM Structuring (SPV) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22

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	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	C0230	C0240	C0250	C0260
128	GB	213800JH9QQWHLO99821GB05840	Specific code	Legal & General Middle East Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
129	GB	213800EXRCY8DIMEAO47	LEI	Legal & General Mixed Investment 0-20% Fund	74.69%	Included in the scope		Method 1: Adjusted equity method
130	GB	213800WQWL1E7G2FZC22	LEI	Legal & General Mixed Investment 40-85% Fund	41.86%	Included in the scope		Method 1: Adjusted equity method
131	GB	21380058Q2GWN95WGR64	LEI	Legal & General Mixed Investment Income 0-35% Fund	25.76%	Included in the scope		Method 1: Adjusted equity method
132	GB	213800HE5FEJBOBR7N60	LEI	Legal & General Mixed Investment Income 20-60% Fund	26.11%	Included in the scope		Method 1: Adjusted equity method
133	GB	2138008MVUBOKL8ICD92	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 4 Fund	30.01%	Included in the scope		Method 1: Adjusted equity method
134	GB	213800T922ACOWJTC625	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 5 Fund	31.59%	Included in the scope		Method 1: Adjusted equity method
135	GB	213800FDK3HXR91UNJ16	LEI	Legal & General Multi-Index Funds - Legal & General Multi-Index Income 6 Fund	52.13%	Included in the scope		Method 1: Adjusted equity method
136	NL	2138005TNXFN8HKJ9779	LEI	Legal & General Nederland Levensverzekering Maatschappij N.V.	100.00%	Included in the scope		Method 1: Full consolidation
137	NL	213800JH9QQWHLO99821NL04030	Specific code	Legal & General Overseas Holdings B.V.	100.00%	Included in the scope		Method 1: Full consolidation
138	GB	213800JH9QQWHLO99821GB05850	Specific code	Legal & General Overseas Holdings Limited	100.00%	Included in the scope		Method 1: Full consolidation
139	GB	213800JH9QQWHLO99821GB05860	Specific code	Legal & General Overseas Operations Limited	100.00%	Included in the scope		Method 1: Full consolidation
140	GB	213800RV69QAMCUUQP06	LEI	Legal & General Pacific Index Trust	38.13%	Included in the scope		Method 1: Adjusted equity method
141	GB	213800JH9QQWHLO99821GB05120	Specific code	Legal & General Partnership Holdings Limited	100.00%	Included in the scope		Method 1: Sectoral rules
142	GB	213800JH9QQWHLO99821GB00792	Specific code	Legal & General Partnership Services Limited	100.00%	Included in the scope		Method 1: Sectoral rules
143	GB	213800JH9QQWHLO99821GB05870	Specific code	Legal & General Pension Fund Trustee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
144	GB	213800JH9QQWHLO99821GB05880	Specific code	Legal & General Pension Scheme Trustee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
145	GB	213800AJ4H1CUB5QNX65	LEI	Legal & General Pensions Limited	100.00%	Included in the scope		Method 1: Full consolidation
146	GB	213800JH9QQWHLO99821GB05890	Specific code	Legal & General Property Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
147	GB	213800JH9QQWHLO99821GB05900	Specific code	Legal & General Property Partners (Industrial Fund) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
148	GB	213800JH9QQWHLO99821GB05910	Specific code	Legal & General Property Partners (Industrial) Nominees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
149	GB	213800JH9QQWHLO99821GB05920	Specific code	Legal & General Property Partners (IPIF GP) LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
150	GB	213800JH9QQWHLO99821GB10590	Specific code	Legal & General Property Partners (Leisure GP) LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
151	GB	213800JH9QQWHLO99821GB05940	Specific code	Legal & General Property Partners (Leisure) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
152	GB	213800JH9QQWHLO99821GB05950	Specific code	Legal & General Property Partners (Life Fund) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
153	GB	213800JH9QQWHLO99821GB47041	Specific code	Legal & General Property Partners (Life Fund) Nominee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
154	GB	213800JH9QQWHLO99821GB05960	Specific code	Legal & General Property Partners (Operator) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
155	GB	213800JH9QQWHLO99821GB05970	Specific code	Legal & General Property Partners (UK PIF Geared) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
156	GB	213800JH9QQWHLO99821GB05980	Specific code	Legal & General Property Partners (UK PIF) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
157	GB	213800JH9QQWHLO99821GB05990	Specific code	Legal & General Property Partners (UKPIF Geared Two) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
158	GB	213800JH9QQWHLO99821GB06000	Specific code	Legal & General Property Partners (UKPIF Two) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
159	GB	213800JH9QQWHLO99821GB05130	Specific code	Legal & General Re Holdings Limited	100.00%	Included in the scope		Method 1: Full consolidation
160	BM	213800QVB8WWDL51HK08	LEI	Legal & General Reinsurance Company Limited	100.00%	Included in the scope		Method 1: Full consolidation
161	BM	213800JH9QQWHLO99821BM00030	Specific code	Legal & General Resources Bermuda Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
162	GB	213800JH9QQWHLO99821GB06010	Specific code	Legal & General Resources Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
163	GB	21380081MP6MEQJET187	LEI	Legal & General Retail Investments (Holdings) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
164	BM	213800JH9QQWHLO99821GB09100	Specific code	Legal & General SAC Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
165	GB	213800JH9QQWHLO99821GB06020	Specific code	Legal & General Share Scheme Trustees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
166	LU	213800JH9QQWHLO99821LU96010	Specific code	Legal & General SICAV	100.00%	Included in the scope		Method 1: Adjusted equity method
167	GB	213800CWHOHPVRFZDA88	LEI	LEGAL & GENERAL SICAV - L&G ABSOLUTE RETURN BOND FUND	88.90%	Included in the scope		Method 1: Adjusted equity method
168	GB	213800SIJ46ILXYN8O51	LEI	LEGAL & GENERAL SICAV - L&G ABSOLUTE RETURN BOND PLUS FUND	95.20%	Included in the scope		Method 1: Adjusted equity method
169	GB	213800ES48I97ADSUQ86	LEI	Legal & General SICAV - L&G BUY AND MAINTAIN CREDIT FUND	100.00%	Included in the scope		Method 1: Adjusted equity method
170	LU	213800ZVSCE7L3KU6U28	LEI	LEGAL & GENERAL SICAV - L&G EMERGING MARKETS BOND FUND	99.90%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22
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	Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision		Group solvency calculation
						YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0040	C0230	C0240	C0250	C0260
171	LU	2138006RKFXVH1NL4H90	LEI	LEGAL & GENERAL SICAV - L&G EMERGING MARKETS SHORT DURATION BOND FUND	77.70%	Included in the scope		Method 1: Adjusted equity method
172	GB	213800D2L3KB3XYWQ480	LEI	Legal & General SICAV - L&G Euro High Alpha Corporate Bond Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
173	GB	2138001LVBA2KPLMQU68	LEI	Legal & General SICAV - L&G LIBOR High Alpha Global Rates Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
174	GB	213800DYRUXZU68IM445	LEI	Legal & General SICAV - L&G Multi-Strategy Credit fund	100.00%	Included in the scope		Method 1: Adjusted equity method
175	GB	213800T9PN3V4EPPUM78	LEI	Legal & General SICAV - L&G UK CORE PLUS BOND FUND	100.00%	Included in the scope		Method 1: Adjusted equity method
176	GB	213800JH9QQWHLO99821GB06050	Specific code	Legal & General Surveying Services Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
177	GB	213800JH9QQWHLO99821GB06060	Specific code	Legal & General Trustees Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
178	GB	213800NLXZ3K4C7QXA32	LEI	Legal & General U.S. Index Trust	40.24%	Included in the scope		Method 1: Adjusted equity method
179	IE	213800JH9QQWHLO99821IE02040	Specific code	Legal & General UCITS Managers (Ireland) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
180	GB	213800J1A318S531GT94	LEI	Legal & General UK Alpha Trust	58.07%	Included in the scope		Method 1: Adjusted equity method
181	GB	213800JH9QQWHLO99821GB10600	Specific code	Legal & General UK BTR GP LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
182	GB	213800KE8SS7VUVDUC06	LEI	Legal & General UK Equity Income Fund	46.11%	Included in the scope		Method 1: Adjusted equity method
183	GB	213800JH9QQWHLO99821GB10610	Specific code	Legal & General UK PIF Co-Investor, L.P.	100.00%	Included in the scope		Method 1: Adjusted equity method
184	GB	213800JH9QQWHLO99821GB10620	Specific code	Legal & General UK PIF GP LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
185	GB	213800JH9QQWHLO99821GB10630	Specific code	Legal & General UK PIF Two Co-Investor, LP	100.00%	Included in the scope		Method 1: Adjusted equity method
186	GB	213800JH9QQWHLO99821GB10640	Specific code	Legal & General UK PIF Two GP LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
187	GB	213800JH9QQWHLO99821GB10650	Specific code	Legal & General UK Property Income Geared Fund Two, LP	100.00%	Included in the scope		Method 1: Adjusted equity method
188	GB	213800JH9QQWHLO99821GB10660	Specific code	Legal & General UK Property Income Geared Fund, L.P.	100.00%	Included in the scope		Method 1: Adjusted equity method
189	GB	213800JH9QQWHLO99821GB10670	Specific code	Legal & General UK Property Income Ungeared Fund Two, LP	100.00%	Included in the scope		Method 1: Adjusted equity method
190	GB	213800JH9QQWHLO99821GB06140	Specific code	Legal & General UK Property Income Ungeared Fund, L.P.	100.00%	Included in the scope		Method 1: Adjusted equity method
191	GB	213800JH9QQWHLO99821GB08090	Specific code	Legal & General UK Property Ungeared Fund Limited Partnership	49.60%	Included in the scope		Method 1: Adjusted equity method
192	GB	213800JH9QQWHLO99821GB08070	Specific code	Legal & General UK Smaller Companies Trust	64.11%	Included in the scope		Method 1: Adjusted equity method
193	GB	213800JH9QQWHLO99821GB08060	Specific code	Legal & General UK Special Situations Trust	68.53%	Included in the scope		Method 1: Adjusted equity method
194	GB	213800FCHCNERLM1G641	LEI	Legal and General Assurance (Pensions Management) Limited	100.00%	Included in the scope		Method 1: Full consolidation
195	GB	213800LKFXEMM8WLMA04	LEI	Legal and General Assurance Society Limited	100.00%	Included in the scope		Method 1: Full consolidation
196	IE	213800941WV6KCMQ4G51	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
197	IE	213800S85SNVQD7EL529	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
198	IE	213800D7RY14IIFSAH66	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2020 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
199	IE	2138004IJ8KA1W3MEA50	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2024 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
200	IE	213800F687CJ8P5MNS13	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
201	IE	213800TUDKQ1JXA35704	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
202	IE	213800NRUJOVYNWRRZ17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2025 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
203	IE	2138004VCDEILQMHHS87	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
204	IE	2138006LWBRVWFMWSR02	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
205	IE	2138009MLH74KJ96LF76	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Leveraged Index-Linked Gilt fund	100.00%	Included in the scope		Method 1: Adjusted equity method
206	IE	2138002AD2JAFG2T6X21	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2030 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
207	IE	213800U83I2RPLZVB906	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2034 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
208	IE	213800XCOZ1O5OOSYS07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
209	IE	213800QTCAOHWTNPNB95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
210	IE	213800QGQWR4NDVE5X78	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2035 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
211	IE	213800XKA7X3OGZJRC45	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2037 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
212	IE	213800RHT43PL1VAUN95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2038 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
213	IE	2138002W643ZACLLU115	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22

Undertakings in the scope of the group

						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	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	C0230	C0240	C0250	C0260
214	IE	213800WCLGVVDNJOVA05	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
215	IE	213800TRZCGU73DGNZ53	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
216	IE	213800M9P63GXX67CQ14	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2040 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
217	IE	21380034FZCG7S6OZU34	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2042 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
218	IE	213800FRM52MADDUAR40	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2042 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
219	IE	2138009YI5CV66N93D59	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
220	IE	213800B1WK9EDRE4XJ19	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
221	IE	213800MSGMNVT5MPBV57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2045 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
222	IE	2138001ZX589S6983H89	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2047 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
223	IE	213800X4P3DELXHNNM12	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2049 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
224	IE	213800F22H8H831GMX30	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
225	IE	213800ZT35HUVVCDOH47	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
226	IE	2138009RYH3G9FAOYE66	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
227	IE	213800KO5KOPP3HEFI93	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2050 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
228	IE	213800IC7AS1E1NLHA08	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
229	IE	213800PTOPXK9AUQ7V89	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
230	IE	213800FBORGLUCYWB664	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
231	IE	213800MBBRM7ZEKUGK91	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2055 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
232	IE	213800R1ALYJ7513PB15	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Fixed Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
233	IE	21380047SAW8H8ENBN97	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Inflation Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
234	IE	2138007ORTV9VXAYYA73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
235	IE	213800CCHZX2GDIMPA29	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2060 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
236	IE	2138006KKHYFORYLOA07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2062 Leveraged Index-Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
237	IE	213800D1PPMCE5H33G17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2068 Leveraged Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
238	IE	2138009FVE6UF4UAWA73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM 2068 Leveraged Index Linked Gilt Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
239	IE	213800VPAMVYCYMV2T54	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Active Gilts All Stocks Fund AH	100.00%	Included in the scope		Method 1: Adjusted equity method
240	IE	2138008QPGKWCYOQ1583	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund AM	100.00%	Included in the scope		Method 1: Adjusted equity method
241	IE	213800E9II7HTHQZ8R17	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Bespoke Active Credit Fund BP	100.00%	Included in the scope		Method 1: Adjusted equity method
242	IE	213800P4WIFFTUIR9G73	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Euro 2030 Real Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
243	IE	213800S2NZF9VFTUI661	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Fixed Long Duration Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
244	IE	2138009UJIT5OWO4JC12	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Fixed Short Duration Fund	100.00%	Included in the scope		Method 1: Adjusted equity method
245	IE	213800CZ9HIK5L8B4Y57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund A	100.00%	Included in the scope		Method 1: Adjusted equity method
246	IE	213800OM2RDQP5ARFF46	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AC	100.00%	Included in the scope		Method 1: Adjusted equity method
247	IE	213800SMJTDAAXRRKI85	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AE	100.00%	Included in the scope		Method 1: Adjusted equity method
248	IE	213800TP1HHPAIHNCE07	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AI	100.00%	Included in the scope		Method 1: Adjusted equity method
249	IE	2138006S1FXHNAOWPZ38	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Ak	100.00%	Included in the scope		Method 1: Adjusted equity method
250	IE	213800EZLCZ913LB6T11	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Al	100.00%	Included in the scope		Method 1: Adjusted equity method
251	IE	2138001MCGJS9Z1Q4O23	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AN	100.00%	Included in the scope		Method 1: Adjusted equity method
252	IE	213800GAZN5GW432GI64	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AO	100.00%	Included in the scope		Method 1: Adjusted equity method
253	IE	2138002O37H1Y16JWX10	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AP	100.00%	Included in the scope		Method 1: Adjusted equity method
254	IE	213800BNURKBNGJH6C57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AQ	100.00%	Included in the scope		Method 1: Adjusted equity method
255	IE	2138006IX8XRER3BOH57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AR	100.00%	Included in the scope		Method 1: Adjusted equity method
256	IE	2138003L433Y11U7AU83	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund AS	100.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22

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	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	C0230	C0240	C0250	C0260
257	IE	213800JH9QQWHLO99821GB10800	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AT	100.00%	Included in the scope		Method 1: Adjusted equity method
258	IE	213800JH9QQWHLO99821GB10760	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AU	100.00%	Included in the scope		Method 1: Adjusted equity method
259	IE	213800JH9QQWHLO99821GB10770	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND AV	100.00%	Included in the scope		Method 1: Adjusted equity method
260	IE	213800IKB7LGRH4AXM75	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund B	100.00%	Included in the scope		Method 1: Adjusted equity method
261	IE	213800JH9QQWHLO99821GB10780	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BF	100.00%	Included in the scope		Method 1: Adjusted equity method
262	IE	213800JH9QQWHLO99821GB10790	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM HEDGING - FUND BH	100.00%	Included in the scope		Method 1: Adjusted equity method
263	IE	213800P7XO6XLQ6IPL95	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund BJ	100.00%	Included in the scope		Method 1: Adjusted equity method
264	IE	213800V6DIAHJCDUKY81	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund C	100.00%	Included in the scope		Method 1: Adjusted equity method
265	IE	2138009NUIECLOXWUD14	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund DC	100.00%	Included in the scope		Method 1: Adjusted equity method
266	IE	213800I8CDT19N9FL506	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund H	100.00%	Included in the scope		Method 1: Adjusted equity method
267	IE	213800NOC3QZXVVZ6W20	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund I	100.00%	Included in the scope		Method 1: Adjusted equity method
268	IE	213800GH91IAN689YM04	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund J	100.00%	Included in the scope		Method 1: Adjusted equity method
269	IE	2138006RVV3EJYP3SP69	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund L	100.00%	Included in the scope		Method 1: Adjusted equity method
270	IE	213800ZXGMXWXD31J415	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund M	100.00%	Included in the scope		Method 1: Adjusted equity method
271	IE	213800JBBUPAI69DAM52	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund O	100.00%	Included in the scope		Method 1: Adjusted equity method
272	IE	213800FDP4ROXDJSRS68	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund P	100.00%	Included in the scope		Method 1: Adjusted equity method
273	IE	213800D4YLJWSDCMH413	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Q	100.00%	Included in the scope		Method 1: Adjusted equity method
274	IE	213800PPU8E841B71G28	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund R	100.00%	Included in the scope		Method 1: Adjusted equity method
275	IE	2138004Z5FHE5QEZC240	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund V	100.00%	Included in the scope		Method 1: Adjusted equity method
276	IE	21380034WPBU4PG5V270	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund W	100.00%	Included in the scope		Method 1: Adjusted equity method
277	IE	213800MYEI4SX4CYT593	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WH	100.00%	Included in the scope		Method 1: Adjusted equity method
278	IE	213800MV5NBQ3QV7U351	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WS	100.00%	Included in the scope		Method 1: Adjusted equity method
279	IE	2138009DZ6GVB5SLN174	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund WT	100.00%	Included in the scope		Method 1: Adjusted equity method
280	IE	2138005MJ2KNJ57CIP92	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM Hedging - Fund Z	100.00%	Included in the scope		Method 1: Adjusted equity method
281	IE	213800JH9QQWHLO99821IE02070	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM Liquidity Funds plc	100.00%	Included in the scope		Method 1: Adjusted equity method
282	IE	213800K9AX1P2PV8X187	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM REAL LONG DURATION FUND	100.00%	Included in the scope		Method 1: Adjusted equity method
283	IE	213800UY1XDS9H5OCX38	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM REAL SHORT DURATION FUND	100.00%	Included in the scope		Method 1: Adjusted equity method
284	GB	2138008WUNKVBYYWMK57	LEI	LGIM (Ireland) Risk Management Solutions Plc - LGIM SYNTHETIC LEVERAGED CREDIT FUND	100.00%	Included in the scope		Method 1: Adjusted equity method
285	IE	213800JH9QQWHLO99821GB10820	Specific code	LGIM (Ireland) Risk Management Solutions Plc - LGIM UK Smaller Companies Alpha Fund plc	100.00%	Included in the scope		Method 1: Adjusted equity method
286	IE	213800JH9QQWHLO99821IE02050	Specific code	LGIM (Ireland) Risk Management Solutions Public Limited Company	100.00%	Included in the scope		Method 1: Adjusted equity method
287	GB	213800JH9QQWHLO99821GB05030	Specific code	LGIM Commercial Lending Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
288	GB	213800JH9QQWHLO99821GB18241	Specific code	LGIM Corporate Director Limited	100.00%	Included in the scope		Method 1: Sectoral rules
289	GB	213800JH9QQWHLO99821GB10210	Specific code	LGIM Global Corporate Bond Fund	78.70%	Included in the scope		Method 1: Adjusted equity method
290	GB	213800HR77K2NMOFU194	LEI	LGIM International Limited	100.00%	Included in the scope		Method 1: Sectoral rules
291	GB	213800DBB4A9OPYN9154	LEI	LGIM Liquidity Funds Plc - LGIM Sterling Liquidity Plus Fund	99.20%	Included in the scope		Method 1: Adjusted equity method
292	GB	213800JH9QQWHLO99821GB06150	Specific code	LGP Newco Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
293	GB	213800JH9QQWHLO99821GB06160	Specific code	LGPL Cornwall Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
294	GB	213800JH9QQWHLO99821GB08030	Specific code	LGV 7 Private Equity Fund Limited Partnership	99.70%	Included in the scope		Method 1: Adjusted equity method
295	GB	213800JH9QQWHLO99821GB21912	Specific code	LGV Capital Limited	100.00%	Included in the scope		Method 1: Sectoral rules
296	GB	213800JH9QQWHLO99821GB05150	Specific code	LGV Capital Partners (Scotland) Limited	100.00%	Included in the scope		Method 1: Sectoral rules
297	GB	213800JH9QQWHLO99821GB05160	Specific code	LGV Capital Partners GP LLP	100.00%	Included in the scope		Method 1: Sectoral rules

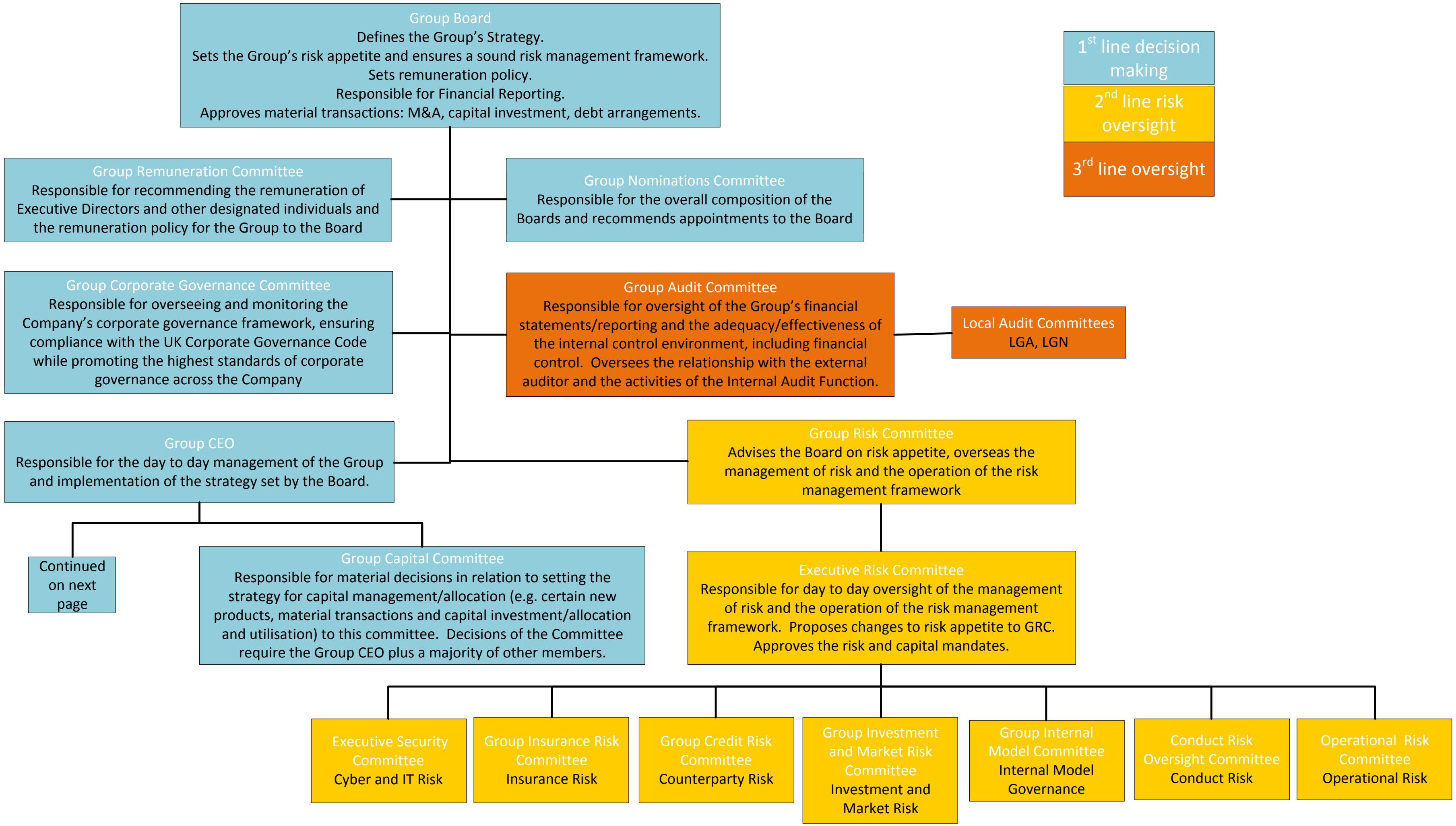
S.32.01.22
Undertakings in the scope of the group

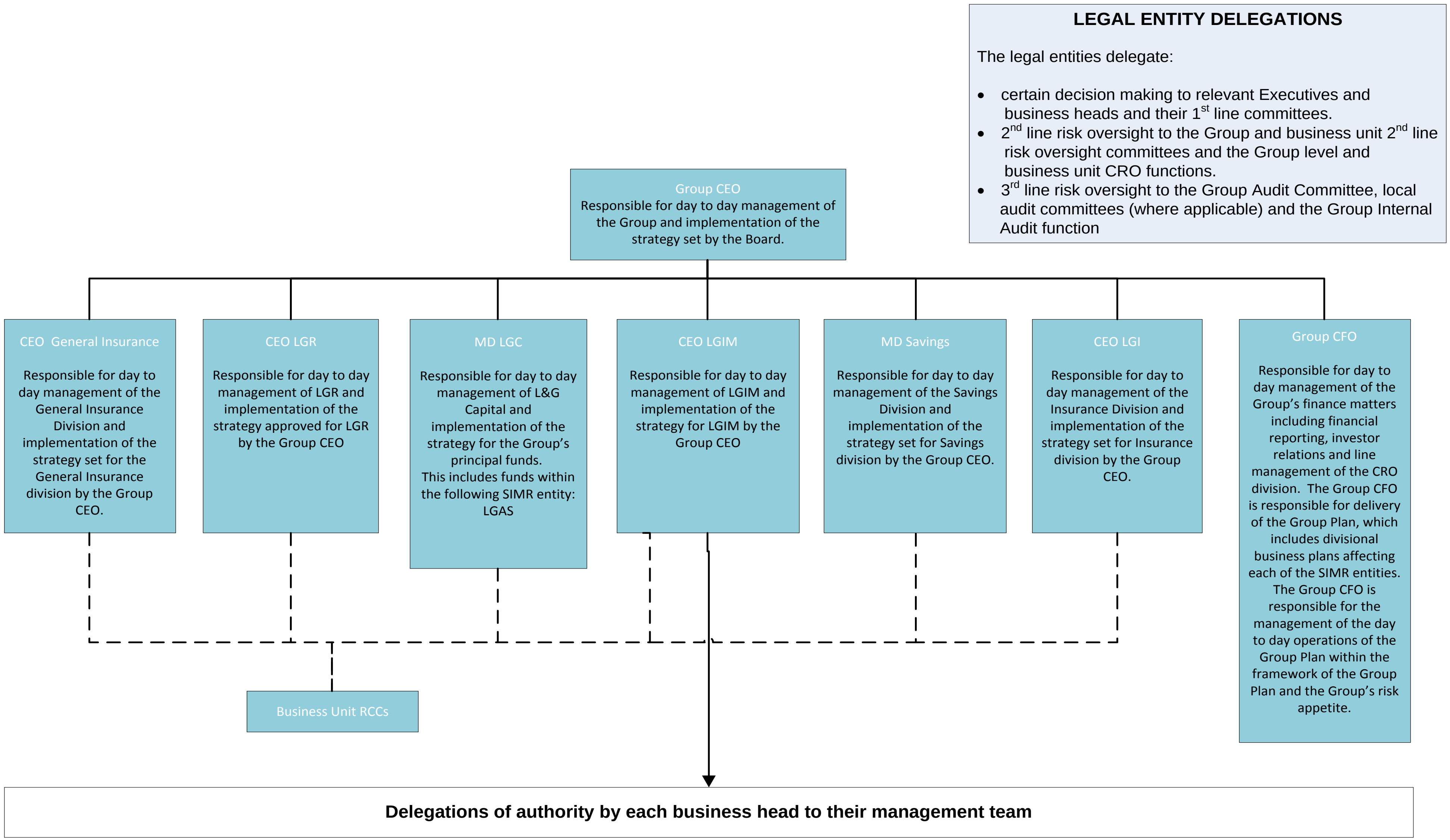
Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: YES/NO	Inclusion in the scope of Group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0040	C0230	C0240	C0250	C0260
298	GB	213800JH9QQWHLO99821GB05140	Specific code	LGV Capital Partners Limited	100.00%	Included in the scope		Method 1: Sectoral rules
299	GB	213800JH9QQWHLO99821GB08040	Specific code	LGV6 Private Equity Limited Partnership	99.50%	Included in the scope		Method 1: Adjusted equity method
300	GB	213800JH9QQWHLO99821GB06170	Specific code	Meteor (GP) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
301	GB	213800JH9QQWHLO99821GB05100	Specific code	Minster Nominees Limited	100.00%	Included in the scope		Method 1: Sectoral rules
302	GB	213800JH9QQWHLO99821GB10950	Specific code	Mithras Investment Trust	32.90%	Included in the scope		Method 1: Adjusted equity method
303	GB	213800JH9QQWHLO99821GB10680	Specific code	ND7 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
304	GB	213800JH9QQWHLO99821GB09050	Specific code	New Life Administration Services Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
305	GB	213800JH9QQWHLO99821GB09020	Specific code	New Life Home Finance Limited	100.00%	Included in the scope		Method 1: Sectoral rules
306	GB	213800JH9QQWHLO99821GB09080	Specific code	New Life Mortgage Funding Limited	100.00%	Included in the scope		Method 1: Sectoral rules
307	GB	213800JH9QQWHLO99821GB09030	Specific code	New Life Mortgages Limited	100.00%	Included in the scope		Method 1: Sectoral rules
308	GB	213800JH9QQWHLO99821GB09090	Specific code	New Life Reversions Limited	100.00%	Included in the scope		Method 1: Sectoral rules
309	GB	213800JH9QQWHLO99821GB09040	Specific code	New Life Secured Loans Limited	100.00%	Included in the scope		Method 1: Sectoral rules
310	GB	213800JH9QQWHLO99821GB09060	Specific code	NLR Nominee No.1 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
311	GB	213800JH9QQWHLO99821GB09070	Specific code	NLR Nominee No.2 Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
312	GB	213800JH9QQWHLO99821GB06230	Specific code	Northampton General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
313	GB	213800JH9QQWHLO99821GB06240	Specific code	Northampton Shopping Centre Limited Partnership	100.00%	Included in the scope		Method 1: Adjusted equity method
314	GB	213800JH9QQWHLO99821GB09290	Specific code	Northampton Shopping Centre Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
315	IE	213800JH9QQWHLO99821GB10310	Specific code	NTR Wind Management Limited	18.00%	Included in the scope		Method 1: Adjusted equity method
316	GB	213800JH9QQWHLO99821GB06250	Specific code	Old Cornwall Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
317	GB	213800JH9QQWHLO99821GB06260	Specific code	Overgate GP Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
318	GB	213800JH9QQWHLO99821GB06270	Specific code	Partnership Nominee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
319	GB	213800JH9QQWHLO99821GB09170	Specific code	Peel Holdings (Media) Limited	50.00%	Included in the scope		Method 1: Adjusted equity method
320	GB	213800JH9QQWHLO99821GB06280	Specific code	Performance Retail (General Partner) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
321	GB	213800JH9QQWHLO99821GB06290	Specific code	Performance Retail (Nominee) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
322	GB	213800JH9QQWHLO99821GB06300	Specific code	Performance Retail Limited Partnership	50.10%	Included in the scope		Method 1: Adjusted equity method
323	LU	213800JH9QQWHLO99821GB08010	Specific code	Performance Retail Unit trust	100.00%	Included in the scope		Method 1: Adjusted equity method
324	JE	213800JH9QQWHLO99821GB08020	Specific code	Procession House One Unit Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
325	GB	213800JH9QQWHLO99821GB06330	Specific code	Rackhams Birmingham Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
326	GB	213800JH9QQWHLO99821GB10690	Specific code	Real Income Builder	100.00%	Included in the scope		Method 1: Adjusted equity method
327	GB	213800JH9QQWHLO99821GB06350	Specific code	Sapphire Campus Management Company Limited	9.50%	Included in the scope		Method 1: Adjusted equity method
328	GB	213800JH9QQWHLO99821GB06360	Specific code	Sauchiehall Trustee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
329	JE	213800JH9QQWHLO99821GB10860	Specific code	SCBD S6 Trust	100.00%	Included in the scope		Method 1: Adjusted equity method
330	GB	213800JH9QQWHLO99821GB10150	Specific code	STERLING LIQUIDITY FUND	52.00%	Included in the scope		Method 1: Adjusted equity method
331	JE	213800JH9QQWHLO99821JE95070	Specific code	Synergy Gracechurch Holdings Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
332	GB	213800JH9QQWHLO99821GB06390	Specific code	Synergy Gracechurch Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
333	GB	213800JH9QQWHLO99821GB06400	Specific code	Terminus Road (Nominee 1) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
334	GB	213800JH9QQWHLO99821GB06410	Specific code	Terminus Road (Nominee 2) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
335	GB	213800JH9QQWHLO99821GB06430	Specific code	The Cavendish Land Company Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
336	GB	213800XCE8OVHKEYG964	LEI	The Leisure Fund Limited Partnership	22.80%	Included in the scope		Method 1: Adjusted equity method
337	GB	213800JH9QQWHLO99821GB06460	Specific code	The Pathe Building Management Company Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
338	GB	213800JH9QQWHLO99821GB09130	Specific code	Thorpe Park Holdings Limited	50.00%	Included in the scope		Method 1: Adjusted equity method
339	GB	213800JH9QQWHLO99821GB09150	Specific code	TP 2005 Limited	50.00%	Included in the scope		Method 1: Adjusted equity method
340	GB	213800JH9QQWHLO99821GB09160	Specific code	TP Property Services Limited	50.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22
Undertakings in the scope of the group

						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	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	C0230	C0240	C0250	C0260
341	GB	213800JH9QQWHLO99821GB10870	Specific code	UK PIF FGP LLP	100.00%	Included in the scope		Method 1: Adjusted equity method
342	GB	213800JH9QQWHLO99821GB10880	Specific code	UK PIF Two Founder Partner, LP	50.00%	Included in the scope		Method 1: Adjusted equity method
343	JE	213800JH9QQWHLO99821JE95080	Specific code	UKPIF (Jersey) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
344	GB	213800JH9QQWHLO99821GB06560	Specific code	UKPIF Founder GP Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
345	GB	213800JH9QQWHLO99821GB10890	Specific code	UKPIF Founder Partner LP	50.00%	Included in the scope		Method 1: Adjusted equity method
346	GB	213800JH9QQWHLO99821GB06570	Specific code	UKPIF Two Founder GP Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
347	GB	213800JH9QQWHLO99821GB10160	Specific code	US DOLLAR LIQUIDITY FUND	23.30%	Included in the scope		Method 1: Adjusted equity method
348	JE	213800JH9QQWHLO99821JE95090	Specific code	Vantage General Partner Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
349	GB	213800JH9QQWHLO99821GB06590	Specific code	Warrington (General Partner) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
350	GB	213800JH9QQWHLO99821GB06600	Specific code	Warrington Nominee Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
351	JE	213800JH9QQWHLO99821GB10540	Specific code	Warrington Retail Unit Trust	50.00%	Included in the scope		Method 1: Adjusted equity method
352	GB	213800JH9QQWHLO99821GB06610	Specific code	Whitegates (Holdings) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
353	GB	213800JH9QQWHLO99821GB06620	Specific code	Whitegates (Tyne & Wear) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
354	GB	213800JH9QQWHLO99821GB06640	Specific code	William Parker and Son (Reading) Limited	100.00%	Included in the scope		Method 1: Adjusted equity method
355	US	5493001KE6Q5DH04LJ92	LEI	William Penn Life Insurance Company of New York	100.00%	Included in the scope		Method 2: Local rules

Annex 2 – Group Governance Framework




LEGAL ENTITY DELEGATIONS
The legal entities delegate:
• certain decision making to relevant Executives and business heads and their 1st line committees.
• 2nd line risk oversight to the Group and business unit 2nd line risk oversight committees and the Group level and business unit CRO functions.
• 3rd line risk oversight to the Group Audit Committee, local audit committees (where applicable) and the Group Internal Audit function
Group CEO
Responsible for day to day management of the Group and implementation of the strategy set by the Board.
CEO General Insurance
Responsible for day to day management of the General Insurance Division and implementation of the strategy set for the General Insurance division by the Group CEO.
CEO LGR
Responsible for day to day management of LGR and implementation of the strategy approved for LGR by the Group CEO
MD LGC
Responsible for day to day management of L&G Capital and implementation of the strategy for the Group's principal funds. This includes funds within the following SIMR entity: LGAS
CEO LGIM
Responsible for day to day management of LGIM and implementation of the strategy for LGIM by the Group CEO
MD Savings
Responsible for day to day management of the Savings Division and implementation of the strategy set for Savings division by the Group CEO.
CEO LGI
Responsible for day to day management of the Insurance Division and implementation of the strategy set for Insurance division by the Group CEO.
Group CFO
Responsible for day to day management of the Group's finance matters including financial reporting, investor relations and line management of the CRO division. The Group CFO is responsible for delivery of the Group Plan, which includes divisional business plans affecting each of the SIMR entities. The Group CFO is responsible for the management of the day to day operations of the Group Plan within the framework of the Group Plan and the Group's risk appetite.
Business Unit RCCs
Delegations of authority by each business head to their management team

Annex 3 – Main assumptions underlying technical provisions

Non-linked individual term assurances	
Smokers	76% TMS00/TFS00 Sel 5
Non-smokers	73% TMN00/TFN00 Sel 5
Non-linked individual term assurances with terminal illness[1]	
Smokers	56% - 71% TMS00/TFS00 Sel 5
Non-smokers	54% - 72% TMN00/TFN00 Sel 5
Non-linked individual term assurances with critical illness (Sold until 31/12/2012) [2]	
Smokers	97% - 116% ACMS04/ACFS04
Non-smokers	102% - 134% ACMN04/ACFN04
Non-linked individual term assurances with critical illness (Sold from 01/01/2013) [2]	
Smokers	99% - 117% ACMS04/ACFS04
Non-smokers	105% - 137% ACMN04/ACFN04
Whole of Life[3]	
Smokers	Bespoke tables based on TMS00/TFS00, AM92/AF92 and UK death registrations
Non-smokers	Bespoke tables based on TMN00/TFN00, AM92/AF92 and UK death registrations
Annuities	
Annuities in deferment[4]	87.4%% - 88.7% PNMA00/PNFA00
Bulk purchase annuities in payment[5]	87.4% - 88.7% PCMA00/PCFA00
Other annuities[5]	67.4% - 143.4% PCMA00/PCFA00

1. The percentage of the table varies with the duration that the policy has been in-force for the first five years.

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. There is an additive loading of 1% for guaranteed term contracts post policy duration 5.

3. The percentage of the TM00/TF00 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 TM00/TF00 tables, AM92/AF92 tables and UK death registrations. Mortality rates are assumed to reduce whilst business is ceded to reinsurer (after which any reduction is maintained but no further reduction is applied) based on CMI2014 model with a long term annual improvement rate of 1.5% p.a. for males and 1.0% p.a. 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 2014 with the following parameters:

Males: Long Term Rate of 1.50% p.a. up to age 85 tapering to 0% at 120
Females: Long Term Rate of 1. 0% p.a. up to age 85 tapering to 0% at 120

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 basis 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	6.6%-13.5%	4.5%-7.8%	3.0%-4.5%
Decreasing Term	7.4%-10.9%	6.8%-9.8%	6.2%-7.6%
Investment Bond	1.9%-4.1%	3.5%-11.4%	5.25%-7.08%

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.

LGIL
Legal & General Insurance Limited.

LGIM
Legal & General Investment Management.

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 (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.

Purchased interest in long-term business (PILTB)
An estimate of the future profits that will emerge over the remaining term of life and pensions policies that have been acquired via a business combination.

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.