

Consolidated statement of financial position

Assets

| 31 December | Note | 2012 £m | 2011* £m | 2010*† £m |
|--|-----------|----------------|----------------|----------------|
| Intangible assets attributable to shareholders: | | | | |
| Goodwill | H1(a) | 1,469 | 1,465 | 1,466 |
| Deferred acquisition costs and other intangible assets | H1(b) | 4,267 | 4,234 | 3,901 |
| Total | | 5,736 | 5,699 | 5,367 |
| Intangible assets attributable to with-profits funds: | | | | |
| In respect of acquired subsidiaries for venture fund and other investment purposes | H2(a) | 178 | 178 | 166 |
| Deferred acquisition costs and other intangible assets | H2(b) | 78 | 89 | 110 |
| Total | | 256 | 267 | 276 |
| Total intangible assets | | 5,992 | 5,966 | 5,643 |
| Other non-investment and non-cash assets: | | | | |
| Property, plant and equipment | H6 | 765 | 748 | 554 |
| Reinsurers' share of insurance contract liabilities‡ | H3 | 6,859 | 1,647 | 1,344 |
| Deferred tax assets | H4 | 2,314 | 2,276 | 2,188 |
| Current tax recoverable | H4 | 254 | 546 | 555 |
| Accrued investment income | G1,H5 | 2,798 | 2,710 | 2,668 |
| Other debtors | G1,H5 | 1,361 | 987 | 903 |
| Total | | 14,351 | 8,914 | 8,212 |
| Investments of long-term business and other operations: | | | | |
| Investment properties | H7 | 10,880 | 10,757 | 11,247 |
| Associate investments accounted for using the equity method | H8 | 113 | 70 | 71 |
| Financial investments§: | G1 | | | |
| Loans | | 11,821 | 9,714 | 9,261 |
| Equity securities and portfolio holdings in unit trusts | | 99,958 | 87,349 | 86,635 |
| Debt securities | | 140,103 | 124,498 | 116,352 |
| Other investments | | 7,900 | 7,509 | 5,779 |
| Deposits | | 12,653 | 10,708 | 9,952 |
| Total | | 283,428 | 250,605 | 239,297 |
| Properties held for sale | H9 | 98 | 3 | 257 |
| Cash and cash equivalents | G1,H10 | 6,384 | 7,257 | 6,631 |
| Total assets | B5 | 310,253 | 272,745 | 260,040 |

* The Group has adopted updated US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP principles. Accordingly, the 2011 and 2010 comparative results and related notes have been adjusted from those previously published for the retrospective application of the change as if the new accounting policy had always applied, as described in note A5.

† As a result of the adoption of the altered US GAAP requirements as noted above, the 2010 balance sheet has been presented in accordance with IAS 1. The 2010 comparatives for the relevant balance sheet notes which have been affected by this change have been retrospectively adjusted accordingly.

‡ The increase in reinsurers' share of insurance contract liabilities and other liabilities from 2011 to 2012 is attributed to amounts due to the reinsurance arrangements attaching to the purchase by Jackson of REALIC in September 2012, as discussed in note II.

§ Included within financial investments are £3,015 million (2011: £7,843 million) of lent securities and £2,012 million of loans and debt securities covering liabilities for funds withheld under reinsurance arrangement of the Group's US operations from the purchase of REALIC, as discussed in note II.

Consolidated statement of financial position

Equity and liabilities

| 31 December | Note | 2012 £m | 2011* £m | 2010† £m |
|--|---------------|----------------|----------------|----------------|
| Equity | | | | |
| Shareholders' equity | H11 | 10,359 | 8,564 | 7,521 |
| Non-controlling interests | | 5 | 43 | 44 |
| Total equity | | 10,364 | 8,607 | 7,565 |
| Liabilities | | | | |
| Policyholder liabilities and unallocated surplus of with-profits funds: | | | | |
| Insurance contract liabilities | H12 | 208,584 | 180,363 | 171,291 |
| Investment contract liabilities with discretionary participation features | G1 | 33,812 | 29,745 | 25,732 |
| Investment contract liabilities without discretionary participation features | G1 | 18,378 | 16,967 | 17,704 |
| Unallocated surplus of with-profits funds | H12 | 10,589 | 9,215 | 10,253 |
| Total | | 271,363 | 236,290 | 224,980 |
| Core structural borrowings of shareholder-financed operations: | | | | |
| Subordinated debt | H13 | 2,577 | 2,652 | 2,718 |
| Other | H13 | 977 | 959 | 958 |
| Total | G1,H13 | 3,554 | 3,611 | 3,676 |
| Other borrowings: | | | | |
| Operational borrowings attributable to shareholder-financed operations | G1,H13 | 2,245 | 3,340 | 3,004 |
| Borrowings attributable to with-profits operations | G1,H13 | 1,033 | 972 | 1,522 |
| Other non-insurance liabilities: | | | | |
| Obligations under funding, securities lending and sale and repurchase agreements | G1 | 2,436 | 3,114 | 4,199 |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | G1 | 4,345 | 3,840 | 3,372 |
| Deferred tax liabilities | H4 | 3,970 | 3,929 | 3,968 |
| Current tax liabilities | H4 | 445 | 930 | 831 |
| Accruals and deferred income | | 833 | 736 | 707 |
| Other creditors | G1 | 2,781 | 2,544 | 2,321 |
| Provisions | H14 | 601 | 529 | 729 |
| Derivative liabilities | G1,G3 | 2,829 | 3,054 | 2,037 |
| Other liabilities‡ | G1,H15 | 3,454 | 1,249 | 1,129 |
| Total | | 21,694 | 19,925 | 19,293 |
| Total liabilities | B5 | 299,889 | 264,138 | 252,475 |
| Total equity and liabilities | | 310,253 | 272,745 | 260,040 |

* The Group has adopted updated US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP principles. Accordingly, the 2011 comparative results and related notes have been adjusted from those previously published for the retrospective application of the change as if the new accounting policy had always applied, as described in note A5.

† As a result of the adoption of the altered US GAAP requirements as noted above, the 2010 balance sheet has been presented in accordance with IAS1. The 2010 comparatives for the relevant balance sheet notes which have been impacted by this change have been retrospectively adjusted accordingly.

‡ The increase in reinsurers' share of insurance contract liabilities and other liabilities from 2011 to 2012 is attributed to amounts due to the reinsurance arrangements attaching to the purchase by Jackson of REALIC in September 2012, as discussed in note II.

The consolidated financial statements on pages 147 to 314 were approved by the Board of directors on 12 March 2013 and signed on its behalf.

Paul Manduca
Chairman

Tidjane Thiam
Group Chief Executive

Nic Nicandrou
Chief Financial Officer